AGENDA
IDAHO WATER RESOURCE BOARD
Finance Committee Meeting No. 4-21
Tuesday, October 19, 2021
9:30 a.m. (MST)

Water Center
Conference Room 648 A / Online Zoom Meeting
322 E. Front St.
BOISE

Board Members & the Public may participate via Zoom
Click here to join our Zoom Meeting
Dial in Option: 1(253) 215-8782
Meeting ID: 823 1419 0425 Passcode: 189724

1. Introductions and Attendance
2. Interest Rate Discussion*
3. Requests for Loan Modifications
   a. Point Springs Grazing Association*
   b. St. John Irrigating Company*
4. King Hill Irrigation District Loan*
5. Flood Management Grant Program Criteria Update*
6. Other Items
7. Adjourn

Committee Members: Chair Jo Ann Cole-Hansen, Jeff Raybould, Dean Stevenson, and Dale Van Stone.

* Action Item: A vote regarding this item may be made this meeting. Identifying an item as an action item on the agenda does not require a vote to be taken on the item.

Americans with Disabilities
The meeting will be held telephonically. If you require special accommodations to attend, participate in, or understand the meeting, please make advance arrangements by contacting Department staff by email jennifer.strange@idwr.idaho.gov or by phone at (208) 287-4800.
Memorandum

To: Idaho Water Resource Board Finance Committee
From: Kala Golden, Project Manager
Date: October 14, 2021
Re: Point Springs Grazing Association—Loan Modification Request

Action Item: Recommend to the full Board approval of a request to increase loan by $10,000

BACKGROUND

In May of 2021, the Idaho Water Resource Board (Board) approved a new loan to Point Springs Grazing Association (Association) which includes carryover of the balance of $17,335.53 from an existing loan and an additional $20,000 for a total of loan amount of $37,335.53. The new loan was issued at 3.5% for a 10-year term and was intended to cover expenses for construction of a new well on the Association’s grazing allotment. This is the Association’s third loan with the Board. Previous loan funding was used to drill new wells and install pipeline for stock water on the opposing side of the Association’s grazing allotment.

The Association’s current well drilling project was implemented in August of 2021. Project costs were significantly higher than expected, as the well had to be drilled much deeper than anticipated. In addition, costs for the steel casing were double the original estimate due to recent fluctuations in materials costs. In consideration of the increased project costs, the Association requests the Board authorize an increase of $10,000 to the existing loan for a total loan amount of $47,335.53. As the Association has maintained exceptional payment history with Board, staff recommend approval of this request.

Attachments: None
Memorandum

To: Idaho Water Resource Board Finance Committee
From: Kala Golden, Project Manager
Date: October 14, 2021
Re: St. John Irrigating Company —Loan Modification Request

**Action Item:** Consider recommendation to the full Board to lower interest rate and apply payment reserve funds to loan principle.

**BACKGROUND**

In July of 2015, the Idaho Water Resource Board (Board) approved a loan to St. John Irrigating Company (Company) in the amount of $1,429,775 at 3.5% for a 15-year term. Loan funds were used for a project to convert approximately 8 miles of an existing open canal system with a gravity pressurized conveyance pipeline, due to significant seepage losses and soil erosion. The loan provided matching cost-share funds for a $1,000,000 grant from the US Bureau of Reclamation’s WaterSmart Water and Energy Efficiency Program. The Company has made timely payments and has maintained a reserve fund equal to one year’s payment, as required under its existing contract with the Board.

Like many water delivery systems across the State, aging infrastructure and drought conditions have created significant burden on the Company and its users. The Company is currently working with NRCS and a local engineering firm to scope project needs for additional improvements to its system. Current estimates for the new improvements are near $6,500,000. The Company is working to identify sources of grant funding to support additional improvements. However, it anticipates the need for additional matched funding, increasing the financial burden on its members. As a result, the Company requests the Board consider a reduction of the current loan interest rate and allow it to apply the payment reserve to the principal balance of the loan. A copy of the Company’s request is attached for the Committee’s consideration.

**Attachments:** St. John Irrigating Company—Loan Modification Request
St. John Irrigating Company  
Malad City, ID 83252  
stjohnirrigating@gmail.com  

1st July 2021  

Board Members of IDWR  
322 East Front Street  
P.O. Box 83720  
Boise, Idaho 83720-0098  

Dear Members of the Board,  

The St. John Irrigating Company is located in Oneida County, Idaho. Our organization has over 80 shareholders and was organized prior to 1898. We received a 20-year term IDWR loan for just over $1.4 million in 2017. This loan was a match for a Bureau of Reclamation Water Smart grant to convert 8 miles of open ditch system to an underground pipe. The current interest rate is 3.5%.  

We are requesting an interest rate reduction to 2.4% for the remainder of the loan term. Your agreement to grant this request will benefit IDWR by assuring continued payments on time from our company. Our shareholders will receive the benefit of receiving significant savings that can then be applied to better management of improvements to our water system. We are continuing to work on updating and more efficient use of this valuable limited resource, particularly during these times of drought and economic uncertainty.  

At the request of the IDWR board at the time of loan origination, our company is holding $100,000 in reserve. This amount has been in a 5-year savings CD that will mature on August 1, 2021. Rolling this reserve account into a new 5-year CD will earn a mere 0.05% to 0.25% interest annually. We request that you allow our company to pay this $100,000 reserve amount toward the loan principal. Our board officers feel credit dependability has been demonstrated by reliable payments through our loan term thus far. Applying the reserve money to the loan would help ensure our ability for continued payments in the future.  

Thank you for considering these two requests. If these proposed terms are unacceptable to you, please consider what adjustments your board would be willing to make.  

Sincerely,  

Loyd W. Briggs  
Treasurer, St. John Irrigating Company
MEMO

To: Idaho Water Resource Board Finance Committee

From: Kala Golden

Date: October 14, 2021

Subject: King Hill Irrigation District– New Water Project Loan Application

Action Item: Recommend to the full Board approval of a $1,500,000 loan request

1.0 INTRODUCTION

King Hill Irrigation District (District) is requesting a new loan in the amount of $1,500,000 from the Idaho Water Resource Board (Board) for a project to install new pipelines and replace aging canal system infrastructure (Project).

2.0 BACKGROUND

The District provides irrigation water for a total of 11,573 acres, serving 681 users across its service area in Elmore and Twin Falls counties. The Project area is located near Hammett, Idaho and encompasses 125 users within the District, delivering water for approximately 1,949 acres of irrigated land. The District’s delivery system was originally installed in 1904 and updated to a pump lift system in 1979 when a syphon crossing the Snake River failed. The District diverts water from the Malad River that is injected into the Snake River and then redverted at multiple points downstream.

The District currently faces a number of challenges delivering water to the Project area which is located at the end of an old canal system with several miles of deteriorated concrete flumes, lined canal, and a concrete siphon. The aging canal system is also a potential liability risk for the District as it runs just above sections of Interstate 84 and the Union Pacific Railroad.

3.0 PRIOR LOANS

In 2011, the District held a Board loan in the amount of $175,000 for replacement of a 1200-foot siphon. The loan was paid timely, and in full.

4.0 PROPOSED PROJECT

The Project includes conversion of two miles of open canal to closed pipe and installation of new infrastructure for the pump system. Engineering and technical support are being provided by the United State’s Department of Agriculture’s Natural Resource Conservation Division (NRCS). Design plans for the new pump deck will be complete by November 2021,
and construction is scheduled for January 2022 through April 2022. Construction of the remaining work, including installation of motors, pumps, new pipeline, and turnouts, is estimated fall of 2022 through early 2023.

5.0 BENEFITS
The Project will address necessary system improvements, eliminate risk to surrounding transportation infrastructure, and provide a reliable, long-term water supply for the users within the District’s service area. It will help to protect valuable agricultural lands within the State of Idaho and provide an estimated 25% water savings by reducing conveyance losses.

6.0 FINANCIAL ANALYSIS
The total estimated project costs are roughly $2,950,000. The District was awarded a grant from NRCS in the amount of $1,978,654 and is responsible for the remainder of approximately $971,349. The District is requesting a Board loan in the amount of $1,500,000 to cover its portion of the Project costs, which includes contingency for material cost fluctuation.

The District is requesting a 20-year term on the loan and is working with its counsel to meet statutory requirements for incurring debt. The District currently holds a reserve fund of just over $600,000 and holds no other outstanding debt.

The following analysis reflects the Board’s current interest rate of 3.5%.

Payment Analysis

<table>
<thead>
<tr>
<th>Term (Years)</th>
<th>Estimated Annual Payment - Revolving Account Loan</th>
<th>Current Assessments Cost/Acre/Year</th>
<th>New Assessments Cost/Acre/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>$105,541.62</td>
<td>$120</td>
<td>$128</td>
</tr>
</tbody>
</table>

6.0 WATER RIGHTS

<table>
<thead>
<tr>
<th>WATER RIGHT</th>
<th>SOURCE</th>
<th>Diversion Rate (CFS)</th>
<th>PRIORITY DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>37-21535</td>
<td>Malad River</td>
<td>70.000</td>
<td>04/01/1909</td>
</tr>
</tbody>
</table>

7.0 SECURITY
As collateral for the loan, the Board is authorized to hold lien against the District’s membership assessments and water rights.

8.0 ALTERNATIVE CONSIDERATIONS
The District has considered issuance of a bond to cover its portion of the project costs. However, the interest rate is significantly higher and would result in a much higher overall
financing cost. In addition, the District has identified 6 other project areas throughout its system that need timely repairs. It has applied to NRCS for another grant to cover project costs and anticipates applying for a second loan from the Board in the amount of $10,500,000 to cover its portion of costs for the remaining projects. The District anticipates a decision on the award of grant funds from NRCS sometime in the fall of 2021; if approved it will move forward with a second Board loan application.

Given the total anticipated costs for all projects throughout the District’s service area, the District requests the Board consider a reduced interest rate of 2.0% for this loan.

9.0 CONCLUSION AND RECOMMENDATION

This loan will be used to replace deteriorated infrastructure within the District’s service area. King Hill Irrigation District is a qualified applicant, and the project for which the District has proposed is consistent with the goals of the Board as identified within the Idaho State Water Plan. Staff recommend the committee make a recommendation to the full Board for approval of the loan request, for the total amount of $1,500,000.

Attachments: KHID Loan Application, KHID District Map, KHID Project Map
APPLICATION FOR FINANCIAL ASSISTANCE FOR NON-POTABLE WATER SYSTEM CONSTRUCTION PROJECT

Answer the following questions and provide the requested material as directed. All pertinent information provided. Additional information may be requested by the Idaho Water Resource Board (IWRB) depending on the scope of the project and amount of funding requested. For larger funding amounts an L.I.D. may be required.

Incomplete documents will be returned and no further action taken will be taken by IWRB staff. All paperwork must be in twenty eight (28) working days prior to the next bi-monthly Board meeting.

Board meeting agendas can be found at: http://www.idwr.idaho.gov/waterboard/

I. Prepare and attach a "Loan Application Document".
The Loan Application Document requirements are outlined in the Water Project Loan Program Guidelines. The guidelines can be found at: http://www.idwr.idaho.gov/waterboard/Financial%20program/financial.htm.
You can also obtain a copy by contacting IWRB staff.

II. General Information:
A. Type of organization: (Check box)
   - Irrigation District
   - Canal/Irrigation Company
   - Lateral Association
   - Flood Control District
   - Homeowners Association
   - Water User's Association
   - Municipality
   - Reservoir Company
   - Other
   Explain: __________________________

   King Hill Irrigation District
   Organization name
   Justin Wootan
   Name and title of Contact Person
   75E 1st Ave
   PO Box/Street Address
   Glenns Ferry, Elmore, Idaho, 83623
   City, County, State, Zip Code
   208-599-0081
   Contact telephone number
   wootanj@gmail.com
   e-mail address

   Project location legal description
   Sec 01 02 T6S R8E, Sec 25,26,34,35,36 T5S R8E

B. Is your organization registered with the Idaho Secretary of State's office? Yes ■ No □
C. Purpose of this loan application.
- New Project
- Rehabilitation or replacement of existing facility
- DEQ requirement
- Other: ____________________________

D. Briefly describe the project:
The Hammett Project is installing a new pump and pipeline, converting flumes, siphon, and canal to buried pipe.

III. WATER SYSTEM:
A. Source of water:
- Stream
- Reservoir
- Groundwater
- Other

B. Water Right Numbers:

<table>
<thead>
<tr>
<th>Water Right</th>
<th>Stage</th>
<th>Priority Date</th>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>37-21535</td>
<td></td>
<td>04/01/1909</td>
<td>Malad River</td>
<td>70cfs</td>
</tr>
</tbody>
</table>

Note: Stage refers to how the water right was issued. (License, Decree, or Permit)

C. If irrigation/lateral system:
- Number of acres served: 1849 of 11573
- Number of shareholders served: 125 of 681
- Water provided annually (acre-feet): 5.2af/acre

D. If flood control system, drainage system, groundwater recharge, or other type of system:
- Number of acres within District or service area: ____________________________
- Number of people within District or service area: ____________________________

E. If an Association/Municipality the number of residences served by the system:
- Number of residences served: ____________________________
- Number of hookups possible: ____________________________

IV. USER RATES:
A. How does your organization charge users rates?
- Per acre
- Per hook up
- Per share
- Tax assessment
- Other, explain: miner inches per irrigated acre = water use right

IWRB Non-drinking loan form 4/10
B. Current rate? $120.00 per acre

C. When was the last rate change? 01/2019 (month/year)

D. Does your organization measure water use? Yes ☐ No ☐
   If yes, explain how: Measurements are made using submersible Orifice, weirs, and meters.

E. Does your organization have a regular assessment for a reserve fund? Yes ☐ No ☐
   If yes, explain how it is assessed:

F. Does your organization have an assessment for some future special need? Yes ☐ No ☐
   If yes, explain for what purpose and how it is assessed:

V. PROPOSED METHOD FOR REVENUE FOR REPAYMENT OF LOAN
How will you plan to assess for the annual loan payments?
Check revenue sources below:
☐ Tax Levies
☐ Capital Improvement Reserve Account or Sinking Fund
☐ User Fees and Tap/Hookup Fees
☐ Other (explain) Through lower pumping cost with a closed pipe system

Will an increase in assessment be required? Yes ☐ No ☐
When will new assessments start and how long will they last?
The assessment begins at the commencement of the loan and ends at repayment.

VI. SECUREMENT OF LOAN
List all land, buildings, waterworks, reserve funds, and equipment with estimated value that will be used as collateral for the loan:

<table>
<thead>
<tr>
<th>Property</th>
<th>Estimated Value</th>
</tr>
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<tbody>
<tr>
<td></td>
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</tbody>
</table>

For property Securement, attach a legal description of the property being offered along with a map referencing the property.

VII. FINANCIAL INFORMATION:
A. Attach a copy of each of the last 3 year’s financial statement. (Copies must be attached)

B. Reserve fund (current) $613,025

C. Cash on hand $1,167,022.17 IWRB $99,505 Sewage as of 07/31/2021
D. Outstanding indebtedness:

<table>
<thead>
<tr>
<th>To Whom</th>
<th>Annual Payment</th>
<th>Amt. Outstanding</th>
<th>Years Left</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

E. What other sources of funding have been explored to fund the project? (example: NRCS, USDA Rural Development, Banks, Local Government, etc.)

There is an awarded Equip NRCS funding for $1,978,654 for the Hammett Project.

VIII. ORGANIZATION APPROVAL:
Is a vote of the shareholders, members, etc. required for loan acquisition? Yes □ No □
If yes, a record of the vote must be attached.

Amount of funds requested: $1,500,000

By signing this document you verify that all information provided is correct and the document is filled out to the best of your ability.

Authorized signature & date: [Signature] 8/30/2021
The USDA-FSA Aerial Photography Field office asks to be credited in derived products.
Memorandum

To:    Idaho Water Resource Board
From:  Neeley Miller, Planning & Projects Bureau
Date:  October 15, 2021
Re:    Flood Management Grant Criteria Update

Action: Recommend Grant Criteria for Approval by IWRB at November Meeting

Staff will discuss the proposed flood grant criteria to be used in FY 2022.
2022 IWRB Flood Management Grant Program Criteria

The Idaho Water Resource Board (IWRB) Flood Management Grant Funding Program provides financial assistance on a competitive statewide basis to Flood Control Districts, Drainage Districts, Irrigation Districts, Canal Companies, Municipalities, Counties and other public entities interested in pursuing flood damaged stream channel repair, stream channel improvement, flood risk reduction, and flood prevention projects.

Pursuing flood damage repair and improvement projects can help prevent or reduce flood damage in Idaho’s streams and rivers. To be considered for grant funding, entities must be able to provide evidence of flood damage, or evidence of conditions that create the risk of flooding in a stream channel and submit a funding request document outlining the proposed repairs and/or improvements to the stream channel.

Eligible Entities: Flood Control Districts, Drainage Districts, Irrigation Districts, Canal Companies, Municipalities, and Counties. Other public entities are eligible to apply.

Eligible Geographic Area: Statewide

Program Budget:
- $1,000,000
- No more than 50% ($400,000) of the total budget may be spent within a single IWRB district. This limit may be waived if there are no competing funding demands.

Funding Amount: up to $200,000 per project; one project per application
- Funding awards may be reallocated unless Flood Management work begins prior to November 1 following funding award.
- Funding will not be distributed unless the project is fully permitted. Sponsor is responsible for providing permit documentation to IWRB staff.

Matching Funds for Projects:
- Entities requesting funding for flood management grant projects must provide at least 50% matching cost-share funding with non-state dollars. Projects that include higher cost share amounts will receive a higher ranking during project evaluations.
- In-kind services can be used for 30% of the total projects costs. Legal/Administrative in-kind services are limited to 5% of total project costs.
- EXAMPLE: For a $100K project, sponsor would have to provide at least $50K in matching cost share funding. Of the $50K, the sponsor could provide up to $30K in in-kind services of which $5,000 could be in legal/administrative costs and $20K in cash to meet the matching cost-share requirement.

Evaluation Criteria: Projects that are determined to not be flood-related by staff will be declared ineligible and not scored. To maximize the effective and efficient use of available funds, the applications will be evaluated, scored (130-point scale), and ranked according to the following criteria:

Effectiveness of Project (60 points)
- Can this project be described as one of the following (if so, please explain how): flood damaged stream channel repair, stream channel improvement, flood risk reduction, or flood prevention project (20 points)
- What is the urgency of the project and anticipated costs? (20 points)
- What are the benefits of the project and how will success be measured? (10 points)
Is the proposed budget and schedule realistic and is the budget appropriate for the scope of work provided? Has the applicant provided detailed construction expenses documenting how money will be spent to complete the project? (10 points)

Readiness of Project (70 points)

- Lead sponsor of project is identified and there is a description of other affected stakeholders and jurisdictions. (10 points)
- Project sponsors will provide documentation that affected local stakeholders and jurisdictions have been consulted. If the project is located within a Flood Control District, the sponsor must provide documentation showing the Flood Control District supports the project, otherwise the project will be declared ineligible. (20 points)
- Specify cash matching funds that will be provided for the project, including any in-kind services. Indicate what funding sources are secured or pending. The applicant must provide at least 50% matching cost share funding with non-state dollars. In-kind services can be used for 30% of the total project costs. Legal/Administrative in-kind services are limited to 5% of total project costs. (20 points)
- Projects that propose matching cost-share amounts above 50% will receive additional points in the ranking (1 point for each additional 1% increase up to 70% to receive up to 20 additional points).

Application Process:

- Application Deadline: Friday June 3, 2022
- Project Funding Recommendations: June/July 2022 Finance Committee
- Funding Awarded: July 2022 Board meeting

Payment Process:

- Funds will be distributed upon sponsor submitting funding reimbursement requests to the IWRB.
- Sponsor funding requests shall include a cover letter which shall include a description of the project activities, dates for performing the project activities, and contractor or supplier invoices.
- Invoices should be sent to IdwrPayable@idwr.idaho.gov

IWRB Districts are as follows:

District No. 1: Boundary, Bonner, Kootenai, Shoshone, Benewah, Latah, Clearwater, Nez Perce, Lewis and Idaho counties.
District No. 2: Adams, Valley, Washington, Payette, Gem, Boise, Canyon, Ada, Elmore and Owyhee counties.
District No. 3: Camas, Gooding, Jerome, Twin Falls, Cassia, Blaine, Lincoln, Minidoka, Lemhi, Custer and Butte counties.
District No. 4: Clark, Fremont, Jefferson, Madison, Teton, Bingham, Bonneville, Power, Bannock, Caribou, Oneida, Franklin and Bear Lake counties.

*No more than 50% ($400,000) of the total budget may be spent within a single IWRB district. This limit may be waived if there are no competing funding demands.*