



MEMO

To: ESPA Demand Reduction Working Group
From: Board Staff
Subject: PERC
Date: September 24, 2009

The following elements have been proposed by DR Work Group members for inclusion in the PERC proposal. The DR Work Group has collectively agreed to incorporate many of these elements, but some concerns remain. Board staff would like to initiate a discussion of these elements (1 thru 6 below) that will result in work group members providing guidance and recommendations on finalizing the PERC recommendation to the full implementation committee.

Staff would like guidance from the Work Group on the following key point of the PERC proposal:

1. MONETARY INCENTIVE STRUCTURE (w/parcel size modifier)

Offers would qualify for a flat rate per acre based upon offer size:

0 to 50 acres	=	\$40/acre
51 to 150 acres	=	\$43/acre
151+ acres	=	\$45/acre

2. DISTANCE FROM RIVER OPTION FOR OUTSIDE AGENCY ORGANIZATIONS (proposal is that this would be external to PERC)

Outside organizations would be encouraged to offer additional incentives to a PERC applicant for things like distance or proximity from the Snake River.

This could be based on a zoned structure either increasing or decreasing based on distance. These are simply examples and the actual structure is up to the organization and to be negotiated and administered directly between the PERC participant and organization.

3. APPROVED LAND AREA (entire ESPA, including Bonneville and Power counties)

1. All lands within the Eastern Snake Plain Aquifer (ESPA) boundary qualify if they have been irrigated within the previous 24 months by groundwater or surface water with a direct overland connection to the Snake River.
2. Only total application acreages larger than 5 continuous acres qualify.
3. Irrigated by groundwater or surface water sources other than the main stem of the Snake River, at the rate of not less than ½ acre-foot per acre for 4 out of 6 years, 1996-2001.
4. The land must be physically and legally capable of being irrigated in a normal manner when offered for PERC enrollment.
5. Total acres available to be enrolled into the PERC program will be based on a funding decision made by the “full implementation committee”.
6. Land enrolled in PERC must remain dry over the course of the PERC contract but there are no land use restrictions.
7. Participant would be required to enter into an Agreement Not to Divert.

4. WATER RIGHT RETIREMENT

1. Permanent retirement of a water right may be chosen at the beginning, end or any time within the contract term but all payments made over the duration of the contract count towards the purchase price of the retirement.
2. At the end of the contract term, the contract participant is obligated without option to sell the water right to the State. The State may exercise this option to buy the portion of the water right pertinent to land enrolled in PERC based upon the appraised value at the time. These water rights would be held in trust by the Idaho Water Resource Board.
3. A participant may elect to retire the water right initially and the State would purchase the water right based on the current appraised value and then make payments to the participant over a period of 10 years for the purchase price.
4. In the event of early termination of a contract, participants would be required to refund all payments received plus interest (IWRB loan rate). In addition to repayment of all funds received plus interest, an early contract termination penalty is calculated using 25% of the estimated first year’s annual payment. Termination

during years 2-6 would involve an additional penalty consisting of 10% of the payment received for each year. Terminations after year 6 will not be allowed.

5. If the applicant decides to change or modify an existing contract then an administrative processing fee will be charged in the amount of \$1,000 for each modification.

5. CONTRACT TERMINATION

1. In the event of early termination participants would be required to refund all payments received plus interest (IWRB loan rate).
2. In addition to repayment of all funds received, an early contract termination penalty is calculated using 25% of the estimated first year's annual payment.
3. Termination during years 2-6 would involve an additional penalty consisting of 10% of the payment received for each year enrolled.
4. Terminations after year 6 will not be allowed.
5. In order to ensure fiscally responsible use of CAMP funds, PERC terminations will NOT be allowed for participants enrolled in the CREP prior to enrolling in the PERC.

6. OTHER ITEMS:

Funding levels?

Adaptive management?

Others?