

IID ON-FARM WORKSHOP
DECEMBER 17, 2001

ISSUE DRIVEN DISCUSSION

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AGENDA

ISSUES:

- MAXIMUM PRACTICAL CONSERVATION OBLIGATION
- PAYMENT STRUCTURE
- PARTICIPANT OVERRUNS
- FOLLOWING DETERMINATION
- FARM UNIT CONCEPT
- Q&A

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MAXIMUM PRACTICAL
CONSERVATION OBLIGATION

CURRENT PLAN: 1.0 ACRE FOOT/ACRE

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MAXIMUM PRACTICAL
CONSERVATION OBLIGATION

Basis:

- Allow opportunity for all Landowners to participate
- Discourage following

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MAXIMUM PRACTICAL
CONSERVATION OBLIGATION

Issues:

- May not be practical on low use land
- Limits conservation potential of high use land

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MAXIMUM PRACTICAL
CONSERVATION OBLIGATION

Options:

- Percentage Based Limit
- 3.0 AF/Acre Participation Limit
- ET Modeling
- Other???

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MAXIMUM PRACTICAL CONSERVATION OBLIGATION

Percentage Based Limit:
May address some low use land issues
Allows more conservation on high use land
Problems:
Measurement Issues

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MAXIMUM PRACTICAL CONSERVATION OBLIGATION

3.0 AF/Acre Lower Participation Limit
May address most low use land issues
Problem:
Fairness Issues
Removes 40,000 acres from consideration

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MAXIMUM PRACTICAL CONSERVATION OBLIGATION

ET Modeling:
May be used to determine conservation potential.
Issues:
Participant Buy-in
Defensibility

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PAYMENT STRUCTURE

Current Plan: 85% of Per AF Revenue
Issues: Initial Price may be a negative incentive
Price Risk

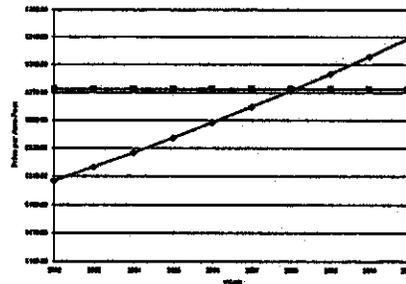
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PAYMENT STRUCTURE

Option:
Fixed per Acre-Foot price for 10 year period

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PAYMENT OPTIONS



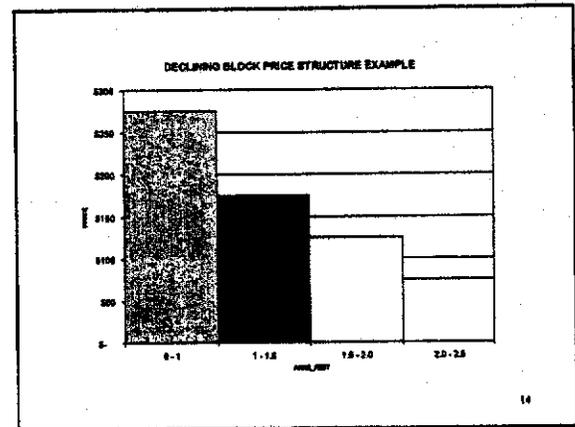
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PAYMENT STRUCTURE
Declining Block

Allows higher conservation potential
(High Use Land).

Limits financial rewards to less efficient
users.

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PARTICIPANT OVERRUNS

Current Plan: Participant repays following year.

Problem: Repayment on top of conservation
obligation may force participant to reduce
production

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PARTICIPANT OVERRUNS

Options:

Strict Enforcement (no overrun)

Participant allowed same terms as
the BOR Inadvertent Overrun
Program will allow IID.

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PARTICIPANT OVERRUNS

IOP Terms:

10% (?) overrun allowed
3 year payback

Payback forgiven when IID's
payback is forgiven (Hoover dam
Flood Control Release).

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FOLLOWING DETERMINATION

Current Plan: Land must be "Actively
Farmed" to receive
conservation payment.

Problem: No Definition of Actively
Farmed.

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FALLOWING DETERMINATION

Options:

- Trust
- IID Fallowing Police Force
- FSA approach to determining a base acreage that must be "actively farmed".
- Other ??

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FARM UNIT CONCEPT

**BASELINE FOR EACH TURNOUT
COMBINED INTO A TOTAL
BASELINE FOR ENTIRE FARM UNIT**

**PROBLEM: PERCEIVED AS
POTENTIALLY ALLOWING
FALLOWING**

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FARM UNIT CONCEPT

**ADVANTAGE: ALLOWS
INTRODUCTION OF HIGHER USE
CROPS SUCH AS SUGAR CANE**

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FARM UNIT CONCEPT

**VERY FEW PARCELS WILL HAVE A
BASELINE HIGH ENOUGH FOR
SUGAR CANE PRODUCTION.**

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FARM UNIT CONCEPT

**SUGAR CANE LIMITED TO HIGH USE
GROUND**

**OR TO NON-PARTICIPATING
PARCELS**

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FARM UNIT CONCEPT

**IN EITHER CASE, ABSENT A FARM
UNIT CONCEPT, THE RISK OF A 3:1
OVERRUN AND PAYBACK
OBLIGATION IS INCREASED.**

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FARM UNIT CONCEPT

IMPROVEMENTS?

ALTERNATIVES?

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GENERAL DISCUSSION

QUESTION AND ANSWER

SUGGESTIONS

GENERAL DISCUSSION

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