



# Executive Director's Report

The Natomas Basin Conservancy

April 4, 2018



IN REPLY REFER TO:

NC-443  
WTR-4.00

## United States Department of the Interior

BUREAU OF RECLAMATION  
Mid-Pacific Region  
Northern California Area Office  
16349 Shasta Dam Boulevard  
Shasta Lake, CA 96019-8400

**RECEIVED**

**JAN 30 2018**

**JAN 26 2018**

Subject: 2018 Water Rates - Central Valley Project (CVP), California

Dear Contractor:

This letter provides notice of the 2018 water rates applicable to your contract with the Bureau of Reclamation. The enclosed Rate Exhibit reflects the 2018 CVP water rates which are effective for the 2018 contract period.

For questions concerning the Rate Exhibit, please contact Mr. Jake Berens at 530-934-1359 or [jberens@usbr.gov](mailto:jberens@usbr.gov), or Ms. Natalie Wolder at 530-934-1356 or [nwolder@usbr.gov](mailto:nwolder@usbr.gov), or Mr. Ryan Everest at 530-934-1361 or [reverest@usbr.gov](mailto:reverest@usbr.gov)

Sincerely

Richard Robertson  
Chief, Water and Lands Division

Enclosure



**EXHIBIT D**  
**Natomas Basin Conservancy**  
**2018 Rates and Charges**  
**(Per Irrigated Acre)**

	<b>Per Acre-Foot</b>	<b>Per Irrigated Acre<sup>1</sup></b>
<b>COST-OF-SERVICE (COS) RATES</b>	\$46.17	\$80.13
<b>IRRIGATION FULL-COST RATE (RRA)</b>		
Section 202(3) Rate is applicable to a Qualified Recipient or to a Limited Recipient receiving irrigation water on or before October 1, 1981.	\$54.53	\$94.64
Section 205(a)(3) Rate is applicable to a Limited Recipient that did not receive irrigation water on or before October 1, 1981.	\$62.12	\$107.81
<b>CHARGES AND ASSESSMENTS</b> ( <i>Payments in Addition to Rates</i> )		
<b>P.L. 102-575 Surcharges</b> (Restoration Fund Payments) <sup>2</sup> [Section 3407(d)(2)(A)]	\$10.47	\$18.17
<b>P.L. 106-377 Assessment</b> (Trinity Public Utilities District) <sup>3</sup> [Appendix B, Section 203]	\$0.30	\$0.52

**EXPLANATORY NOTES**

- 1 The per irrigated acre Rates, Charges, and Assessments are applicable to this Contract, which are computed as follows: *(Per Acre-Foot \$ × Total Acre-Feet of Project Water from Exhibit A) ÷ Irrigable Acres from Exhibit A*
- 2 The surcharges were determined pursuant to Title XXXIV of P.L. 102-575. Restoration Fund surcharges under P.L. 102-575 are determined on a fiscal year basis (10/1-9/30).
- 3 The Trinity Public Utilities District Assessment is applicable to each acre-foot of water delivered from 3/1 to 2/28 and is adjusted annually.



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Mid-Pacific Region  
Northern California Area Office  
16349 Shasta Dam Boulevard  
Shasta Lake, CA 96019-8400

**RECEIVED**  
**FEB 20 2018**

NC-446  
WTR-4.00

**FEB 15 2018**

Mr. John Roberts  
Natomas Basin Conservancy  
2150 River Plaza, Suite 460  
Sacramento, California 95833-4135

Subject: Notification of Non-Critical Year - Contract No. 14-06-200-1364A-R-1 (Settlement Contract) - Central Valley Project (CVP), California

Dear Mr. Roberts:

The Bureau of Reclamation has consulted with the California Department of Water Resources and other recognized forecasting agencies regarding the forecasted full natural inflow to Shasta Lake for the 2018 Water Year, and has determined that the 2018 Year is not a Critical Year as that term is defined in Article 1(e) of the Settlement Contract.

Please note that the past few weeks of dry hydrology necessitate the continued coordination, cooperation, and collaboration that we have established over the last few years. In addition, Reclamation will continue to review the forecasted full natural inflow to Shasta Lake as frequently as conditions and information warrant, and will notify you of any significant changes in the forecasts.

If you have questions, please contact Mr. Jacob Berens, Water Conservation Specialist, at 530-934-1359 or e-mail [jberens@usbr.gov](mailto:jberens@usbr.gov) or Ms. Natalie Wolder, Repayment Specialist, at 530-934-1356 or e-mail [nwolder@usbr.gov](mailto:nwolder@usbr.gov).

Sincerely,

Donald Bader  
Area Manager



**SACRAMENTO COUNTY BOARD OF SUPERVISORS  
LEGAL NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that a Public Hearing will be held before the Board of Supervisors for the purpose of considering the following request, pursuant to provisions of Ordinance No. SZC 15-0003, for the following described project.

**ASSESSOR'S PARCEL NO.:** Various

**LOCATION:** Sacramento International Airport

**APPLICANT:**

Sacramento County Office of Planning and Environmental Review (PER)  
827 7<sup>th</sup> Street, Room 225  
Sacramento, CA, 95758  
Contact: Tim Kohaya

RECEIVED

**REQUEST:**

1. Recognize the Environmental Coordinator Memorandum dated May 30, 2017 (Attachment 12) and determine the Johnson Property Mitigated Negative Declaration (Control No. 2004-RZB-SVB-SPP-AHS-0890) is adequate and appropriate for the proposed project.
2. Approve the requested Vesting Tentative Subdivision Map Time Extension to allow an extension of five years from the date of final action by the hearing body for a Vesting Tentative Subdivision Map (Control No. 2004-RZB-SVB-SPP-AHS-0890), subject to findings and conditions (Attachment 2).
3. Recognize that the Vesting Tentative Subdivision Map Extension is subject to the previously adopted Mitigation Monitoring and Reporting Program (MMRP).

**ENVIRONMENTAL DOCUMENT:**

**PRIOR MITIGATED NEGATIVE DECLARATION**

**HEARING DATE:**

**DECEMBER 13, 2017 AT 2:00 PM**

*If you challenge the Board of Supervisors' action on the above referenced request(s) in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Board of Supervisors at, or prior to, the public hearing.*

The hearing will be held in Room 1450 of the County Administration Building, 700 "H" Street, Sacramento, CA. All persons interested are invited to attend and be heard.

BY ORDER OF THE BOARD OF SUPERVISORS, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, THIS 20<sup>th</sup> DAY OF NOVEMBER, 2017.

FLORENCE EVANS, Clerk  
Board of Supervisors

**AGENDAS AND RELATED MATERIALS MAY BE VIEWED PRIOR TO THE  
MEETING AT**

<http://www.agendanet.saccounty.net/sirepub/meetresults.aspx>  
<http://www.planningdocuments.saccounty.net/>

## NATOMAS CENTRAL MUTUAL WATER COMPANY

## ANNUAL MEETING OF SHAREHOLDERS

## AGENDA

Tuesday, February 13th, 2018

10:00 AM

at

Four Points by Sheraton

4900 Duckhorn Drive, Sacramento, California, 95834

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The Board will discuss all items on this agenda, and may take action on any of those items, including discussion items. The Board may also discuss other items that do not appear on this agenda, but will not act on those items unless action is urgent.

The shareholders shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Shareholder comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker.

**I. CALL TO ORDER****II. ITEMS SCHEDULED FOR DISCUSSION**

- A. ELECTION PROCEDURES *(reference that a final call for proxies will follow shortly)*
- B. UPDATES TO THE PROXY/BALLOTS
- C. CALL FOR FINAL PROXY/BALLOTS
- D. DETERMINATION OF STOCKHOLDER QUORUM
- E. APPOINTMENT OF COUNTING COMMITTEE
- F. 2017 AUDIT UPDATES– *Propp, Christensen, Caniglia*
- G. REPORT ON DELTA ISSUES/DROUGHT/NORTH STATE WATER ISSUES – *David Guy, NCWA/Meredith Nikkel, Downey Brand*
- H. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA)
- I. RECLAMATION DISTRICT 1000-*Paul Devereux*

J. MANAGEMENT REPORT

K. SHAREHOLDER COMMENTS, QUESTIONS AND SUGGESTIONS

### III. ITEMS SCHEDULED FOR ACTION

A. APPROVAL OF MINUTES – February 14, 2017 Shareholder Meeting

### IV. RECESS/BOARD VOTE

### V. ANNOUNCEMENT OF VOTING RESULTS

### VI. ADJOURNMENT

### LOCATION







## Corridor Study Areas Eliminated from Further Review

Based on comments received during the Scoping Phase of the project's environmental review for the Colusa-Sutter Transmission Line, or CoSu Line, Western Area Power Administration (WAPA) and the Sacramento Municipal Utility District (SMUD) have determined the Southern Corridor Study Area, County Road 16 Corridor Study Area, and the Segment 2 Alternative Study Area are infeasible to build and/or maintain. As a result, transmission line alternatives within these corridor study areas will not be studied in the Environmental Impact Statement/Environmental Impact Report (EIS/EIR) for the CoSu Line.

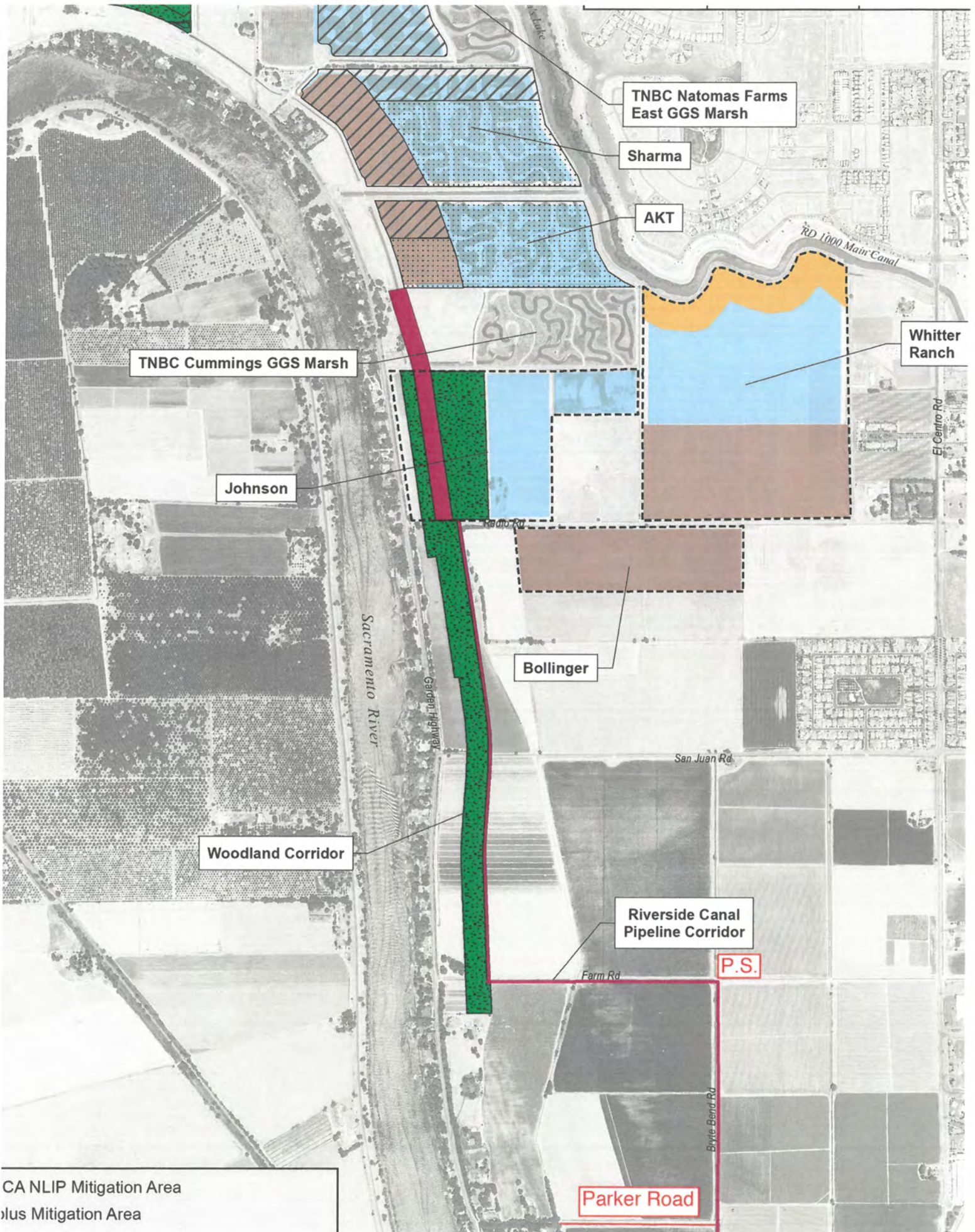
The Southern Corridor Study Area was found to be infeasible due to hazards/public safety and reliability risks posed by the density of agricultural aircraft travel and agricultural airstrips, and the lack of meaningful options to mitigate that risk. The County Road 16 and Segment 2 Alternative Study Areas were found to be infeasible due to technical restrictions on tower heights of the river crossings in proximity to the Sacramento International Airport.

Visit [www.cosuline.com](http://www.cosuline.com) for more information and to view an updated aerial overview map of the Northern Corridor Study Area and Segment 1 Alternative.

The Draft EIS/EIR will analyze the environmental impacts on environmental resources for alternatives within the Northern Corridor Study Area and Segment 1 Alternative, including a "No Action" alternative that will address impacts if the CoSu Line is not built. No decisions will be made about selecting a final project alternative or moving forward with construction of the CoSu Line until the Final EIS/EIR is completed, which is anticipated in 2020.

WAPA and SMUD are continuing to develop the Draft EIS/EIR, which is scheduled to be published and available for public comment in mid-2019.

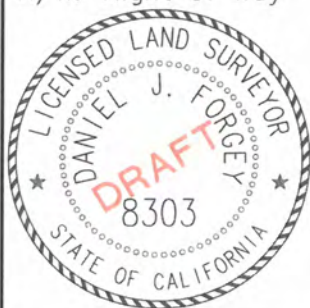
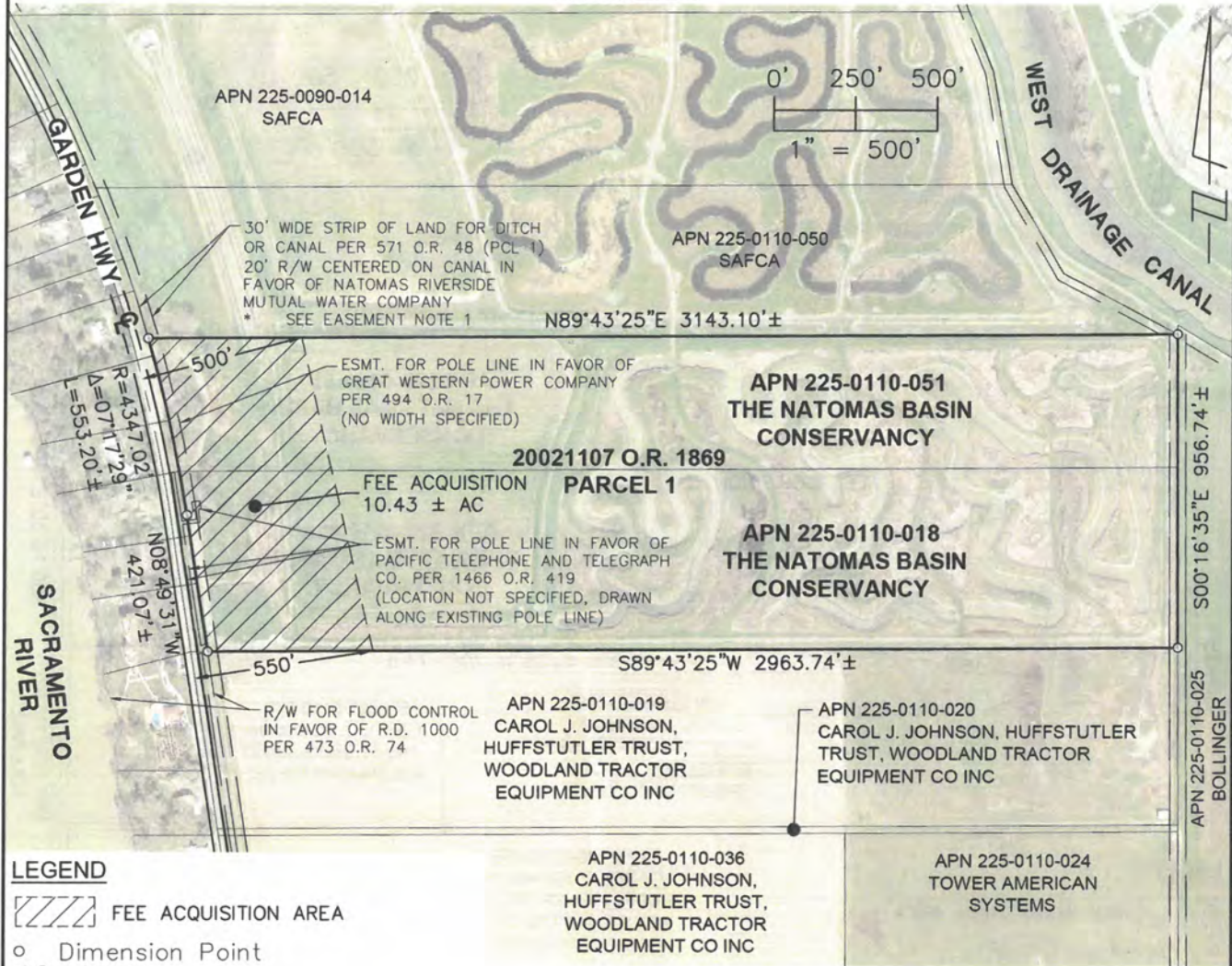




CA NLIP Mitigation Area  
plus Mitigation Area



# EXHIBIT



## THE NATOMAS BASIN CONSERVANCY APN: 225-0110-018 & 051

COUNTY OF SACRAMENTO

STATE OF CALIFORNIA

DATE: 12/20/2017

SCALE: 1" = 500'

DRWN. BY: AB CHK. BY: DJF

SHEET 1 OF 1

**PSOMAS**

1075 Creekside Ridge Drive, Suite 200  
Roseville, CA 95678  
(916) 788-8122 (916) 788-0600 (FAX)

Plotted: Dec/20/2017 11:49 AM | By: Andriybuchko

DWG: P:\SAFCA\6SAF021800\SURVEY\LEGALS\225-0110-018, 051\Exhibit\225-0110-018, 051.dwg



**EXHIBIT**

APN 225-0090-014  
SAFCA

0' 250' 500'  
1" = 500'

GARDEN HWY

30' WIDE STRIP OF LAND FOR DITCH OR CANAL PER 571 O.R. 48 (PCL 1)  
20' R/W CENTERED ON CANAL IN FAVOR OF NATOMAS RIVERSIDE MUTUAL WATER COMPANY  
\* SEE EASEMENT NOTE 1

APN 225-0110-050  
SAFCA

N89°43'25"E 3143.10'±

500'

ESMT. FOR POLE LINE IN FAVOR OF GREAT WESTERN POWER COMPANY PER 494 O.R. 17 (NO WIDTH SPECIFIED)

20021107 O.R. 1869

**APN 225-0110-051  
THE NATOMAS BASIN CONSERVANCY**

**PARCEL 1**

FEE ACQUISITION 10.43 ± AC

ESMT. FOR POLE LINE IN FAVOR OF PACIFIC TELEPHONE AND TELEGRAPH CO. PER 1466 O.R. 419 (LOCATION NOT SPECIFIED, DRAWN ALONG EXISTING POLE LINE)

**APN 225-0110-018  
THE NATOMAS BASIN CONSERVANCY**

S89°43'25"W 2963.74'±

550'

R/W FOR FLOOD CONTROL IN FAVOR OF R.D. 1000 PER 473 O.R. 74

APN 225-0110-019  
CAROL J. JOHNSON, HUFFSTUTLER TRUST, WOODLAND TRACTOR EQUIPMENT CO INC

APN 225-0110-020  
CAROL J. JOHNSON, HUFFSTUTLER TRUST, WOODLAND TRACTOR EQUIPMENT CO INC

APN 225-0110-036  
CAROL J. JOHNSON, HUFFSTUTLER TRUST, WOODLAND TRACTOR EQUIPMENT CO INC

APN 225-0110-024  
TOWER AMERICAN SYSTEMS

SACRAMENTO RIVER

WEST DRAINAGE CANAL

500'16'35"E 956.74'±

APN 225-0110-025  
BOLLINGER

**LEGEND**

▨ FEE ACQUISITION AREA

○ Dimension Point

AC: Acres

O.R.: Official Records

RD 1000: Reclamation District 1000

R/W: Right of Way

**NOTES:**

- 1) INDENTURE PER BOOK 571 OF OFFICIAL RECORD, PAGE 48 GRANTS THE DITCH OR CANAL WHICH LIES WITHIN A CERTAIN STRIP OF LAND TO NATOMAS RIVERSIDE MUTUAL WATER COMPANY TOGETHER WITH AN EASEMENT CENTERED ON THIS DITCH OR CANAL.
- 2) DISTANCES SHOWN ARE GRID, MULTIPLY BY 1.00005062 TO OBTAIN GROUND VALUES.
- 3) THE HORIZONTAL DATUM FOR THIS PLAT IS BASED ON THE CCS, NAD83, ZONE 2 DATUM.
- 4) TITLE REPORT USED: FIDELITY NATIONAL TITLE CO. REPORT NO. 08-5005594-PA DATED 01/30/2017.
- 5) ALL RECORD REFERENCES ARE SACRAMENTO COUNTY RECORDS.

**FEE ACQUISITION AREAS:**

UNENCUMBERED	= 9.74 AC±
ENCUMBERED	= 0.69 AC±
<b>TOTAL</b>	<b>= 10.43 AC±</b>

**REMAINDER AREAS:**

APN 225-0110-018	= 31.83 AC±
APN 225-0110-051	= 24.56 AC±
<b>TOTAL</b>	<b>= 56.39 AC±</b>

LICENSED LAND SURVEYOR  
DANIEL J. FORGEY  
8303  
STATE OF CALIFORNIA

COUNTY OF SACRAMENTO		STATE OF CALIFORNIA
DATE: 12/20/2017	SCALE: 1" = 500'	<b>P S O M A S</b> 1075 Creekside Ridge Drive, Suite 200 Roseville, CA 95678 (916) 788-8122 (916) 788-0600 (FAX)
DRWN. BY: AB      CHK. BY: DJF	SHEET 1 OF 1	
Plotted: Dec/20/2017 11:49 AM   By: Andriybuchko DWG: P:\SAFCA\65AF021800\SURVEY\LEGALS\225-0110-018, 051\Exhibit\225-0110-018, 051.dwg		



**ACQUISITION AREAS:**

UNENCUMBERED = 16.35 AC±

ENCUMBERED = 3.50 AC±

TOTAL = 19.85 AC±

**LEGEND**

[////] FEE ACQUISITION AREA

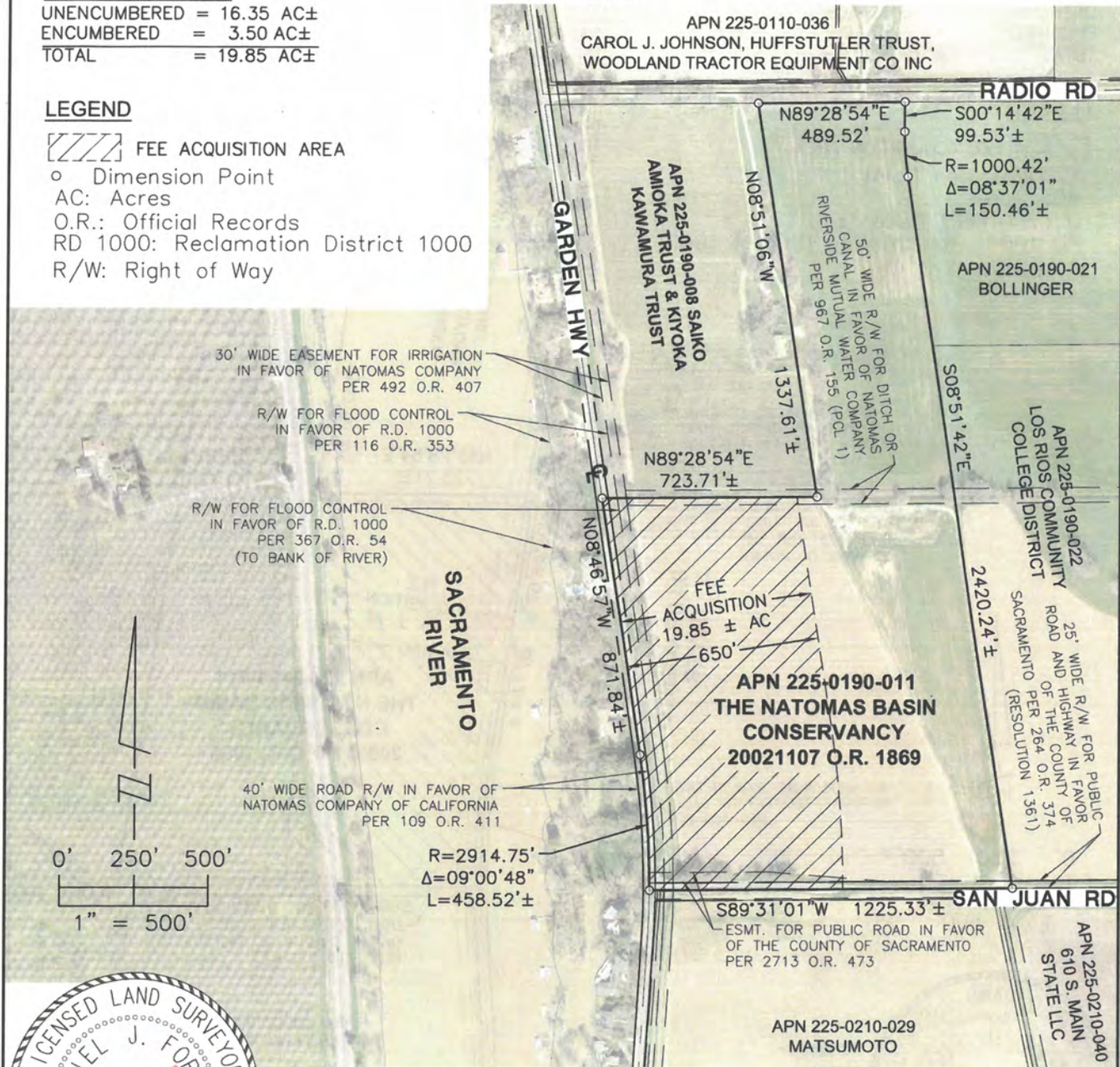
o Dimension Point

AC: Acres

O.R.: Official Records

RD 1000: Reclamation District 1000

R/W: Right of Way

**EXHIBIT****NOTES:**

- 1) DISTANCES SHOWN ARE GRID, MULTIPLY BY 1.00005062 TO OBTAIN GROUND VALUES.
- 2) THE HORIZONTAL DATUM FOR THIS PLAT IS BASED ON THE CCS, NAD83, ZONE 2 DATUM.
- 3) TITLE REPORT USED: FIDELITY NATIONAL TITLE CO. REPORT NO. 01001282-010-PA DATED 02/10/2017.
- 4) ALL RECORD REFERENCES ARE SACRAMENTO COUNTY RECORDS.
- 5) DATE OF PHOTO \_\_\_\_\_

## THE NATOMAS BASIN CONSERVANCY

### APN 225-0190-011

CITY OF SACRAMENTO

COUNTY OF SACRAMENTO

STATE OF CALIFORNIA

DATE: 12/18/2017

SCALE: 1" = 500'

DRWN. BY: AB CHK. BY: DJF

SHEET 1 OF 1

# PSOMAS

1075 Creekside Ridge Drive, Suite 200  
Roseville, CA 95678  
(916) 788-8122 (916) 788-0600 (FAX)

Plotted: Dec/18/2017 2:57 PM | By: Andriy.buchko

DWG: P:\SAFCA\6SAF021800\SURVEY\LEGALS\225-0190-011\Exhibit\225-0190-011.dwg



# ACQUISITION AREAS:

UNENCUMBERED = 16.35 AC±  
ENCUMBERED = 3.50 AC±  
TOTAL = 19.85 AC±

## LEGEND



FEE ACQUISITION AREA

o Dimension Point

AC: Acres

O.R.: Official Records

RD 1000: Reclamation District 1000

R/W: Right of Way

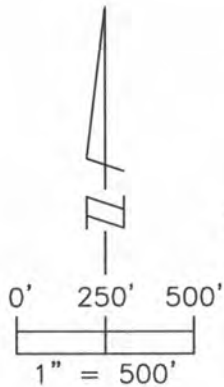
30' WIDE EASEMENT FOR IRRIGATION  
IN FAVOR OF NATOMAS COMPANY  
PER 492 O.R. 407

R/W FOR FLOOD CONTROL  
IN FAVOR OF R.D. 1000  
PER 116 O.R. 353

R/W FOR FLOOD CONTROL  
IN FAVOR OF R.D. 1000  
PER 367 O.R. 54  
(TO BANK OF RIVER)

40' WIDE ROAD R/W IN FAVOR OF  
NATOMAS COMPANY OF CALIFORNIA  
PER 109 O.R. 411

SACRAMENTO  
RIVER



### NOTES:

- 1) DISTANCES SHOWN ARE GRID, MULTIPLY BY 1.00005062 TO OBTAIN GROUND VALUES.
- 2) THE HORIZONTAL DATUM FOR THIS PLAT IS BASED ON THE CCS, NAD83, ZONE 2 DATUM.
- 3) TITLE REPORT USED: FIDELITY NATIONAL TITLE CO. REPORT NO. 01001282-010-PA DATED 02/10/2017.
- 4) ALL RECORD REFERENCES ARE SACRAMENTO COUNTY RECORDS.

## EXHIBIT

APN 225-0110-036  
CAROL J. JOHNSON, HUFFSTUTLER TRUST,  
WOODLAND TRACTOR EQUIPMENT CO INC

RADIO RD

N89°28'54"E  
489.52'

S00°14'42"E  
99.53'±

R=1000.42'  
Δ=08°37'01"  
L=150.46'±

APN 225-0190-021  
BOLLINGER

APN 225-0190-008 SAIKO  
AMIOKA TRUST & KIYOKA  
KAWAMURA TRUST

N08°51'06"W

50' WIDE R/W FOR DITCH OR  
CANAL IN FAVOR OF NATOMAS  
RIVERSIDE MUTUAL WATER COMPANY  
PER 967 O.R. 155 (PCL 1)

1337.61'±

N89°28'54"E  
723.71'±

N08°46'57"W  
871.84'±

FEE  
ACQUISITION  
19.85 ± AC

APN 225-0190-011  
THE NATOMAS BASIN  
CONSERVANCY  
20021107 O.R. 1869

S08°51'42"E

2420.24'±

APN 225-0190-022  
LOS RIOS COMMUNITY  
COLLEGE DISTRICT  
25' WIDE R/W FOR PUBLIC  
ROAD AND OF THE COUNTY OF  
SACRAMENTO PER 264 O.R. 374  
(RESOLUTION 1361)

SACRAMENTO  
RIVER

R=2914.75'  
Δ=09°00'48"  
L=458.52'±

S89°31'01"W 1225.33'±

ESMT. FOR PUBLIC ROAD IN FAVOR  
OF THE COUNTY OF SACRAMENTO  
PER 2713 O.R. 473

SAN JUAN RD

APN 225-0210-029  
MATSUMOTO

APN 225-0210-040  
610 S. MAIN  
STATE LLC

## THE NATOMAS BASIN CONSERVANCY APN 225-0190-011

CITY OF SACRAMENTO

COUNTY OF SACRAMENTO

STATE OF CALIFORNIA

DATE: 12/18/2017

SCALE: 1" = 500'

DRWN. BY: AB CHK. BY: DJF

SHEET 1 OF 1

**PSOMAS**

1075 Creekside Ridge Drive, Suite 200  
Roseville, CA 95678  
(916) 788-8122 (916) 788-0600 (FAX)

Plotted: Dec/18/2017 2:57 PM | By: Andriybuchko  
DWG: P:\SAFCA\6SAF021800\SURVEY\LEGALS\225-0190-011\Exhibit\225-0190-011.dwg



## Be on the lookout for two new watergrass relatives

 [ricefarming.com/departments/specialists-speaking/be-on-the-lookout-for-two-new-watergrass-relatives/](http://ricefarming.com/departments/specialists-speaking/be-on-the-lookout-for-two-new-watergrass-relatives/)

Vicky

Weed control in California rice has become more complicated over the past few years, both due to increasing number of herbicide-resistant weeds as well as new weeds, including weedy rice and for some, winged-primrose willow. Just as we were beginning to think we were going to have a pause in new weed problems, we have a couple of new weed species to look out for this year.

The two species are both in the watergrass/barnyardgrass complex (*Echinochloa* spp). They are both found in rice fields in the southern U.S. rice-growing region. One is called rough barnyardgrass (*Echinochloa muricata*) and the other is called coast cockspur grass (*Echinochloa walteri*).

*E. muricata* is native all over the United States (including California) and has been found around rice fields in California in the past. *E. walteri* is not native to California but is native to the eastern region of the United States.

*E. muricata* has been confirmed in California rice fields, and *E. walteri* is suspected to be present in California rice fields. They both look similar to barnyardgrass (*Echinochloa crus-galli*), which is commonly found in the state's rice fields.

The discovery of a new weed species came from a long string of seemingly unrelated events. It began in early 2017, when I summarized the data from the herbicide resistance testing program with the University of California Weed Science group.

I found that over the past several years, we had a large increase in the number of barnyardgrass (*E. crus-galli*) samples submitted for testing. We went from zero in 2014 to nine in 2015 to 35 in 2016. My colleagues and I speculated about the cause, but we had no clear ideas.



Dr. Whitney Brim-DeForest  
CALIFORNIA

Extension Agronomist  
University of California, Davis  
[wbrimdeforest@ucanr.edu](mailto:wbrimdeforest@ucanr.edu)



Then at a national weed science conference, I noticed a poster on *Echinochloa* spp. in rice fields in the Southern United States. There were two species on the poster, *E. walteri* and *E. muricata*, both of which were difficult to distinguish visually from barnyardgrass (*E. crus-galli*). I looked at the pictures and began to wonder if we might have these species in California rice fields.

Then in the summer of 2017, I received two farm calls from growers in two different counties concerning barnyardgrass that was impossible to control. Both growers had applied many different herbicides with different modes of action that when combined should have provided some control.

However, when I went to visit the fields, it appeared that the weeds were not even touched by the herbicides. At heading, the growers and pest control advisers (PCAs) for the corresponding fields collected plant specimens, which we sent to the University of California, Davis, Herbarium.

They confirmed that we did indeed have *E. muricata* in both fields. The infestation was widespread throughout both fields, not patchy, indicating that it had likely been there for a number of years. To get an initial idea of how widespread these two weed species are, we have grown out all of the submitted samples from the past several years to have them identified.

We also plan to do some genetic testing to determine if there is a non-visual way to distinguish between the three species (*E. crus-galli*, *E. muricata* and *E. walteri*).

We suspect, but have not yet confirmed, that these species may be tolerant to many of our rice herbicides. We are conducting further tests.

For now, we are asking all growers and PCAs to be on the lookout for these two species in 2018. In particular, if there is a large amount of *Echinochloa* spp. remaining in the field after all herbicides have been applied, it will be important to get the plants identified.

Please give your local UC rice adviser a call.



*Echinochloa muricata*



*Echinochloa walteri* –  
photos courtesy NRCS

DOW JONES, A NEWS CORP COMPANY ▼

100%

0.57%

-0.11%

2.81%

0.75%

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<https://www.wsj.com/articles/thousands-of-investors-got-big-tax-breaks-for-land-rights-donations-irs-finds-1521053766>

## POLITICS

# Thousands of Investors Got Big Tax Breaks for Land-Rights Donations, IRS Finds

Lawmakers scrutinize syndicated conservation easements that let people profit quickly



The Bonneville Power Administration signed a conservation easement with a landowner in 2015 regarding 5,000 acres near Leadore, Idaho. Under U.S. law, land owners can donate the development rights to their property to land trusts, other charities or governments. PHOTO: ILONA MCCARTY/ASSOCIATED PRESS

By Richard Rubin

March 14, 2018 2:56 p.m. ET

WASHINGTON—More than 15,000 investors have participated in **certain tax deals involving charitable contributions of land rights**, according to new IRS data that was given to lawmakers who are scrutinizing the practice, which is estimated to cost the government more than \$1 billion in revenue annually.

The data provide the clearest big-picture look yet at the opaque world of syndicated conservation easements, transactions giving some investors tax breaks worth more than the amount they originally invested in the property. In late 2016, the Internal Revenue Service began requiring participants and advisers to alert the agency to the transactions to aid in determining who should be audited.

The new data, provided to senators and reviewed by The Wall Street Journal, come from the first wave of those disclosures. The reports show 552 separate transactions covering several years and exceeding previous estimates. The Brookings Institution has estimated that the total revenue loss from syndicated easement deals was between \$1.3 billion and \$2.4 billion in 2016.

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**RELATED**

- [Read IRS Letter to Sen. Wyden](#)
- [Read IRS Supporting Document](#)

**“What started as a critical tool for land preservation has been systematically exploited by bad actors peddling tax shelters to the highest bidder,”** said Sen. Ron Wyden of Oregon, the top Democrat on the Senate Finance Committee, who is asking the IRS for further analysis.

“Congress must act swiftly to protect the integrity of the conservation easement program. American taxpayers could be on the hook for billions and billions of dollars.”



THE WALL STREET JOURNAL.

THE 10-POINT

YOUR PERSONAL BRIEFING  
ON THE DAY'S TOP STORIES

Scoops. Hard News. Features.  
Video. Straight to Your Inbox.

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Under U.S. law, land owners can donate the development rights to their property to land trusts, other charities or governments. For example, a farmer with a \$5 million piece of land in a fast-growing area can place an easement on the property that restricts development. By donating the easement to a charity and getting an appraisal, the farmer could show that the land's value has diminished by \$3 million and thus can claim that amount as a deduction.

That is relatively noncontroversial in Congress, though the break skews to wealthier households. President Donald Trump has used this type of deal in at least four states.

The syndicates that popped up in recent years, however, are more aggressive, and more controversial, because they can let people profit quickly from tax breaks. They have also led to a rift in the conservation world, with more established land trusts worrying that more aggressive deals undermine support for conservation easements more broadly.

In a syndicated easement, the organizer recruits investors who buy a piece of a partnership. The organizer identifies property, buys it, makes the donation and then parcels out the deduction. The syndicated deals are particularly popular in the Southeast, and their backers say they efficiently promote conservation by getting tax deductions to people who have the income to use them.

The key, critics say, is often an inflated and unrealistic appraisal and a relatively small network of advisers and charities supporting the transactions. The disclosures identified just 38 appraisers involved in the 552 deals.

The IRS's 2016 requirement forced advisers and taxpayers to disclose transactions where the value of the deduction was at least 2.5 times the investment, roughly the point where the tax deduction exceeds the original investment for many taxpayers.

The average deduction was 4.07 times the investment, with some exceeding seven times the investment, according to the IRS data.

The IRS, which frequently challenges ordinary and syndicated easements, can then use the information in audits. Failure to disclose carries penalties of up to \$200,000.

Sens. Steve Daines (R., Mont.) and Debbie Stabenow (D., Mich.) introduced a bill last month that would deny the tax break when the deduction-to-investment ratio exceeds 2.5. Mr. Wyden backed that bill on Wednesday and Reps. Mike Thompson (D., Calif.) and Mike Kelly (R., Pa.) have a companion House bill.

Andrew Bowman, president of the Land Trust Alliance, which represents more established conservation groups, said there's no reason to wait. "And every day that Congress does wait, what this shows is the taxpayers are going to be bilked out of millions, if not billions, of dollars," he said.

But the syndicators have also gotten more active in Washington, ramping up their lobbying and campaign contributions.

The group arguing against the proposed changes, the Partnership for Conservation, said the IRS report doesn't consider the benefits from land conservation.

"The swirl of disinformation is being used to promote bad policy that will protect the interests of billionaires, limit the participation of everyday Americans in conservation and ultimately lead to less land being conserved," said Randy Bampfield, co-chair of the group's legal committee.



## CDFW News



**INVASIVE SPECIES, PUBLIC LANDS**

# Nutria Discovered in San Joaquin Valley; CDFW Seeks to Prevent Further Spread and Infestation

**FEBRUARY 8, 2018 | PTIRAWILDLIFE**



The California Department of Fish and Wildlife (CDFW) has become aware of a population of invasive nutria (*Myocastor coypus*) reproducing within the San Joaquin Valley. Given the severity of potential impacts and the impacts realized in other infested states, CDFW believes early intervention actions could be successful in eradicating nutria from the area and is asking the public's help in looking for and reporting nutria sightings in order to determine the extent of the infestation.

To date, nutria have been found in wetlands, rivers, canals and other freshwater habitat in Merced, Fresno and Stanislaus counties. If allowed to establish, nutria will severely impact California's resources, causing the loss of wetlands, severe soil erosion, damage to agricultural crops and levees and reduced stability of banks, dikes and roadbeds, as they have done in Louisiana, Chesapeake Bay and the Pacific Northwest. Nutria also degrade water quality and contaminate drinking supplies with parasites and diseases transmissible to humans, livestock and pets.

Native to South America, nutria are large, semi-aquatic rodents that reach up to 2.5 feet in body length, 12-inch tail length and 20 pounds in weight. Nutria strongly resemble native beaver and muskrat, but are distinguished by their round, sparsely haired tails and white whiskers (see CDFW's Nutria Identification Guide (<http://nrm.dfg.ca.gov/FileHandler.ashx?DocumentID=154118>)). Both nutria and muskrat often have white muzzles, but muskrats have dark whiskers, nearly triangular (laterally compressed) tails and reach a maximum size of five pounds. Beavers have wide, flattened tails and dark whiskers and reach up to 60 pounds.

Female nutria are reproductive by six months of age, breed year-round, and can produce three litters in 13 months. Within approximately one year of reaching reproductive maturity, one female nutria can result in more than 200 offspring, which can disperse as far as 50 miles.

Nutria are destructive, wasteful feeders that destroy up to 10 times the vegetation they consume. Signs of presence typically include cut, emergent vegetation (e.g. cattails and bulrushes), with only the base portions eaten and the stems left floating. Nutria construct burrows with entrances typically below the water line, though changing water levels may reveal openings. Similar to other aquatic mammals, nutria often create runs, or paths in and out of the water or between aquatic sites. Nutria tracks have four visible front toes and, on their hind feet, webbing between four of five toes. Tracks are often accompanied by narrow tail drags.

Since March 30, 2017, more than 20 nutria, including males, pregnant females and juveniles, have been documented within private wetlands near Gustine, duck clubs, the Merced River near Cressey, adjacent to the San Joaquin River near Grayson, south of Dos Palos, the San Luis National Wildlife Refuge, and Salt Slough on the San Joaquin River. The full extent of the infestation is not yet known.

A multiagency Nutria Response Team, which includes representatives from CDFW, the California Departments of Food and Agriculture, Parks and Recreation, and Water Resources, the U.S. Department of Agriculture, the U.S. Fish and Wildlife Service and local county agricultural commissioner offices, has convened with the goal of eradicating nutria from the state. The response team is currently pre-

paring an eradication plan, the first stage of which is determining the full extent of the infestation. Assistance from local landowners and the public throughout the Central Valley, Sacramento-San Joaquin Delta and beyond is critical to successfully delineating the population.

Suspected observations or potential signs of nutria should be photographed and immediately reported to CDFW's Invasive Species Program online (<https://www.wildlife.ca.gov/Conservation/Invasives/report>), by e-mail to [invasives@wildlife.ca.gov](mailto:invasives@wildlife.ca.gov) (<mailto:invasives@wildlife.ca.gov>), or by phone at (866) 440-9530. Observations on state or federal lands should be immediately reported to local agency staff at that land. CDFW has a nutria webpage (<https://www.wildlife.ca.gov/Conservation/Invasives/Species/Nutria>) and a downloadable PDF (<https://nrm.dfg.ca.gov/FileHandler.ashx?DocumentID=122521&inline>) with photos and detailed descriptions of these rodents, their preferred habitat and the environmental threats they present.

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Nutria photo courtesy of Joyce Gross, UC Berkeley.