



City of Needles, California Request for City Council Action

CITY COUNCIL NPUA Regular Special

Meeting Date: October 8, 2024

Title: Authorize the City Manager to execute the California Colorado River Contractors Forbearance Agreement for 2024-2026 with Coachella Valley Water District, Imperial Irrigation District, Palo Verde Irrigation District and the Metropolitan Water District of Southern California to allow water to be conserved under the U.S. Bureau of Reclamation's conservation program to be added to Lake Mead

Background: Staff seeks authorization for the City Manager to enter into an agreement to allow water to be added to Lake Mead according to funding provided by the U.S. Bureau of Reclamation's (Reclamation) Lower Colorado Conservation Program (LC Conservation Program).

This agreement demonstrates how multi-agency partnerships can benefit the Colorado River. Staff specifically seek authorization to enter the following agreements: A forbearance agreement among Metropolitan, Palo Verde Irrigation District (PVID), Imperial Irrigation District (IID), Coachella Valley Water District (CVWD), and the Metropolitan Water District of Southern California that will cover conservation actions taken by CVWD and IID under the LC Conservation Program in 2024, 2025, and 2026.

The LC Conservation Program

The 2021 Bipartisan Infrastructure Law and the 2022 Inflation Reduction Act both seek to fund water management and conservation efforts to relieve drought conditions in the Western United States, with a focus on the Colorado River. The Department of the Interior, through Reclamation, created the LC Conservation Program to increase system conservation and efficiency opportunities to address the drought in the Lower Colorado River Basin. Similar conservation programs are being developed in the Upper Colorado River Basin. The LC Conservation Program provides funding opportunities for voluntary participation to increase system conservation.

A total of six conservation agreements have been or are being developed in California under Bucket 1 of the LC Conservation Program to help California conserve 400,000 AF of water annually from 2023–2026.

A forbearance agreement among Metropolitan, PVID, IID, CVWD, and the City of Needles is needed to cover conservation from all six conservation agreements from 2024-2026. Forbearance is necessary for these actions because, under the California priority system, Colorado River water conserved by a higher-priority user is available to the next lower-priority user. Thus, as part of a program to fund the conservation of Colorado River water, contractors need to agree to forbear exercising their rights to ensure that the conserved water remains in the Colorado River system rather than becoming available to the next lower-priority user. Before entering into any forbearance agreement, City and Legal staff will review the underlying agreements between Reclamation and the contractors to ensure that City of Needles's rights as the senior priority in California are protected.

First, forbearance is needed for an agreement between Reclamation and CVWD to fund a reduction in groundwater replenishment by up to 35,000 acre-feet per year in 2024 and 2025 at \$400 per acre-foot.

Second, forbearance is needed for an agreement between Reclamation and CVWD to fund agricultural conservation from 2024–2026 at \$400 per acre-foot. Under the agreement with CVWD, up to 10,000 acre-feet of conserved water from a new agricultural conservation program will be left in Lake Mead as system water each year. The new conservation program currently covers full-season fallowing and retirement of permanent crops.

Third, forbearance is needed for an agreement being developed between Reclamation and IID to fund agricultural conservation from 2024-2026 at a rate that is based on the rate paid by SDCWA to IID for SDCWA's transfer supplies. Under the proposed agreement, IID would conserve and leave in Lake Mead as system water, up to 300,000 acre-feet per year with a three-year cumulative maximum of 700,000 acre-feet. This conserved water could come from IID's existing on-farm conservation program, a new deficit irrigation program, or an updated farm-unit fallowing program. IID's board approved a supplemental payment to their existing On-Farm Efficiency Conservation Program to incentivize increased conservation savings from the existing on-farm program. IID's board also approved the implementation of a new deficit irrigation program where farmers would cease irrigation on alfalfa, bermuda, or klein grass for a period of 45–60 days. The Board of Public Utilities approved the recommended action on October 1, 2024.

Fiscal Impact: The proposed forbearance agreement has no impact on the City of Needles

Environmental Impact: With the forbearance of these three additional conservation programs, over 800,000 AF of water will be added to Lake Mead over three years, increasing elevation by approximately 10 feet. All parties benefit from increased Lake Mead elevation, power generation, and reliability of Colorado River water supplies.

Recommended Action: Authorize the City Manager to execute the California Colorado River Contractors Forbearance Agreement for 2024-2026 with Coachella Valley Water District, Imperial Irrigation District, Palo Verde Irrigation District and the Metropolitan Water District of Southern California to allow water to be conserved under the U.S. Bureau of Reclamation's conservation program to be added to Lake Mead

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J. Martinez Date: 10/2/2024

Other Department Approval (when required): _____ Date: _____

| | | | |
|------------------------------------|--|----------------------------------|---------------------------------|
| Approved: <input type="checkbox"/> | Not Approved: <input type="checkbox"/> | Tabled: <input type="checkbox"/> | Other: <input type="checkbox"/> |
| Agenda Item: _____ | | | |