November 2024

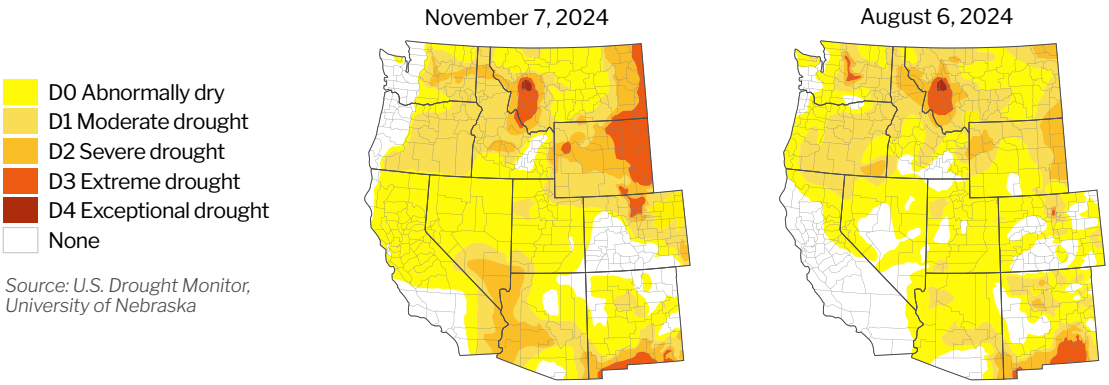
Monthly Market Update

Do you want a better idea of the opportunities and challenges facing agriculture in the West over the next 18-months? If so, we invite you to take our *AgTrends assessment*. By participating, you'll help us gain a more complete perspective. We'll share the results in January's Monthly Market Update, providing you with valuable information to enhance your agricultural operations. This assessment takes about 8 minutes to complete and is anonymous. Please share your response by December 5.

Drought and water update

Drought monitor.

Changes in drought conditions were mixed over the last three months. Drought expanded and/or degraded in California, Arizona, Idaho and eastern Montana, while the coast of Oregon and Washington experienced improvements. For the latest on weather, please see AgWest's *Weekly Weather Updates with Eric Snodgrass*.

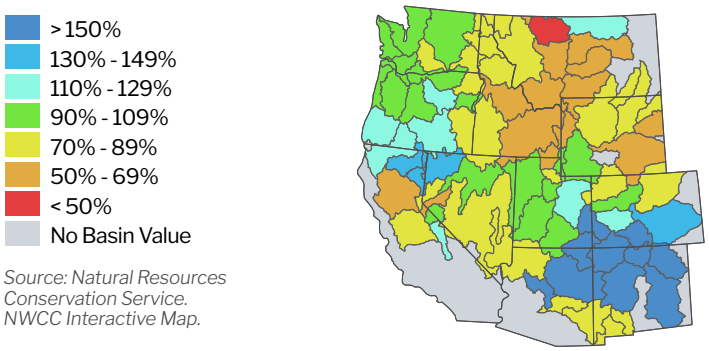


Source: U.S. Drought Monitor, University of Nebraska

Description: The U.S. Drought Monitor provides a comprehensive look at drought conditions across the U.S., categorizing areas by intensity (no drought to exceptional drought). This tool helps agriculture producers understand water availability and make informed decisions about crop management.

Year-to-date precipitation.

Year-to-date precipitation levels (Oct. 1 – Nov. 6, 2024) are generally below their historical averages across the West, with notable exceptions in Washington, Oregon and Arizona.



Source: Natural Resources Conservation Service. NWCC Interactive Map.

Description: The NWCC Year-to-date Precipitation Map provides a detailed overview of precipitation levels across the U.S., comparing current data to a historical average. Similar to the Drought Monitor, this tool helps agriculture producers understand water availability and make informed decisions about crop management.

Reservoirs with low water levels.

Reservoir levels weakened over the last quarter. While Grassy Lake in the Upper Snake River experienced a notable improvement, most others experienced declines. Wickiup in the Deschutes River Basin, Unity in Southeastern Oregon, American Falls in the Upper Snake River and Bumping and Rimrock in the Yakima River Basin were added to the list of reservoirs with water levels below 80% of their historical average (see table below).

Reservoirs with water levels below 80% of their historical average

Data as of November 7, 2024. Source: Bureau of Reclamation: Reservoir Storage. California Department of Water Resources. Arizona Department of Water Resources.

Location / Region	Reservoir	Percent of average level	Percent of previous year
Colorado River Basin	Lake Powell	58%	104%
	Lake Mead	53%	96%
Deschutes River Basin, OR	Crescent Lake	25%	149%
	Wickiup	66%	128%
Rogue River Basin, OR	Emigrant	23%	49%
	Four Mile Lake	33%	128%
	Howard Prairie	68%	118%
	Hyatt	70%	91%
Southeastern OR	Mason Dam/Phillips Lake	58%	69%
	Thief Valley Dam	22%	46%
	Unity	76%	61%
Upper Snake River, ID-WY	American Falls	74%	99%
	Bumping	43%	56%
	Cle Elum	17%	71%
Yakima River Basin, WA	Kachess	38%	135%
	Keechelus	26%	67%
	Rimrock	26%	41%

Description: Reservoirs are an important source of water for agriculture producers throughout the West. This section identifies those with water levels below 80% of their historical average for the given period. Reservoirs at or above 80% of their historical average water levels are not included in this list.

Updates impacting water access.

Arizona

The U.S. Bureau of Reclamation (USBR) announced Tier 1 water cuts to Arizona's Colorado River Water Supply in 2025, representing a continuation of 2024 levels and an improvement from Tier 2a cuts in 2023. Tier 1 water cuts will result in a continuation of a 512,000 acre-feet reduction, or about 18% of Arizona's total supply from the Colorado River. The Upper Colorado Basin snowpack is off to a good start, sitting at 128% of the 30-year average.

California

Conservation agreements involving the U.S. Bureau of Reclamation, Imperial Irrigation District, Bard Water District and Metropolitan Water District are expected to conserve 717,000 acre-feet of water from the Colorado River through 2026, raising Lake Mead by 10 feet. These agreements include a federal investment of $250 million to support the Salton Sea restoration project. Also, farmers will receive $589 million in direct funds to support investments in water-efficient technologies.

The State Water Resources Control Board (SWRCB) voted in September to put the Tule groundwater subbasin on probation under the Sustainable Groundwater Management Act (SGMA) due to evidence of continued subsidence (sinking of the ground). The Delano-Earlimart Irrigation District and Kern-Tulare Water District were exempt from this ruling. Probation includes registration payments for wells, extraction reporting and pumping fees. A similar ruling was made for the Tulare Lake groundwater basin located in Kings County; however, its Superior Court Judge issued a preliminary injunction against probationary measures following a lawsuit by Kings County farmers.

A new law will impose a sharp rise in punitive fines for illegal diversions of water resources throughout California. Fines were increased to $10,000 daily, plus $2,500 for each acre-foot of water diverted (previous fines amounted to about $50 for each person involved in an illegal diversion). Many believe the increased fines will discourage producers, ranchers and others from unauthorized water diversions and help to protect water resources, including wetlands.

The Third District Appellate Court denied an appeal by environmentalist groups to stop the Sites Reservoir project in the Sacramento Valley, a multi-use water storage infrastructure project. The project will move forward under a fast-tracked process permitted by recent reforms to the California Environmental Quality Act. The project is estimated to be completed in 2030.

Idaho

Surface and groundwater users in eastern and southern Idaho reached a preliminary agreement regarding water mitigation. The plan is not yet available to the public and will be delivered to water districts in mid-November for ratification. Differences in this new agreement include:

- Water allocations expanded from one-year to four-year terms. Water users will be responsible for managing their supply over the four-year period.
- Groundwater districts taking part in this agreement are required to conserve 205,000 acre-feet of water annually.

If an agreement is not reached, potential curtailments could impact between 330,000 and 500,000 acres of farmland in eastern and southern Idaho.

Oregon

The Oregon Water Resources District (OWRD) adopted rules detailing how new groundwater rights will be granted. The primary objectives will be to ensure groundwater levels are stable, existing surface water rights holders will not be impacted, and the target aquifer can handle the new rate of use. These rules will not impact existing water rights, those in application queues or transfers.

OWRD is looking at placing the Harley Basin under a critical groundwater area status due to a significant imbalance between water use and recharge. Most in the region expect eventual cuts to allowable irrigation levels; however, the extent is not yet clear. Court rulings are set for the end of 2024 or beginning of 2025 but may be delayed.

Montana and Washington

There are no updates from last quarter impacting water access for Montana and Washington.