Conversions Working Group Meeting

December 9, 2009

Discussion Topics

- **2009 CONVERSION PROJECTS**
- **REVIEW MOA CONCEPTS FOR FUTURE CONVERSION PROJECTS**
- **2010 AWEP PROJECTS – PROGRAMMATIC DETAILS**
- **RECOMMENDATIONS TO THE IMPLEMENTATION COMMITTEE MTG**

2009 CONVERSION PROJECTS

- Summary of 2009 Projects (see attached table and map)
- Review Draft Memorandum of Agreement (see Draft MOA)

REVIEW MOA CONCEPTS FOR FUTURE CONVERSION PROJECTS

1) Intended Parties

AWEP participants for the 2010 - 2013 programs and other conversion projects supported through the ESPA CAMP in the future.

2) Major Issues

A. Water Supply

1. IWRB Portfolio-water owned or leased by the IWRB is made available to ESPA CAMP conversion projects:

    a. Existing portfolio includes Water District 1 Rental Pool that will be committed to conversion projects. The IWRB currently owns 5000 acre-feet (af) in Palisades Reservoir and has access to 2800 af through the Black Canyon Exchange.
    b. Future sources: The IWRB will continue to acquire or lease water to make available to conversion projects.

2. Project owners obtain surface water other than from the IWRB's portfolio.

a. Rent water directly from the Rental Pool.
b. Negotiated lease from conveyance company or other entity.

B. Incentives

1. Annual rebates from the IWRB for surface water rented/leased. Rebate is based on the term of the agreement with the IWRB.

TABLE 1

Agreement Term Length	Rebate per AF of Surface Water Delivered
10 years or longer	$3.00
5-9 years	$2.00
2-4 years	$1.00
1 year	None

2. Annual rebates from the IWRB for conveyance fees for water delivery.

   a. Rebate is based on the term of the agreement with the IWRB.

TABLE 2

Agreement Term Length	Conveyance Fee Rebate per AF of Water Delivered
10 years or longer	$3.00
5-9 years	$2.00
2-4 years	$1.00
1 year	None

   b. The IWRB pays rebate directly to the project owner to offset costs. The project owner pays fees directly to the conveyance company. Under this scenario, an agreement between the canal company and the IWRB is not necessary.

3. Funding for infrastructure and monitoring devices through the IWRB, the ESPA CAMP Funding Mechanism, or other sources secured to support the ESPA CAMP effort. Assistance based on annual ESPA CAMP budget. Note, the IWRB staff is negotiating the use of AWEP funds for measuring devices in the future.

4. Operation and maintenance: Sponsor pays all operation and maintenance costs.

C. Measuring and Reporting

1. Purpose:

   a. Ensure a reduction in ground water pumping-measure whether the reduction in ground water pumping is roughly equal to the amount of surface water delivered at the head gate of the conversion project.

b. Provide a mechanism to track ESPA accomplishments.

c. Provide a mechanism for payment of proposed incentives (e.g. rebates based on the amount of surface water delivered).

2. Measuring plan:

a. Must include measurement of surface water delivered to the project and amount of ground water pumping.

b. Must be approved by the Watermaster, the IWRB and the conveyance company. The project owner shall also provide the IWRB with a copy of their agreement with the canal company to deliver surface water to the project (documentation that there is capacity in the system to deliver water for all or part of the season).

c. Must be consistent with current IDWR and Water District requirements.

d. Promote the use of magnetic flow meters-potential area of funding/incentives.

3. Administration of measuring plans:

a. Project owner will submit an annual measurement report form signed by the Watermaster and the Conveyance Company by December 1 each year in preparation of an annual ESPA CAMP report for the Legislature. If surface water was not delivered to the project, the owner shall provide a statement documenting the basis for reverting to the use of ground water.

b. The Watermaster shall monitor meter reading activities in conjunction with other regulatory duties (readings may be performed by the water district hydrographer, or designated IDWR staff).

c. The IWRB and IDWR staff shall participate as needed with design, installation, monitoring and funding if available.

D. Termination and Reimbursement (Penalties)

1. NRCS contract language:

Contract Termination

A. If a Participant fails to carry out the terms and conditions of this Contract, CCC may terminate this contract. CCC may require the Participant to refund payments received under this Contract, or require the Participant to accept such adjustments in subsequent payments as are determined to be appropriate by CCC....

B. *The CCC may terminate this Contract, in whole or in part, without liability, if CCC determines that continued operation of the is Contract will result in the violation of a Federal statue or regulation, or if CCC determines that termination would be in the public interest.*

Recovery of Cost

A. *In the event a Participant violates the terms of this Contract, the Participant voluntarily terminates this Contract before any contractual payments have been made, or this Contract is terminated with cause by CCC, the CCC will incur substantial costs in administering this Contract which may not be possible to quantify with certainty. Therefore, in addition to the refund of payments as set forth in Paragraph 11 of this Appendix, the* ***Participant agrees to pay liquidated damages up to an amount equal to 10 percent of the total financial assistance obligated to the Participant in this Contract,*** *at the time of termination. This liquidated damages payment is for recovery of administrative costs and technical services and is not a penalty.*

B. *The Participant may be required by the CCC to refund all or a portion of any assistance earned under the program if the Participant sells or loses control of the land under this Contract and the new owner or transferee is not eligible for the program, or refuses to assume responsibility under the Contract.* Penalties for early termination or violation of the terms of the agreement between the IWRB and the participant :

- Scenario 1: Sponsor shall be required to refund all payments received under the contract including rebates and support for infrastructure (penalty increases with time).
- Scenario 2: Modify penalty schedule to decrease over time (front load penalties).

2. Operating in compliance with the agreement:

    - In reviewing annual measurement reports, the IWRB determine whether a Sponsor is operating the project in accordance with the agreement:
        - Was there a reduction in ground water pumping from the ESPA?
        - Review the basis for the use of ground water if surface water was not delivered to the project (the owner shall provide documentation with the annual reporting form):
            - Water was not available through the rental pool or any other identified sources.
            - The canal company could not deliver water due to operational constraints or would not execute an agreement to deliver.
            - The cost of surface water precluded use by the owner (authorize exemption based on Water District 1 Rental

Pool prices—e.g. Owner exempt if costs are $18 per acre-foot).
- Hardship-owner can petition the IWRB for an exemption for hardship or circumstances beyond their control.

- Penalties if it is determined that the owner is out of compliance with the agreement.

E. Term

1. 2009 AWEP applications – 5 years.

2. 2010 AWEP applications and other identified projects – 5 to 20 years.

F. Administrative Process and other questions

1. See Administrative Mechanism flow chart (Attachment A)

2. Minimizing administrative requirements

- IWRB water supply administered by the WD 1 Watermaster.
- The project owner shall negotiate all conveyance agreements with the conveyance company.
- All conversion projects must be approved for participation in the ESPA CAMP by the IWRB and Implementation Committee. Projects developed for purposes other than the ESPA CAMP may participate and receive rebates/incentives once reviewed and approved (e.g. water right review, monitoring requirements). These may be good candidates for year to year participation.

2010 AWEP PROJECTS – PROGRAMMATIC DETAILS

1) 2010 schedule and deadlines with the NRCS

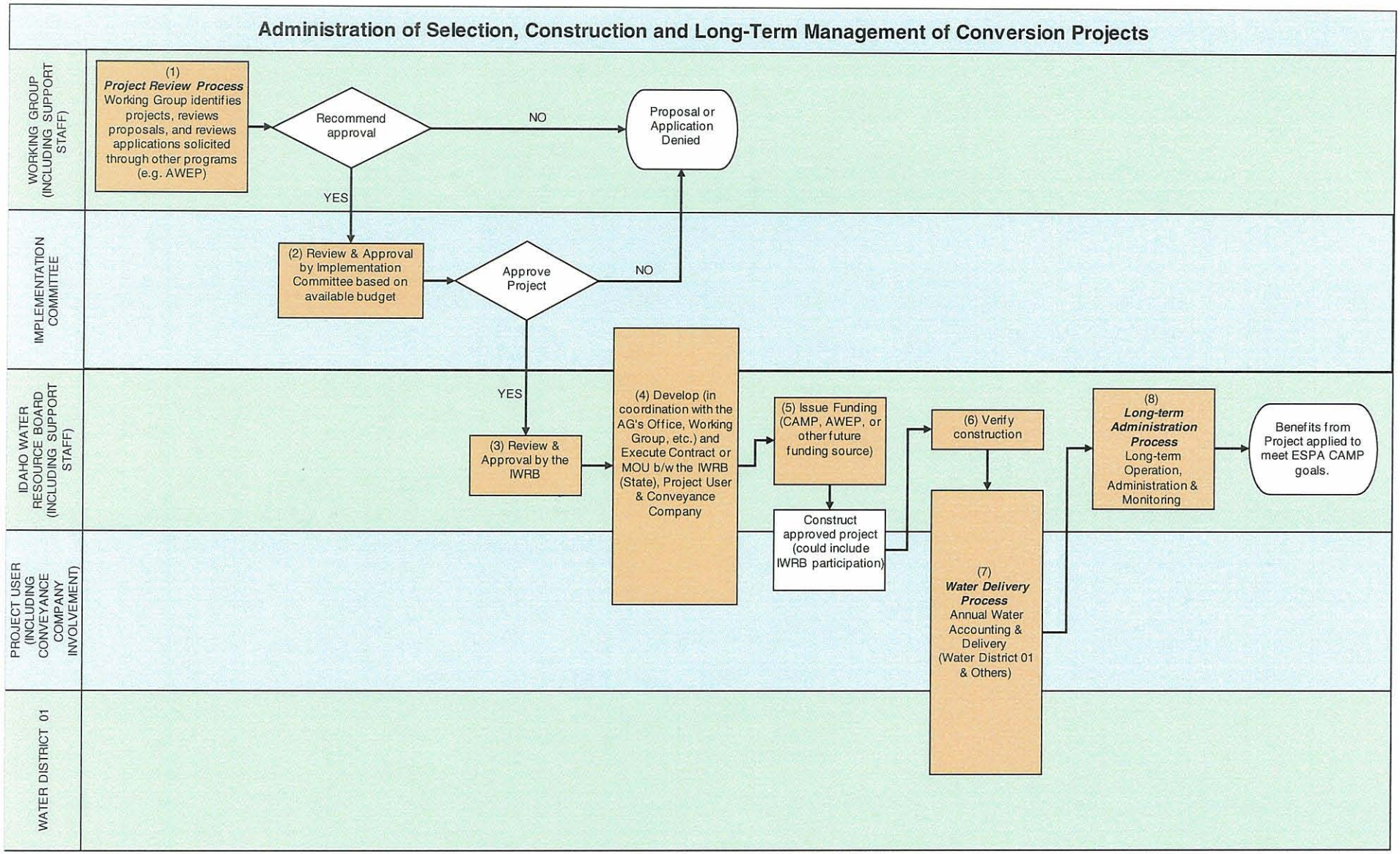
- January – Organizing interest with NRCS District Conservationists (DC), outreach.
- February – Develop screening and ranking criteria for NRCS, additional payment schedules (measuring devices).
- March – News release/application period, Board staff to hold conference calls with NRCS DCs to clarify IWRB/Implementation Committee expectations for the projects.
- April – NRCS ranks applications, develop plan for coordination between NRCS and IWRB staff.
- May – Applicant signs contracts with NRCS and the IWRB.
- June – Excess funding reallocated to Washington DC.

2) Working Group screening and ranking criteria preferences

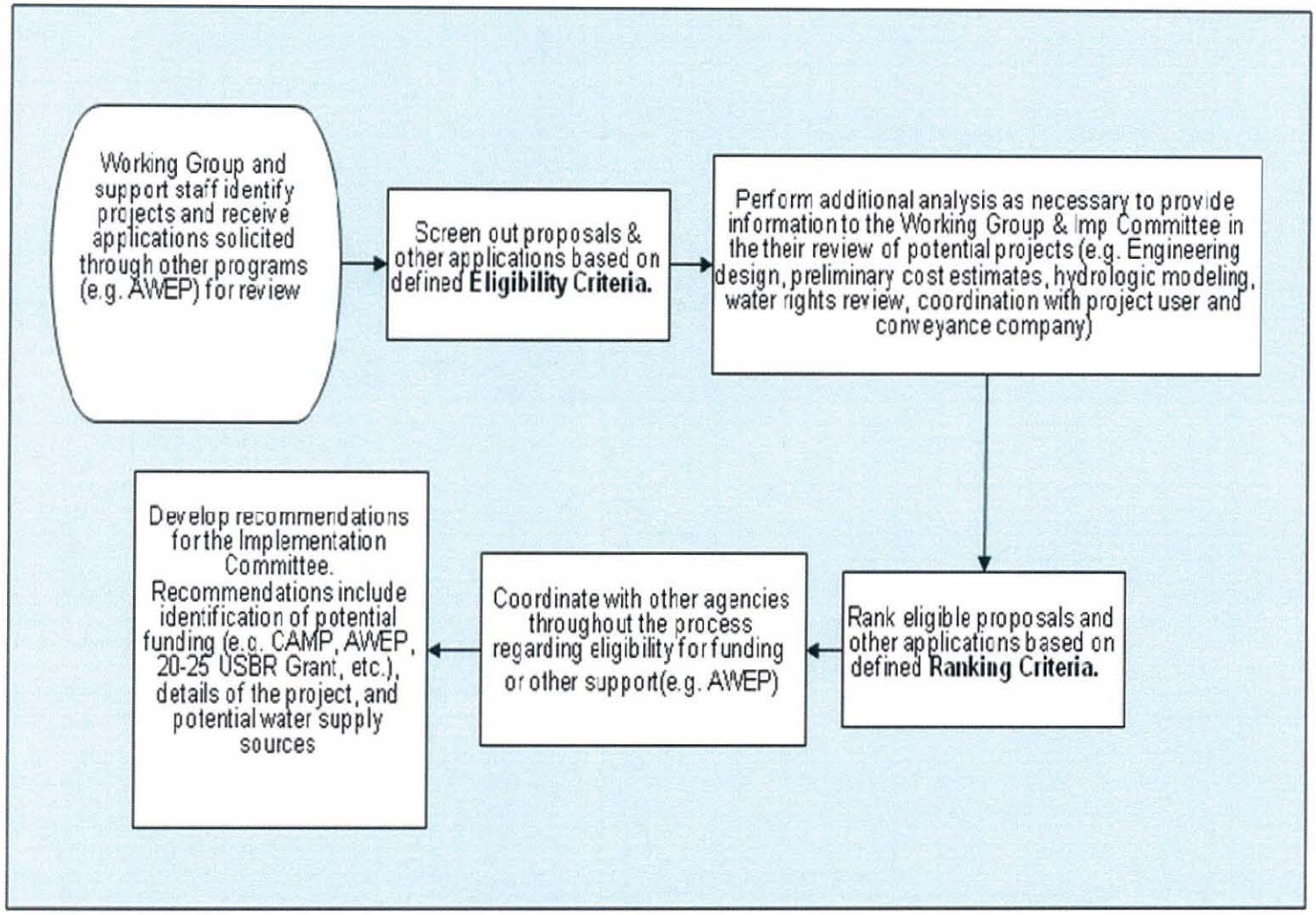
- Large group project or small projects?
- See screening and ranking tables from previous discussions (See Attachments B, C, and D).

3. Recommendations to the Implementation Committee for December 16-17

ATTACHMENT A
ADMINISTRATIVE MECHANISM



ATTACHMENT B
APPLICATION REVIEW PROCESS



ATTACHMENT C
CONVERSION PROJECT ELIGIBILITY CRITERIA

Working Group and support staff screen project proposals based on the following Eligibility Criteria:

	Eligibility Criteria (Yes/No) [1]	Hazelton Butte	H & P Farms	West End of A&B Irrigation District	Rockford	Moreland
1	Wells associated with a conversion project must be located within the ESPA boundary.	Yes	Yes	Yes	Yes	Yes
2	Conversion projects must result in a benefit to the ESPA through the reduction of ground water pumping.	Yes	Yes	Yes	Yes	Yes
3	Lands to receive conversion surface water must have valid ground water rights. [2]	Yes	Yes	Yes	Yes	Yes
4	Lands to receive surface water through a conversion project may not injure other existing water rights or adversely impact existing shareholders on the corresponding canal system.	Yes	Yes	Yes	Yes	Yes
5	Conveyance Company has indicated it is willing to cooperate in delivering water to conversion projects (capacity and infrastructure requirements to be determined).	Yes	Yes	Yes	Yes	Yes
	Eligibility Determination	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**

1. Proposed Projects must qualify under all identified Eligibility Criteria (all Yes).
2. A preliminary review shall be performed by support staff to determine eligibility. Action may be required by individual owners within a group system to clarify or resolve potential water right issues.

ATTACHMENT D
CONVERSION PROJECT RANKING TABLE
(Scores and data are provided for discussion purposes and do not illustrate the actual project scores)

				Hazelton Butte (Short Design, Reduced Rate)		Hazelton Butte (Long Design, Reduced Rate)		Hazelton Butte (Long Design, Full Rate)		H & P Farms		West End of A&B Irrigation District		Rockford		Moreland		Example Small Project	
	Ranking Criteria	Scoring	Points	Project Information	Score	Project Information	Score	Project Information	Score	Project Information	Score	Project Information	Score	Project Information	Score	Project Information	Score	Project Information	Score
1	Cost Benefit: **Cost/cfs/Project Acres Prorate projects to the nearest ten.**	Lowest Cost Ratio	600	$18	400	$29	250	$32	230	$31	240	$17	430	$12	600	$34	220	$27	270
2	Potential volume of reduced ground water pumping (af/yr).	= 10,000 af/yr	600	9,600	400	9,600	400	17,200	600	2,400	200	9,600	400	13,980	600	4,400	200	1,800	100
		= 5,000 af/yr	400																
		= 2,000 af/yr	200																
		= 1,000 af/yr	100																
		< 1,000 af/yr	50																
3	Projects involving multiple farms or group projects.	Group project	500	Yes	500	Yes	500	Yes	500	No	0	Yes	500	Yes	500	Yes	500	No	0
		Individual project	0																
4	Availability of capacity in canal system.	Full Season	500	Full	500	Full	500	Full	500	Full	500	Full	500	Full	500	Partial	100	Full	500
		Partial Season	100																
5	Identified environmental constraints? Score based on level of concern.	High	-500	None	0	None	0	None	0	None	0	None	0	None	0	None	0	None	0
		Low	-200																
		None	0																
6	Identified environmental benefits? Score based on level of concern.	High	500	None	0	None	0	None	0	None	0	None	0	None	0	None	0	None	0
		Low	200																
		None	0																
7	Is surface water for the project provided by project user?	All	400	None	0	None	0	None	0	None	0	None	0	None	0	None	0	None	0
		Partial	200																
		None	0																
8	Depth to static ground water in the well(s) proposed to be shut down when surface water for conversion projects is available (use greatest depth).	= 300 ft	200	= 300 ft	200	= 300 ft	200	= 300 ft	200	= 300 ft	200	= 300 ft	200	< 100 ft	0	< 100 ft	0	= 300 ft	200
		= 200 ft	100																
		= 100 ft	50																
		< 100 ft	0																
9	Willingness to cost share in project construction or seek funding from other sources?	100%	300	25%	50	25%	50	25%	50	25%	50	50%	100	25%	50	25%	50	100%	300
		75%	200																
		50%	100																
		25%	50																
		0	0																
10	Willingness to cost share in project O&M or Conveyance Fees?	100%	300	50%	100	50%	100	50%	100	0%	0	50%	100	50%	100	25%	50	100%	300
		75%	200																
		50%	100																
		25%	50																
		0%	0																
11	How long is the Project User willing to participate in the ESPA CAMP process?	= 15 years	300	= 15 years	300	= 15 years	300	= 15 years	300	= 15 years	300	= 15 years	300	= 15 years	300	= 15 years	300	= 5 years	100
		= 5 years	100																
		< 5 years	0																
12	Furthest distance of water delivery from source canal.	< 1 mile	200	= 5 mile	0	= 5 mile	0	= 5 mile	0	= 1 mile	100	= 5 mile	0	= 1 mile	100	= 1 mile	100	< 1 mile	200
		= 1 mile	100																
		= 5 mile	0																
13	Level of Project User Interest.	High	200	High	200	High	200	High	200	Medium	100	High	200	Medium	100	Low	0	High	200
		Medium	100																
		Low	0																
14	Level of conveyance company's willingness to participate in delivery to proposed projects.	High	100	Medium	50	Medium	50	Medium	50	Medium	50	High	100	High	100	Low	0	High	100
		Medium	50																
		Low	0																
15	Amount of responsibility required by the State for operation and maintenance on the pumping plant and infrastructure.	High	-500	High	-500	High	-500	High	-500	Low	0	Medium	-250	Medium	-250	High	-500	Low	0
		Medium	-250																
		Low	0																
16	Level of administration required by the State for water delivery.	High	-500	High	-500	High	-500	High	-500	High	-500	Medium	-250	Medium	-250	High	-500	Low (own supply)	0
		Medium	-250																
		Low	0																
			TOTAL SCORE																

ADDITIONAL RANKING CONSIDERATIONS

	Ranking Criteria	Basis for Selection/Ranking	Hazelton Butte (Short Design, Reduced Rate)		Hazelton Butte (Long Design, Reduced Rate)		Hazelton Butte (Long Design, Full Rate)		H & P Farms		West End of A&B Irrigation District		Rockford		Moreland		Example Small Project	
	PROJECT RANKING BASED ON INITIAL SCORING		–		–		2		5		3		1		6		4	
1	Geographic location (above and below American Falls).	Select equal number above and below based on highest Initial Scores.	Below		Below		Below	X	Below		Below		Above	X	Above		Below	
2	**Are there water right issues associated with the land proposed for conversion that will require action by the project user and approval by the IDWR?**	**No** **Yes - Not prohibitive** **Yes - Prohibitive (Deny Proposal)**																
3	Working Group Discretionary Criteria or Considerations.																	
		FINAL RANKING																

- **Additional considerations by the Working Group that may not be reasonable to score can be included in the final ranking.**
- **Is additional information necessary to generate recommendations for the Implementation Committee?**