

Colorado Rio Grande Conservation Reserve Enhancement Program (CREP)



What is CREP?

- **A federal program authorized under the Farm Bill**
- **CREP = The Conservation Reserve Enhancement Program**
- **Managed by USDA-FSA**
- **Permanently or Temporarily (15 years) retires irrigated farm ground in return for annual payments**

The Farm Bill and CREP

- **CREP currently operating under the 2018 Farm Bill**
- **Congress is working on 2024 reauthorization of the Farm Bill**

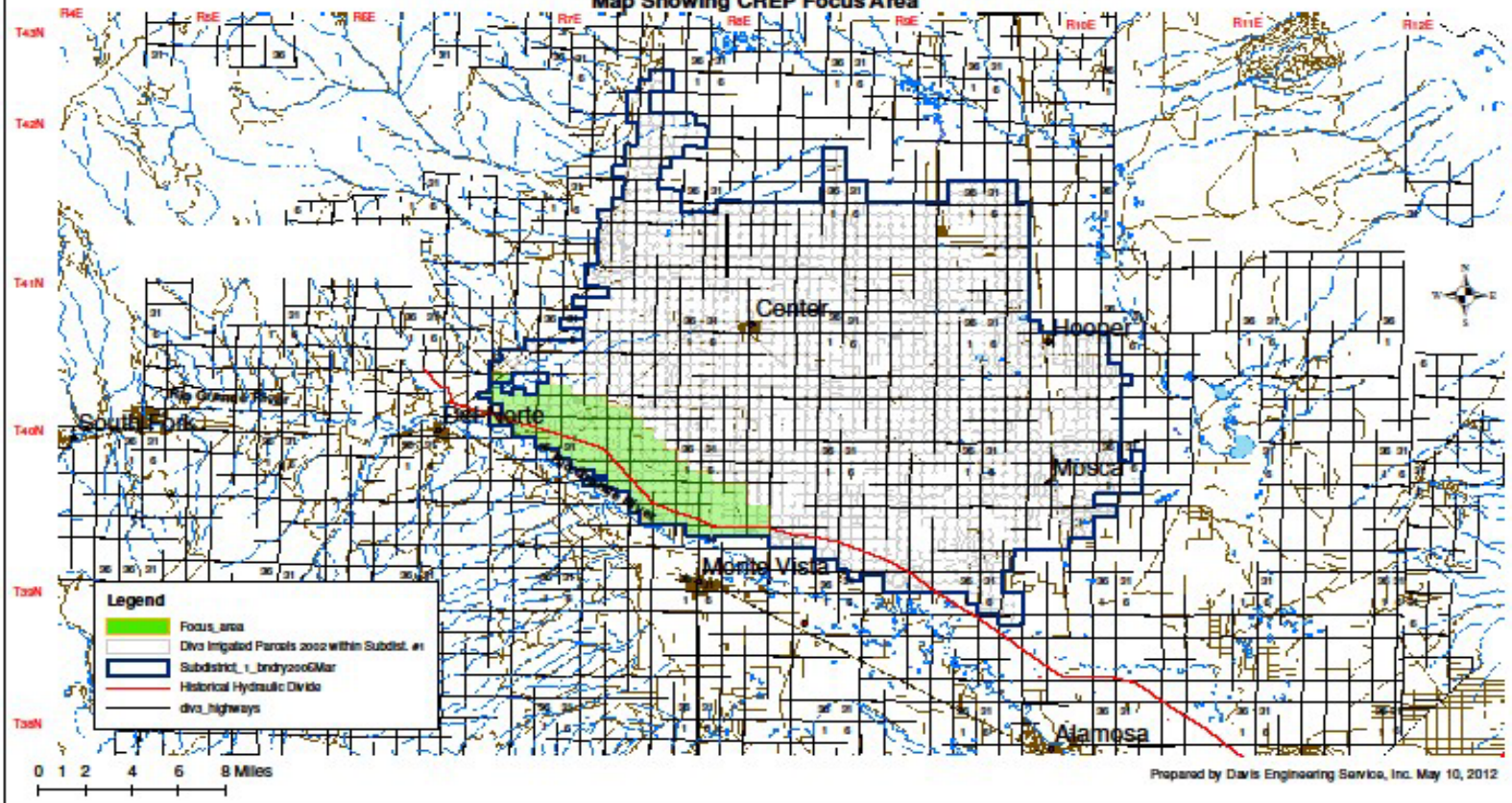
How is CREP different than CRP?

- **Offshoot of the Conservation Reserve Program (CRP) administered by Farm Service Agency**
- **Voluntary Federal/State/Local Conservation Partnership**
- **Requires a 20% non-federal match**
- **Geographically Focused**
- **Irrigated vs. Dryland Rental Rates**

Core Features of the Rio Grande CREP

- **Target 40,000 acres only within Subdistrict #1.**
- **14-15 year contract with USDA-FSA.**
- **Converts irrigated farmland to permanent cover for 15 years= no cropping or irrigation during contract (irrigation permitted for permanent cover establishment only).**
- **No irrigation on enrolled acres except to establish permanent cover.**

**Subdistrict District #1 of the Rio Grande Water Conservation District
Map Showing CREP Focus Area**



Objectives of the Rio Grande CREP

- **Reduce agricultural water use by at least 60,000 acre-feet annually.**
- **Improve the Aquifer through voluntary incentive-based program.**
- **Increase streamflows in streams associated with the Rio Grande Basin within the project area.**

Objectives of the Rio Grande CREP, **continued**

- **Restore and enhance wildlife habitat.**
- **To reduce soil erosion by over 500,000 tons per year;**
- **To reduce energy consumption and fertilizer and pesticide application;**

Re-Vegetation Requirements



- **All range sites will be evaluated by range conservationists and others to ensure stand establishment is maximized based on conditions.**
- **Vegetation selection will ensure that cover will persist for the term of the contract after irrigation is removed.**
- **All Practices will likely require an annual cover crop before permanent cover is planted.**
- **Most Practices will require that irrigation be applied for cover crop and permanent vegetation establishment.**

Enrollment Criteria

- USDA-FSA DETERMINATIONS
 - Land Eligibility
 - Cropping History
 - Landowner Eligibility
- SUBDISTRICT #1 DETERMINATIONS
 - Offer Location
 - Water Use
 - Water Ownership

Irrigation Criteria for Enrollment

- **1/2 acre foot irrigation for 4 of 6 yrs as established by CRP's National Directives (currently 2012-2017).**
- **Must have been:**
 - **Irrigated with 1/2 acre foot per acre within 24 months**

Or

 - **Enrolled in Voluntary Fallowing Program within 24 months of being offered**
 - **Physically and legally capable of being irrigated at time of offer**

Or

 - **Enrolled in voluntary fallowing program**
- **Non-irrigated land is ineligible for this CREP.**

Incentives for the Rio Grande CREP

- **USDA-FSA rental payments and cost share.**
- **USDA-FSA additional incentives**
- **Subdistrict Incentives for water retirement and Bonus Zone.**
- **Bonus payments for permanent water retirement and cost share from Subdistrict #1 WAE.**

Federal Rental Rates and Cost-Share

Federal funding accounts for approximately 80% of the project costs. The USDA-FSA administers and provides:

- **Annual irrigated rental rate* is set for the life of the contract in the year of signup**
- **10% Incentive for 2023**
- **Practice installation cost-share- 50% of eligible cost**

***USDA-FSA Irrigated Rental Rates are by county and are updated each year; but for land under contract the rate remains the same as the year of signup for the life of the contract.**

Incentives: Non-Federal Dollars

- **Non-federal funding and in-kind contributions must account for at least 20% of the total project cost.**
- **Subdistrict #1 will provide:**
 - **One-Time Sign Up Incentives (could change annually)**
 - **Annual Water Retirement Rate Payment**
 - **Bonus Payments (Bonus Zone, Perm. Water Retirement, etc.)**
 - **In-kind contributions such as monitoring, reporting, and promotional efforts**
 - **Equalization “GAP” payments to adjust for county rates**

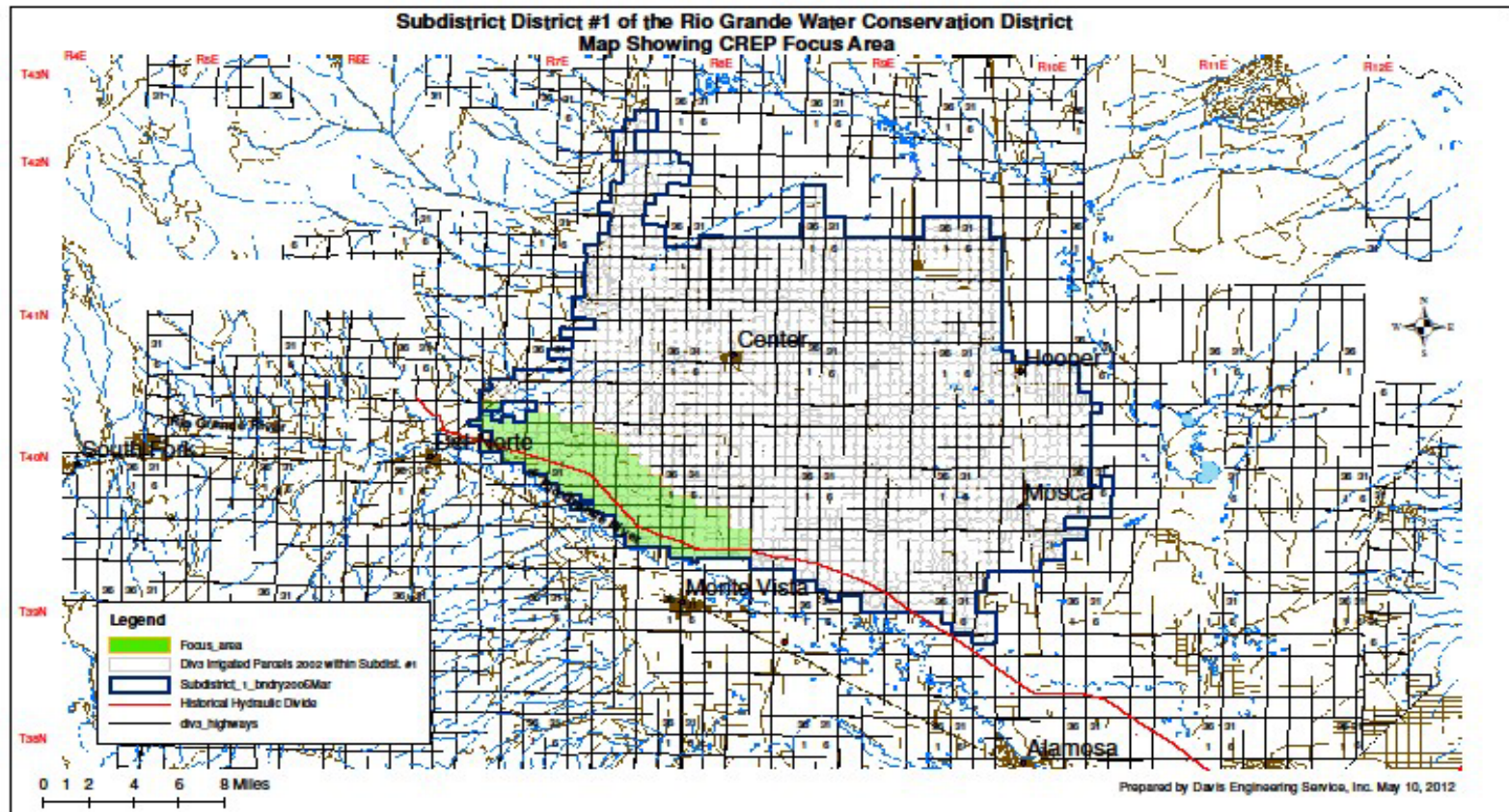
Rio Grande Subdistrict # 1 CREP- USDA Contributions

- **USDA-FSA irrigated Rental Rate-
\$246*/acre for 2023 (15 years)**
 - **USDA Irrigated Rental Rate varies between the three counties. Subdistrict #1 supplements the lower rates to match the highest county rate.**
- **USDA-FSA cost-share – 50% of total cost of practice installation (~\$100.00/ACRE)**

Rio Grande Subdistrict # 1 CREP- County Equalization “GAP” (2023 rates)

County	USDA 2023 County Average Irrigated Rate	USDA 2023 Incentive	USDA 2023 Rate	Subdistrict #1 “GAP” Incentive	Total
Alamosa	\$ 210	10%	\$ 231	\$ 15	\$ 246
Rio Grande	\$ 193	10%	\$ 212	\$ 34	\$ 246
Saguache	\$ 224	10%	\$ 246	\$ -	\$ 246

Rio Grande Subdistrict #1 CREP Area



Subdistrict #1 Incentives

Four Scenarios

- 1. 15 Year Water Retirement Outside Bonus Zone**
- 2. 15 Year Water Retirement Inside Bonus Zone**
- 3. Permanent Water Retirement Outside Bonus Zone**
- 4. Permanent Water Retirement Inside Bonus Zone**

2024 CREP INCENTIVE FLOW CHART

Updated 8/23/2023

Permanent

Temporary

Focus Area

Not In Focus Area

Focus Area

Not In Focus Area

One Time Sign Up
\$2,250/acre

One Time Sign Up
\$2,000/acre

FSA
\$246/acre¹

FSA
\$246/acre¹

FSA
\$246/acre¹

FSA
\$246/acre¹

GAP Incentive
to Max Rental Rate

GAP Incentive
to Max Rental Rate

GAP Incentive
to Max Rental Rate

GAP Incentive
to Max Rental Rate

Annual Rental
\$33/acre*

Annual Rental
\$22/acre*

Focus Area Rental
Bonus @ \$10/acre*

Annual Rental
\$44/acre*

Focus Area
Rental Bonus @
\$10/acre*

Annual Rental
\$66/acre*

One Time Focus Area
\$100/acre

One Time Focus Area
\$100/acre

One Time Cover
Crop
Establishment
50%- not to
exceed \$100/
acre

One Time Cover
Crop Establishment
50%- not to exceed
\$100/acre

* = Prorated depending on when producer signs up for CREP.
¹ = Max Annual Rental rate offered by FSA in 2023 (is subject to change annually)
 [Green Box] = CREP Contract Incentives
 [Yellow Box] = Additional Incentives by Sub. 1

Rio Grande Subdistrict #1 Contributions:

15 year Water Retirement (Non-Bonus Zone)

- Annual Water Retirement Rate
 - \$22/acre/year for 15 years
 - Using 120 Acre Example
 - 120 acres x \$22= \$2640 Annually
 - Subdistrict #1 Total Payout (15 Years)
 - \$2640 x 15 years= \$39,600

Rio Grande Subdistrict #1 Total Value Example

15 year Water Retirement (Non-Bonus Zone), 120 Acres

Subdistrict #1 Total Payout (15 years)	\$ 39,600
USDA Payments* (15 years)	\$442,800
<u>Total Value</u>	<u>\$482,400</u>

* Includes RGWCD 'GAP' coverage

Rio Grande Subdistrict #1 Total Value Example

15 year Water Retirement (Non-Bonus Zone), per Acre

Subdistrict #1 Total Payout (15 years)	\$ 330
USDA Payments* (15 years)	\$3,690
<u>Total Value</u>	<u>\$4,020</u>

* Includes RGWCD 'GAP' coverage

Rio Grande Subdistrict #1 Contributions:

15 Year Water Retirement (Bonus Zone):

- Annual Water Retirement Rate
 - \$33/acre/year for 15 years
 - Annual Rate Bonus
 - \$10/acre/year for 15 years
 - Using 120 Acre Example
 - 120 acres x \$43 (\$33 + \$10)= \$5,160 Annually
 - Subdistrict #1 Total Payout (15 years)
 - \$5,160 x 15 years= \$77,400
- One-Time Bonus Payment
 - \$100/ acre (using 120 acres; one-time bonus= \$12,000)
- One Time Cover Establishment Bonus
 - 50% of cost up to \$100/ acre (cannot exceed total cost of establishment)

Rio Grande Subdistrict #1 Total Value Example

15 Year Water Retirement (Bonus Zone), 120 Acres

Subdistrict #1 Total Payout (15 years)	\$ 77,400
One-Time Bonus Payment for Bonus Zone	\$ 12,000
One Time Cover Establishment Bonus	up to \$ 12,000
USDA Payments* (15 years)	\$ 442,800
Total Value	\$ 544,200

* Includes RGWCD 'GAP' coverage

Rio Grande Subdistrict #1 Total Value Example

15 Year Water Retirement (Bonus Zone), per Acre

Subdistrict #1 Total Payout (15 years)	\$ 645
One-Time Bonus Payment for Bonus Zone	\$ 100
One Time Cover Establishment Bonus	up to \$ 100
USDA Payments* (15 years)	\$ 3,690
<u>Total Value</u>	<u>\$ 4,535</u>

* Includes RGWCD 'GAP' coverage

Rio Grande Subdistrict #1 Contributions:

Permanent Water Retirement (Non-Bonus Zone)

- Annual Water Retirement Rate

- \$44/acre/year for 15 years
- Using 120 Acre Example
- 120 Acres x \$44= \$5,280 Annually
- Subdistrict #1 Total Payout (15 years)
- \$5,280 x 15 years = \$79, 200

- One-Time Permanent Water Retirement Sign-Up Bonus

- \$2000/acre (could change annually depending on funding)
- Example using 120 Acres
- \$2000 x 120 Acres= \$240,000 one-time payment

Rio Grande Subdistrict #1 Total Value Example

Permanent Water Retirement (Non-Bonus Zone), 120 Acres

Subdistrict #1 Total Payout (15 years)	\$ 79,200
One-Time Permanent Water Retirement Sign-Up Bonus	\$ 240,000
USDA Payments* (15 years)	\$ 442,800
<u>Total Value</u>	<u>\$ 762,000</u>

* Includes RGWCD 'GAP' coverage

Rio Grande Subdistrict #1 Total Value Example

Permanent Water Retirement (Non-Bonus Zone), per Acre

Subdistrict #1 Total Payout (15 years)	\$ 660
One-Time Permanent Water Retirement Sign-Up Bonus	\$ 2,000
USDA Payments* (15 years)	\$ 3,690
<u>Total Value</u>	<u>\$ 6,350</u>

* Includes RGWCD 'GAP' coverage

Rio Grande Subdistrict #1 Contributions

Permanent Water Retirement (Bonus Zone):

- **Annual Water Retirement Rate**
 - \$66/acre/year for 15 years
 - Annual Rate Bonus
 - \$10/acre/year for 15 years
 - Using 120 Acre Example
 - 120 acres x \$76 (\$66 + \$10)= \$9,120 Annually
 - Subdistrict #1 Total Payout (15 years)
 - \$9,120 x 15 years= \$136, 800
- **One-Time Bonus Payment for Bonus Zone**
 - \$100/ acre (using 120 acres; one-time bonus = \$12,000)
- **One-Time Permanent Water Retirement Sign-Up Bonus**
 - \$2,250/ acre (using 120 acres; one-time Sign-Up bonus = \$270,000)
- **One Time Cover Establishment Bonus**
 - Up to \$100/ acre (cannot exceed total cost of establishment)

Rio Grande Subdistrict #1 Total Value Example

Permanent Water Retirement, Bonus Zone, 120 Acres

Subdistrict #1 Total Payout (15 years)	\$ 136,800
One-Time Bonus Payment for Bonus Zone	\$ 12,000
One-Time Permanent Water Retirement Sign-Up Bonus	\$ 270,000
One Time Cover Establishment Bonus	up to \$ 12,000
USDA Payments* (15 years)	\$ 442,800
<u>Total Value</u>	<u>\$ 873,600</u>

* Includes RGWCD 'GAP' coverage

Rio Grande Subdistrict #1 Total Value Example

Permanent Water Retirement, Bonus Zone, per Acre

Subdistrict #1 Total Payout (15 years)	\$ 1,140
One-Time Bonus Payment for Bonus Zone	\$ 100
One-Time Permanent Water Retirement Sign-Up Bonus	\$ 2,250
One Time Cover Establishment Bonus	up to \$ 100
USDA Payments* (15 years)	\$ 3,690
<u>Total Value</u>	<u>\$ 7,280</u>

* Includes RGWCD 'GAP' coverage

Summary (per acre over 15 years)

- **USDA Rental Payment within entire Subdistrict**
\$246*/ac for 2023 for 15 years= \$3690/ac
- **Subdistrict Payments:**
 - **Non-bonus Zone(15-year water retirement) = \$330/ac**
 - **Bonus Zone(15-year water retirement)= \$845/ac**
 - **(includes estimated c/s of \$100 & one- time bonus payment)**
 - **Non-bonus Zone(Permanent water retirement) = \$2660/ac (includes one-time bonus payment)**
 - **Bonus Zone (Permanent water retirement)= \$3590/ac**
 - **(includes estimated c/s of \$100 & one-time bonus payments)**

*** 2023 Rate (Includes RGWCD 'GAP' coverage)**

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