



One Water and Adaptation Committee

Benefits of Metropolitan's Land Ownership in the Palo Verde Valley

Item 6b

March 10, 2025

Overview of Report

Subject

Benefits of Metropolitan's land ownership
in the Palo Verde Valley

Purpose

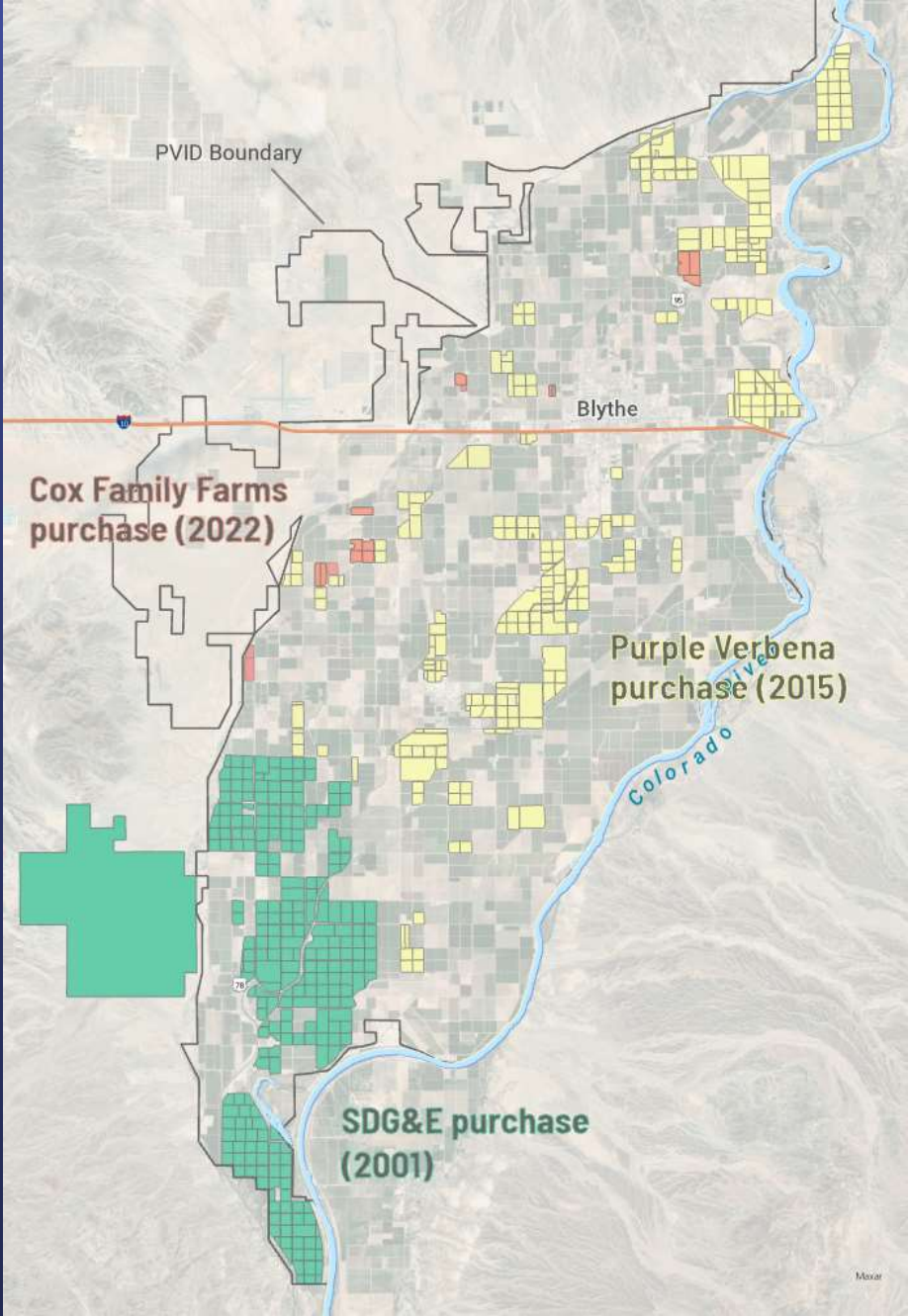
To assess the financial, water conservation,
and other benefits associated with
Metropolitan's land ownership
in the Palo Verde Valley

Service Area & CRA



Acquisition history

2001	SDG&E	\$ 41M	16,438 acres
2015	Verbena	\$ 256M	12,819 acres
2022	Cox Family Farms	\$ 9M	701 acres
		\$ 306M	29,958 acres 21,711 irrigable



Benefits of Land Ownership in PVID



- 1. Lease and other revenues**
- 2. Fallowing at reduced cost**
- 3. Water savings from lease structure**
- 4. Reclamation use of the Fallowing Program for system water conservation**
- 5. Indirect benefits:**
 - PVID voting rights
 - Regenerative farming and soil health studies
 - Multi-Species Conservation Program participation
 - Community partnership
 - Long-term supply reliability

Benefits of Land Ownership in PVID



1. Lease and other revenues

Farm leases

\$1.6–\$4.8M per year,
depending on lessee cropping & fallowing call

Underwood Reserve easement to USBR

\$9.7M (one-time)

Ten West powerline easement

\$0.31M (one-time)

Bureau of Reclamation system conservation payments

\$36M (one-time)

Potential revenue from renewables (solar leases)

\$2.5–\$5M per year

Benefits of Land Ownership in PVID



2. Fallowing at reduced cost

Metropolitan fallows its own land at the same call percent as other landowners.

However, Metropolitan can do so at much lower cost because it does not have to pay the landowner fee (\$1,003 per acre in 2023–24) on its own land.

Annual savings of **\$1.2 – \$3.1M** (depending on fallowing call)

If Metropolitan had not purchased land in PVID, it would have paid an additional **~\$44.4M** to the owners of the land.

Benefits of Land Ownership in PVID



3. Water savings from lease structure

The current lease structure promotes water conservation through tiered rent incentives for lower-water-using crops.

Lessees still have freedom to choose which crops to grow.

Metropolitan lessees use **~0.10 – 0.25 AF per acre** less water than other PVID farmers, on average.

Across all Metropolitan acreage not subject to fallowing, this resulted in **~1,400 – 4,940 AF** of water savings in 2024.

Benefits of Land Ownership in PVID



4. Reclamation use of the Fallowing Program for system water conservation

During 2023–26, Reclamation is funding the Fallowing Program for system water conservation in Lake Mead, under Bucket 1 of the Inflation Reduction Act.

As a landowner, Metropolitan receives an additional **\$9.6 – \$9.8M per year** from the Federal government for fallowing on its lands.

Benefits of Land Ownership in PVID



5. Indirect Benefits

PVID Voting Rights

Metropolitan receives 1 vote for each gross acre (29,878 total votes).

Regenerative farming and soil health studies

Owning land provides the opportunity to partner with researchers to study the benefits of alternative farming and irrigation practices, as Metropolitan is doing with Chico State University.

Multi-Species Conservation Program Participation

The 635-acre Dennis Underwood Conservation Area in southern PVID provides ESA compliance for operation of the Lower Colorado River.

Benefits of Land Ownership in PVID



5. Indirect Benefits (cont'd)

Community partnership with the Palo Verde Valley

Community Investment Fund (2005)

Community Enhancement Collaborative (2025)

Post-2040 supply reliability

When the existing Fallowing Program expires in 2040, owning land will give Metropolitan flexibility in developing subsequent water supply programs.

