



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

11/9/2021 Board Meeting

7-12

Subject

Authorize the General Manager to enter into agreements with the Quechan Tribe of the Fort Yuma Indian Reservation and farmers within Quechan tribal land to provide incentives for land fallowing related to the Metropolitan/Quechan Tribe Seasonal Fallowing Pilot Program, for up to \$1.6 million in 2022 and 2023; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The Metropolitan/Quechan Tribe Seasonal Fallowing Pilot Program (Pilot) will reduce water consumption in the Quechan tribal land and augment Metropolitan's Colorado River supplies. The Pilot will incentivize farmers to fallow land irrigated with Colorado River water for the spring and summer months during 2022 to 2023. Farmers typically grow high-value crops in the winter (vegetable crops), followed by a lower-value, water-intensive field crop (such as Sudan grass) in the spring and summer. Participating farmers will reduce their water consumption through land fallowing of collectively up to 1,600 acres annually between the months of April and July of each fallowing season. Metropolitan will enter into agreements with the Quechan Tribe of the Fort Yuma Indian Reservation (Quechan Tribe) and qualifying farmers within the Quechan tribal land, and the Pilot will operate similarly to Metropolitan's Bard Seasonal Fallowing Program. Since the Quechan Tribe's water supplies have a higher priority than Metropolitan's, Metropolitan will benefit from such a pilot, as the saved water will remain in the Colorado River and be made available for diversion. Lastly, such a pilot program will provide information that could lead to the development of a longer-term fallowing program with the Quechan Tribe.

Details

Background

The Quechan tribal lands of the Fort Yuma Indian Reservation (Reservation) reside along the Colorado River in southeast California and southwest Arizona. The Quechan tribal lands receive water from either the All-American Canal and Yuma Main Canal, groundwater wells, or directly from the Colorado River. **Attachment 1** contains a map of the Quechan tribal land in California that will be eligible to participate in the Pilot. Colorado River supplies for the Quechan tribal lands are accounted for under the unquantified priorities within California. As such, any savings from fallowing will move through California's priority system to benefit Metropolitan. Metropolitan will pursue any needed forbearance.

Quechan Water Rights Settlement Agreement

In 2005, Metropolitan reached a settlement with the Quechan Tribe, the Quechan Settlement Agreement, which incentivizes the Quechan Tribe to neither develop nor divert an additional 13,000 acre-feet (AF) each year from the Colorado River from 2006-2034 and an additional 20,000 AF each year beginning 2035. As part of the Quechan Settlement Agreement, Metropolitan provides annual incentive payments to the Quechan Tribe to limit water use, resulting in stable supplies to Metropolitan. Since 2006, the Quechan Tribe has forborne diversion of nearly all of the 13,000 AF each year. Water savings from the Pilot fallowing program will not be included in the Quechan Settlement Agreement payments.

Bard Seasonal Fallowing Program

In December 2019, Metropolitan's Board authorized a six-year Metropolitan/Bard Seasonal Fallowing Program with Bard Water District. Metropolitan currently provides incentives to farmers within the Bard Unit to fallow up to 3,000 irrigable acres from April to July. In 2020, farmers fallowed approximately 2,750 acres with an estimated water savings of 6,075 AF. In 2021, farmers fallowed about 2,940 acres with a water savings of 6,490 AF. Since the inception of the Bard Seasonal Fallowing Program, Metropolitan has provided about \$2.6 million to Bard and the farmers, including \$30,000 for direct program costs and system improvements for an average water cost of \$207/AF. The proposed seasonal fallowing pilot program with the Quechan Tribe will be structured and operated similarly to the Bard Seasonal Fallowing Program.

Proposed Seasonal Fallowing Pilot Program

Metropolitan staff is proposing a two-year seasonal fallowing pilot program with the Quechan Tribe. The Pilot will both evaluate farmer interest in fallowing and the amount of water saved from fallowing in the Quechan tribal land. Metropolitan staff and the Quechan Tribe have developed terms (**Attachment 2**) to fallow a maximum of 1,600 acres each year within the tribal land. Assuming water savings similar to the water savings in the Bard Seasonal Fallowing Program (based upon similar topography, crops planted, and farming practices), Metropolitan estimates a water savings of up to 2.21 AF per irrigable acre, with the actual water savings to be determined during the Pilot. Under the proposed Pilot, Metropolitan will provide incentives to fallow land during the period between April 1 and July 31, beginning in year 2022 and ending in year 2023. Metropolitan will enter into a Pilot agreement with the Quechan Tribe to hold the delivery of water to the fallowed acres, as well as enter into agreements with each participating farmer.

In order to qualify for the Pilot, the farmer must have actively farmed or participated in a previous fallowing program during three of the past five years, and must exclude areas that are used for roads, ditches and canals, and buildings. The eligible lands will also need to have access to a canal, direct-from-river pumping, or a groundwater well (the U.S. Bureau of Reclamation considers wells within the Pilot as diversions of Colorado River water). The agreement will also require the farmers to take appropriate actions to ensure that the fallowed lands do not degrade or cause dust issues. Further, farmers must allow representatives from Metropolitan to inspect the fallowed lands.

Metropolitan will provide an annual incentive of approximately \$473 per acre of irrigable land fallowed, or the equivalent incentive amount to be provided under the Bard Seasonal Fallowing Program in year 2022. The incentive will be escalated every year using the Consumer Price Index for Southern California. Of the total fallowing payments made each year, Metropolitan will pay 75 percent of the incentive to the participating farmers and 25 percent to the Quechan Tribe. The Quechan Tribe will receive an additional payment of \$15,000 each year for direct and indirect costs related to its administration of the Pilot. Upon verification of fallowing, 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.

Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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.

By Minute Item 51833, dated December 10, 2019, the Board authorized the General Manager to enter into a Program agreement with Bard Water District and seasonal fallowing agreements with farmers within the Bard Unit, and approve payment of up to \$1.4 million per year, escalated annually through 2026.

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 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. 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 4 and Class 6 Categorical Exemptions (Sections 15301, 15304 and 15306 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize the General Manager to enter into a Program agreement with the Quechan Tribe and seasonal fallowing agreements with farmers within the Quechan tribal land. Additionally, approve payment of up to \$1.6 million for the 2022 and 2023 fallowing seasons.

Fiscal Impact: \$1.6 million of budgeted funds for Fiscal Year 2021/2022. Costs for Fiscal Year 2022/2023 will be proposed in the next biennial budget.

Business Analysis: This Pilot increases Metropolitan’s Colorado River supplies in a cost-effective manner.

Option #2

Do not authorize the General Manager to enter into a Program agreement with the Quechan Tribe and seasonal fallowing agreements with farmers within the Quechan tribal land.

Fiscal Impact: None

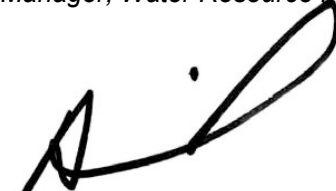
Business Analysis: No increase in Colorado River supplies from seasonal land fallowing in the Quechan tribal land.

Staff Recommendation

Option #1


 Brad Coffey
 Manager, Water Resource Management

10/27/2021
 Date


 Adel Hagekhalil
 General Manager

10/28/2021
 Date

Attachment 1 – Map of Proposed Tribal Land for Metropolitan/Quechan Seasonal Fallowing Pilot Program

Attachment 2 – Proposed Term Sheet for Metropolitan Water District/Quechan Tribe Seasonal Fallowing Pilot Program

**PROPOSED TERM SHEET FOR METROPOLITAN WATER DISTRICT/QUECHAN TRIBE
SEASONAL FALLOWING PILOT PROGRAM**

Agreement between Metropolitan Water District (Metropolitan) and Quechan Tribe of the
Fort Yuma Indian Reservation (Quechan Tribe)

The term of the Metropolitan Water District/Quechan Tribe Seasonal Fallowing Pilot Program (Pilot) will include the April through July growing seasons through 2023. Any water savings from the Pilot will not be included in the Quechan Settlement Agreement payments.

Metropolitan Water District will:

- A. Execute Pilot Program agreement with the Quechan Tribe for a two-year pilot program.
- B. Execute Pilot Program agreements with participating farmers, with renewal options for the agreements and the opportunity for additional participation by new enrollees shall be annually.
- C. Pay approximately \$473 per acre of fallowed irrigable land in 2022, or the equivalent incentive amount to be provided under the Bard Seasonal Fallowing Program in year 2022, escalated each year by the Consumer Price Index (CPI) of the Southern California region.

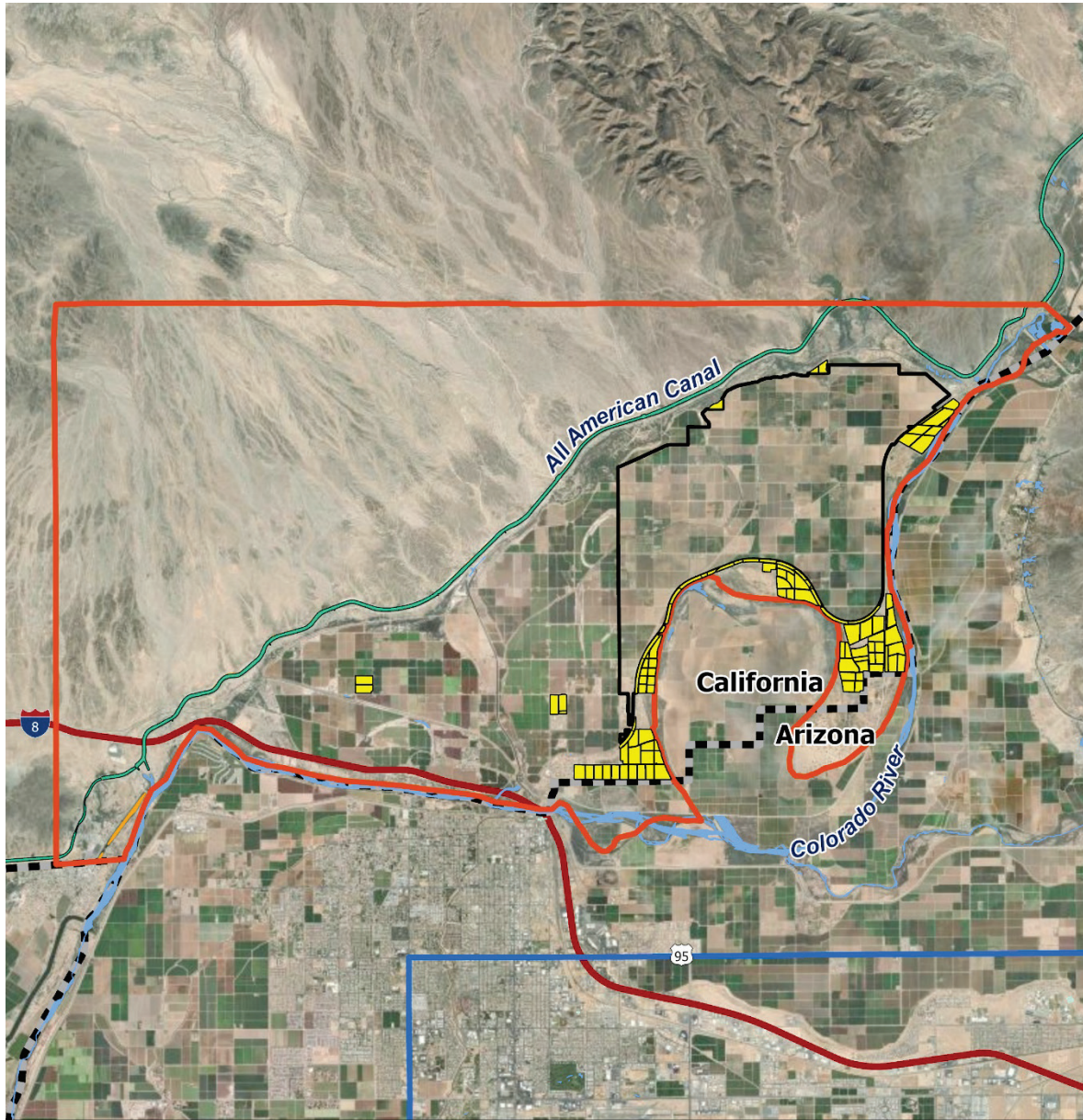
Of the total fallowing payment made each year, 75 percent of the total will be paid to the participating farmer and 25 percent of the total paid to the Quechan Tribe:

- a. Pay the Quechan Tribe an additional payment of \$15,000 every year.
 - i. Payment covers costs incurred by the Quechan Tribe for development and administration of the Pilot Program, including direct and indirect Pilot Program costs.
 - ii. Payment is due concurrent with the first fallowing payment.
- b. Both the fallowing payment to the farmer and to the Quechan Tribe paid at 50 percent on or before May 15 and 50 percent upon verification of compliance on or before September 15.
 - i. The second payments are conditioned on confirmation of compliance with the fallowing agreement terms

The Quechan Tribe will:

- A. Administer the sign-up of farmers in the Pilot Program.
- B. Record amount of interest from farmers.
- C. Ensure that Pilot Program participation does not exceed 1,600 irrigable acres.
- D. Verify that land participating in the Pilot Program is eligible:
 - a. Has access to a canal, direct-from-river pumping, or a groundwater well.
 - b. Was actively farmed or participated in a previous fallowing program during three of the past five years.
 - c. Includes the area of land that is used for planting crops and shall exclude areas that are used for roads, ditches and canals, and buildings.
- E. Monitor fallowed lands to ensure that no water is used for irrigation.
- F. Take reasonable actions to ensure that water will be kept off fallowed land.
- G. Monitor fallowed land to ensure that farmer is instituting the agreed-upon measures to ensure that the fallowing does not cause dust issues.

MAP OF PROPOSED TRIBAL LAND FOR PROPOSED METROPOLITAN/QUECHAN SEASONAL FALLOWING PILOT PROGRAM



Legend

-  State Boundaries
-  Proposed Land for Pilot Program (Quechan Tribal Land)
-  Bard Unit
-  Fort Yuma Indian Reservation

