



One Water and Stewardship Committee

Authorize an Agreement with Palo Verde Irrigation District to Jointly Fund Community Investment in Palo Verde Irrigation District's Service Area

Item 7-4

February 10, 2025

Item 7-4

Authorize an Agreement with PVID to Jointly Fund Community Investment in PVID's Service Area

Subject

Authorize the General Manager to enter into an agreement with Palo Verde Irrigation District to jointly fund community investment in Palo Verde Irrigation District's service area; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Purpose

Before Metropolitan can distribute the community funding received by USBR, Metropolitan and PVID need to execute an agreement that defines how community funds are managed.

Recommendation and Fiscal Impact

Authorize the General Manager to enter into an agreement with Palo Verde Irrigation District to jointly fund community investment in Palo Verde Irrigation District's service area with funds received from USBR's LC Conservation Program.

There is no fiscal impact since community funding is provided from USBR's Bucket 1 funding for water conserved under the PVID Fallowing Program

Budget

No impact on budget.

Background



Palo Verde Irrigation District (PVID)

- About 131,000 acres in Riverside & Imperial Counties
 - Valley and Mesa
- Population: About 13,000
- Top crops: Alfalfa, citrus, wheat, cotton, melon, lettuce
- 7-member Board of Trustees
- MWD is the largest landowner in PVID



Background

PVID Land Fallowing Program

- 35-year program: 2005-2040
- Enrolled farmers fallow acres matching MWD's call
 - Aug 1 – Jul 31
 - 6,487 to 25,947 acres
- Farmers receive \$/acre
- MWD receives conserved water
- MWD provided \$6M to PVID in 2007 for community improvement
 - Distributed through grants and loans

Timeline of Federal Funding & Community Investment



Sept. 2022

Lower Colorado Conservation and Efficiency Program (LC Conservation Program) funding announcement



Nov. 2022

MWD submitted application

* Community investment was a negotiated component with PVID



Dec. 2023

USBR and MWD enter into System Conservation Implementation Agreement (SCIA)

* MWD Board Action



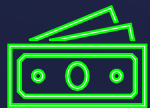
May 2024

PVID and MWD enter into Sub-Agreement describing payments



Nov. 2024

Forbearance Agreement



Nov. 2024

USBR sends checks (Year 1 – 2) to Metropolitan

Updates on Palo Verde
Community Enhancement
provided to Metropolitan's
Board in Sept. 2024 & Jan. 2025

Existing Agreements

SCIA between USBR & MWD

- 117,021 AFY x 3 years = 351,000 Total AF
- \$400/AF (\$140.43M Total)
- Three annual payments, 2023 - 2025
- Additional agreements were required:
 - Sub-Agreement between PVID & MWD (5/2024)
 - Forbearance (11/2024)

Sub-Agreement between MWD & PVID

- Federal funding allocated between:
 - Landowners
 - Metropolitan
 - Community
 - \$2.63M x 3 years = \$7.90M
- Future agreement needed to disburse funds

Community Funding Agreement Terms

** Approved by PVID's board
on 1/21/25*

Staff will
support
administration

Fund Management

- Each Party holds 50% of funds in interest-bearing account
- Parties equally share in fund disbursement & admin costs
- Any remaining funds to be split between Parties and used for community investment as determined by each Party

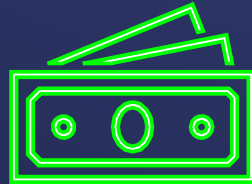
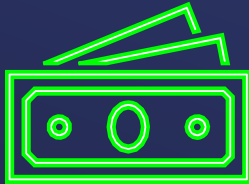
Proposal Selection

- Community Enhancement Collaborative (CEC)
 - 6 members (3 MWD, 3 PVID)
 - Solicit funding proposals, establish criteria, and make funding decisions
 - Establish administrative procedures
- Advisory committee (Community Advisory Collaborative) provides recommendations to the CEC
- Members can't vote if a conflict of interest exists

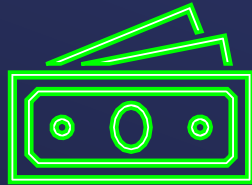
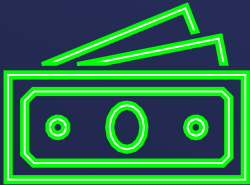
Community Investment Fund Disbursement



Year 1:
\$2.63M



Year 2:
\$2.63M



50% →

\$5.27M received to date



MWD & PVID Community Funding Agreement

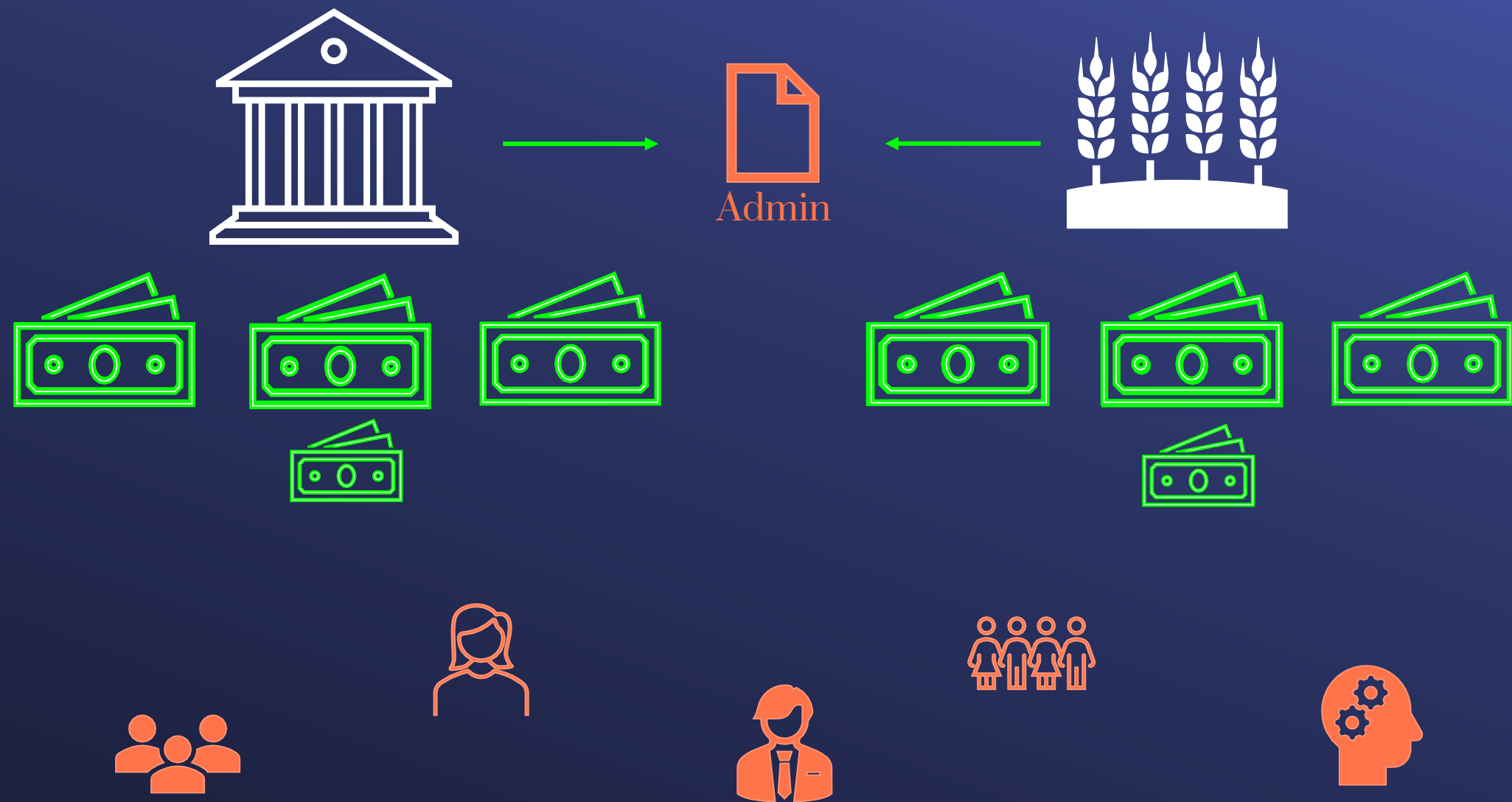
** PVID approved 1/14/25*

Community Investment Fund Disbursement



SCIA 5-month Extension
** Board approved 1/14/2025*

Community Investment Fund Disbursement



Potential Projects

* Must be located within PVID's service area



Business Development



Blythe Police Department



Determined
by CEC
w/
community
input



Palo Verde Hospital



Palo Verde Schools



Palo Verde College

Benefits to Metropolitan

Metropolitan is a Member of the Community

- As the largest landowner in the Palo Verde Valley, Metropolitan has a responsibility to contribute to the betterment of the community

Support of Conservation Programs

- Community investment helps build support for additional conservation programs

PVID is a Model for the Colorado River Basin

- Successful conservation programs coupled with a strong economy in the Palo Verde Valley acts as an example to other areas in the Colorado River Basin

Next Steps

1

Agreement Execution

2

Continue CEC meetings

3

Disburse 50% of community funds +
interest to PVID

4

Continue advisory committee development
& outreach

5

CEC develops application, website, &
selection criteria

Summary

- MWD committed to investing in PVID's community with Bucket 1 funding
 - Provides benefits to Metropolitan
- USBR paid MWD for Years 1 and 2
 - MWD earmarked \$5.27M for community investment
- A separate agreement is needed to disburse the funds
- The CEC will select proposals with recommendations from a community advisory committee
- MWD and PVID will have equal voting power
- Funds and payment obligations will be split by both Parties
- Upon execution, MWD will provide PVID with 50% of the funds received to date

Board Options

- Option #1

Authorize the General Manager to enter into an agreement with Palo Verde Irrigation District to jointly fund community investment in Palo Verde Irrigation District's service area.

- Option #2

Do not authorize the General Manager to enter into an agreement with Palo Verde Irrigation District to jointly fund community investment in Palo Verde Irrigation District's service area.

Staff Recommendation

- Option #1

