

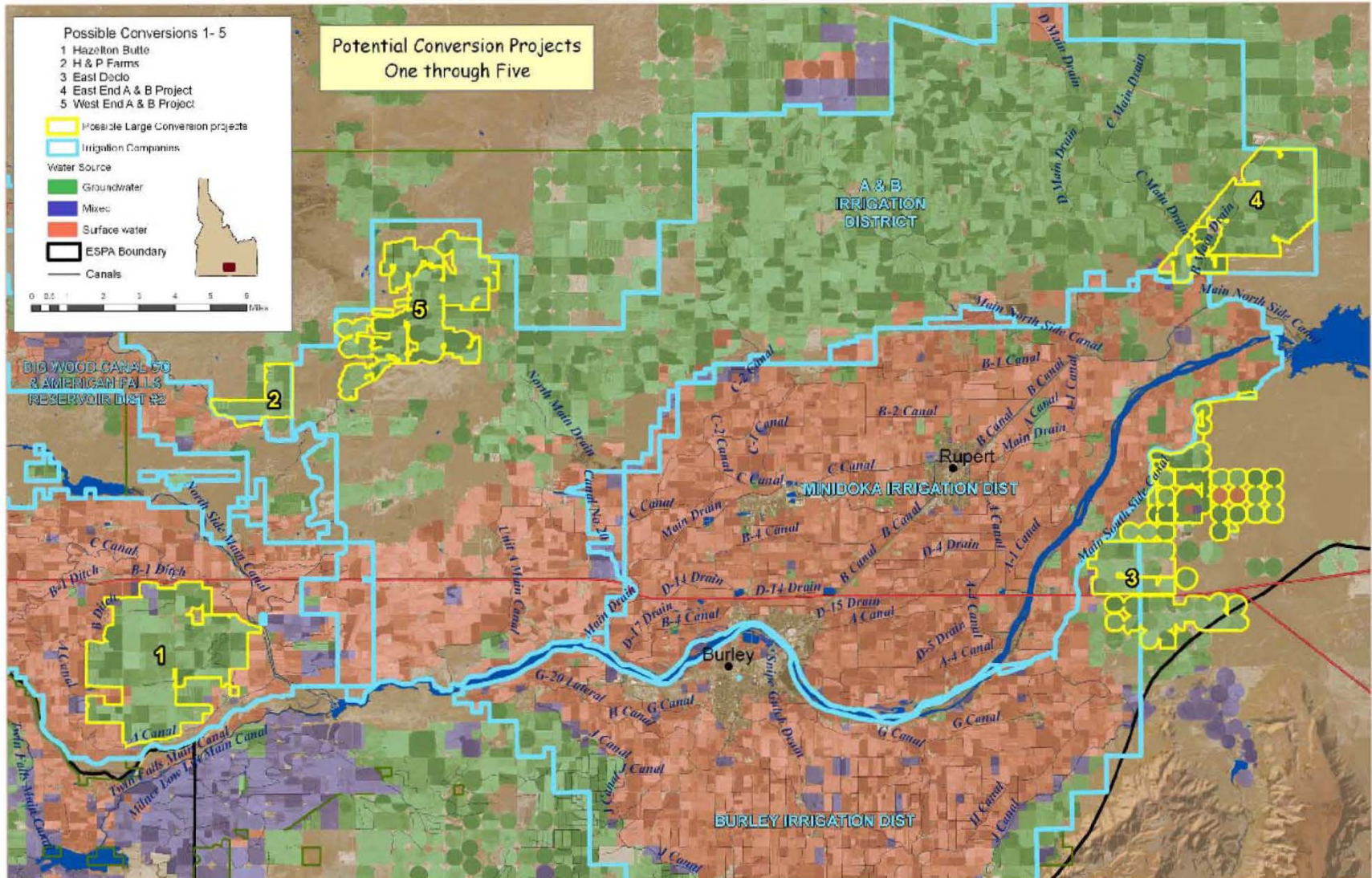
Preliminary Costs for Potential Conversion Projects and Discussion of Memorandum of Agreement for ESPA CAMP Conversion Projects

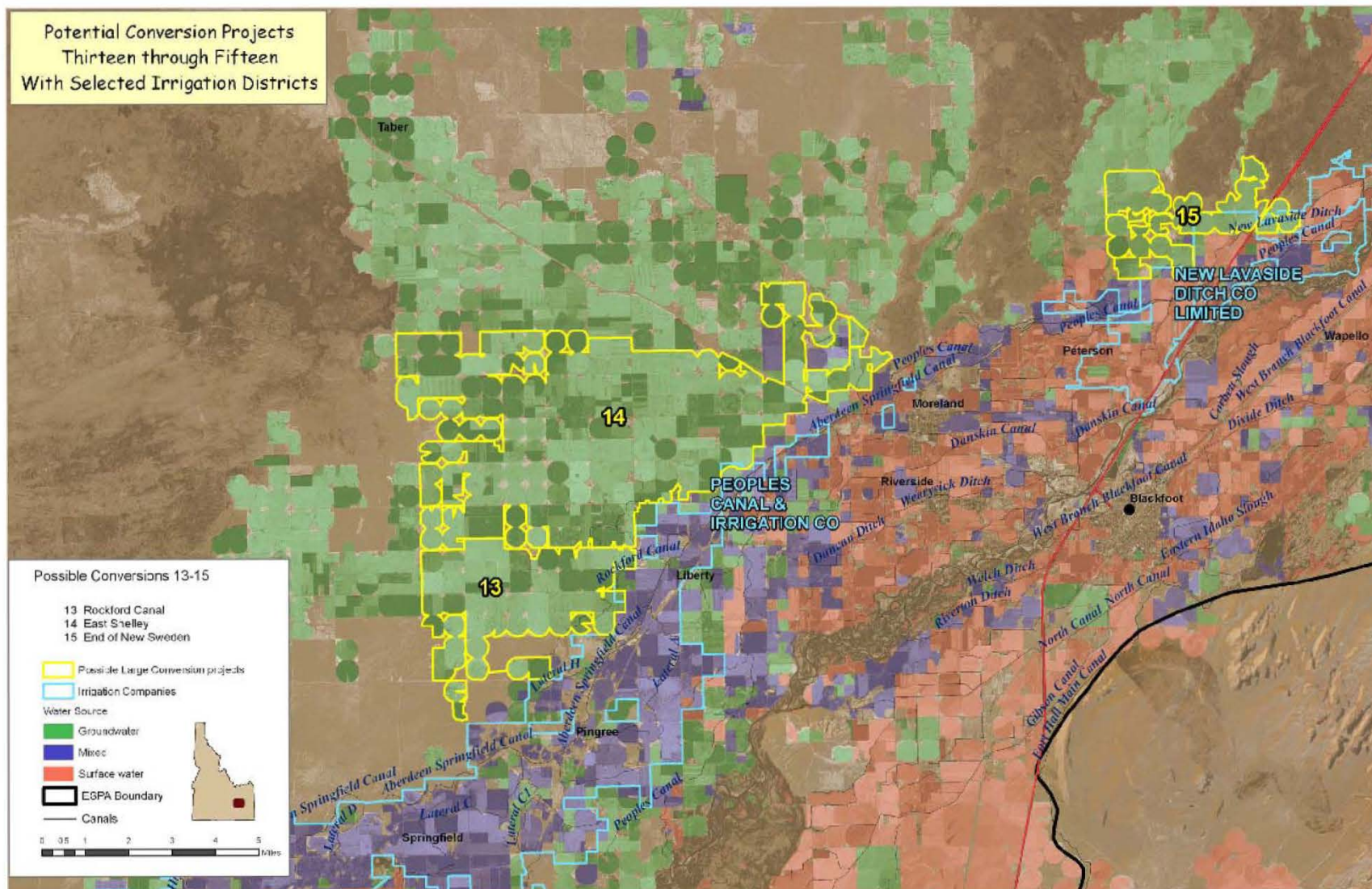
September 22, 2009

Conversions Working Group Meeting

Meeting Agenda

1. Review preliminary costs for selected project sites
2. Discuss AWEPP conversion project contracts
3. Discuss development of a Memorandum of Agreement for ESPA CAMP Conversion Projects





Conversion Projects Identified for Further Evaluations

Site No.	Project Name	County	Conveyance Company	Estimated Project Cost	Acres (ac)	Est Cost per Ac	Design Rate of Flow (cfs)
1	Hazelton Butte (diversion from canal & limited rate)	Jerome	Milner-Gooding Canal	\$7.7 - \$9.5 million	8600	\$1,100	60
2	H & P Farms	Jerome	Milner-Gooding Canal	\$5.65 million	1200	\$425	15
5	West End A&B Project	Jerome/ Minidoka	Milner-Gooding Canal	\$5 - \$6.5 million	6400	\$950	60
13	Rockford	Bingham	Aberdeen Springfield Canal	Not available	Not Avail	Not avail	Not avail
14	Mooreland	Bingham	Peoples or Aberdeen Springfield Canals	Not available	Not Avail	Not avail	Not avail

ESPA Agricultural Water Enhancement Program (AWEP) Proposal

**Submitted for the State of Idaho
through the IWRB**

Conversion Projects Contracts

Idaho AWEF 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 AWEF 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 AWEF 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 AWEPP 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)
- AWEPP funds are issued directly to the producer and provide for up to 75% of the project costs.

2009 AWEF 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:

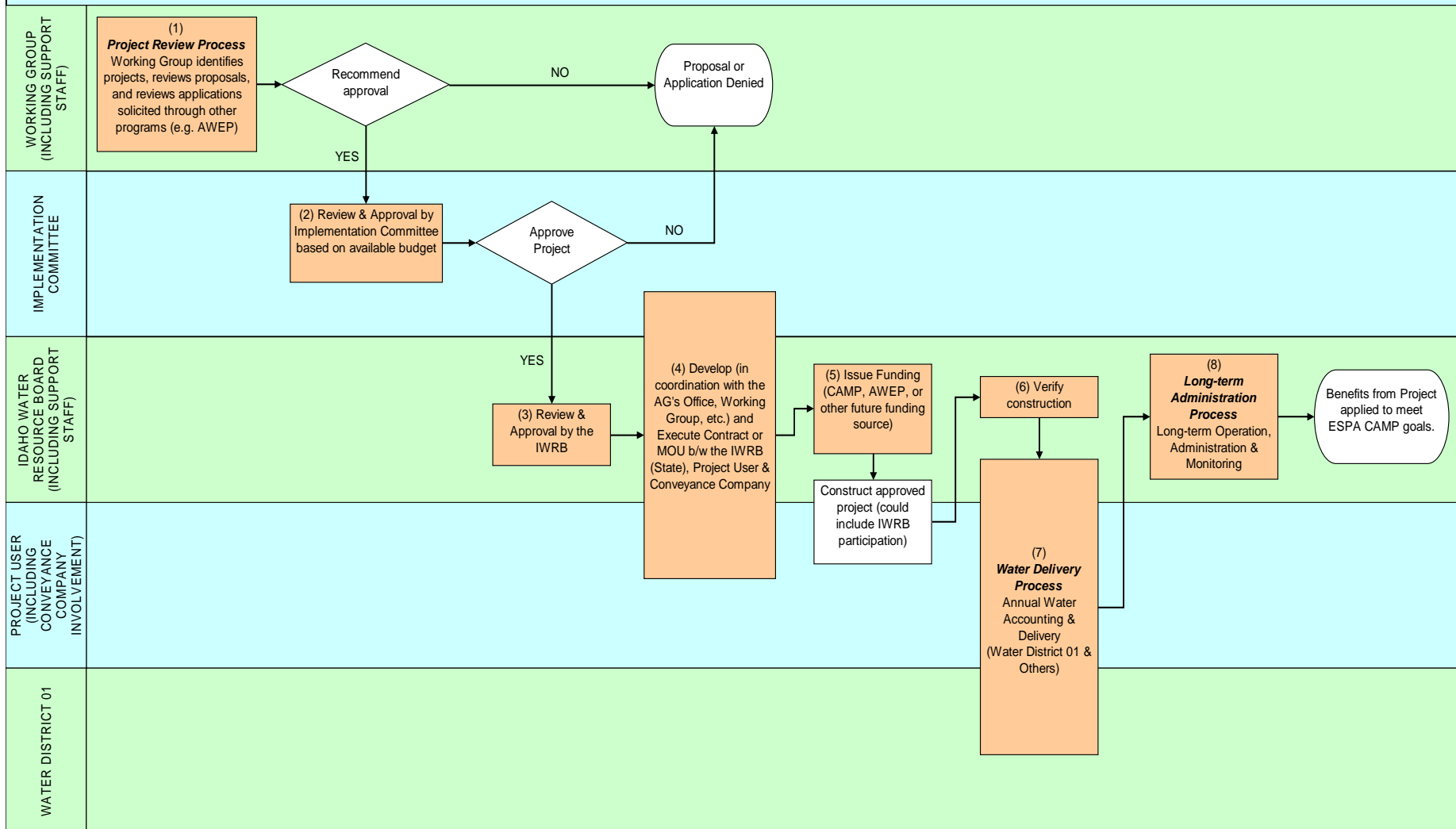
Bingham - 4	Bonneville - 2	Cassia - 1
Jerome - 2	Lincoln - 1	Gooding - 4

2009 AWEPP 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 AWEPP proposal programs.

**DEVELOPMENT OF A
MEMORANDUM OF AGREEMENT
FOR
ESPA CAMP CONVERSION PROJECTS**

Administration of Selection, Construction and Long-Term Management of Conversion Projects



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 AWEF. 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 AWEPP contracts).*

DISCUSSION OF MEMORANDUM OF AGREEMENT

Questions or other contract elements that should be considered?