



● **Board of Directors**
Water Planning and Stewardship Committee

March 10, 2009 Board Meeting

8-6

Subject

Authorize emergency short-term fallowing program within the Palo Verde Irrigation District and expenditure of up to \$23,000,000 to fund the emergency program

Description

In October 2002, the Board approved the Palo Verde Irrigation District Land Management, Crop Rotation, and Water Supply Program. Metropolitan enrolled farmland in a 35-year fallowing commitment that covers 29 percent of the Palo Verde Valley farmland. The farmers agreed to fallow an amount of land annually based on Metropolitan's call, and the fallowing commitment is enforceable through recorded fallowing easements. The program is currently operating at the maximum fallowing call, so that 25,947 acres of farmland are not being irrigated. The Palo Verde Irrigation District (PVID) monitors compliance with the fallowing call and the Bureau of Reclamation verifies compliance through spot checks. In accordance with the Quantification Settlement Agreement, Metropolitan receives the water conserved under the program.

In response to cutbacks in State Water Project supplies and the statewide emergency drought conditions identified in Governor Schwarzenegger's emergency proclamation, Metropolitan's staff initiated discussions with PVID on implementing a short-term increase in fallowing in the Palo Verde Valley. The PVID board of trustees has expressed their willingness to assist Metropolitan in responding to emergency water supply situations. The conditions for implementing an emergency, short-term fallowing program have been crafted through discussions with PVID's board and management.

The short-term program would allow fallowing of up to 15 percent of PVID land irrigated with Priority 1 Colorado River water. This would add up to 13,350 acres to the nearly 26,000 acres being fallowed under the long-term program. The short-term fallowing would commence as soon as possible for each farmer enrolling in the program, but no later than August 1, to ensure water conservation benefits are obtained in the 2009 calendar year. The land would be fallowed for one year.

Based on past experience, the fallowing is expected to reduce consumptive use in PVID by up to 5 acre-feet per fallowed acre of land. If PVID farmers enroll lands for the entire 15 percent of available land under the program, the conserved water savings would be up to 66,000 acre-feet.

Metropolitan would pay \$1,700 per acre of land fallowed (approximately \$340/acre-feet), with a small portion of the payment set aside for PVID's use as an offset against costs otherwise imposed through water tolls. In addition, Metropolitan would reimburse PVID for its costs of monitoring compliance in accordance with existing agreements for the long-term program. The total cost of the short-term program based on full enrollment would not exceed \$23,000,000.

Policy

By Minute Item 45053, dated October 22, 2002, the Board authorized entering into agreements for the long-term Palo Verde Irrigation District Land Management, Crop Rotation, and Water Supply Program.

California Environmental Quality Act (CEQA)

CEQA determination for Options #1 and 2:

Pursuant to the provisions of CEQA, PVID, as the lead agency, certified a Final Environmental Impact Report (Final EIR) for the long-term Land Management, Crop Rotation, and Water Supply Program. PVID adopted findings of fact that no significant environmental impacts would result from implementation of the long-term program. Metropolitan, as a responsible agency under CEQA, adopted PVID's findings when it approved the long-term program in October 2002.

The short-term fallowing program is being proposed to respond to the emergency drought conditions identified in Governor Schwarzenegger's emergency proclamation issued February 27, 2009. Pursuant to the proclamation, the proposed action is statutorily exempt from CEQA (Public Resources Code sections 21080(b)(3), 21080(b)(4), and 21172; CEQA Guidelines, 14 Cal. Code of Regs., section 15269(c).) Furthermore, the actions required for implementation of the short-term fallowing program involve minor, temporary changes in agricultural use of land in PVID and an increase in the quantity of water diverted in Metropolitan's Colorado River Aqueduct within its existing capacity. These actions are categorically exempt from CEQA pursuant to Class 4 (CEQA Guidelines, 14 Cal. Code of Regs., section 15304) and Class 1 (CEQA Guidelines, 14 Cal. Code of Regs., section 15301) exemptions, respectively.

The CEQA determination is: Determine that the proposed short-term fallowing program is statutorily exempt from CEQA pursuant to the Governor's emergency proclamation, sections 21080(b)(3) and (4), 21172 of the Public Resources Code, and section 15269(c) of the CEQA Guidelines; and categorically exempt from CEQA pursuant to sections 15301, and 15304 of the CEQA Guidelines.

CEQA determination for Option #3:

None required

Board Options

Option #1

Adopt the CEQA determination and

- a. Authorize a one-year fallowing program for 15 percent of the Priority 1 irrigated lands in the Palo Verde Irrigation District Valley at a cost of \$1,700/acre of land fallowed; and
- b. Authorize the expenditure of up to \$23,000,000 to fund the program.

Fiscal Impact: \$23,000,000

Business Analysis: The one-year fallowing program would produce additional Colorado River water supplies to address the drought emergency in California.

Option #2

Adopt the CEQA determination and direct staff to renegotiate the price and/or terms for the short-term fallowing program.

Fiscal Impact: Unknown, depending on whether acceptable terms could be negotiated

Business Analysis: Delays in negotiations may preclude implementing a short-term fallowing program due to cropping decisions made by PVID farmers. There is no assurance that better terms can be obtained through further negotiations.

Option #3

Do not authorize the one-year fallowing program with PVID.

Fiscal Impact: None, unless alternative water supplies are acquired

Business Analysis: The fallowing program would produce additional Colorado River water supplies delivered through Metropolitan's Colorado River Aqueduct. Alternative supplies, if available, could be more costly than the short-term fallowing program.

