

The following is a joint statement from the Merced Irrigation District and Gallo Cattle Company:

After nearly a decade of litigation, the Merced Irrigation District (MID), Gallo Cattle Company and Lincoln White Crane Hunter Farms, the latter of whom are both longtime MID customers, have reached a mutually beneficial settlement that the parties believe is not only in their best interests but makes sense for good water management.

The settlement resolves issues concerning significant amounts of water. Gallo Cattle claimed a right to receive water from the MID pursuant to an agreement that was entered into almost 100 years ago. That agreement predated both the MID and Gallo Cattle Company, a family farming business that has farmed in Merced County for over 70 years. The property in dispute is known as the Bear Creek Ranch, which is within MID's sphere of influence. The lawsuit involved complex issues of contract interpretation and California water law.

All parties believe this settlement has been structured in a manner that can best be described as a "win win," benefitting not only the parties to the case, but the farming community in the long run. As a result of their negotiations, the parties are looking forward to a mutually beneficial relationship which they believe will promote the interests of the Merced agricultural community. The parties are satisfied to have reached a settlement and want to move forward working collaboratively with the agricultural community on protecting the water so valuable to the community.

The precise details of the settlement have not yet been fully developed. However, the settlement allows Gallo Cattle to purchase water without impacting deliveries to MID's growers. Under the settlement, Gallo Cattle will have a more predictable delivery of water over the term of the settlement.

This settlement will resolve all issues in this case, as well as another case Gallo had against MID. The settlement resolves a dispute regarding MID's water rights, and MID's right to use certain facilities that run outside the District have been clarified. This will provide MID with clarity regarding its water conveyance rights in order to maximize MID's water rights and water use. This settlement will also facilitate the delivery of water to Hunter Farms' ranch, which is also within MID's sphere of influence.

The parties also agreed to work together on water conservation. Under the settlement, Gallo Cattle will be provided an incentive to make a significant financial contribution to a proposed water conservation fund intended to benefit the entire community.