

Palo Verde Valley, Blythe, Ca.

Land Use	Value Per Acre	Activity Trend	Rent Range	Activity Trend
Good Adaptability	\$3,000-\$3,200	Limited/Stable	\$150-\$200	Active/Stable
Average Adaptability	\$2,600-\$2,900	Limited/Stable	\$125-\$150	Active/Stable
Limited Adaptability	N/A	N/A	N/A	N/A

Palo Verde Valley

The Palo Verde Valley is well-leveled land developed to irrigated farmland with an estimated 70 percent of farms having concrete-lined ditches. In 2001, a total of 93,328 acres were irrigated for crop production, including 59,437 acres in alfalfa, 19,926 acres in cotton, 4,859 acres in vegetables, and 5,827 acres in melons. There is approximately 2,800 acres of citrus on the mesa, primarily Valencia oranges. Other crops include Bermuda grass, Klein grass, wheat and sudan grass. Of the total farmable acres approximately 15,882 acres were double cropped.

The Riverside County Agricultural Commissioner's Office reported that in 2001, the Palo Verde Irrigation District (PVID) generated \$99,073,100 in gross revenues. That portion of the Palo Verde Valley in Imperial County was not available, however 90 percent of the Palo Verde Valley is in Riverside County.

The PVID delivers an inexpensive, dependable source of irrigation water from the Colorado River. Irrigation water, by gravity flow is delivered by a system of canals and laterals. The average diversion per cropped acre has been 10.28 acre-feet, with a return flow to the river equal to 5.21 acre-feet; resulting in a diversion of about 5.08 acre-feet per cropped acre.

PVID has three categories of water charges: 1) gravity flow is \$39 per acre; 2) gravity flow, but the property is near a drain with spill excess water is \$42 per acre; and 3) water that has to be pumped onto the land from a PVID canal is \$31.75 per acre. Besides the water toll charge, there is a district assessment on land of \$8.17 per \$100 assessed value and \$1.24 per \$100 assessed value for improvements. The total water cost in all cases is typically less than \$49 per acre.

Groundwater is hydraulically connected to the Colorado River. The District drainage system is composed of approximately 140 miles of open channels carrying groundwater drainage and operational spill water away from farmland and back to the river. PVID reports that the average depth to groundwater below farmland is approximately ten feet.

Developed farmland has a market value ranging from \$2,300 to \$3,500 per acre. Rent rates range from \$150 to \$200 per acre on a cash rent basis, assuming typical terms.¹ Prices fluctuate somewhat but generally have remained stable for the past ten years.

There is not a large inventory of land on the market at this time. The exposure and marketing time for high quality land is best described as brief. The marketing and exposure time for land with average productivity seldom exceeds nine months. The lower quality and marginal land is difficult to market. The lower commodity prices preclude the farmer from farming the poorer land. Demand for the higher quality land is good. Demand for land with average productivity is above average, and there is little or no demand for poorer quality land.

Contemporary Events

From 1992 to 1994 some landowners in the PVID participated in the "Test Land Following Program" with the Metropolitan Water District of Southern California (MWD). The goal of the MWD was to obtain additional water

¹ Lessor pays real estate tax and the PVID assessment. Lessee pays irrigation fees and maintains the farm.

for domestic purposes in Southern California by taking approximately 25,000 PVID acres out of cultivation. The water that would normally have been used on the fallowed land was then banked in Lake Mead for later use in Southern California.

Presently PVID and MWD are negotiating another land fallowing program. The proposed program would have a duration of 35 years. The one-time sign-up payment would be \$3,170 per acre times the maximum number of acres allowed to be fallowed in a year. A maximum of 29 percent of any one landowner/lessee's irrigated land would be eligible for the sign-up payment. A participant would receive an annual payment of \$550 per acre for the land not irrigated. Current negotiations are for an annual payment higher than \$550. The annual payment would be adjusted upward by 2½ percent each year for the first four years and then would be tied to a cost of living index but not to exceed a 5 percent increase in any one year. During the term of the agreement MWD may adjust the amount of land not being irrigated. The time frame for implementation of the program is not known at this time, although it appears that it will begin in August 2003. The local reaction to the program is mixed with some growers anxious to participate and others opposed to some terms of the program. The business community in Blythe is also divided with concerns that the program will result in a loss of jobs and buying power within the community. To date, the program has not had an effect on land values. As negotiations continue, some speculate that the program will increase the land prices initially and then stabilize after the signing bonus is received.