



Finance and Asset Management Committee

Authorize a Lease Amendment with Noroian Farms

Item 8-4

July 9, 2024

Overview of Lease Amendment

Subject

- Authorize a lease amendment with Nish Noroian Farms.

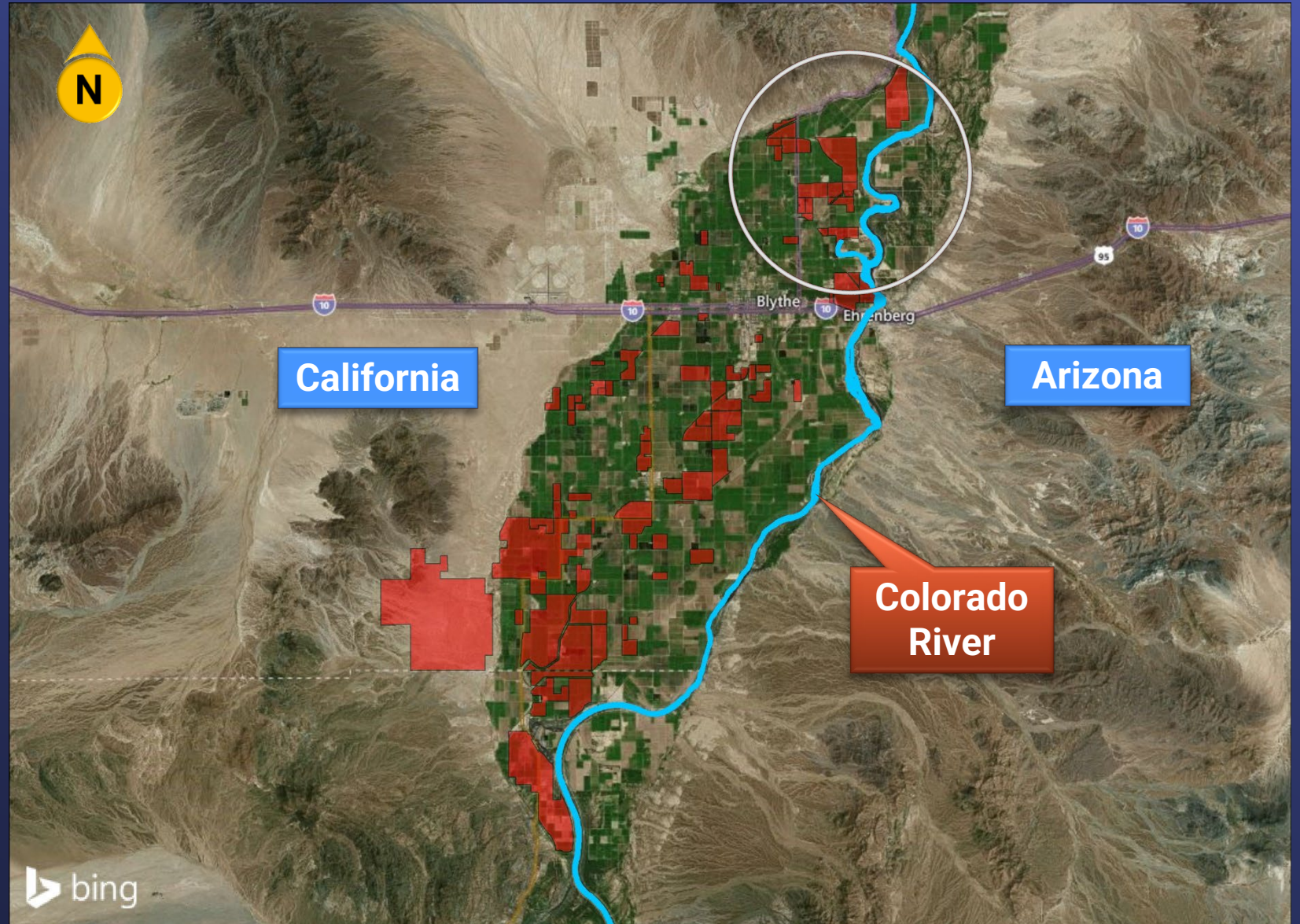
Purpose

- Expansion of existing leased premises from 759 acres to 1,760 acres.

Service Area & CRA

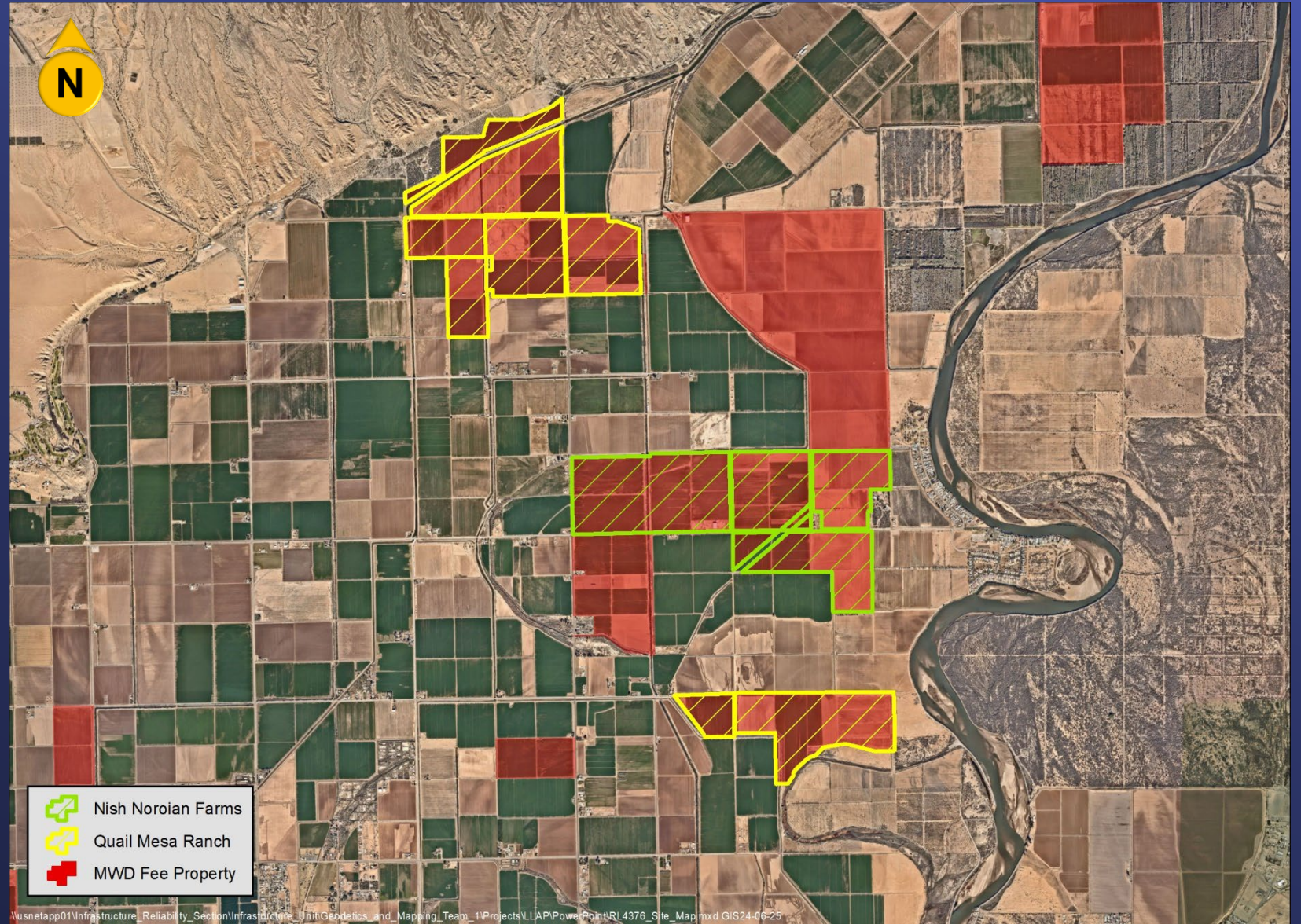


Palo Verde Fee-Owned Lands



Combined Premises

<u>Leases</u>	<u>Gross Acres</u>
Nish Noroian Farms	759
Quail Mesa Ranch	1,001
TOTAL	1,760



Lease History

- 2019 Short-term leases awarded to Joey DeConinck Farms, Noroian Farms, Red River Farms, and Quail Mesa Ranch
- 2022 Short-term leases extended until June 30, 2024
- 2023 Quail Mesa Ranch assigned and transferred its lease (1,001 acres) to Noroian Farms
- 2024 New Noroian lease executed (759 acres)

Existing Lease

Term: 10 -Year Base Term
One 6-Year Extension Option

Expiration: December 31, 2039

Alignment: PVID Following Program
expires July 30, 2040

Existing Rent

Rent Structure and Rent Per Acre

% High Water-Use Crops	Noroian
Irrigable (Farmable) Acres	1,760
Tier 3: 75% - 100%	\$375
Tier 2: 50% - 74%	\$239
Tier 1: 35% - 49%	\$164
Tier 0: 0% - 34%	\$144

- Tiered rents designed to incentivize farmers to use less water through crop selection
- Optional reappraisals every 5 years

Rent Reduction

Soil Carbon Accrual and Healthy Soil Studies

- Rent reduction of up to 30% for each acre
- 500-acre maximum limit per study
- Duration not to exceed 5 years
- Subject to MWD's discretion and validation by a third-party

Board Options

Option No. 1

Authorize the execution of an amendment to an existing lease with Nish Noroian Farms to increase the size of the leased premises from 759 acres to 1,760 acres of Metropolitan's fee-owned land in the Palo Verde Valley in Riverside County, California, and to make necessary associated changes.

Board Options

Option No.2

Do not authorize the General Manager to execute the Lease Amendment.

Board Options

Staff Recommendation

- Option No. 1

