

Rancho California Water District's
Crop **SWAP** Program
Sustainable **W**ater for **A**gricultural **P**roduction

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FINAL PROGRAM FRAMEWORK

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CropSWAP Program

Rancho California Water District

Section 1: Principles of the Program

The Rancho California Water District (RCWD/District) supports water use efficiency programs tailored to suit the needs of different types of water users. In general, the District designs the programs to provide technical and/or financial assistance for increasing water use efficiency within a specific customer class. The programs are developed based on the idea that efficient water use and water savings in one customer class benefits all customers through improved District-wide water supply reliability. The overall principle of the District's CropSWAP Program described herein is to aid in sustaining local agriculture through current economic and water supply conditions while at the same time conserving water supplies for the benefit of all RCWD customers.

Section 2: Program Description

This CropSWAP Program (Program) provides financial assistance to RCWD's "agricultural" and "ag/residential" customers for crop conversion projects. Crop conversion projects are those that save water through replacement of existing crops with those with lower irrigation water demands.

Section 3: Program Funding Sources

Projects completed through participation in the Program will be funded through a partnership between RCWD, the Department of Water Resources, the US Bureau of Reclamation, the participating grower, and in some cases, the Natural Resources Conservation Service.

Section 4: Program Guidelines

4.1 Eligibility

Following are eligibility requirements for receiving financial assistance through the Program:

Eligible Customers

RCWD customers whose water service accounts qualify for "agricultural" or "ag/residential" account status are eligible to participate in the Program.

Property Requirements

A minimum of two acres of crop that has been irrigated to a level considered adequate for commercial production must be replaced/converted on a single property within RCWD's service area in order to be eligible for receiving financial assistance through the Program.

Types of Crop Conversion

The District anticipates that most crop conversion projects completed through the Program will involve avocados, citrus, and winegrapes since these are the most commonly grown crops within RCWD's service area. However, any crop conversion that results in at least 1 acre foot per acre of water savings is eligible for participation in the Program and will be considered by the District on a case by case basis. NOTE: the Program does not provide assistance for avocado tree "stumping," pruning practices, replacement of mature crops with juvenile crops of the same variety, or the permanent removal of crops.

Existing Crop Standards

The existing crop must not have been removed prior to applying for Program participation, and the irrigation system for the crop must be intact and operable.

For existing crops that have been irrigated at a level required for minimal crop viability during the twelve-month period prior to submitting the Program application, conversion projects must result in a minimum of one acre-foot of water savings per converted acre.

For existing crops that have been irrigated below levels required for minimum crop viability during the twelve-month period prior to submitting the Program application, but were irrigated substantially at some point after January 1, 2013, conversion projects must result in a minimum of two acre-feet of water savings per converted acre.

Determinations of water savings and the adequacy of historical irrigation patterns for meeting this Program eligibility requirement will be made at the sole discretion of the District.

Newly Planted Crops

Crops that replace those which are removed must have lower water requirements, and must result in water savings of at least 1 acre foot per acre converted. The Program will not provide financial assistance to replace crops with those that require more water. Moreover, the Program will not pay for the replacement of mature crops with juvenile crops of the same variety.

Other Eligibility Requirements

Crops that are replaced must be removed and replaced on an irrigation block by irrigation block basis. The Program will not provide financial assistance for the removal and replacement of individual trees/vines/etc. within blocks.

Historical Usage as a % of Water Allocation

To be considered for Program eligibility, at least 65% of the water allocation at the property where the crop conversion is proposed must have been used during the highest usage calendar year within the last five calendar years.

4.2 Project Prioritization

The District will notice the public 30 days prior to the acceptance of project applications. Applications submitted for conversion projects that are eligible for the Program will be approved on a first-come, first served basis.

4.3 Participation Agreement

To participate in the Program, eligible customers must enter into a Participation Agreement with RCWD, which provides details on participation requirements, conversion project specifications, financial incentive amounts, and payment terms.

4.4 Commitment to Agricultural Production

Program Participants must commit, in writing, to make reasonable efforts to continue using the property undergoing the crop conversion for agricultural production of the crop to which the property was converted for a period of at least ten years following the completion of the conversion project. Language pertaining to this commitment will be included in the Participation Agreement entered into between the District and the Program participant, and will be recorded on the title associated with the property undergoing crop conversion.

4.5 Determination of Financial Assistance Amounts

Financial assistance amounts provided by the District will be determined by the District prior to the start of the participant's crop conversion project. Determination of financial assistance amounts will be made through consideration of the water savings that will result from the proposed conversion project. Water savings calculations will be made by the District and will be determined by comparing the water usage at the conversion site during the highest water use year within the past five calendar years to the anticipated water usage following the completion of the conversion project.

The following table shows maximum financial assistance amounts to be provided based on the type of crop conversion completed. It is important to note that these financial assistance amounts are maximum amounts and will not exceed \$734 per acre foot of water savings projected by the District to result from implementation of a conversion project over a ten-year project life. .

Conversion Type	Maximum Assistance Amount** (per acre converted)
Avocado to Winegrape	\$15,000
Citrus to Winegrape	\$10,000
Avocado to Citrus	\$5,000

*These financial assistance amounts are maximum amounts; RCWD will pay no more than 75% of the Tier 1 rate for treated import water (\$734 per acre foot).

4.6 Payment of Financial Assistance

RCWD will make payment to the Program participant 30 days after acceptable documentation of conversion project costs are submitted to the District and completed conversion projects are approved by the District. Total financial assistance amounts paid by the District shall not exceed the total actual cost of the project.

4.7 Submittal of Plans and Adherence to Best Management Practices

Prior to beginning an approved conversion project, Program participants must submit plans to the District indicating an irrigation design and planting scheme. Irrigation systems and plantings must be implemented according to the latest best management practices. Following are examples of practices that must be implemented in order for conversion projects to be eligible for financial assistance:

- Slopes must be suitable for the new crop being planted
- Appropriate application of mulch is required for new plantings in areas where mulch application is reasonable
- Irrigation systems must be designed to operate at a minimum of 85% distribution uniformity for tree plantings, and 90% for vine plantings
- Appropriate pressure regulation must be installed on irrigation systems
- A minimum number of plants must be installed on a per acre basis. For vineyards, a minimum of 720 vines per acre must be planted. For orchards, a minimum of 100 trees per acre must be planted.
- Automatic metering valves, irrigations timers, lateral line pressure regulators, and pressure compensating emitters are not required, but are recommended for installation.

Plans submitted by potential Program participants will be reviewed and approved by RCWD prior to the execution of Participation Agreements. Plans must be submitted on a sheet of paper no smaller than 11" x17", and must indicate at a minimum:

- A north arrow
- Street names
- The property's parcel boundaries
- Information regarding the topography within the parcel boundary
- The conversion area's boundaries
- The irrigation system layout within the conversion area including:
 - Location and size of the water meter
 - Locations, sizes and types of all backflow devices connected to the irrigation system
 - Locations, pipe sizes and types of all pressurized main lines leading to and within the conversion area
 - Locations, sizes and types of all valves within the conversion area
 - Locations, pipe sizes and types of all non-pressurized lateral lines within the conversion area

- Locations, types, and specifications for all pressure regulation devices within the conversion area
- Locations, types, and specifications for all emission devices (i.e. sprinklers, drippers) within the conversion area
- Locations and types of all new plant material within the conversion area
- Information regarding the use of mulch within the conversion area
- Information regarding plant spacing and number of plants installed

4.8 Inspection Requirements

Pre-conversion inspections

Pre-conversion inspections will be conducted for proposed conversion projects prior to the start of construction to establish baseline data, to ascertain actual acreage to be converted, to determine water savings that will result from conversion, to determine potential financial incentive amounts, and to assess existing irrigation system efficiency.

Post-conversion inspections

Post-conversion inspections will be conducted after construction activities are complete to verify conversion work was performed as required by formal Participation Agreements entered into between RCWD and participating growers, to ascertain actual acreage removed/converted, and to assess improved irrigation system efficiency. Participating customers must also agree to allow the District to audit the irrigation system for the property approximately five years following the completion of the conversion.

4.9 Water Allocations

Following the completion of conversions for which financial assistance was provided by RCWD, the water allocations for the converted areas will be reduced to reflect the needs of the newly planted crop for a period of at least ten years. The following table shows allocations that will be assigned to each of the crops following their installation.

New Crop*	Water Allocation (AF/acre)**
Citrus	3.4
Winegrape	2.0

*Water allocations for crops not listed in this table will be determined on a case by case basis.

**Future water allocations are subject to change based on determinations made by the District's Board of Directors and on provisions of the District's Water Shortage Contingency Plan.

4.10 Timing Requirements for Project Completion

Projects must be completed no more than twelve months following the execution of the Participation Agreement.

4.11 Participation Process

A list of steps that explain the Program Participation process is provided below:

1. Project Application & Plan Submittal

Eligible customers can download a Project Application from the District's website at www.ranchowater.com or visit the District's headquarters to pick one up.

Applications should be submitted along with project design plans to the District's Water Use Efficiency Department.

2. Pre-conversion Site Inspection

After the District has reviewed your application, you will be notified as to whether or not you are eligible to receive a free pre-conversion site inspection. Pre-conversion inspections will be conducted for each conversion project prior to the start of construction to establish baseline data, to verify actual acreage to be converted, to estimate water savings that will result from conversion, to determine potential financial incentive amounts, and to assess existing irrigation system efficiency.

3. Participation Agreements

After the District reviews data collected during pre-conversion process, you will be notified as to whether or not your proposed conversion project is eligible for participation in the Program. If it is eligible, a Participation Agreement will be written, which will contain information regarding financial incentive amounts, requirements for long-term agricultural production, further inspection requirements, and best management practice requirements. Once the Participation Agreement is fully executed by all parties, a Notice to Proceed will be sent to the participant.

4. Completion of Conversion Work

The Program Participant is responsible for completing all conversion work according to the requirements of the Participation Agreement. The Program Participant should keep detailed records of all costs associated with the conversion. The Program Participant is responsible for notifying the District of the completion of the conversion work.

5. Post-conversion Site Inspection

Following completion of the conversion work, post-conversion site inspections will be conducted by RCWD to verify conversion work was performed according to the terms of the Participation Agreement.

6. Payment of Financial Incentive

Following the completion of the post-conversion site inspection and submittal of documentation to the District regarding actual project costs, RCWD will notify the Program Participant regarding the District's approval of the conversion project. Approved projects that were completed as per the requirements of the Participation Agreement will be paid the agreed upon financial incentive within 30 days the project approval.