Preliminary Costs for Potential Conversion Projects
and
Discussion of Memorandum of Agreement for ESPA CAMP Conversion Projects

September 22, 2009
Conversions Working Group Meeting
Meeting Agenda

1. Review preliminary costs for selected project sites
2. Discuss AWEP conversion project contracts
3. Discuss development of a Memorandum of Agreement for ESPA CAMP Conversion Projects
Possible Conversions 1-5
1. Hazleton Butte
2. H & P Farms
3. East Dock
4. East End A & B Project
5. West End A & B Project

Potential Conversion Projects One through Five

- Immediate Upper Canal
- New Main Drain
- Main North Side Canal
- Big Heads Canal
- Reservoir Canal

Water Source
- Groundwater
- Wells
- Surface Water

Potential Large Conversion Projects

- Irrigation Compactions

Map Legend:
- Possible Conversions
- Water Source
- Wells
- Surface Water
- ESPA Boundary
- Canals
Potential Conversion Projects
Thirteen through Fifteen
With Selected Irrigation Districts

Possible Conversions 13-15
13 Rockford Canal
14 East Shelley
15 End of New Swenon

Possible Large Conversion Projects
Irrigation Companies
Water Source
Groundwater
Mecrc
Surface Water
EGPA Boundary
Canals

15
NEW LAVA SIDE
DITCH CO
LIMITED

13
PEOPLE'S
CANAL &
IRRIGATION CO

Tebey
Liberty
Conversion Projects Identified for Further Evaluations

<table>
<thead>
<tr>
<th>Site No.</th>
<th>Project Name</th>
<th>County</th>
<th>Conveyance Company</th>
<th>Estimated Project Cost</th>
<th>Acres (ac)</th>
<th>Est Cost per Ac</th>
<th>Design Rate of Flow (cfs)</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Hazelton Butte (diversion from canal &amp; limited rate)</td>
<td>Jerome</td>
<td>Milner-Gooding Canal</td>
<td>$7.7 - $9.5 million</td>
<td>8600</td>
<td>$1,100</td>
<td>60</td>
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<td>2</td>
<td>H &amp; P Farms</td>
<td>Jerome</td>
<td>Milner-Gooding Canal</td>
<td>$5.65 million</td>
<td>1200</td>
<td>$425</td>
<td>15</td>
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<tr>
<td>5</td>
<td>West End A&amp;B Project</td>
<td>Jerome/Minidoka</td>
<td>Milner-Gooding Canal</td>
<td>$5 - $6.5 million</td>
<td>6400</td>
<td>$950</td>
<td>60</td>
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<td>13</td>
<td>Rockford</td>
<td>Bingham</td>
<td>Aberdeen Springfield Canal</td>
<td>Not available</td>
<td>Not Avail</td>
<td>Not Avail</td>
<td>Not avail</td>
</tr>
<tr>
<td>14</td>
<td>Mooreland</td>
<td>Bingham</td>
<td>Peoples or Aberdeen Springfield Canals</td>
<td>Not available</td>
<td>Not Avail</td>
<td>Not Avail</td>
<td>Not avail</td>
</tr>
</tbody>
</table>
ESPA Agricultural Water Enhancement Program (AWEP) Proposal
Submitted for the State of Idaho through the IWRB
Conversion Projects Contracts
Idaho AWEP Proposal Background

• Program was included in the 2008 Farm Bill.

• Goal is to develop partnerships between the federal Natural Resources Conservation Service (NRCS) and states, (or tribes, others) to direct the use of federal funds to address certain water problems based on a coordinated plan.

• In January of 2009, a request for proposals for AWEP was issued in the federal register, with a due date in early March.

• ESPA was included in the federal legislation as one of a few priority areas nationwide.
Idaho AWEP Proposal Background

• The IWRB, through the ESPA CAMP Advisory Committee, had just completed the ESPA Comprehensive Aquifer Management Plan (CAMP).

• On behalf of the state, the IWRB submitted a proposal recognizing the CAMP as the state approved coordinated plan for the ESPA, and seeking funds to assist with the implementation of the CAMP.

• A group made up of several CAMP Advisory Committee members and agency personnel was convened to draft a proposal.

• The proposal was submitted to the NRCS on March 2, 2009.

• The IWRB was notified at the end of July that the proposal was funded for approximately $15.3 million over 5 years.
Idaho AWEP Proposal Background

- Ground water to surface water conversions ($8,960,000)

- Demand reduction
  - Delivery system improvements below the rim in the Thousand Springs reach ($2,625,000)
  - Aquifer demand reduction incentives ($1,400,000)
  - Conversion to dry land farming ($1,400,000)
  - Crop mix modification pilot project ($875,000)

- AWEP funds are issued directly to the producer and provide for up to 75% of the project costs.
2009 AWEP Conversion Projects
Contracts signed with the NRCS

1) 14 projects/contracts executed with the NRCS

2) A total of 4884 acres proposed for conversion

3) The estimated total project costs for the contracts executed are $1,689,930 (approx. $346/ac)

4) Project costs range from ($61,000 to $360,000)

5) County Project Distribution:
   - Bingham - 4
   - Bonneville - 2
   - Cassia - 1
   - Jerome - 2
   - Lincoln - 1
   - Gooding - 4
2009 AWEP Conversion Projects
Steps Forward

1) IWRB & IDWR to perform water right review on proposed projects, and coordinate with project owners.

2) IWRB & IDWR coordinating with the NRCS to provide technical support, include measuring devices in designs, etc.

3) NRCS performing engineering design and requires a final approved design prior to construction.

4) Coordinate with Conveyance Companies to determine ability to deliver surface water to proposed projects (required prior to construction).

5) Develop Memorandum of Agreement between the IWRB, the Project User and the Conveyance Company (required prior to construction).

6) Coordinate with the NRCS to initiate the 2010 program. This includes establishing a process to receive and review applications, consideration of group conversion projects, and implementation of the other AWEP proposal programs.
DEVELOPMENT OF A MEMORANDUM OF AGREEMENT FOR ESPA CAMP CONVERSION PROJECTS
Administration of Selection, Construction and Long-Term Management of Conversion Projects

- **Project Review Process**
  - Working Group identifies projects, reviews proposals, and reviews applications solicited through other programs (e.g. AWEP)
  - Recommend approval
  - Proposal or Application Denied

- **Review & Approval by Implementation Committee based on available budget**
  - Approve Project
  - Proposal or Application Denied

- **Review & Approval by the IWRB**
  - Develop (in coordination with the AG's Office, Working Group, etc.) and Execute Contract or MOU b/w the IWRB (State), Project User & Conveyance Company
  - Proposal or Application Denied

- **Issue Funding (CAMP, AWEP, or other future funding source)**
  - Verify construction
  - Benefits from Project applied to meet ESPA CAMP goals.
DISCUSSION OF MEMORANDUM OF AGREEMENT FOR ESPA CAMP CONVERSION PROJECTS

• The following is a list of potential contract components and commitments suggested for inclusion in a Memorandum of Agreement (MOA) between the Idaho Water Resource Board, the ESPA CAMP Conversion Project User and the designated Conveyance Company.

• This list focuses primarily on the tasks and duties expected of each party. Additional sections including General Provisions, Recitals, and Payments and Invoice Information, etc. are expected to use standardized language, and will be introduced after today’s discussion in a draft of the MOA for review by the Working Group.
DISCUSSION OF MEMORANDUM OF AGREEMENT

Substantive Tasks and Duties

1. IWRB Responsibilities
   a) The State through the IWRB shall provide surface water for the conversion project whenever possible to implement the goals of the ESPA CAMP. (This provision should be adapted if the specific project has other surface water supplies.)
   b) The State shall provide funding, either through the ESPA CAMP or other funding opportunities, for the following: (define funding requirements such as conveyance fees, operation and maintenance, infrastructure requirements, project construction, easements, etc.).
   c) Identify project construction obligations – define which party is responsible for coordination and implementation of project construction in accordance with approved engineering design, including easement acquisition, and infrastructure improvements required on the canal system to deliver available surface water.
DISCUSSION OF MEMORANDUM OF AGREEMENT

Substantive Tasks and Duties

1. IWRB Responsibilities
   d) The IWRB’s project manager, or his designee, together with the Project User and Conveyance Company’s Project Managers or their designee, shall inspect or review the project construction and operation activities for compliance with the Tasks and Duties.
   e) Clarify monitoring and reporting requirements and duties.
   f) Identify operation and maintenance duties.
   g) Define project ownership (who will retain ownership of all or part of the project).
DISCUSSION OF MEMORANDUM OF AGREEMENT

Substantive Tasks and Duties

2. Project User Responsibilities
   a) The Project User shall use surface water in place of ground water
      when available and to the extent possible.
   b) The Project User shall pay for: (define funding obligations based on
      project requirements and other available funds through sources such
      as AWEP. Obligations may include operation and maintenance
      costs.)
   c) Identify project construction obligations – define which party is
      responsible for coordination and implementation of project
      construction in accordance with approved engineering design,
      including easement acquisition, and infrastructure improvements
      required on the canal system to deliver available surface water.
DISCUSSION OF MEMORANDUM OF AGREEMENT

Substantive Tasks and Duties

2. Project User Responsibilities cont.
   
   d) Identify operation and maintenance duties.
   e) The Project User shall comply with the water use monitoring and reporting requirements defined in this Agreement.
   f) Define project ownership (who will retain ownership of all or part of the project).
   g) Clarify whether the Project User will supply surface water to the conversion project.
   h) Clarify water right issues (e.g. Ground water rights associated with the place of use of the conversion project may not be transferred during the term of this agreement).
DISCUSSION OF MEMORANDUM OF AGREEMENT

Substantive Tasks and Duties

3. Conveyance Company Responsibilities

a) The Conveyance Company shall deliver surface water that is legally available by the IWRB or other entities for conversion projects when in priority as determined by the Watermaster of Water District 1, and in accordance with canal operation requirements.

b) The Conveyance Company has discretion over deliveries and may cease delivery of water for operational reasons or based on the needs of its shareholders.

c) The Conveyance Company will provide an accounting of the surface water delivered to their canal system and an accounting of surface water delivered to each project.

d) Identify operation and maintenance duties.

e) Should there be a separate Water Conveyance Agreement with the Conveyance Company to define compensation and operational requirements?
DISCUSSION OF MEMORANDUM OF AGREEMENT

Compensation, Payments & Invoice Information
- Advance Payment for Services
- Payment and invoicing procedures
- Records and Accounting

Term of MOA
- This agreement shall take effect once it has been signed by all the parties and shall continue in effect until XX. This contract may be renewed upon execution of an extension amendment by both parties. (term period for discussion by the Working Group)

Termination
- (Discuss termination options. Options must comply with accompanying contracts such as the AWEP contracts).
DISCUSSION OF MEMORANDUM OF AGREEMENT

Questions or other contract elements that should be considered?