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To: CCID Landowners and Water Users

From: Board of Directors

Subject: Disbursement of 2010 Conservation Funds

Date: January 8, 2010

There will be no disbursement of conservation funds in 2010.

Over the past eight years, the Board has annually analyzed needed funding for our in-District conservation program, the on-farm conservation loan and grant program, and the agricultural waiver program, and has disbursed funds in excess of those needs back to the CCID landowners.

This year, however, with critical water issues facing the District requiring large annual expenditures, the District will not have excess funds for disbursement.

There are two main categories requiring our direct participation:

1. *Delta Conveyance*: The ability to move CCID and Exchange Contract water from Shasta Reservoir through the Delta to our points of delivery. The District is participating, along with many other water agencies, in the engineering and environmental documentation efforts to expedite long-term Delta conveyance solutions. This documentation work is scheduled to be completed in 2011.
2. *Drainage*: The solution to the long-standing drainage issue which threatens to terminate drainage (and therefore the farmability) from the 5,000-acre Camp 13 drainage area within CCID has various alternative solutions, but all of them are extremely expensive and require proactive steps by the District to mitigate damages caused by the United States Department of Interior's failure to provide drainage. The Board is faced with financing very expensive alternative drainage solutions over the next several years. Finding a solution is vital for the protection of District drainage and water rights, has long-term benefits in supplementing the summer time peak demands for all of our landowners, and will prevent the drainage problem from spreading to other parts of our district, while protecting our downslope well fields.

These vital efforts will be very costly over the next several years. We are anticipating therefore that there will be no disbursements for landowners for the next two or three years.

If you have any questions, please contact the District office at (209) 826-1421.