

TITLE: MADERA RANCH GROUNDWATER BANKING

ISSUE:

- How to structure a Partnership Agreement to acquire 13,600 acres of privately held land known as Madera Ranch at a reasonable cost to allow Groundwater Banking development and Wildlife preservation.

BACKGROUND:

- Madera Ranch is located on the eastern side of the San Joaquin Valley about 20 miles northwest of Fresno.
- On August 13, 1996, the owner of Madera Ranch Mr. Heber Perrett, approached Reclamation with a formal unsolicited proposal to build, own, and operate a groundwater banking facility under the terms of a 20 year lease. Note that the proposal does not include a water supply.
- Following the conclusion of a preliminary evaluation in July 1997, Reclamation and the San Luis & Delta Mendota Water Authority (SLDMWA) agreed to pursue further technical and demographic information.
- In April 1998 Reclamation released a "Phase 1 Report" that took an appraisal level look at the technical viability of groundwater banking on Madera Ranch and identified local concerns. The Fish & Wildlife Service designated the property "Priority 1" habitat in their Draft Recovery Plan for Upland Species of the San Joaquin Valley. Reconnaissance surveys show vernal pool sites, sensitive plant communities, and the potential presence of up to 40 special status species. The undisturbed areas of the Ranch could provide habitat benefit if managed for that purpose.
- The Phase 1 Report also identified a scenario of Reclamation purchasing and acquiring the Madera Ranch property and the subsequent development of groundwater banking facilities. Reclamation, SLDMWA, Trust for Public Lands (TPL), and the Packard Foundation (Foundation) are focusing their efforts on how to structure a partnership agreement under this scenario. The goal is to get the property into the hands of the partnership at a reasonable price prior to Mr. Perretts acceptance of other offers.
- What's been discussed so far is that TPL and the Foundation would do the up-front financing for property acquisition, and Reclamation, the SLDMWA, and other beneficiaries need to develop a repayment strategy for the land acquisition as well as a financing strategy for the construction.
- Other items that need to be addressed prior to construction but not necessarily prior to the land acquisition are: Conduct Biological Studies, Develop Mitigation Measures, NEPA/CEQA, ESA/CESA, Fish & Wildlife Coordination Act, Operations Plan, Ground Water Monitoring Plan, Agreement with SJR Exchange Contractors, Agreement with Madera Irrigation District, Agreement with Friant Water Users Authority, Water Rights Permits.

STATUS: Negotiations are underway for acquisition of the property by TPL, the Foundation, SLDMWA, and Reclamation. The sale should close within the next few months. Total cost of the property and development of the groundwater banking is approximately \$125m.