Evolving Regional Frameworks for Ag-to-Urban Water Transfers (December 11) 2008

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SLIDES: PVID/MWD Land Management, Crop Rotation and Water Supply Program

Ed Smith

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PVID/MWD Land Management, Crop Rotation and Water Supply Program

Presented By Ed Smith
General Manager
Palo Verde Irrigation District
PVID HISTORY

• 1877 – Thomas Blythe made first filings on Colorado River water in California.

• 1923 – Palo Verde Irrigation Dist. Act was Passed.

• 1931 – Seven Party Agreement Gives PVID Unquantified 1st Priority Water Rights for use on 104,500 acres.
PVID GOVERNANCE

- Seven Person Board.
- Votes Based on Assessed Valuation of Land.
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

• Consortium of 26 Cities and Water Agencies.
• 6 Counties; 5200 square miles.
• Serve over 18 million people.
• Regional Economy: $700 Billion.
• Supplies 60% of Southern California’s Water Supply.
LAW of the RIVER

- 1922 - Colorado River Compact.
- 1928 - Boulder Canyon Project Act.
- 1931 - Ca. Seven Party Agreement.
- 1944 - Mexican Water Treaty Agreement.
- 1964 - Az. vs. Ca. Supreme Court Decree.
- 2003 - Quantification Settlement Agreement
<table>
<thead>
<tr>
<th>Priorities</th>
<th>MAF</th>
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</thead>
<tbody>
<tr>
<td>1. PVID (104,500 acres)</td>
<td></td>
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<tr>
<td>2. Yuma Project (25,000 Acres)</td>
<td></td>
</tr>
<tr>
<td>3. (a) IID/ CVWD</td>
<td></td>
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<tr>
<td>(b) PVID MESA (16,000 acres)</td>
<td>Subtotal 3.850</td>
</tr>
<tr>
<td>4. MWD</td>
<td>Subtotal 4.40</td>
</tr>
<tr>
<td>5. MWD</td>
<td>Total 5.062</td>
</tr>
<tr>
<td>6. IID/ CVWD/ PVID</td>
<td>0.300</td>
</tr>
<tr>
<td>7. Agricultural Use</td>
<td>All Remaining</td>
</tr>
</tbody>
</table>
QSA

- IID (3a)  3,100,000 Ac. Ft.
- CVWD (3a)  330,000 Ac. Ft.
- MWD (4)  550,000 Ac. Ft.
- PVID, Yuma Project, PVID Mesa remain Unquantified
- MWD assumes losses or gains from unquantified parties based on 420,000 Ac. Ft. Cumulative usage
IID and CVWD Waiver

- Under the October 10, 2003 approved Quantification Settlement Agreement, MWD can acquire Colorado River water from PVID without objections by IID and/or CVWD.
Program Objectives

• Develop up to 111,000 af/yr flexible and reliable water supply for a 35-year term.

• Help stabilize farm economy in the Palo Verde Valley, and further buttress the $800 billion economy of Southern California.

• Provide funds for specific community improvement programs.

• Support implementation of the California Plan.
Program Elements

- Program agreement between MWD and PVID.
- Landowner Agreements between MWD, PVID and Landowners.
- Funding for Palo Verde Community Improvement Board.
How the Program Works

- Voluntary Participation.
- 6,000 to 26,500 acres of Priority 1 lands fallowed every year District wide.
- 7% minimum fallowing.
- 29% District (35% individual landowner) maximum fallowing.
- Depends on participation level and MWD call.
Fallowing Calls

- MWD must make a fallowing call by August 1st one year in advance.
- Fallowing call is for a 2 year period.
- Fall-back call is minimum acreage (7%).
Payments to Landowners

Sign-up Payment.

- One time payment of $3,170 per encumbered acre.
- Paid over 2 to 5 years per landowner’s option.
- First installment paid upon signup.
Annual Payment

- $602 per non-irrigated acre for first year.
- Annual escalation for first 10 years: 2.5%.
- Annual escalation for remaining 25 years: CPI-subject to a 2.5% minimum and 5% maximum.
Cash Flow to a 100 Acre Farm

• Sign-up payment
  - 100 acres x 0.29 x $3170 = $91,930

• Annual Payment would range
  From:
  - Base load water supply developed (7%)
    100 acres x 0.07 x $602/acre = $4,124/yr
  To:
  - Maximum water supply developed (29%)
    100 acres x 0.29 x $602/acre = $17,458/yr
Landowner Responsibilities

- Allow a fallowing easement on 29% of farm.
- Fallow lands as per MWD’s call.
- Implement Land Management Plans.
- Provide Program related data.
- Pay PVID water toll and taxes.
Community Improvement Program (CIP)

- A 9-member Ad-Hoc Committee formed in January 2002
- A cross section of local business and community leaders
  - PVID, MWD, City of Blythe, Chamber of Commerce, Rotary, Hospital, Community College, and various local business leaders.
Objective of Ad-Hoc Committee

- Formation of Community Improvement Fund Board (Board)
- Duties of Board:
  - Manage funds provided by MWD
  - Develop a Regional Business Plan
  - Develop a Local Business Plan
Payments to Community

Community

- $6 Million for community improvement programs.
- Assistance by MWD to community in hiring consultant to finalize Board formation and development of business plans.
Community Improvement Programs

- Assess effectiveness every five years.
- Any additional funding requires board approval.
Board Actions

• July 2001 – PVID and MWD Boards approved principles of agreement.
• Sept. 2002 - PVID Board certified EI R.
• Oct. 2002 – MWD Board approved revised principles of agreement and appropriated funds for program.
• May 2004 – MWD Board approved revised principles of agreement and increased appropriated funds for program.
Schedule

- July 2004
  - Enter into PVID/MWD agreement.
- August 2004
  - Enter into agreements with landowners.
- January 1, 2005
  - Begin Interim Program
- August 1, 2005
  - Full implementation start date
Previous Programs

  $620/acre/Year

- 2003 PVID/CVWD Short-Term Program.
  $750/acre/Half Year
Web Site

• PVI D.org