

## NARRATIVE & BUDGET

### HCP Measure 5.1.2 - Voluntary Irrigation Suspension Program Option

A Voluntary Irrigation Suspension Program Option (VISPO) has been included in the Habitat Conservation Plan (HCP) to reduce aquifer pumping demands during specified critical periods in order to improve aquifer levels and provide additional springflow for the protected species, and their habitats.

The average cost of VISPO is estimated to be \$4,172,000 annually for the life of the HCP. The average annual estimate is based on a combination of factors, including an implementation probability analysis and an estimate of the percentage of enrolled water in the five-year versus the ten-year program (70% in five-year and 30% in ten-year). The parameters of the program are set out in a draft “Voluntary Irrigation Suspension Program Option Forbearance Payment Agreement” (Payment Agreement) (Attachment 1) and summarized in a brief paper “Highlights of VISPO” (Attachment 2).

**Long-term Objective:** The goal of this program is to enroll 40,000 acre-feet of permitted irrigation rights (base and/or unrestricted) that will remain unused in years of severe drought. Permit holders will be compensated for the water they enroll in the program.

#### Activities in 2012:

EAA formed a work group of irrigators and persons in agribusiness to provide input on program logistics and assist in the development of the Payment Agreement. The meetings were open, and other stakeholders participated. Because of the possibility that 2012 might be a significant drought year, options were evaluated for setting the initial trigger date for possible pumping restrictions on October 2012 and October 2013. Because there is still uncertainty regarding the possibility of a severe drought, a decision was made to wait until mid-July (the approximate time that significant irrigation ceased) to determine whether conditions for a triggering event are likely in 2012. If conditions suggest triggering is probable, an aggressive campaign of public meetings and enrollment will be initiated to try to secure 20,000 acre-feet of enrolled water prior to October 1, 2012, and the remaining 20,000 acre-feet in 2013 (Plan A). If triggering conditions do not appear likely, the program will be fully implemented in 2013 (Plan B). The timelines for implementation of Plans A and B are set out in the following tables. The Payment Agreement will be presented to the EAA Board in June

**Plan A Work Schedule**

ACTIVITY	2012										2013												
	M	A	M	Jn	Jl	A	S	O	N	D	J	F	M	A	M	Jn	Jl	A	S	O	N	D	
VISPO workgroup	X	X	X																				
Develop contracts & forms	X	X	X																				
Newsletter				X																			
Economic analysis				?	?	?	?	?	?	?													
Hold public meetings						X					X												
Enrollment						X	X				X	X	X	X	X	X							
Enrollment verification						X	X	X			X	X	X	X	X	X	X						
Contract award						X	X	X	X		X	X	X	X	X	X	X	X					
File contract summary with county clerks						X	X	X	X		X	X	X	X	X	X	X	X					
Real-time meter installation						X	X	X	X		X	X	X	X	X	X	X	X	X				

**Plan B Work Schedule**

ACTIVITY	2012										2013												
	M	A	M	Jn	Jl	A	S	O	N	D	J	F	M	A	M	Jn	Jl	A	S	O	N	D	
VISPO workgroup	X	X	X																				
Develop contracts & forms	X	X	X																				
Newsletter				X																			
Economic analysis				?	?	?	?	?	?	?													
Hold public meetings											X												
Enrollment											X	X	X	X	X	X	X	X					
Enrollment verification											X	X	X	X	X	X	X	X	X				
Contract award											X	X	X	X	X	X	X	X	X	X			
File contract summary with county clerks											X	X	X	X	X	X	X	X	X	X	X		
Real-time meter installation											X	X	X	X	X	X	X	X	X	X	X		

In June 2012, EAA will release of another newsletter to irrigators regarding the implementation plans and commission a study on the estimated economic impacts to the agriculture community that result from implementation of the VISPO. Rick Illgner will be responsible for the public outreach efforts with assistance from the Program Coordinator. Reimbursement will not be sought for Mr. Illgner’s time.

**Allocated budget for 2013****\$4,172,000**Plan A Budget

Annual funding for VISPO in the HCP is estimated by using the approximate ratio of enrollment in the five-year and ten-year options that was provided in the 2011 survey to irrigators in 2011 and an averaged for a ten-year period. A copy of the assumptions and probability spreadsheet is attached as Attachment 3). Because Plan A assumes a finding that VISPO will be triggered on October 1, in March of 2013, the stand-by and forbearance payments will be made on the 20,000 acre-feet of enrolled water.

• Stand-by payment	
20,000 af X 0.70 X \$50/af	\$700,000
20,000 af X 0.30 X \$57.50/af	\$345,000
• Implementation payment	
20,000 af X 0.70 X \$150/af	\$2,100,000
20,000 af X 0.30 X \$172.50/af	\$1,035,000
• Filing contract summary w/ County clerk	\$0
Total Expenses	\$4,180,000

The budgeted amount will be paid from the Fund Balance Account which includes the Program Aquifer Management Fees raised in 2012 (less the project management costs).

**The total estimated expenses for Plan A would be \$8,000 over the estimated budget.**Plan B Budget

The budgeted amount for VISPO in Chapter 7.1 is \$4,172,000. The Stand-by and any forbearance payments will have to be made on March 1, 2014. If VISPO is triggered in 2013, the amount due will be \$8,360,000.

• Stand-by payment	
40,000 af X 0.70 X \$50/af	\$1,400,000
40,000 af X 0.30 X \$57.50/af	\$690,000
• Implementation payment	
40,000 af X 0.70 X \$150/af	\$4,200,000
40,000 af X 0.30 X \$172.50/af	\$2,070,000
• Filing contract summary w/ County clerk	\$0
Total Expenses	\$8,360,000

It would have to be paid from the 2013 budget and the Fund Balance Account. If VISPO is not triggered, the Stand-by payment will be \$2,090,000.