



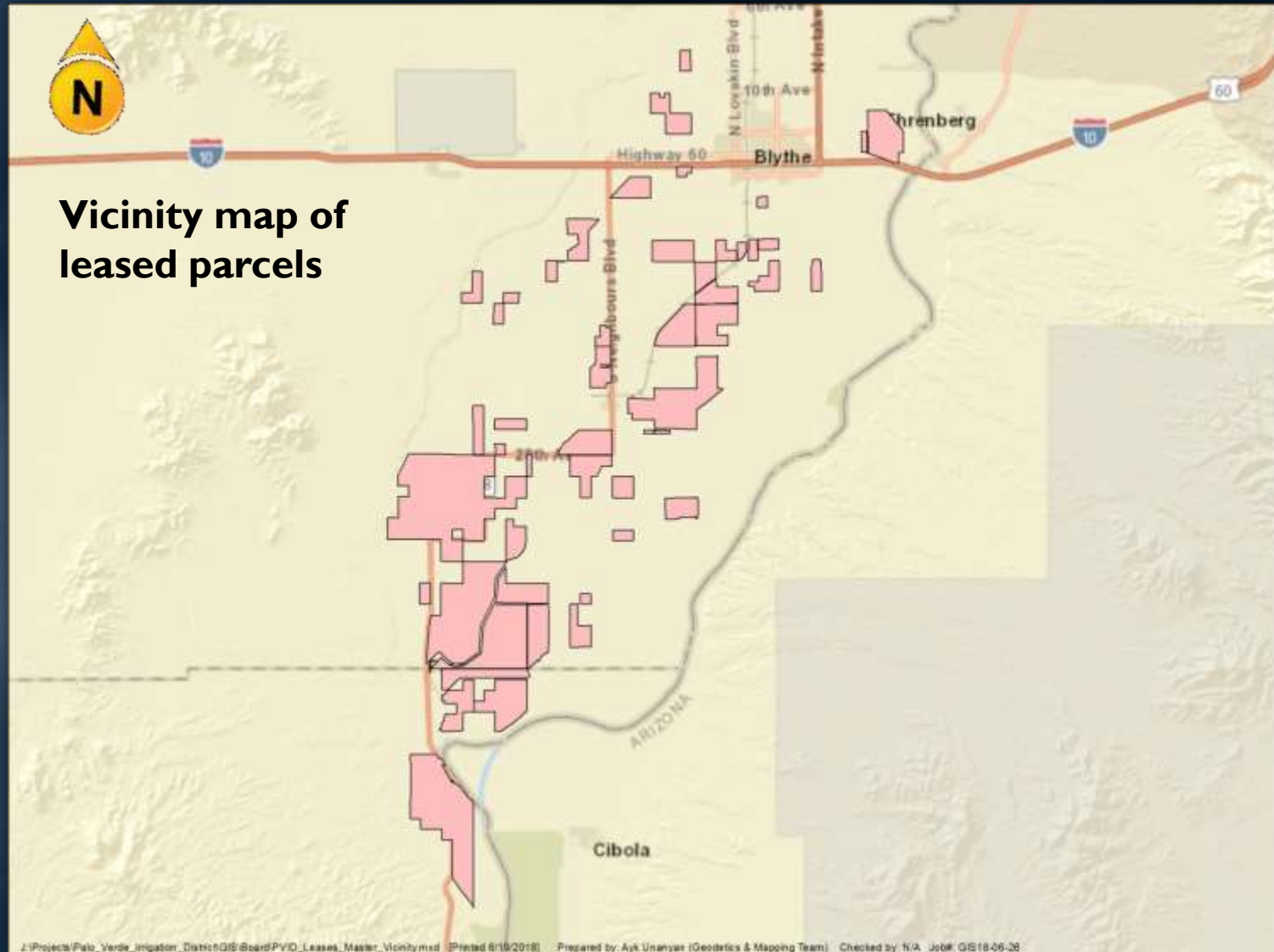
# Proposal to amend Palo Verde Valley farming leases

Real Property & Asset Management Committee  
Item 6a  
June 26, 2018

# Location Map with MWD Facilities



# General Location of Leased Properties



# Lease Objectives

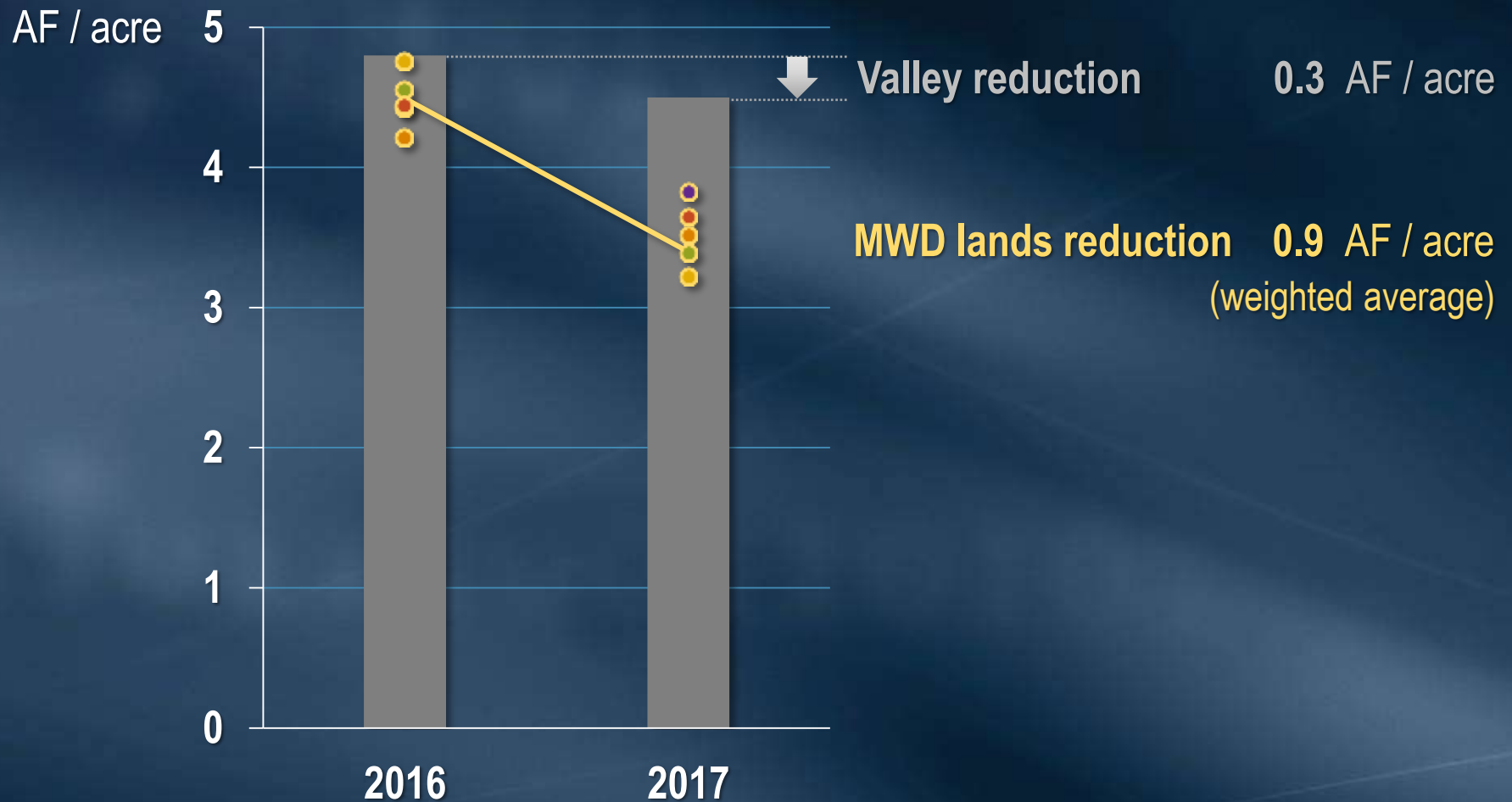
- Reduce crop consumptive water use
- Maintain a vibrant agricultural economy
- Provide positive lease revenue
- Promote community acceptance and participation
- Keep administrative overhead low
- Advance state-of-the-art farming



# Leases Developed Consistent with Objectives

- Consumptive water use targets for each lessee
- Discounted base rent for water use less than valley average
- Incentives and disincentives for use under or over target

# Lessees reduced water use more than the valley average



# On-farm water measurements contain significant uncertainty

- Developed by PVID for system management, not billing
- Sources of uncertainty
  - Manual measurement
  - Hydraulic calculations
  - Flow variations between 6-hour measurements
  - Erroneous records of deliveries to fallowed fields



# Alternative Water Measurement Methods Contemplated in Lease

- MWD and tenants cooperated on water measurement techniques
- Substantial differences observed from PVID headgate measurements





# Existing lease structure is sensitive to uncertainty in measurement

