

Colorado River and Lower Basin Agriculture - Water Allocations and Regional Agricultural Production

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Many clients have been inquiring about the state of Colorado River water after the Lower Basin states' (CA, AZ, and NV) much-publicized May 2023 proposal. California's highly productive Colorado River-served farm regions – the Imperial, Coachella, and Palo Verde Valleys – offer a unique climate that feeds the nation every winter and supports a wide array of important crops.

What we know about the proposal is: 1) Lower Basin states have pledged to reduce water use by 3M Acre-Foot (AF) through 2026, 2) funding will come from the Inflation Reduction Act, and 3) the proposal has not yet been approved.

What we don't know is: how these reductions will be implemented.

Without clarity on implementation, water districts and farmers lack the information necessary to reasonably commit to water reductions today – Imperial Irrigation District told the Bureau of Reclamation on June 1st that it had waited too long to provide details, so farmers were therefore unable to fold water reductions into their 2023 cropping plans. This means that the majority of the 3M AF water cuts will be spread over three seasons instead of four, for an average of 1M AF/year vs. 750k AF/year; however, the proposal discusses conserving half the water by the end of 2024, so ostensibly 1.5 AF would need conserved in the first active year.

We expect new fallowing programs to emerge, which will likely pay farmers higher rates for conserved water than in the past. If farmland is permanently retired, attractive compensation will have to be offered to farmers; however, such programs are unlikely to be deployed for several years.

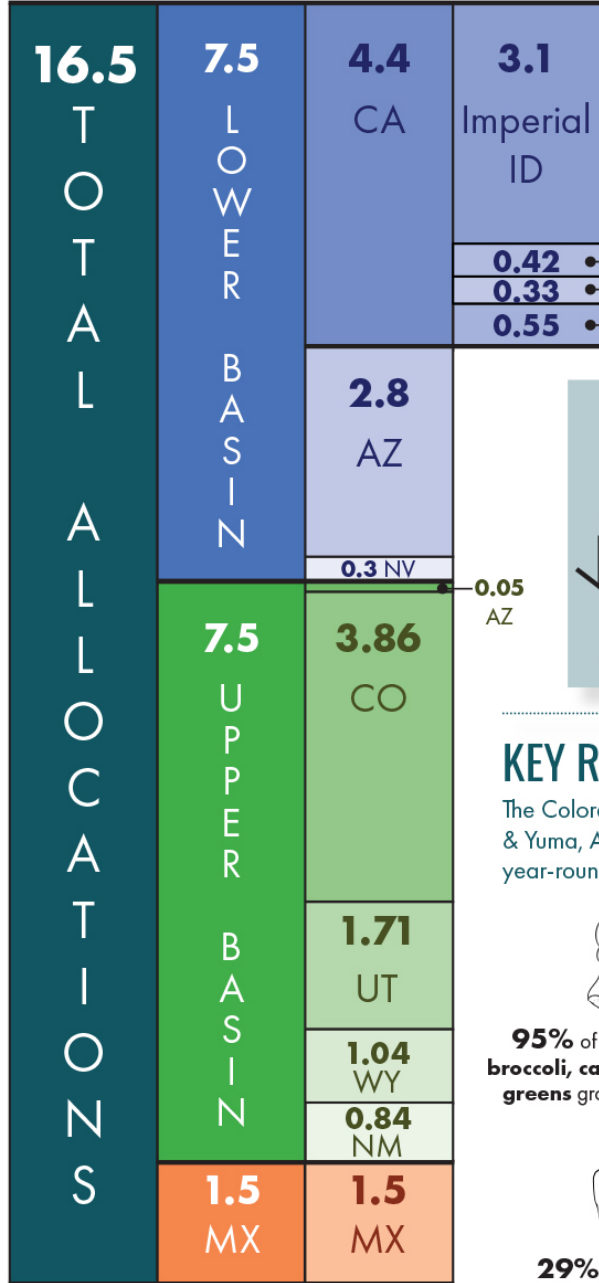
While the recent proposal is a short-term step in the right direction if accepted, a long-term sustainable solution is needed, especially if the rest of the United States wants to continue enjoying affordable domestically-produced vegetable crops during winter months. A public process has already been started to reshape the Colorado River rules for 2027 and beyond, which is an encouraging sign.

To learn more about the region's water source and agricultural importance, please check out our infographic!

COLORADO RIVER & LOWER BASIN AGRICULTURE

WATER ALLOCATIONS & REGIONAL AGRICULTURAL PRODUCTION

COLORADO RIVER ALLOCATIONS (MAF)



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DECLINING FLOWS

14.6 MAF

Average Flow 1906 - 2022



12.1 MAF

Average Flow 2000 - 2022

70-80%

CO River water used for irrigation

600,000 AC

CO River irrigates in CA

\$6.2B

Value of regional CA farm production

KEY REGIONAL AG STATISTICS

The Colorado River supplies water to a unique climatic region of California & Yuma, AZ that generates agricultural production that is crucial to America's year-round domestic supply of fresh vegetables and other crops.



95% of winter lettuce, broccoli, cauliflower & leafy greens grown in Lower Basin



24% of California spinach grown in Imperial & Riverside Cos.



22% of all California lettuce grown in Imperial & Riverside Cos.



29% of California peppers grown in Coachella Valley



33% of California hay grown in Imperial Valley



100% of U.S. dates grown in Lower Basin