STATEMENT OF THE IMPERIAL IRRIGATION DISTRICT

BEFORE THE

STATE WATER RESOURCES CONTROL BOARD

NOVEMBER 14, 2001

FOR THE PUBLIC WORKSHOP ON

THE CALIFORNIA COLORADO RIVER WATER USE PLAN

The lands within the Imperial Irrigation District hold the largest share of California's Colorado River water apportionment. The Imperial Irrigation District (IID) holds these water rights in trust for the landowners. Recognizing that it would take large amounts of water to turn a harsh desert environment into a vast agricultural empire, Imperial Valley pioneers appropriated, under California law, approximately seven million acre-feet of Colorado River water at the beginning of the twentieth century.

Early settlers in the Imperial Valley constructed a canal, following the gravity path through Mexico, so as to divert and use water from the Colorado River. This was done without the aid of the federal government and resulted in the cultivation of a vast area of the southern California desert. Even though the farmers within IID were in a position to appropriate approximately seven million acre feet of water per year, a compromise was made so as to lay the foundation for the 1929 Boulder Canyon Project Act and the construction of Hoover Dam, the All American Canal, and the Imperial Diversion Dam. As a result, IID perfected rights to a smaller amount of water, including a Present Perfected right in the amount of 2.6 million acre feet per year recognized by the Supreme Court, that today provides the foundation for one of the largest food and fiber production areas in the nation.

This history means that IID holds a permanent service right to Colorado River water, and therefore does not "purchase" water from the Bureau of Reclamation as in other areas. Nor does IID have to engage in the periodic process of obtaining a renewal of its water service contract. Furthermore, for that part of IID's water delivery system financed by the United States (Imperial Diversion Dam and the All American Canal) IID has repaid the capital costs and currently operates and maintains those facilities under contract with the Department of the Interior.

Because IID's water right is senior to California municipal users with rights to use Colorado River water, a tension naturally exists between the agricultural community and the urban water users. The farmers want to keep producing high quality food and fiber and the cities want more water for their municipal and industrial needs. This tension is exacerbated because California will soon be limited to 4.4 million acre-feet of Colorado River water annually, about 750,000 thousand acre-feet less than is currently being diverted. With that limitation, even the existing demands on the Southern California coastal plane cannot be adequately met without water transfers from the agricultural sector to the urban sector. In less than twenty years it is projected that the population of the Lower Colorado River Region, including areas in Mexico, will increase 67% over 1990 numbers. This means that there will be over 38 million people living in the region. And all this is happening at a time when the San Francisco Bay-Delta is constraining the movement of northern California water to Southern California, endangered fish and bird species may require more water from the Lower Colorado River system, and there is increasing concern over the Colorado River delta in Mexico.

For many years the Imperial Irrigation District has recognized that it could be part of the solution to California's water problems. Over the last 50 years the IID has proactively promoted water conservation, investing about $160 million (1996 equivalent dollars) on water conservation measures prior to the 1988 IID/MWD Agreement. IID estimates that over 100,000 acre-feet of water per year have been saved as a result of these measures. In addition, Imperial Valley farmers have invested about $340 million in on-farm improvements and water efficiency measures conserving an additional 385,000 acre-feet annually.

In a further effort toward greater water use efficiency, in 1988 IID entered into an historic agreement with the Metropolitan Water District of Southern California (MWD) to conserve

approximately 110,000 acre feet per year, which is now available for diversion and use by MWD. The water conserved for MWD has been developed through a combination of system and on-farm efficiency measures, with the savings verified by a panel of experts. Thereafter, as a result of the increasing demands for water especially in urban Southern California, IID approached MWD in the early 1990's about entering into another water conservation and transfer agreement similar to the one executed in 1988. MWD, in part believing that there would be sufficient unused apportionment from Arizona and Nevada through the year 2030, did not see the need for another water conservation program. But the San Diego County Water Authority (SDCWA) did see the need. SDCWA believed a water crisis was imminent, knew its water demand would double by the year 2020, and recognized that the SDCWA was junior in priority to other MWD member agencies.

San Diego knew that market-based agricultural sector to urban sector transfers would help solve Southern California's water demands. In April of 1998 IID and SDCWA entered into a water conservation and transfer agreement for up to 200,000 acre-feet, to be developed primarily through on-farm conservation measures. Since a great deal of the less-expensive conservation opportunities have already been undertaken within IID, this leaves more expensive conservation measures to be funded by the SDCWA. Investment in these measures by San Diego is rewarded by obtaining for a period of years a portion of a very senior water entitlement that is largely immune from shortages. The IID-SDCWA agreement allows the IID farmers to farm the same amount of land with less water, thus avoiding conservation measures such as fallowing that would have a significant impact on the Imperial Valley economy. The IID-SDCWA transfer agreement presents the classic win-win solution to a very difficult resources supply problem.

Consistent with IID's long history of collaboration in programs necessary to ensure the long term sustainability of Colorado River water use in the southwestern United States, IID has again agreed to assist in making water available for urban southern California through the Quantification Settlement Agreement (QSA). Through the QSA IID has put its water assets on the table to help solve water supply problems facing the Coachella Valley Water District, MWD, and SDCWA. Some of the elements of the IID voluntary contributions in the QSA include:

1. An offer to voluntarily cap IID's entitlement at 3.1 million acre-feet --170,000 acre-feet less than was actually used in 1997, and 300,000 acre-feet less than IID's highest annual use.
2. An offer to make available up to 300,000 acre-feet of conserved water under long-term transfer agreements.
3. An agreement providing that all future and current conservation projects within IID will be deducted from the 3.1 million acre-foot cap, including:

    a) IID/MWD 1988 agreement to conserve 110,000 acre-feet through canal lining, reservoirs, and other actions

    b) All American Canal lining project which will yield 67,000 acre feet

    c) IID/SDCWA transfer of conserved water up to 200,000 acre feet

    d) IID/CVWD-MWD transfer of conserved water totaling 100,000 acre feet

    e) Forbearance of IID's senior right to priority 6 water equaling 300,000 acre feet

    f) Forbearance of IID's senior right to priority 7 water (unquantified surplus).

Importantly, it must be understood that these concessions, and the other benefits of the historic Quantification Settlement Agreement, cannot come to fruition unless the extreme difficulties with the California Fully Protected Species statutes and CESA compliance can be

overcome. These difficulties arise primarily as a result of the intersection between the QSA water transfers and species that inhabit the Salton Sea area. Again, IID has worked diligently to help find solutions to these difficult problems without unreasonably increasing the financial burden on IID and its landowners and without harming the economic viability of the Imperial Valley. Nevertheless, readily apparent solutions have not been developed, and therefore it is essential for the California Legislature to work with the Executive Branch and the QSA parties in an effort to craft legislation that will facilitate the implementation of the QSA water transfers within applicable time deadlines.

It is also important to emphasize that transferring water out of an agricultural community is always controversial, primarily for the reason that the water supply is the lifeblood of the local community. In the situation of IID it is important to recognize that the IID Board of Directors is elected on the basis of one person one vote, as opposed to one vote per acre of land which is the voting arrangement in many of the reclamation projects in the west. This means that the entire Imperial Valley community is interested in, and directly connected to, the water transfers and the overall judgment as to the merits of the QSA. The people of the Imperial Valley are likely to support the QSA so long as it remains a win-win arrangement for all concerned. However, if implementing the QSA results in unexpected costs for IID, or causes negative impact on the Imperial Valley economy, support for the water transfers and the QSA will likely evaporate.

In summary, IID will continue to work in collaboration with others to help find and craft solutions to California's water supply problems so long as IID's interests are protected throughout the process. IID will enter into voluntary conservation and transfer arrangements so long as its water rights are respected and so long as we can minimize any adverse impacts to the Imperial Valley communities. IID is committed to following through with the implementation of

the water transfers and the QSA, including completion of the State Water Resources Control Board process, but it is imperative for both the California Legislature and Executive Branch to understand that water transfers of this magnitude will require the cooperation of the state and federal governments in addition to the QSA parties, and that the economic security of the Imperial Valley should not be compromised simply to provide water supply reliability for urban southern California.