

Water Planning and Stewardship Committee

Item 8-9

Subject: Authorize Process for Management of Metropolitan's Lands
in the Palo Verde Irrigation District

Purpose: Provide and overview of the Metropolitan-owned lands in the
Palo Verde Irrigation District and potential management objectives.



Authorize Process for Management of Metropolitan's Lands in the Palo Verde Irrigation District

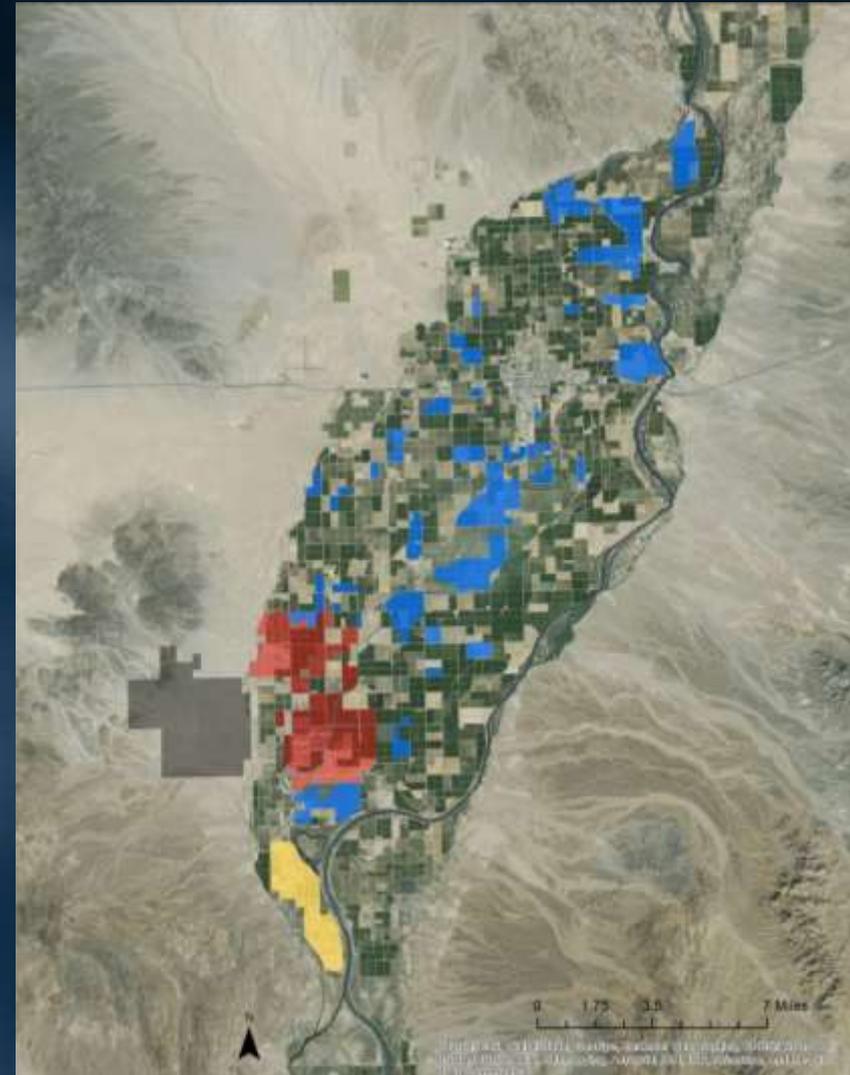
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April 11, 2016

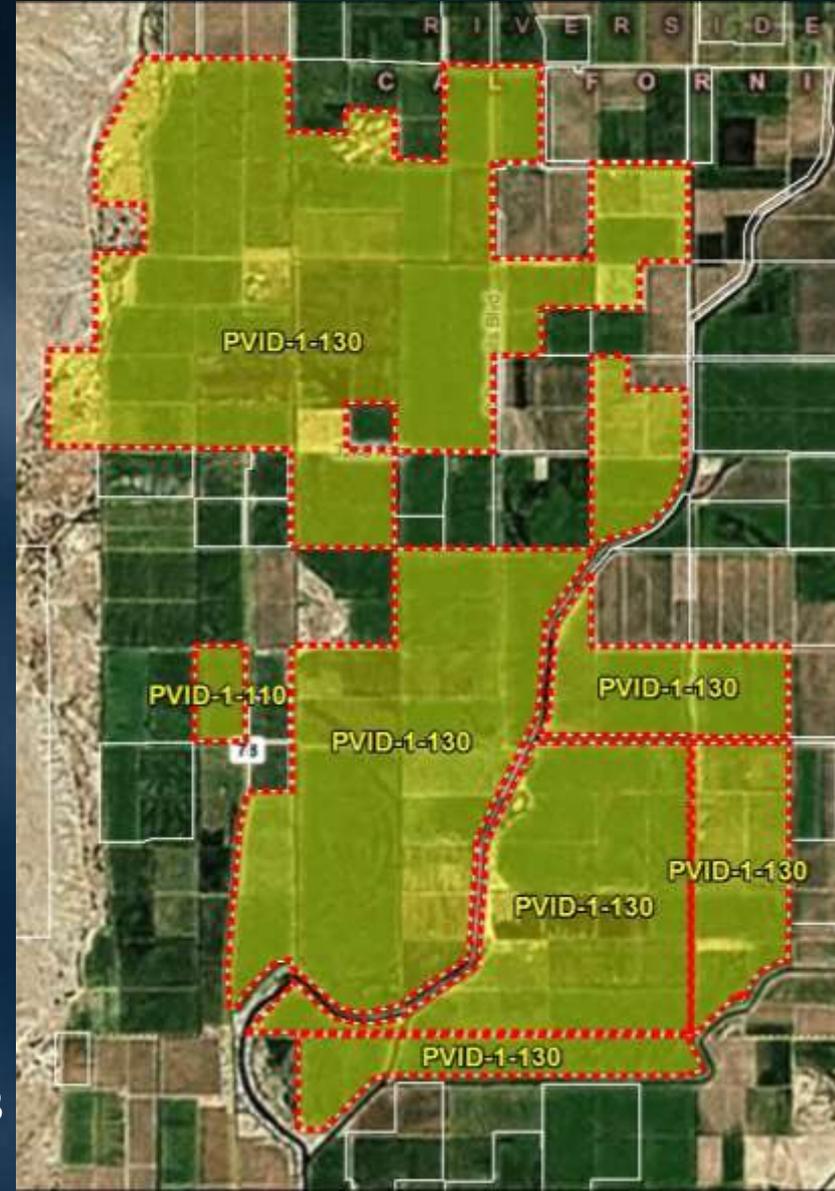
Overview of MWD Lands in Palo Verde

- 22,062 total acres currently leased (Over 20% of PVID valley)
20,995 water-toll acres
- Mostly high-water use crops:
 - Alfalfa, other forage
- Current leases expire in December 2016



HayDay Farms

- 6,685 water-toll acres
- Alfalfa, Sudan Grass
- 14-year relationship with Metropolitan
- 40+ year history of farming in PVID



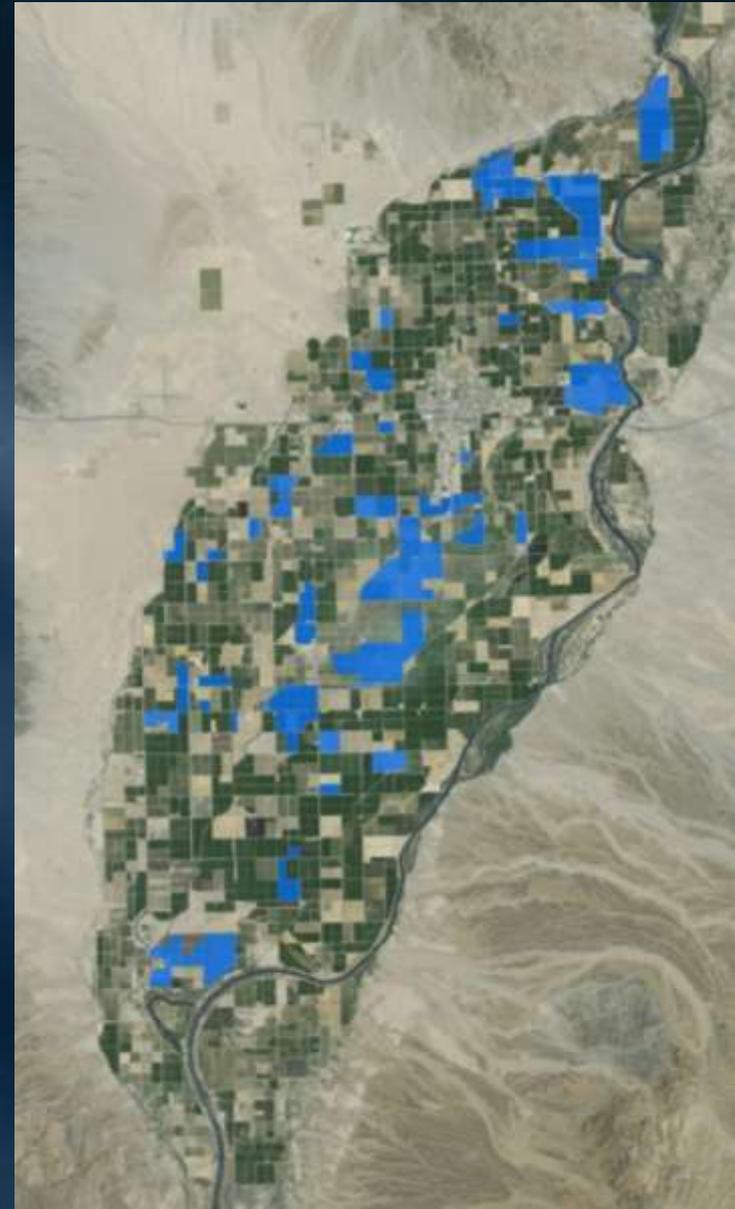
River Valley Ranches

- 2,261 water-toll acres
- Alfalfa, cotton, potatoes, corn
- 14-year relationship with Metropolitan
- 40+ year history farming in PVID



Wegis & Young

- 12,049 water-toll acres
(former Verbena property)
- Alfalfa, Sudan Grass
- 8-month relationship
with Metropolitan
- 6-year history farming
in Palo Verde



Lower Colorado River Multi-Species Conservation Program

- Metropolitan is a party to the LCRMSCP
- LCRMSCP develops habitat near the river for native species
- Up to 700 acres are needed in California
- Some lands have been identified in Palo Verde
- May affect acreage available for lease
- Metropolitan will seek fair compensation for the lands
- Terms would return to the Board for approval

Management Objectives

- Reduce crop consumptive water use
- Provide positive lease revenue
- Maintain a vibrant agricultural economy
- Promote community acceptance and participation
- Keep administrative overhead low
- Advance state-of-the-art farming

Potential Approaches

- Request for Proposals (RFP)
 - Pursue new leases on all lands through a generalized request for proposals process
- Partial Renewal and RFP
 - Negotiate new leases with HayDay and River Valley, and pursue new leases on remaining lands through a generalized request for proposals
- Renewal
 - Negotiate new leases with HayDay, River Valley, and Wegis & Young

Common to all Approaches

- Leases will come back to Board for approval through the Real Property Committee
- Consistent with following program requirements, no permanent crops

Staff Recommends an RFP Approach

- Staff has received 38 statements of interest and several preliminary proposals
- Consultations with existing lessees
- Wide range of proposed crops, irrigation strategies, and monitoring technologies
- No uniquely qualified entity
- An RFP will allow Metropolitan to consider the widest range of approaches to meet its objectives

Timeline for RFP

- May
 - Release RFP
- June – July
 - 60-day response window
- August
 - Proposal review and selection
- Sept – Nov
 - Board Approval for new leases

Board Options

Option #1:

- Adopt the CEQA determination
- Pursue new leases on all lands through a generalized request for proposals

Option #2:

- Adopt the CEQA determination
- Negotiate new leases with HayDay and River Valley, and pursue new leases on remaining lands through a generalized request for proposals

Board Options

Option #3:

- Adopt the CEQA determination
- Negotiate new leases with all three existing lessees

Staff Recommendation

Option #1

