



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

3/8/2016 Board Meeting

7-3

Subject

Approve revised final terms for the Bard Water District land management and seasonal fallowing pilot program

Executive Summary

Agreements between Metropolitan and the Bard Water District and Metropolitan and farmers for the Bard Water District land management and seasonal fallowing pilot program have been finalized, with minor changes to the proposed terms discussed at the January 2016 Board meeting.

Details

On January 12, 2016, the Board authorized the General Manager to enter into a pilot program agreement with the Bard Water District (Bard) and land management and seasonal fallowing agreements with farmers of farmland in the Bard Unit ([Attachment 1](#)). All terms of the \$400 per acre pilot fallowing agreement with Bard and the agreements with farmers are consistent with those outlined in January except for the following:

- a. The minimum size of any single parcel enrolled for fallowing would be ten (10) contiguous acres instead of 20 acres.

The required minimum land area enrolled in fallowing was changed to allow participation by smaller farming units. This benefits both Bard and Metropolitan by allowing a larger number of farmers to participate in the pilot program.

As presented in January, part of the \$400 fallowing payment will be paid directly to the participating farmers and part will be paid to Bard which will pay for system improvements or offset future rate increases.

Policy

By Minute Item 50360, dated January 12, 2016, the Board authorized the terms for the Bard Water District land management and seasonal fallowing program.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The overall project was previously determined by the Board to be exempt under the provisions of CEQA (Sections 15301, 15302, 15304, 15306, and 15061(b)(3) of the State CEQA Guidelines) on January 12, 2016. A Notice of Exemption (NOE) was filed on the project at that time and the statute of limitations has ended. With the current board action, there is no substantial change proposed to the project since the original NOE was filed. Hence, the previous environmental documentation in conjunction with the project fully complies with CEQA and the State CEQA Guidelines. Accordingly, no further CEQA documentation is necessary for the Board to act with regards to the proposed action.

The CEQA determination is: Determine that the proposed action has been previously addressed in the 2016 NOE (Sections 15301, 15302, 15304, 15306, and 15061(b)(3) of the State CEQA Guidelines) and that no further environmental analysis or documentation is required.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination that the proposed action was previously determined to be categorically exempt and not subject to CEQA, and that no further environmental analysis or documentation is required, and authorize the revised final terms for the pilot program agreement with Bard Water District and the land management and seasonal fallowing agreements with farmers of farmland in the Bard Unit.

Fiscal Impact: None, pilot was authorized by action on January 12, 2016.

Business Analysis: Potentially increases the number of farmers and fields participating in the seasonal fallowing program in the Bard Unit.

Option #2

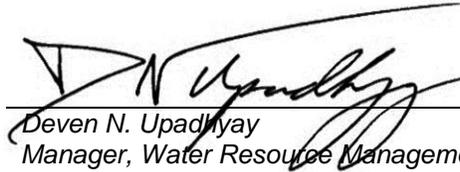
Do not authorize the revised final terms for the pilot program agreement with Bard Water District and the land management and seasonal fallowing agreements with farmers of farmland in the Bard Unit.

Fiscal Impact: None, pilot was authorized by action on January 12, 2016.

Business Analysis: Does not increase the number of farmers and fields participating in the seasonal land fallowing program in the Bard Unit

Staff Recommendation

Option #1

	2/24/2016
Deven N. Upadhyay Manager, Water Resource Management	Date

	2/25/2016
Jeffrey Kightlinger General Manager	Date

Attachment 1 – 1/12/2016 Board Letter REVISED FROM INFORMATION ITEM 9-1 - Authorize execution of agreements related to a Bard Water District land management and seasonal fallowing pilot program and approve payment of up to \$1.8 million



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

**BOARD
ACTION**

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

1/12/2016 Board Meeting

REVISED FROM INFORMATION ITEM 9-1

Subject

Authorize execution of agreements related to a Bard Water District land management and seasonal fallowing pilot program and approve payment of up to \$1.8 million

Executive Summary

Proposed terms have been developed to augment Metropolitan's Colorado River supply in 2016 and 2017 through a Bard Water District land management and seasonal fallowing pilot program. The program would provide Metropolitan with an estimated 4,570 acre-feet of water per year if farmers within the Bard Unit agree to fallow 2,000 acres from April to July of each year. Metropolitan estimates the cost of the two-year pilot program to be up to \$1.8 million.

Details

Farmers in the Bard Water District (Bard) have expressed interest in participating in a two-year land management and seasonal fallowing pilot program. A number of farmers in Bard grow one or more vegetable crops in the fall and winter followed by a field crop (such as Bermuda, sudan, small grains, field grains, or cotton) in the spring and summer. This rotation of crops provides an opportunity to fallow land for a four-month period from April to July. It is estimated that nearly 2.3 acre-feet per acre fallowed could be conserved through a seasonal program on an annual basis.

The Bard Unit and the "Quechan" Indian Unit together constitute the Reservation Division of the Yuma Project, a federal Reclamation project located in southeastern California. Bard operates and maintains the Bard Unit irrigation works and, on behalf of the United States, operates and maintains the Indian Unit works. Bard diverts water from the All-American Canal for the irrigation of nearly 6,400 acres in the Bard Unit. Over 6,100 acres are irrigable in the Indian Unit. [Attachment 1](#) contains a map of the Bard Unit and the Indian Unit. The Yuma Project holds the second priority to the use of Colorado River water in California. As Bard and the Quechan Indian Tribe were not parties to the 2003 Colorado River Water Delivery Agreement, the federal Quantification Settlement Agreement, water use by the Yuma Project is not currently capped. Under the terms of the Colorado River Water Delivery Agreement, the amount of water otherwise available to Metropolitan under priorities 4, 5, and 6(a) is reduced by any water use by priorities 1 and 2 (the Palo Verde Irrigation District valley lands and the Yuma Project) together with priority 3(b) (the Lower Palo Verde Mesa lands) that is greater than 420,000 acre-feet per year. In years when the amount used by the holders of priorities 1, 2 and 3(b) is less than 420,000 acre-feet, Metropolitan is entitled to the use of the difference between 420,000 acre-feet and the amount used.

Based on the interest expressed by farmers in Bard, staff for Metropolitan and Bard have developed proposed terms for a two-year land management and seasonal fallowing pilot program that, if authorized, could provide Metropolitan with an estimated 4,570 acre-feet in both 2016 and 2017. Metropolitan and Bard would enter into a pilot program agreement which would specify that a maximum of 2,000 acres within the Bard Unit would be fallowed per season and that Bard would not deliver any water to the fallowed acres from April 1 to July 31, 2016

01/12/2016 Board Meeting

REVISED FROM INFORMATION ITEM 9-1

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and 2017. Either Metropolitan or Bard, as determined by further negotiations, would enter into agreements with each individual farmer through which the farmer would agree to fallow at least 20 contiguous acres for the four-month period in either 2016 or 2017 or in both years. To qualify, the land to be fallowed must have been actively farmed from April through August in both 2014 and 2015. If the interested farmers propose more than a collective 2,000 acres for fallowing, Metropolitan would limit the participation of individual farmers based on a maximum percentage of the farmer's land in Bard. The agreement would require the farmer to take appropriate measures to ensure that fallowed lands do not degrade or cause dust issues, and to allow representatives of Metropolitan and the Bureau of Reclamation to visually inspect the land. Metropolitan would pay the participating farmers \$400 per acre of fallowed land per year of participation. Fifty percent of the payment would be made at the beginning of the fallowing period, and fifty percent would be paid at the end of the fallowing period. Metropolitan would cover any costs incurred by Bard in the development and administration of the pilot program, including compensation for Bard's lost revenues due to reduced water sales, but only for the portion of the water rate used to cover fixed costs.

The unit cost of the saved water is estimated to be \$175 per acre-foot plus up to \$22 per acre-foot for Bard's development and administrative costs. Bard is the lead agency for the California Environmental Quality Act determination. Implementation of a pilot program would provide information that could lead to the development of a longer term land management and fallowing program with Bard. If implemented, the pilot program would enhance the diversity and reliability of Metropolitan's Colorado River water supply at a predictable cost.

Policy

By Minute Item 42820, dated February 10, 1998, the Board approved the policy principle on Colorado River Resources Strategy supporting Metropolitan's interests in increasing its dependable entitlements to Colorado River water, while collaborating with other California Colorado River agencies.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed project involves a study along with minor modifications of existing private and public facilities, along with minor modifications in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees. These activities would result in negligible or no expansion of use and no possibility of significantly impacting the physical environment. In addition, the proposed project will consist of basic data collection and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource.

Accordingly, the proposed action qualifies for Class 1, Class 2, Class 4, and Class 6 Categorical Exemptions (Sections 15301, 15302, 15304, and 15306 of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action qualifies for categorical exemptions (Class 1, Class 2, Class 4, and Class 6) and is not subject to CEQA under the general rule that CEQA applies only to projects with the potential for causing significant effects pursuant to Section 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None

Board Options

Option #1

Adopt the CEQA determination that the proposed action is categorically exempt and not subject to CEQA, and

- a. Authorize the General Manager to enter into a pilot program agreement with Bard Water District, and land management and seasonal fallowing agreements with farmers of farmland in the Bard Unit, consistent with the terms outlined herein and in a form approved by the General Counsel; and
- b. Approve payment of up to \$1.8 million for funding the pilot program.

Fiscal Impact: Up to \$1.8 million

Business Analysis: Increases Metropolitan’s Colorado River supplies in 2016 and 2017

Option #2

Do not authorize the General Manager to enter into a pilot program agreement with Bard Water District, and land management and seasonal fallowing agreements with farmers of farmland in the Bard Unit.

Fiscal Impact: None

Business Analysis: No increase in Colorado River supplies from seasonal land fallowing in the Bard Unit in 2016 and 2017

Staff Recommendation

Option #1

Deven N. Upadhyay *Date*
Manager, Water Resource Management

Jeffrey Kightlinger *Date*
General Manager

Attachment 1 – Location Map for Yuma Project, Reservation Division

Ref# wrm12640660

Location Map for Yuma Project, Reservation Division



Yuma Project, Reservation Division (Bard Unit and Indian Unit)

