

Memo

To: Idaho Water Resource Board

From: ESPA CAMP Implementation Committee

Date: May 26, 2010

Re: ESPA CAMP Implementation Committee Recommendation for 2010 ESPA
CAMP Projects

This memo summarizes the recommendations of the ESPA CAMP Implementation Committee to the Idaho Water Resource Board (IWRB) and the Governor for use of \$2.4 million available from state sources for 2010 CAMP projects. A basic assumption for the following scenario is to obligate the entire \$2.4 million available in 2010. The Committee recommendations attempt to be consistent with the ESPA CAMP funding structure – 60% covered by the water user community and 40% covered by the state. When making recommendations that are not consistent with this funding structure, the Implementation Committee presents purposes for the recommendations.

PROJECT	ESTIMATED TOTAL COST	RECOMMENDED STATE CONTRIBUTION	FUNDING DETAILS
Thousand Springs Pumpback – Phase 1 – Defer other phases to later years when future CAMP direction is more defined	\$1,197,789	\$438,894 (- 40%)	The project sponsors are working to identify a 60% cost-share.
West Egin Lakes Recharge Site – Phase 1 – Phase 2 (investigate expansion) – Phase 3 (construct expansion)	(\$83,300) \$100,000 \$340,000	(\$8,500) \$40,000 (40%) \$136,000 (40%)	Completed phase with private contributions (case, storage water and in-kind) The project sponsors are working to identify a 60% cost-share in cash contributions and in-kind services. The project sponsors are working to identify a 60% cost-share.
Idaho Irrigation District Managed Recharge Improvements	\$64,000	\$25,600 (40%)	The 60% cost-share by the project sponsor has been identified.
AWEP 2009 Projects	\$3,480,396	\$186,488 (40% of non-federal share of groundwater to surface water conversion projects)	The Implementation Committee recognizes the Board's concerns regarding the AWEP dollars, in particular that 1) the recipients will receive up to 75% federal dollars, 2) a perception that the projects will move forward regardless

			<p>of CAMP support and 3) that there are limited resources to fund other projects. Recognizing the concerns, the Committee presented the following purposes for recommending that the AWEF projects receive IWRB funds that are allocated for ESPA CAMP projects:</p> <ul style="list-style-type: none">• The Idaho AWEF proposal submitted by the IWRB and awarded in 2009 from NRCS included, and was partly awarded, on the assumption that the state would help to offset and leverage the project sponsor funds. The Idaho proposal anticipated that up to 20% of total project costs would be funded by CAMP. If the state does not match funds and the program accomplishments are reduced because sponsors drop out of the program for lack of promised funds, it will reduce Idaho's competitiveness with regard to other state applicants when funding is allocated in 2010-2013.• The State match, while not as much as anticipated in the Idaho AWEF proposal (up to 20%), is an incentive. The more money that the state can provide, the more applicants and projects can be implemented, resulting in greater confidence in the AWEF program and overall CAMP objectives.• While the NRCS indicates that 75% of the project costs will be covered, this isn't always the case when projects are paid for and implemented by the project sponsor. For many projects, the NRCS pay schedule amounts are lower than the actual cost of the items. Additionally, some items are not covered such as measuring devices which are required by the IWRB for the ESPA CAMP projects. In some cases, the devices are costly (magnetic-flow meters) and deter some project sponsors from applying.• The Implementation Committee expressed strong support for AWEF so as not to risk losing the federal
--	--	--	---

			<p>funding because there are not enough project sponsors.</p> <ul style="list-style-type: none"> When informing potential sponsors about the opportunities with NRCS for AWEF funds, it was communicated that state funds would not be used to offset project sponsor costs (25% of total project cost) in the first year (2009), but that state funds would be available in 2010 as part of the 60/40% cost-share.
AWEF 2010 Projects	\$2,543,333	\$254,333 (40% of non-federal share)	See above.
Buy-outs or Reserve Funds and/or Future Managed Recharge	Unknown	\$1,018,685 (remainder of available funds)	Because the specific use of these funds is unknown currently, a 60% project sponsor cost-share has not been identified.
2011 Managed Recharge Operations (assumes \$200K carryover from 2010 IWRB funds)	\$500,000	\$300,000 (IWRB pays 100% as has been done previously. This assumes \$200,000 remaining from prior years operations.)	The Implementation Committee supports the Board's full funding of managed recharge until long-term funding is secured. Managed recharge activities in the ESPA have proven successful, and the Committee would like to see these operations occur now and in the future.
TOTALS	\$8,225,518	\$2,400,000	

Milepost 31 Recharge Site

The IWRB recently obtained a right of way from the federal BLM for use of this site, and a pilot-scale headgate has been installed. It is recommended that pilot-scale operations be undertaken in order to determine if full scale build-out of this site, estimated at \$1.2 million, is warranted. This should be considered for funding in future years.

Big Wood Canal Company Project

The Big Wood Canal Company Pipeline Project proposal is not recommended for CAMP funding at this time because it was not developed sufficiently to provide enough detail to evaluate the potential benefit to the aquifer. While this project provides clear benefit to the applicants including significant energy savings, the ability to extend their growing season to what was historically allowed under their water right, and conversions of groundwater irrigated lands along the canal, as well as providing benefits to both the applicants and downstream water users by development of a new managed recharge site, preliminary discussions have not clarified whether the combined impact of all actions to the aquifer will be positive, negative or neutral. The applicants were aware of the shortcomings of the proposal at the time of submission and continue to develop the proposal and secure funding matches with the hopes of resubmission at a later time. In addition, the project is likely not shovel ready for 2010.

Developing the injection well component of the proposal could be valuable for future CAMP consideration. The injection wells could assist in using the IWRB's recharge water right from the Wood River system. The Big Wood Canal Company is encouraged to better develop this concept and submit it for reconsideration in future years.

Mechanisms for Accomplishing Projects

Consideration has been given to the specific funding and administrative mechanisms to accomplish each of these projects. The IWRB has authority to make grants and loans, and to finance and construct its own projects. For some projects currently being considered it makes sense to grant the CAMP funds to the project sponsors, while for others it seems best to undertake them as IWRB projects.

Grants: The IWRB is currently under a statutory restriction from making grants larger than \$50,000, unless legislative approval has been obtained. For those projects where the Board contribution is less than \$50,000 and project sponsors could manage the project and own the installations, it may make sense to accomplish them through a grant. The projects suggested for grant funding that goes directly to the project sponsor are as follows:

Projects	Grant Amount
Idaho Irrigation District Recharge Improvements	\$25,600
Egin Lakes Recharge Site Phase 2 (Investigation)	\$40,000
AWEP 2009 Projects	\$348,040 (spread among 33 individual projects – grants would go to individual project owners)
AWEP 2010 Projects	\$254,333 (spread among multiple individual projects – grants would go to individual project owners)

Idaho Water Resource Board (IWRB) Projects: For the larger projects it would be necessary to undertake them as IWRB projects, or perhaps as joint ventures between the IWRB and the project sponsors. These include:

Projects	Funding Allocation
Thousand Springs Pumpback Phase 1	\$908,340
2011 Managed Recharge Operations	\$300,000
Egin Lakes Recharge Site Phase 2	\$136,000
Any buy-outs/other projects that may arise	Unknown

Project Management Services: For projects undertaken as IWRB projects, it may be necessary to reserve some of the unallocated funds for project management services.

Long-Term Operations and Maintenance Requirements: Some projects, particularly the Thousand Springs Pumpback, will have ongoing operations and maintenance requirements. Since there is no long-term funding mechanism for ESPA CAMP implementation, it is unclear what funds will be allocated or contribute to O&M. The Implementation Committee and the IWRB need to consider long-term O&M and determine how it should be addressed and funded.

Monitoring: The Implementation Committee recognizes the importance of monitoring the recommended projects for certain metrics including project completion and hydrologic impacts. The Implementation Committee and IWRB need to consider monitoring and determine how it should be addressed and funded.

Potentially Unobligated Funds: The Implementation Committee understands that state laws and procedures impact how the funds will be obligated for the 2010 projects. With that being said, the Implementation Committee recommends that any funds that are not obligated as outlined in the 2010 project recommendations be set aside in the IWRB's fund for ESPA Plan implementation and used for other projects that might be brought forward for Implementation Committee consideration.