



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

12/10/2019 Board Meeting

8-7

Subject

Authorize the General Manager to enter into agreements with Bard Water District and farmers within Bard Unit, to provide incentives for land fallowing related to the Bard Seasonal Fallowing Program, for up to \$1.4 million in 2020 and escalated annually through 2026; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The proposed Bard Water District (Bard) Seasonal Fallowing Program (Program) will reduce water consumption in Bard that will help augment Metropolitan's Colorado River supplies. The Program will incentivize farmers to fallow their land for four months at \$452 per irrigable acre, escalated annually. Metropolitan estimates a water savings between 1.5 and 2.0 acre-feet per irrigable acre. Bard diverts Colorado River water for crop irrigation grown year-round in the warm dry climate. Farmers typically grow high-value crops in the winter (vegetable crops) followed by a lower-value, water-intensive, field crop (such as Bermuda and Sudan grass, small grains, field grains, or cotton) in the spring and summer. Participating farmers will reduce their water consumption through land fallowing of up to 3,000 acres annually between the months of April and July. Metropolitan will enter into agreements with Bard and the farmers. Metropolitan would benefit, as the saved water would remain in the Colorado River and be made available for diversion.

Details

Background

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 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, there is no water use cap for the Yuma Project. Under the terms of the Colorado River Water Delivery Agreement, the amount of water otherwise available to Metropolitan is reduced by any water use by higher priority users (the Palo Verde Irrigation District valley lands, Yuma Project, and the Lower Palo Verde Mesa lands). In years when the amount used by the holders of higher priorities decreases, Metropolitan is entitled to an amount of water equivalent to the decrease.

Metropolitan/Bard Water District Land Management and Seasonal Fallowing Pilot Program

In January 2016, Metropolitan's Board authorized a two-year Metropolitan/Bard Water District land management and seasonal fallowing pilot program (Pilot). Metropolitan provided incentives to farmers to fallow lands in the spring and summer months. The purpose of the Pilot was to evaluate farmer interest in fallowing and evaluate the amount of water saved from fallowing. Metropolitan entered into agreements for fallowing up to 2,000 acres within the Bard Unit per season. Participation and interest in the Pilot varied between the two years. Farmers fallowed about 510 acres with a water savings of 951 acre-feet in 2016, and about 1,640 acres with a water savings of 2,310 acre-feet in 2017. Metropolitan provided about \$1.1 million to Bard and the farmers for participation in the Pilot.

Proposed Program

Staff is proposing a seasonal fallowing program (Program) that builds on the success of the Pilot. Under the proposed Program, Metropolitan will provide incentives to fallow land during the period between April 1 and July 31 starting in year 2020 and ending in year 2026. Metropolitan staff and Bard have developed terms (**Attachment 2**) to fallow a maximum of 3,000 acres within the Bard Unit. Metropolitan estimates a water savings between 1.5 and 2.0 acre-feet per irrigable acre. Metropolitan will enter into a Program agreement with Bard to hold the delivery of water to the fallowed acres. Metropolitan will also enter into agreements with each individual farmer (with property owner consent). Each farmer would agree to fallow at least 10 contiguous irrigable acres for the fallow period. To qualify, the farmer must have actively farmed the land for at least three of the previous five years. The agreement also requires that the farmer take appropriate actions to ensure that the fallowed lands do not degrade or cause dust issues. Further, farmers must allow representatives from Metropolitan and the U.S. Bureau of Reclamation to inspect the fallowed lands.

Metropolitan will provide an annual incentive of \$452 per acre of irrigable land fallowed. The agreement provides for escalating the incentive every year using the Consumer Price Index. Of the total fallowing payment made each year, Metropolitan will pay 75 percent of the incentive to the participating farmers and 25 percent to Bard. Bard will use its revenues for improvements within the Bard Unit. Metropolitan will make payments in two installments, the first half at the beginning of the fallowing period and the second half at the end of the fallowing period.

Metropolitan has the option to make a fallowing call every year. The fallowing call notifies Bard and the farmers if Metropolitan needs fallowing the following year. With the exception of year 2020, the fallowing call will be made by October 1 of each preceding year. For year 2020, Metropolitan will make the fallowing call by December 31, 2019. Staff will make a recommendation to fallow based on an evaluation of supply conditions through the Water Surplus and Drought Management process. In addition, Metropolitan will pay Bard \$15,000 in any year that fallowing occurs, to cover direct and indirect cost related to Program administration.

Summary

Higher priority users' farming practices affect the availability of Colorado River water to Metropolitan. Since Bard is part of the Yuma Project, Bard holds a higher priority and any reductions in their water consumption increases supplies made available to Metropolitan for diversion. The proposed Program will provide annual incentives of \$452 per irrigable acre to the farmers to fallow lands during the late spring and summer months when they typically have water-intensive, lower-value crops. Metropolitan is entitled to the equivalent amount of water conserved through fallowing. Under the proposed Program, Metropolitan has the flexibility to operate the Program from year to year, depending on water supply conditions. The Program will begin in year 2020 and end in year 2026.

Policy

By Minute Item 42820, dated February 10, 1998, the Board approved the policy principle in the 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.

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities.

California Environmental Quality Act (CEQA)

CEQA determination(s) for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed project involves 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 of public or private facilities or features and no possibility of significantly impacting the physical environment.

Accordingly, the proposed action qualifies for Class 1 and Class 4 Categorical Exemptions (Sections 15301 and 15304 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).

CEQA determination(s) for Option #2:

None required

Board Options

Option #1

- a. Authorize the General Manager to enter into a Program agreement with Bard Water District and seasonal fallowing agreements with farmers within the Bard Unit; and
- b. Approve payment of up to \$1.4 million per year, escalated annually through 2026, for funding of the Program

Fiscal Impact: Up to \$1.4 million in 2020, escalated annually using the Consumer Price Index through 2026

Business Analysis: This Program increases Metropolitan's Colorado River supplies in a cost-effective manner

Option #2

Do not authorize the General Manager to enter into the agreements with Bard Water District or farmers within Bard Unit.

Fiscal Impact: None

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

Staff Recommendation

Option #1


 _____ 11/21/2019
Brad Coffey Date
 Manager, Water Resource Management

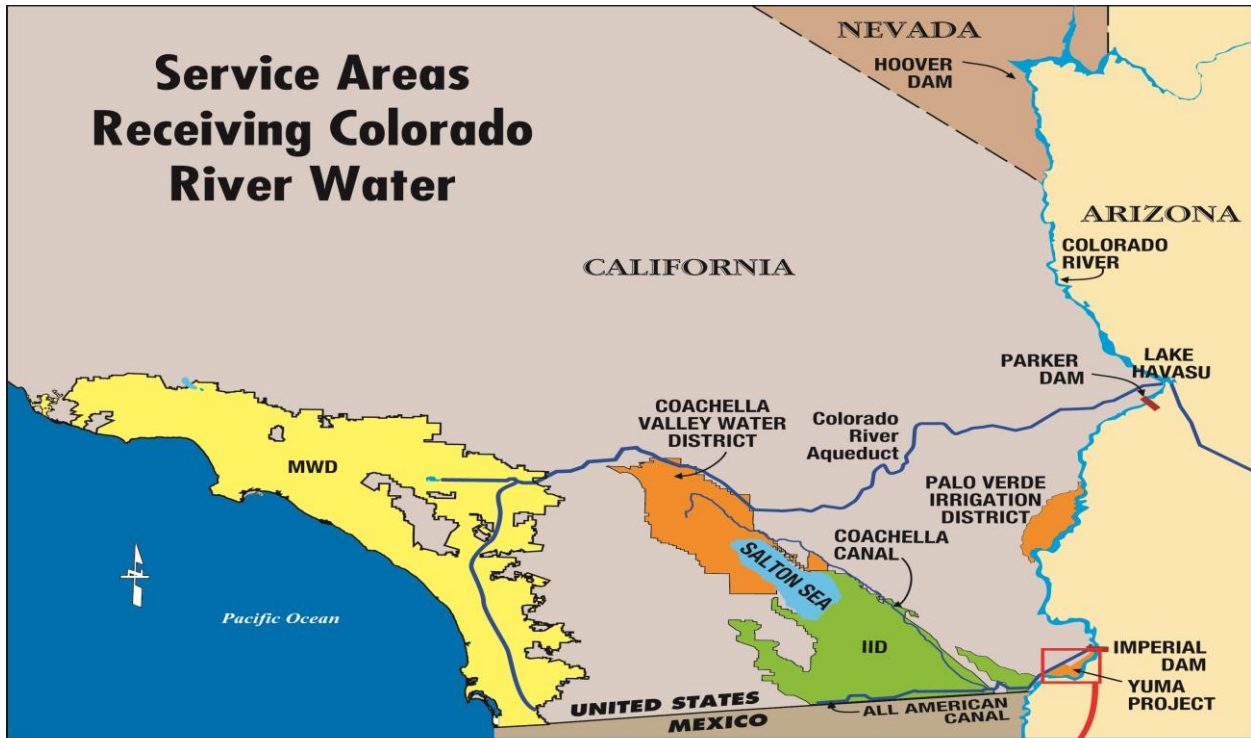

 _____ 11/26/2019
Jeffrey Kightlinger Date
 General Manager

Attachment 1 – Location of Map of Bard Unit, Reservation Division

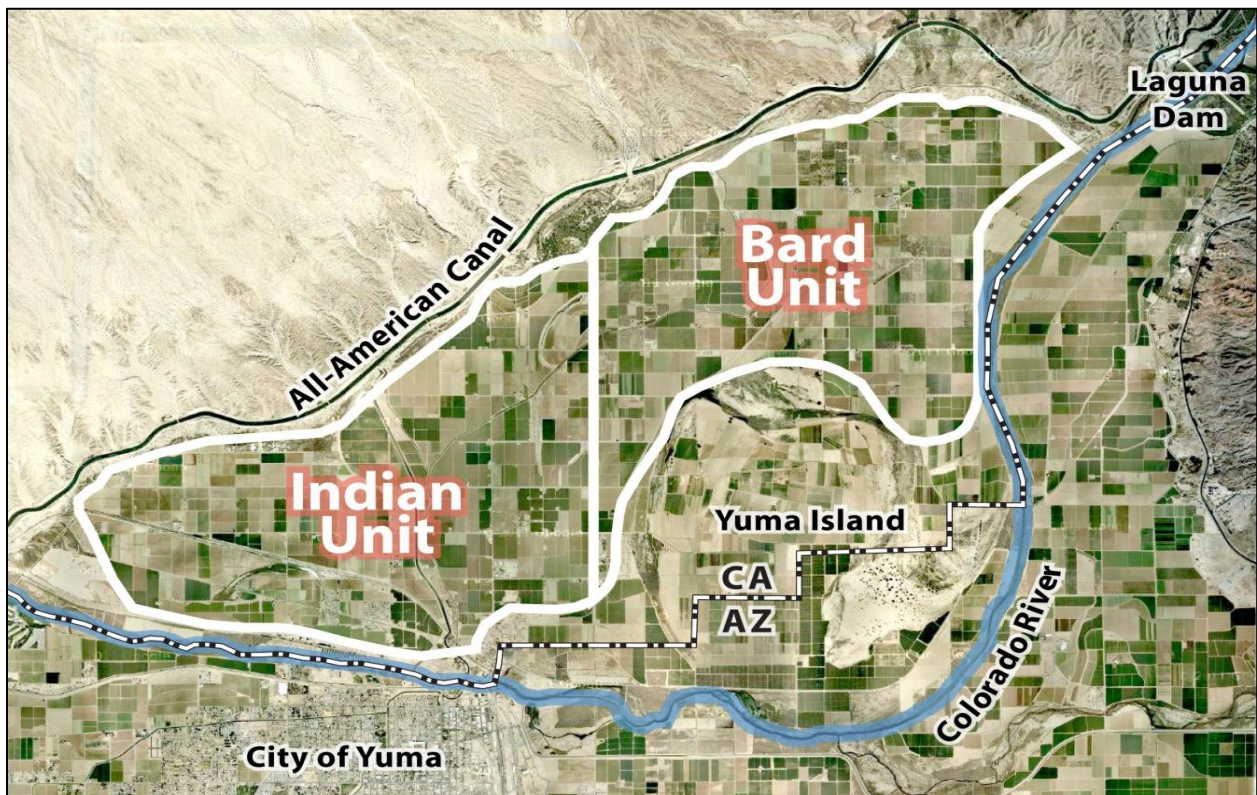
Attachment 2 – Draft Term Sheets

Ref# wrm12669931

Location Map for Yuma Project, Reservation Division



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



Proposed Term Sheet

Metropolitan Water District/Bard Water District Land Management and Seasonal Fallowing Program

Agreement between Metropolitan and Bard Water District

The term of Metropolitan Water District /Bard Water District Land Management and Seasonal Fallowing Program (Program) would include the April through July growing seasons through 2026. The Program is limited to a maximum of 3,000 fallowed irrigable acres per year.

Metropolitan Water District would:

- A. Execute Program agreement with Bard Water District for a seven-year program.
- B. Execute Program agreements with participating farmers, with renewal options for the agreements and the opportunity for additional participation by new enrollees shall be annually.
- C. Confirm if fallowing is necessary for the following year.
 - a. MWD has option of making fallowing call each year. With the exception of year 2020, notification will be provided to Bard Water District by October 1 of each preceding year. For year 2020, Metropolitan will make the fallowing call by December 31, 2019.
- D. Pay \$452 per acre of fallowed irrigable land in 2020, escalated each year by the Consumer Price Index (CPI) of the Southern California region. Of the total fallowing payment made each year, 75 percent of the total would be paid to the participating farmer and 25 percent of the total paid to Bard Water District:
 - a. Pay the voluntarily participating farmers 75 percent of the annual fallowing payment per acre per year of fallowed land per year of participation.
 - b. Pay Bard Water District 25 percent of the annual fallowing payment for the purpose of funding infrastructure improvements or other projects.
 - c. Pay Bard Water District an additional payment of \$15,000 in any year a fallowing call is made. Payment covers costs incurred by Bard Water District for development and administration of the Program, including direct and indirect Program costs. Payment is due concurrent with first fallowing payment.
 - d. Both the fallowing payment to the farmer and to Bard Water District paid at 50 percent on or before May 15 and 50 percent upon verification of compliance on or before September 14.
 - i. The second payments are conditioned on confirmation of compliance with the fallowing agreement terms.

Bard Water District would:

- A. Administer the sign-up of farmers in the Program.
- B. Record amount of interest from farmers.
- C. Develop the final form of consent agreement between the farmer and the landowner, acknowledging that the landowner supports participation in the program (notarized).
- D. Ensure that Program participation does not exceed 3,000 irrigable acres.
- E. Verify that land participating in Program is eligible:
 - a. Has access to a canal.
 - b. Was actively farmed at least three of the past five years.
 - c. Land size is at least 10 contiguous irrigable acres.
- F. Monitor fallowed lands to ensure that no water is used for irrigation.
- G. Take reasonable actions to ensure that water will be kept off fallowed land.
- H. Monitor fallowed land to ensure that farmer is instituting the agreed upon measures to ensure that the fallowing does not cause dust issues.
- I. Provide Metropolitan a copy of its ten-year capital improvement plan, an annual accounting of money spent, and following completion of the program, a report summarizing the projects funded by this program.