



# The Imperial Valley

January 2009

# Outline

- Market
- Farmland Influences
- Imperial Irrigation District (IID)
- Commodities

# Local Farmland Market

- Local participants active in the current market are reporting generally good returns.
- Significant price discrimination exists between classes of land.
- Prices paid for produce quality land remain firm.
- Lower quality land has stabilized at more modest increased price levels.
- Land suitable for development near urban fringes has slowed to a near halt.

# Farmland Influences

- Adjacent Cities
  - Calexico
  - El Centro
  - Imperial
  - Brawley
- Inter-regional produce firms.
- New in 2008, a potentially important market participant emerged.
  - Firms seeking land with water to construct & operate solar electrical generation equipment & facilities.

# Current Market

- Sales of good adaptable farmland (produce quality) slowed remaining generally stable in trends & value.
- Land of average adaptability (alfalfa quality) has also slowed with purchasers mostly local.
- The market for limited adaptability farmland is extremely slow.

<b>Land Use</b>	<b>Values Per Net Acre</b>	<b>Activity / Trend</b>	<b>Rent Range</b>	<b>Activity / Trend</b>
Good Adaptability (Produce)	\$6,000 - \$8,500	Minimum / Stable	\$250 - \$400 / net acre	\$275 - \$350
Average Adaptability (Alfalfa)	\$3,000- \$5,000	Minimum / Stable	\$150 - \$300 / net acre	\$200 - \$250
Limited Adaptability	\$2,000 - \$4,000	Limited / Stable	\$75 - \$150 / net acre	\$125
Organic Farms (Certified)	\$6,000 - \$8,500	Limited / Stable	\$300 - \$450 / net acre	\$400

# Imperial Irrigation District (IID)

## Land Acquisitions

- The IID is in the process of liquidating land acquired from the Western Farms Partnership (U.S. Filter).
- Approximately 22,000 acres of land have been offered for sale.
- Bidding on 2,900 acres recently closed.
- Additional land available for bidding is to follow.
- Land sales have been at prices appropriate to their quality.
- Sales reflect a stable farmland market.
- Strong demand for these properties from investors & local farmers.

# Imperial Irrigation District (IID)

## Fallowing Program

- The IID has developed & implemented a 15-year fallowing plan.
- The plan allows the transfer of water to the San Diego Water Authority and preservation of the Salton Sea's ecology.
- Original plan, allowed owners to lease their land to the district for a maximum of 6-acre foot per acre. In exchange, the IID paid \$60 per acre-foot for participation.
- 2009-2010 Payout Plan –
  - Participating land to lie fallow from 7/1/09 to 6/30/10.
  - Payments set at \$85 per acre foot with a 6 acre feet cap.
  - Payments set on a field's baseline water use history utilizing a 10 yr. average less maximum and minimum years.



<b>Participating Year</b>	<b>Contract Value (Expenses)</b>	<b>Acres Fallowed</b>	<b>Acre-Feet Conserved (at field)</b>
2003 – 2004	\$1,774,782	5,764	38,641
2004 – 2005	\$3,356,392	12,126.5	67,273
2005 – 2006	\$3,180,992	11,676.2	69,764.1
2006 – 2007	\$5,326,065	17,984.4	96,394.8
2007 – 2008	\$6,246,532	16,172	89,512
2008 – 2009	\$5,402,315	12,778.7	66,406

# Imperial Irrigation District (IID) Equitable Distribution Plan

- 2009 pilot year.
- Developed under the Quantitative Settlement Agreement.
- Utilized when demand for District water for the following Water Year exceeds the expected District supply for that same Water Year.
- Method of equal distribution of water to each eligible agricultural acre.
- Apportioned amount for 2009 is 5.25 acre-feet per acre.



# Imperial Valley

## Major Commodities

- Alfalfa
- Bermuda
- Citrus & some dates
- Cotton
- Other grass hays
- Small grains
- Sudan
- Sugar beets
- Winter vegetables & melons

# 2007 Commodity Summary

Commodity	Harvested Acreage	Value
Vegetable & Melon Crops	100,300	\$558,017,000
Field Crops	352,156	\$308,745,000
Livestock		\$410,883,000
Fruit & Nut Crops	5,812	\$32,158,000
Seed & Nursery Crops	61,561	\$56,205,000
Apiary Products		\$3,139,000
<b>Totals</b>		<b>\$1,369,147,000</b>