



COLORADO WATER CONSERVATION BOARD



WATER SUPPLY RESERVE ACCOUNT 2006-2007 GRANT APPLICATION FORM

Rio Grande Basin Conservation Reserve Enhancement Program (CREP) – Preparation of Proposal and Agreement

Name of Water Activity/Project

River Basin Location : Rio Grande

\$36,750.00

☒

Basin Account

☒

Yes

☐

Statewide Account

☐

No

Amount of Funds Requested

Please Check Applicable Box

Approval Letter Signed By
Roundtable Chair and
Description of Results of
Evaluation and Approval
Process

*** For the Basin Account, the Application Deadline is 60 Days Prior to the Bimonthly CWCB meeting. The CWCB meetings are posted at www.cwcb.state.co.us and are generally the third week of the month.**

*** For the Statewide Account, the Application Deadline is 60 Days Prior to the March and September CWCB Board Meetings.**

*** In completing the application you may attach additional sheets if the form does not provide adequate space. If additional sheets are attached please be sure to reference the section number of the application that you are addressing (i.e., A.1. etc.).**

Instructions: This application form should be emailed, typed, or printed neatly. The Water Supply Reserve Account Criteria and Guidelines can be found at <http://cwcb.state.co.us/IWMD/>. **The criteria and guidelines should be reviewed and followed when completing this application.** You may attach additional sheets as necessary to fully answer any question, or to provide additional information that you feel would be helpful in evaluating this application. Include with your application a cover letter summarizing your request for a grant. If you have difficulty with any part of the application, contact Rick Brown of the Intrastate Water Management and Development (Colorado Water Conservation Board) for assistance, at (303) 866-3514 or email Rick at rick.brown@state.co.us.

Generally, the applicant is also the prospective owner and sponsor of the proposed water activity. If this is not the case, contact the Rick Brown before completing this application.

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Part A. - Description of the Applicant (Project Sponsor or Owner);

1.	Applicant Name(s):	Colorado Rio Grande Restoration Foundation		
	Mailing address:	415 San Juan Avenue Alamosa, CO 81101		
	Taxpayer ID#:	75-3169057	Email address:	slvwcdcol@qwest.net
	Phone Numbers: Business:	719-589-2230		
	Home:			
	Fax:	719-589-2270		

2. Person to contact regarding this application if different from above:

Name:	Michael H. Gibson
Position/Title	Secretary / Treasurer

Provide a brief description of your organization below: Refer to Part 2 of criteria and guidance for required Information. Attach additional sheet(s) as needed.

See A-3 below.

Section A-3

The Colorado Rio Grande Restoration Foundation is an outgrowth of the Rio Grande Headwaters Restoration Project, which originated in 1999 to review the function of a 91-mile reach of the Rio Grande most impacted by human intervention. The study made recommendations to improve the river's natural functions, while meeting the obligations of the Rio Grande Compact.

The Colorado Rio Grande Restoration Foundation is a Colorado Nonprofit Corporation,

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20041324471. In January 2005, the Foundation received its IRS 501 (c) 3 status as a public foundation, with EIN # 75-3169057. The Foundation is exempt from Federal income tax. The Foundation is qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106, or 2522 of the Code. The Foundation is not subject to the Colorado TABOR limitations.

In a recently completed *Rio Grande Watershed Restoration Strategic Plan*, one of the *2010 Priority Projects* is the support of collaborative efforts for groundwater management in the San Luis Valley. It is in this context that the Foundation's Board on February 23, 2007 agreed to be the Applicant for SB-179 funds that will assist Special Improvement District No. 1 of the Rio Grande Water Conservation District 1 ("Subdistrict No. 1"), in their efforts to address groundwater management issues.

The Foundation is governed by a Board of Directors. Karla Shriver serves as President, Steve Russell as Vice- President, Michael (Mike) Gibson as Secretary/Treasurer and the remaining members are, Doug Messick, and Greg Higel. The San Luis Valley Water Conservancy District permits its Manager, Mike Gibson, to dedicate 25% of his work to the Foundation and contributes office space and materials to the Foundation. The Foundation retained Fleming & Fleming, CPA, Alamosa, Colorado, a certified public accounting firm to be its accountants.

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Part B. - Description of the Water Activity – Please Refer to Criteria and Guidance Document for Eligibly Criteria

1. Name of water activity/project:

Rio Grande Basin Conservation Reserve Enhancement Program (CREP) – Preparation of Proposal and Agreement to enroll approximately 40,000 acres of irrigated cropland in CREP and subsequently reduce irrigation in the targeted subdistrict to accomplish overall water

2. What is the purpose of this grant application? Check one.

☐

Environmental compliance and feasibility study

☐

Technical assistance regarding permitting, feasibility studies, and environmental compliance

☐

Studies or analysis of structural, nonstructural, consumptive, nonconsumptive water needs, projects, or activities (Please specify)

☒

Structural and/or nonstructural water project or activity

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3. Please provide an overview of water project or activity to be funded including – type of activity, statement of what the activity is intended to accomplish, the need for the activity, the problems and opportunities to be addressed, expectations of the participants, why the activity is important, the service area or geographic location, and any relevant issues etc. Please include any relevant Tabor issues. Please refer to Part 2 of criteria and guidance document for additional detail on information to include. Attach additional sheets as needed.

See B-3 below.

B-3

The Rio Grande Basin is comprised of all or portions of Alamosa, Conejos, Costilla, Hinsdale, Mineral, Rio Grande, and Saguache counties. The total human population is approximately 50,000, with the majority of people inhabiting Conejos, Rio Grande and Alamosa counties. Monte Vista, Alamosa, Saguache, Del Norte, and San Luis are a few of the larger municipalities in the basin.

The Rio Grande Watershed in Colorado drains 8,000 square miles in south-central Colorado. The central and northern portion of the San Luis Valley contains an internal drainage without surface flow to the Rio Grande referred to as the “Closed Basin.” The Closed Basin encompasses approximately two-thirds or 2,700 square miles of the San Luis Valley. Irrigated agriculture is the largest water user in the basin, consuming an estimated 2 million acre-feet annually and using over 85 percent of all water consumed. Approximately 1,500 farms have over 600,000 acres under irrigation in the San Luis Valley. Major crops in the Valley, according to the Colorado Agricultural Statistics (2002) are winter and spring wheat (8%), barley (17%), oats (3%), alfalfa (49%), and potatoes (23%). Net cash return from all agricultural sales was estimated at over \$50 million in 1997.

The Rio Grande’s largest tributary is the Conejos River, located in the southern part of the Basin. Major tributaries within the Closed Basin include La Garita, Carnero, and Saguache Creeks. There are 14 storage projects within Colorado’s Rio Grande drainage storing approximately 350,000 acre feet of water under normal storage conditions. The groundwater system of the San Luis Valley is a complex aquifer system containing a deeper confined aquifer separated from the shallower unconfined aquifer by a series of clay layers, sometimes referred to as the blue clay layer. Irrigation in the San Luis Valley is heavily dependent on conjunctive use of groundwater and surface water. The major portion of irrigation water is derived from managed recharge and pumping from unconfined-aquifer wells.

The Colorado Wildlife Commission listed the Rio Grande sucker as endangered and the Colorado Division of Wildlife has developed a recovery plan for the species within the San Luis

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Valley. The lack of perennial river flows, diversion structures, and water quality has restricted recovery efforts in the San Luis Valley. Similarly, the Southwest Willow Flycatcher is a federally listed endangered species that thrives in the riparian willow habitat along the Rio Grande. Currently, the Rio Grande Water Conservation District is developing a Regional Habitat Conservation Plan to protect habitat in Colorado for this endangered species and to protect routine agricultural activities.

The water levels of the aquifer system within the Closed Basin area of the central and northern San Luis Valley are currently declining which is negatively impacting surface flows, and increasing operating and pumping costs for agricultural producers. Several local conservation districts, water conservation districts, agricultural producers have set ambitious goals to reduce consumptive use throughout Colorado's Rio Grande Watershed by 200,000 acre-feet of water per year to address water shortages in both the confined and unconfined aquifers within the Valley. Engineering work completed by Allen Davey of Davis Engineering Service, Inc., in Alamosa, Colorado suggests that only a dramatic decrease in consumptive use will allow the aquifer system to restore itself and become sustainable. The unsustainable use of water in the San Luis Valley, affecting the aquifer, the local economy, wetlands, and hydrological conditions calls for immediate and targeted actions to reverse the trend.

Without the voluntary participation by water users in a program supporting fallowing of land and decreased groundwater use, the decline in the aquifer system will continue and the State Engineer will be forced to undertake widespread well regulation. Residents of the San Luis Valley hope to avoid the kind of well regulation that the State has undertaken on the South Platte River.

Colorado law requires that "use of the confined and unconfined aquifers shall be regulated so as to maintain a sustainable water supply in each aquifer system." C.R.S. § 37-92-501(4)(a). Residents of the San Luis Valley recognize the dramatic decline in the aquifer system and hope, by the use of groundwater management subdistricts, to generate financial incentives for voluntary curtailment of groundwater use. The Rio Grande Water Conservation District enabling legislation permits the creation of subdistricts to create and manage physical water projects or plans for augmentation or plans of water management. A subdistrict, with an approved plan of water management that specifically seeks to reduce groundwater use while protecting surface water rights is advantageous for San Luis Valley residents because Colorado law prohibits the state engineer from regulating groundwater withdrawals in Division 3 if the withdrawals are made pursuant to a subdistrict's approved groundwater management plan. C.R.S. § 37-92-501(4)(c).

The Board of Directors of the Rio Grande Water Conservation District supported the formation of Special Improvement District No. 1 of the Rio Grande Water Conservation District ("Subdistrict No. 1") and the district court in Alamosa approved its creation in July of 2006. Subdistrict No. 1 consists of approximately 198,000 irrigated acres located in the San Luis Valley generally north of the Rio Grande, west of a line extending north of the City of Alamosa and extending into the southerly six to ten miles of Saguache County. County records submitted to the

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Court with the Petition to form Subdistrict No. 1 indicate that Subdistrict No. 1 contains 171,291 acres of sprinkler irrigated lands, 21,110 acres of surface water irrigated lands, 6,046 acres of meadow land that could be irrigated using either ground or surface water sources. Data collected from the 1998 Rio Grande Decision Support System (RGDSS) for Subdistrict No. 1 show alfalfa on approximately 45,700 acres, grass pasture on approximately 4,000 acres, potatoes on approximately 64,000 acres, small grains on approximately 55,000 acres and vegetables on approximately 5,000 acres.

Subdistrict No. 1 is governed by an eleven member Board of Managers who are currently working to develop a plan of water management that will remove approximately 40,000 acres from production in Subdistrict No. 1. The Board of Managers firmly believes that the only way to encourage farmers to take land out of production is to create financial incentives. The Board of Managers determined that seeking Conservation Reserve Enhancement Program (CREP) funding in conjunction with financial incentives raised through user and service fees within the Subdistrict would be crucial to the subdistrict's success. The CREP is a Federal-State-Local partnership administered by the United States Department of Agriculture - Farm Service Agency (USDA-FSA) through the authority of the 2002 Farm Bill (Conservation Title).

The CREP provides a tool that will assist producers within the sub-district to voluntarily reduce their water consumption, move toward a balance between water supply and demand, and retain a viable agricultural economy, which is so vital to the region. No other program exists that can provide the level of funding and collaborative federal-state-local partnership necessary to address the groundwater management issue so critical to the basin and the state of Colorado.

This Grant Application for SB-179 Competitive Funds is requested to provide thirty six thousand seven hundred and fifty dollars (\$36,750.00) for the development of a CREP Proposal and subsequent CREP Agreement requesting enrollment of approximately 40,000 acres of irrigated cropland in the San Luis Valley of the Rio Grande Watershed in Colorado, specifically within Subdistrict No. 1. This figure includes a \$1,750 administration fee to the Applicant for management of the grant.

The Rio Grande CREP Proposal will seek USDA approval to enroll and retire irrigated acres through CREP and remove irrigation from the enrolled acres. Upon completion and USDA approval of the CREP Proposal and the CREP Agreement, and upon full implementation, this project will place 40,000 acres of previously cropped land into native vegetation and reduce water consumption within Subdistrict No. 1 by approximately 60,000 acre feet per year. A fully implemented CREP in Subdistrict No. 1 will make a substantial contribution to Subdistrict No. 1's goals of reducing consumptive use within the Closed Basin. An approved 40,000-acre CREP in Subdistrict No. 1 of the Rio Grande Upper Basin will leverage approximately sixty million (\$60,000,000) federal dollars to provide cost-share, incentives, and annual rental payments to producers that enroll in the CREP program. Subdistrict No. 1, through income from assessments including service and user fees on irrigated cropland and in-kind services, will provide no more than a twenty percent contribution, in

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conformance with CREP standards, that will be used to provide additional incentives to participating producers and administer the CREP program. Total anticipated Federal and non-Federal cash and in-kind contributions on a fully implemented program will be approximately seventy five million (\$75,000,000) dollars.

Preparing a comprehensive CREP Proposal will likely take approximately twelve months. Given the duration of the proposal process, obtaining funding in a timely manner is crucial to Subdistrict No. 1's success.

Attached to this Grant Application are two maps. One topographical map shows the boundaries of Subdistrict No. 1, including water sources and municipalities and the second topographical map shows the crop patterns in Subdistrict No. 1.

4. Please provide a brief narrative of any related or relevant previous studies. Attach additional sheets as needed.

The Conservation Reserve Enhancement Program (CREP) has been successfully implemented in over 27 states throughout the country to address a variety of natural resource concerns. The states of Washington, Oregon, Montana, and Nebraska have all successfully implemented CREP in their respective state to address natural resource concerns related to irrigated cropland. Colorado successfully initiated two CREP proposals and Agreements in late 2004. The Republican River CREP was implemented in the Republican River Basin in 2006 to address declining aquifer levels in the Ogallala Aquifer. The Republican River CREP in Colorado was approved in April, 2006 and permitted producers to voluntarily apply for enrollment in June, 2006. To date, approximately twenty five thousand (25,000) acres of irrigated cropland in the Republican River Basin have been offered for enrollment in the program. Upon full implementation, water use in the Republican River Basin is estimated to be reduced by approximately 35,000 acre feet. Please see http://www.republicanriver.com/pdf/crep_brochure.pdf for further information regarding the Republican River CREP.

5. Please provide a copy of the proposed scope of work. Please refer to Part 2 of the criteria and guidance document for detailed requirements. Attach additional sheets as needed.

See B-5 below.

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Section B-5 Scope of Work

This Grant Application seeks funding (\$36,750.00) to develop a Conservation Reserve Enhancement Program Proposal and Agreement for approval by the United States Department of Agriculture Farm Service Agency (USDA-FSA). This request includes a 5% administration fee to the Applicant, the Colorado Rio Grande Restoration Foundation. The Proposal and Agreement will be developed and submitted to USDA-FSA in cooperation with Subdistrict No. 1, Colorado Division of Water Resources (CDWR) and other partners as outlined and required by USDA policy and regulation. Specifically, the Rio Grande Subdistrict No. 1 CREP Proposal will be developed in accordance with USDA- FSA 2-CRP Handbook Paragraph 514; 2-CRP (rev.4) Amendment 1.

This Proposal and Agreement will seek approval for federal program funding through USDA-FSA (CREP) to voluntarily retire up to 40,000 acres of irrigated cropland and the associated irrigation water within Subdistrict No. 1 of the Rio Grande watershed. Upon approval and full implementation of CREP in the targeted region, irrigation water use will be reduced by approximately 60,000 acre feet per year.

SCOPE OF WORK:

- 1) Research and compile preliminary data regarding current conditions, agricultural related environmental and economic impacts. Soils, precipitation, geological features, vegetation, wildlife, including Threatened and Endangered (T&E) species, water resources, farm demographics, etc., will be collected and summarized. Research and compile preliminary data March – April 2007: 115 hours @ \$35.00/hour = \$4,025.00. Travel expenses: mileage - 3 round-trip visits from Sterling to Alamosa = 2,200 miles @ \$.485 per mile = \$1,067.00; per diem @ \$30.00 per day x 6 days = \$180.00; motel @ \$87.50 x 3 nights = \$ 262.50.
Total travel March - April 2007 = \$1,509.50.
- 2) Identify detailed project objectives including but not limited to water conservation, soil erosion, wildlife habitat, and energy conservation. Objectives will include measurable results and will be collaborated among all partners to insure strong partnerships are established with numerous conservation and agriculture groups. Determine project objectives May – June 2007: 115 hours @ \$35.00/hour = \$4,025.00. Travel: 2 round-trip visits from Sterling to Alamosa = 1,460 miles @ \$.485 per mile = \$ 708.10; per diem @ \$30.00 per day x 4 days = \$120.00; motel @ \$87.50 x 3 nights = \$262.50; 3 round-trip visits from Sterling to Denver = 840 miles @ \$.485 per mile = \$ 407.40; per diem @ \$30.00 per day x 3 days = \$90.00. Total travel May – June 2007 = \$ 1,588.00.
- 3) Detailed description of project and how it will be implemented. Conservation Reserve Program conservation practices that will be adopted to accomplish CREP program goals will be identified and modified as necessary to meet program objectives. The number of acres to be included in the program will be mapped and estimated for each conservation practice. A

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specific analysis will be conducted to demonstrate how CREP program objectives will be accomplished and how each objective will be measured. A flow chart and coordination method will be developed to articulate interagency coordination, producer and land eligibility criteria, and how the application and implementation process will be conducted among agencies and partners. Detailed description of project July – August 2007: 115 hrs @ \$35.00/hour = \$ 4,025.00. Travel: 2 round-trip visits from Sterling to Alamosa = 1,460 miles @ \$.485 per mile = \$708.10; per diem @ \$30.00 per day x 4 days = \$120.00; motel @ \$87.50 x 2 nights = \$175.00. Total travel July – August 2007 = \$1,003.10.

- 4) A detailed cost-analysis will include total project costs, itemized costs derived from non-federal sources, thorough justification of federal cost-share, incentive payments, and annual rental payments, and the collection of cropping yields and production costs for the entire project area. Detailed Cost-Analysis September 2007: 57 hours @ \$35.00/hr = \$ 1,995.00. No travel in September 2007.
- 5) The Proposal will include a detailed monitoring and evaluation plan that will be used to measure the success of the program. The monitoring plan will include a description of all data that will be collected, how it will be collected and who will be responsible for the collection of the data. The monitoring plan will detail how and by whom the required annual reports will be compiled and how project modifications will be carried out, if necessary. Monitoring and Evaluation Plan October 2007: - 57 hours @ \$35.00/hr = \$1,995.00. Travel: 1 round-trip visit from Sterling to Alamosa = 730 miles @ \$.485 per mile = \$354.05; per diem @ \$30.00 per day x 2 days = \$60.00; motel @ \$87.50 x 1 nights = \$87.50; 3 round-trip visits from Sterling to Denver = 840 miles @ \$.485 per mile = \$407.40 per diem @ \$30.00 per day x 3 days = \$90.00. Total travel October 2007 = \$998.95
- 6) A Programmatic Environmental Assessment (PEA) is required to be completed by the state Farm Service Agency (FSA) prior to CREP implementation. This project will coordinate the development of the PEA by providing information and review of the PEA through the state FSA and FSA contractor that completes the PEA. This process takes approximately 60 days to complete and requires site visits by the contractor, a public comment period, and numerous environmental evaluations. Coordination of this process between Subdistrict No. 1, the State, and USDA for the completion of the PEA. PEA project assistance November – December 2007: 143 hours @ \$35.00/hr = \$5,005.00. Travel: 2 round-trip visits from Sterling to Alamosa = 1,460 miles @ \$.485 per mile = \$708.10; per diem @ \$30.00 per day x 4 days = \$120.00; motel @ \$87.50 x 2 nights = \$175.00; 3 round-trip visits from Sterling to Denver = 840 miles @ \$.485 per mile = \$407.40; per diem @ \$30.00 per day x 3 days = \$90.00. Total travel November – December 2007 = \$1,500.50.
- 7) The final CREP Agreement commits USDA, the state of Colorado, and Subdistrict No. 1 to the provisions outlined in the Proposal. This Agreement is a legal document that requires coordination between USDA staff and legal council in Washington D.C., Colorado Attorney

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General's office and Subdistrict No. 1's legal counsel. This document articulates the precise financial obligations of all parties and requires substantial negotiations regarding the legal water retirement between all parties. The drafting, review and final development of the CREP Agreement requires substantial negotiations. Final Agreement January – February 2008: 112 hours @ \$35.00/hr = \$ 3,920.00. Travel: 1 round-trip visit from Sterling to Alamosa = 730 miles @ \$.485 per mile = \$354.05; per diem @ \$30.00 per day x 2 days = \$60.00; motel @ \$87.50 x 1 nights = \$87.50; 3 round-trip visits from Sterling to Denver = 840 miles @ \$.485 per mile = \$409.80; per diem @ \$30.00 per day x 3 days = \$90.00. Total travel January – February 2008 = \$1,001.35.

- 8) The final CREP Agreement is signed by the USDA Secretary of Agriculture and the Governor of the participating state or his designee at an official ceremony held on site. The arrangement and coordination of this ceremony, including site selection, invitation lists, infrastructure needs, and other issues will be coordinated between USDA, State and local leaders, and other groups and organizations that will be party to the program. Arrange and coordinate CREP signing March 2008: 43 hours @ \$35.00/hour \$1,505.00. Travel: 2 round-trip visits from Sterling to Alamosa = 1460 miles @ \$.485 per mile = \$708.10; per diem @ \$30.00 per day x 4 days = \$120.00; motel @ \$87.50 x 2 nights = \$175.00. Total travel March 2008 = \$1,003.10.

The dates and time schedules for the various work products are estimates and may be delayed (or accelerated) depending on USDA availability, responses to questions, and review time of various aspects of the Proposal and Agreement. However, it is the intent of Subdistrict No. 1 to complete and gain approval of a CREP Proposal and an Agreement by March 30, 2008. Initial implementation of the program is anticipated to occur shortly after the Agreement is signed by the Secretary of Agriculture and the Governor or his designee.

DELIVERABLES:

1. CREP Proposal for a 40,000 acre enrollment in Subdistrict No. 1: The Proposal will include detailed project objectives including, but not limited to, water conservation, soil erosion, wildlife habitat, and energy conservation, how it will be implemented, a cost analysis, and a detailed monitoring and evaluation plan that will be used to measure the success of the program. The monitoring plan will include a description of all data that will be collected, how it will be collected and who will be responsible for the collection of the data. In addition, a Programmatic Environmental Assessment (PEA) will be completed by the state Farm Service Agency.
2. The CREP Agreement commits USDA and the state of Colorado, for CREP for the Subdistrict No. 1 to the provisions outlined in the Proposal. This document articulates the precise financial obligations of all parties and requires substantial negotiations regarding

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the legal water retirement between all parties. Attached is a copy of a CREP Agreement between USDA, the Commodity Credit Corporation and the State of Idaho.

3. There will be a ceremony for the signing of the CREP Agreement. The CREP Agreement will be signed by the USDA Secretary of Agriculture and the Governor of Colorado, or his designee, at an official ceremony held on site. The arrangement and coordination of this ceremony will be performed by the third party consultant retained to complete the CREP Proposal and Agreement. This will include site selection, invitation lists, infrastructure needs, and other issues coordinated between USDA, State and local leaders, and other groups and organizations that will be party to the program.

TOTAL SB 179 BASIN FUNDS REQUESTED (SEE ATTACHED COST SUMMARY BY SCOPE OF WORK ELEMENTS):

Completion of CREP Proposal and Agreement	
757 hours @ \$35.00 per hour	\$26,000.00
Mileage	
12,860 miles @ \$.485 per mile	\$ 6,237.10
Per Diem	
38 days @ \$30.00 per day	\$ 1,140.00
Lodging	
14 nights @ 87.50	\$ 1,225.00
Subtotal	\$ 35,097.71
Rounded	\$35,000.00
Administration Fee	\$ 1,750.00
TOTAL REQUESTED	\$ 36,750.00

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6. List the names and addresses of any technical or legal consultants retained to represent the applicant or to conduct investigations for the water activity/project.

Name	Address/Phone Number
Ken Knox – Deputy State Engineer	Colorado Division of Water Resources – 1313 Sherman Street Denver, Colorado 80216 (303)866-3581
Kathryn Radke	Colorado Division of Water Resources – 1313 Sherman Street Denver, Colorado 80216 (303)866-3581
William Burnidge - Grasslands Project Manager	The Nature Conservancy 2424 Spruce Street Boulder, Colorado 80302
Bill Noonan - Statewide Coordinator	U.S. Fish and Wildlife Service Partners for Fish & Wildlife 140 Union Blvd. –Suite 120 Lakewood, Colorado 80228
Lewis Frank – State Executive Director	Colorado Farm Service Agency 655 Parfet Lakewood, Colorado 80215
Allen Green- State Conservationist	Colorado Natural resource Conservation Service 655 Parfet- Suite E200C Lakewood, Colorado 80215
David W. Robbins; Ingrid C. Barrier – Hill and Robbins, P.C.	1441 18 th Street- #100 Denver, Colorado 80202 (303) 296-8100
Tim J. Davis – TJD, LLC Agricultural Conservation Consulting	13791 Beal Road Sterling, CO 80751 (970) 522-7449
Allen Davey – Davis Engineering Service, Inc.	P.O. Box 1840 Alamosa, CO 81101 (719) 589-3006 x 116

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7. Water Availability and Sustainability – this information is needed to assess the viability and effectiveness of the water project or activity. Please provide a description of each water supply source to be utilized for, or the water body to be affected by, the water activity. For water supply sources being utilized, describe its location, yield, extent of development, and water right status. For water bodies being affected, describe its location, extent of development, and the expected effect of the water activity on the water body, in either case, the analysis should take into consideration a reasonable range of hydrologic variation. Attach additional sheets as needed.

The water levels in the confined and unconfined aquifers that underlie the San Luis Valley have been declining dramatically over time and under current conditions, the aquifer system is not sustainable. Allen Davey, of Davis Engineering estimates that storage in the unconfined aquifer has declined in the Closed Basin approximately 800,000 acre feet since 2001. The decline in the aquifers corresponds to increased groundwater pumping and increased consumptive use as well as changes in natural conditions. Subdistrict No. 1 is undertaking a cooperative effort to decrease groundwater use in a large area of the Closed Basin of the San Luis Valley in an attempt to restore the groundwater levels and groundwater storage in the aquifer system. Surface water comes into Subdistrict No. 1 from a network of canal and ditch systems and these sources contribute to the recharge of the aquifer system. However, throughout Subdistrict No. 1, the amount of water can be pumped from an extensive network of groundwater wells vastly exceeds the amount of recharge generated by these surface water sources in recent years. Accordingly, irrigators and landowners in Subdistrict No. 1 have determined that reducing groundwater use by fallowing land is the only solution, absent state regulation, to restore the aquifers.

8. If you have not specifically and fully addressed the Evaluation Criteria found in Part 3 of the criteria and guidance document please provide additional detail here. Attach additional sheet(s) if needed.

1: The water activity meets the eligibility requirements outlined in Part 2 of the Criteria & Guidelines document: Funding is being requested from the Rio Grande Basin Account. The Rio Grande Roundtable unanimously voted for this request to be forwarded to CWCB for funding from the Basin Account, in the amount of \$36,750.00. The award of funding for this Project is within the funds unallocated in the Basin Account.

2: The water activity is consistent with Section 37-75-102 C.R.S.: Nothing in this Project will change in any way the water rights protection afforded in Section 37-75-102.

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3: Re: Evaluation & Approval Process: At the Rio Grande Roundtable meeting on March 13, 2007, Project proponents were provided time to make a presentation and time was allowed for questions from the Rio Grande Roundtable Members and members of the public. After discussion, a voice vote was taken of all Rio Grande Roundtable Members that were present at the meeting.

The By-Laws of the Rio Grande Roundtable require a simple majority vote of those Members present for any action to be taken by the Roundtable. On March 13, 2007 the vote was unanimous in favor of this Project moving forward for funding.

4: The water activity meets the provisions of Section 37-75-104 (2) (c), C.R.S.: The SWSI findings for the Rio Grande Basin identified that the basin was over appropriated, and that the Basin was in a situation of non-sustainability regarding its agricultural water management practices. In addition, any increases in M&I needs would have to come from the agricultural users. The Project is an element in the agricultural water users of the basin addressing the issue of non –sustainability in the Basin, as is detailed in section B-# above.

9. Additional Information – If you feel you would like to add any additional pertinent information please

The above statements are true to the best of my knowledge:

Signature of Applicant: _____

Print Applicant's Name: Michael H. Gibson, Secretary / Treasurer
Colorado Rio Grande Restoration Foundation

Project Title: Rio Grande Basin Conservation Reserve Enhancement Program CREP –
Preparation of Proposal & Agreement

Date: March 22, 2007

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Return this application to:

Mr. Rick Brown
Intrastate Water Management and Development Section
COLORADO WATER CONSERVATION BOARD
1580 Logan Street, Suite 600
Denver, CO 80203

To submit applications by Email, send to: rick.brown@state.co.us

To submit applications by Fax, send to: (303) 894-2578

The following information is available via the internet. The reference information provides additional detail and background information regarding these criteria and guidelines and water policy issues affecting our state.

Colorado Water Conservation Board Policies

Loan and Grant policies and information are available at - <http://cwcb.state.co.us/Finance/>

Water Supply Reserve Account Criteria and Guidelines –

http://cwcb.state.co.us/IWMD/tools.htm#Water_Supply_Reserve_Account

Interbasin Compact Committee and Basin Roundtables

Interbasin Compact Committee By-laws and Charter –

<http://dnr.state.co.us/Home/ColoradoWaterforthe21stCentury/Interbasin+Compact+Committee/IbccHomePage.htm>

Basin Roundtable By-laws –

<http://dnr.state.co.us/Home/ColoradoWaterforthe21stCentury/IbccHome.htm>

Legislation

House Bill 05-1177 - Also known as the Water for the 21st Century Act –

<http://cwcb.state.co.us/IWMD/statutes.htm>

House Bill 06-1400 – Adopted the Interbasin Compact Committee Charter –

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<http://cwcb.state.co.us/IWMD/statutes.htm>

Senate Bill 06-179 – Created the Water Supply Reserve Account –

<http://cwcb.state.co.us/IWMD/statutes.htm>

Statewide Water Supply Initiative

General Information - <http://cwcb.state.co.us/IWMD/>

Phase 1 Report - <http://cwcb.state.co.us/IWMD/PhaseIReport.htm>

Rio Grande Basin Conservation Reserve Enhancement Program (CREP) – Preparation of Proposal and Agreement

COST SUMMARY BY SCOPE OF WORK ELEMENTS

Scope of Work	Element # 1 Mar.-Apr. 2007	Element # 2 May-Jun. 2007	Element # 3 Jul.-Aug. 2007	Element # 4 Sep. 2007	Element # 5 Oct. 2007	Element # 6 Nov.-Dec. 2007	Element # 7 Jan.-Feb. 2008	Element # 8 Mar. 2008	TOTALS Rounded
Consultant Time @ \$35/hour	115 hrs.	115 hrs	115 hrs	57 hrs	57 hrs	143 hrs	112 hrs	43 hrs	
Total Consultant Time	\$4,025.00	\$4,025.00	\$4,025.00	\$1,995.00	\$1,995.00	\$5,005.00	\$3,920.00	\$1,505.00	\$26,000.00
Travel – Sterling -Alamosa @ \$.485/mile	3 roundtrips = 2,200 miles \$1,067.00	2 roundtrips = 1,460 miles \$708.10	2 roundtrips = 1,460 miles \$708.10	None n/a	1 roundtrip = 730 miles \$354.05	2 roundtrips = 1,460 miles \$708.10	1 roundtrip = 730 miles \$354.05	2 roundtrips = 1,460 miles \$708.10	
Per Diem @ \$30/day	6 days \$180.00	4 days \$120.00	4 days \$120.00	n/a	2 days \$60.00	4 days \$120.00	2 days \$60.00	4 days \$120.00	
Motel @ 87.50/night	3 nights \$262.50	3 nights \$262.50	2 nights \$175.00	n/a	1 night \$87.50	2 nights \$175.00	1 night \$87.50	2 nights \$175.00	
Travel – Sterling-Denver @ \$.485/mile	n/a	3 roundtrips = 840 miles \$407.40	n/a	n/a	3 roundtrips = 840 miles \$407.40	3 roundtrips = 840 miles \$407.40	3 roundtrips = 840 miles \$407.40	n/a	
Per Diem @ \$30/day	n/a	3 days \$90.00	n/a	n/a	3 days \$90.00	3 days \$90.00	3 days \$90.00	n/a	
Total Travel	\$1,509.50	\$1,588.00	\$1,003.10	n/a	\$998.95	\$1,500.50	\$998.95	\$1,003.10	\$ 9,000.00

AGREEMENT
BETWEEN
THE UNITED STATES DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
AND
THE STATE OF IDAHO
CONCERNING THE IMPLEMENTATION OF
THE IDAHO EASTERN SNAKE PLAIN AQUIFER
CONSERVATION RESERVE ENHANCEMENT PROGRAM

This Memorandum of Agreement (Agreement) is entered into between the United States Department of Agriculture (USDA), Commodity Credit Corporation (CCC), and the State of Idaho (Idaho) for the improvement of water quantity and quality, and the enhancement of wildlife habitat through establishment of vegetative cover to reduce irrigation water consumptive use and agricultural chemical and sediment runoff to the waters of the State. The Conservation Reserve Enhancement Program (CREP) is part of the Conservation Reserve Program (CRP) operated by the Farm Service Agency (FSA) for CCC.

I. PURPOSE

The purpose of this Agreement is to allow, where deemed desirable by USDA, CCC and Idaho, certain acreage in the targeted watersheds to be enrolled in the Idaho Eastern Snake Plain Aquifer (ESPA CREP) Project Area. See Appendix 1 for a map displaying the ESPA CREP project area.

II. GENERAL PROVISIONS

The goals of the ESPA CREP are to enroll up to 100,000 acres of eligible cropland to significantly reduce the amount of irrigation water consumptive use and improve water quality through the reduction of agricultural chemicals and sediment entering waters of the State from agricultural lands. The reduction of ground and surface water use and of non-point source contaminants, through establishment of permanent vegetative cover, will also enhance associated wildlife habitat, both terrestrial and aquatic and achieve, to the extent practicable when fully implemented, the following objectives:

- A. Cease the application of water on up to 100,000 acres of irrigated cropland and thereby reduce consumptive use of water by up to 200,000 acre-feet annually

- B. Over time, increase of groundwater levels in the ESPA and increase of spring water discharge tributary to the Snake River of up to 180 cubic feet per second (cfs) to improve water quality and increase flows in the river.
- C. The reduction in the amount of agricultural chemicals, non-point source contaminants, and sediment entering the waters of Idaho through establishment of permanent vegetative cover that will also enhance associated wildlife habitat, both terrestrial and aquatic.
- D. Provide up to 100,000 additional acres of native grassland habitat for wildlife in the priority area, improving habitat and populations of grassland-nesting birds such as sage grouse and sharp-tailed grouse.
- E. Improve habitat for fish species by increasing stream flow.
- F. Improve water quality by reducing soil erosion and non-point pollution adjacent to streams and rivers.
- G. Reduce power consumption for irrigation water pumping by 300,000,000 to 350,000,000 kilowatt hours annually.

III. AUTHORITY

The CCC has the authority under provisions of the Food Security Act of 1985, as amended (1985 Act) (16 U.S.C. § 3830 *et seq.*), and the regulations at 7 CFR Part 1410 to perform all its activities contemplated by this Agreement. In accordance with the 1985 Act, CCC is authorized to enroll land in the CRP through December 31, 2007.

The general authority for Idaho to enter into this Agreement is set forth at Idaho Code § 22-2715 *et seq.* Specific authorization and appropriation was provided for certain aspects of this Agreement by the Fifty-Eighth Idaho Legislature, in its 1st Regular Session for the year 2005 pursuant to House Bill 373, which was signed into law on April 12, 2005 (effective April 12, 2005) and House Bill 392, which was signed into law on April 7, 2005 (a portion of which was effective April 7, 2005 and the balance of which was effective July 1, 2005).

This Agreement is not intended to, and does not, supercede any rules or regulations, which have been, or may be, promulgated by USDA/CCC and Idaho, or any other governmental entity participating in the CREP. This Agreement is intended to aid in the administration of the CRP. Other authorities may also apply.

IV. PROGRAM ELEMENTS

USDA, CCC, and Idaho agree that:

- A. In determining CCC's share of the cost of the ESPA CREP establishment and operation, CCC shall use the appropriate CRP regulations and the FSA CRP National Directives. All CRP contracts (form CRP-1, Conservation Reserve Program Contract) executed under this Agreement shall contain conservation plans consistent with applicable CRP statutes, regulations, and specifications, in accordance with USDA policies for similar enrollments and this Agreement.
- B. The CRP contracts for acres enrolled in the ESPA CREP must be for a period of 14 to 15 years.
- C. Eligible producers in the ESPA CREP project area may also continue to offer other eligible acreage for enrollment during CRP general and continuous enrollment periods.
- D. CRP contracts executed under this Agreement will be administered in accordance with, and subject to, the CRP regulations at 7 CFR Part 1410, and the provisions of this Agreement. In the event of a conflict, the CRP regulations will be controlling.
- E. No lands may be enrolled under this program until the USDA's CREP Program Manager approves a detailed Idaho FSA supplement to Handbook 2-CRP, which will provide a thorough description of this program and applicable practices.
- F. Eligible practices for this CREP are as follows:
 - i. CP2 - Establishment of Permanent Native Grasses
 - ii. CP4D - Permanent Wildlife Habitat Noneasement
 - iii. CP12 - Wildlife Food Plot
 - iv. CP22 - Riparian Buffer (Cropland only)
 - v. CP25 - Rare and Declining Habitat
- G. In order to be eligible for enrollment in the ESPA CREP, cropland must meet the cropland eligibility requirements as set forth in 7 CFR § 1410.6 and FSA CRP National Directives, and, must also meet each of the following requirements:
 - i. The cropland must:
 - (a.) Be entirely located within the ESPA CREP project area.

See Appendix 1.

- (b.) Be entirely located within an approved existing CRP State Conservation Priority Area within the CREP Project Area, (see Appendix 2, which displays the Idaho Conservation Priority Areas), or have an Erodibility Index (EI) of 8 or greater as determined by CCC, or, for practice CP22 acreage, meet continuous sign-up eligibility criteria as determined according to FSA CRP National Directives.
- ii. The cropland must have been both: (a) 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 the 6 years, 1996-2001, and (b) irrigated within 24 months prior to the submission of a CREP offer for enrollment or otherwise included within an approved Idaho Department of Water Resources' (IDWR) mitigation plan within 24 months prior to the submission of a CREP offer for enrollment. (A “CREP offer” for this purpose of timing will be considered to be a signed CRP-1 and CRP-2C form submitted by a producer to the FSA County Office or if approved by CCC, the signing by the producer of a registry at the county office for persons seeking entry into the program.)
- iii. The cropland must be physically and legally capable of being irrigated in a normal manner when offered for enrollment.
- iv. Idle acres must be verifiable from imagery or other verifiable methods.

H. A water use contract agreement between Idaho and the producer, which is acceptable to CCC, titled, “Agreement Not to Divert Water from the Eastern Snake Plain Aquifer” (a.k.a., Agreement Not to Divert), will be entered into between producers and Idaho for all irrigated cropland to be enrolled under a CRP contract and executed under this Agreement before the CRP contracts will be approved. The agreed to actual savings of water must equal or exceed the amount of water normally used on the irrigated land except as necessary to establish the cover. If an Agreement Not to Divert is not executed within six months of a producer’s submission of signed CRP-1 and CRP-2 forms (CREP Offer) or the producer cannot or refuses to execute the Agreement Not to Divert, CCC will reject the CREP Offer.

I. Participants (a producer that has had their CRP contract approved by CCC is known as a “participant”) may apply not more than 1/3 acre-foot of irrigation water to enrolled land during the first 12 months of a CRP contract, unless otherwise authorized by the CCC, but only if/when

necessary to establish the vegetative conservation cover as outlined in an approved conservation plan as determined by CCC. Otherwise, no irrigation water may be applied to the land at any time during the term of the contract except as further agreed to by CCC.

V. FEDERAL COMMITMENTS

USDA and CCC agree to:

- A. Provide cost-share payments to all participants for up to 50 percent of the eligible reimbursable costs incurred for the establishment of approved conservation practices according to FSA CRP National Directives. The total of all cost-sharing payments, from any sources, shall not exceed 100 percent of a participant's out of pocket expenses.
- B. Make CRP land and participant eligibility determinations according to FSA CRP National Directives.
- C. Make annual rental payments based on posted irrigated rental rates for each eligible enrolled irrigated acre in which an Agreement Not to Divert has been secured under the terms of the ESPA CREP at the per-acre rates set forth and approved by the CREP Program Manager in a supplement to Handbook 2-CRP. The per-acre, maximum irrigated rental rate in all cases will be equal to the sum of:
 - i. The most current weighted-average, relevant posted irrigated cropland rental rate per acre; and
 - ii. A maintenance incentive payment per acre in an amount according to the FSA CRP National Directives; this payment will be considered a rental payment for payment limitation purposes.
- D. Make a one-time Signing Incentive Payment (SIP) for practice CP22 in accordance with FSA CRP National Directives. The SIP is considered part of a rental payment for payment limitation purposes.
- E. Make a one-time Practice Incentive Payment (PIP) for practice CP22 in accordance with FSA CRP National Directives. The PIP is considered part of the annual rental payment for payment limitation purposes.
- F. Administer CRP contracts for land enrolled in the ESPA CREP.
- G. Conduct compliance reviews according to FSA CRP National Directives to ensure compliance with the CRP contract.
- H. In cooperation with Idaho, provide information to potential participants

concerning the ESPA CREP and technical assistance for implementing the CREP program in general in accordance with applicable statutes, and laws regulating such actions.

- I. Permit successors in-interest to existing contracts to participate under the ESPA CREP in the same manner as allowed for under other CRP contract, as provided in FSA CRP National Directives.
- J. Share appropriate data, in accordance with procedures, restrictions, and exemptions established under the federal Freedom of Information Act, federal privacy laws and other applicable laws with Idaho to facilitate Idaho review of applications and monitoring efforts.
- K. Approve CREP Offers in accordance with FSA CRP National Directives and this Agreement.
- L. Develop in cooperation with the participant a conservation plan for the applicable acres enrolled in the ESPA CREP.

VI. STATE COMMITMENTS

Idaho agrees to:

- A. Contribute not less than 20 percent of the overall annual program costs through a combination of cash contributions and certain in-kind services. Appendix 3, "ESPA CREP Projected Costs" indicates the level of support that various local and state agencies have pledged to the project as cash contributions and in-kind services. The in-kind services include current water conservation activities, monitoring activities, and wildlife enhancement activities proportioned out to reflect the amount of CREP acreage within each organization's individual jurisdiction.
- B. Be responsible for all of the following:
 - i. Providing a one-time Idaho Incentive Payment (IIP) of \$30 per acre to all participants who meet both of the following requirements: (a) have been diverting groundwater from that portion of the ESPA CREP project area identified in Appendix 4 as the "Incentive Area," and (b) enter into an Agreement Not to Divert for the term of the Federal CRP contract. The total of all IIP payments shall not exceed three million dollars (\$3,000,000).
 - ii. Paying all costs associated with annual water conservation monitoring and evaluation programs.

- iii. Providing wildlife conservation planning for participants as requested.
 - iv. Spending any portion of the three million dollars (\$3,000,000) referenced above in Section VI.B.i., which remains, after Idaho's VI.A obligations have been paid in full, on conservation measures within the Incentive Area.
- C. Establish an Enhancement Program Steering Committee, which will include representatives from the State Technical Committee, FSA, Idaho Department of Water Resources, Idaho Soil Conservation Commission, Idaho Department of Fish and Game, agriculture and conservation groups and local governments. This group will advise Idaho on the implementation of this CREP and on the allocation of any remaining portion of the three million dollars (\$3,000,000), referenced above in Section VI.B.i., which is not otherwise expended on VI.A.
- D. Seek producers who are willing to offer eligible and appropriate land for enrollment in the ESPA CREP.
- E. Work to ensure coordination with other agricultural conservation programs of State and federal agencies and non-government CREP partners.
- F. Review each CREP Offer to:
- i. Verify the water right appurtenant to the land enrolled in the ESPA CREP is an active licensed, or active decreed right under the law (a permit will be accepted if proof of beneficial use has been submitted to Idaho Department of Water Resources), and approve the Agreement Not to Divert, and forward an approved copy to the applicable county FSA office as soon as possible but no longer than six months after receiving the Agreement Not to Divert.
 - ii. Verify the claimed water right matches the land to be enrolled in the ESPA CREP.
 - iii. Ensure that if multiple water rights are found to be appurtenant to the land included in the ESPA CREP Offer, then the Agreement Not to Divert will be modified accordingly.
 - iv. Verify the water right is not already enrolled in the Idaho Water Resource Board State Water Bank, pursuant to Idaho Code § 42-1761 or in use for other mitigation and if the Agreement Not to Divert is denied for any reasons, notify the applicable FSA county office.

- v. Provide an annual review of CRP contracts and Agreements Not to Divert to determine water savings.
 - vi. Determine if the land to be enrolled is served by a canal company or irrigation district with a groundwater source, and if so, verify that the canal company/irrigation district has endorsed the Agreement Not to Divert, which endorsement includes a commitment from the canal company/irrigation district to reduce its groundwater consumption by the amount that would have been used on the land.
 - vii. Determine if the land to be enrolled is irrigated from a surface water source and, if so, verify that water savings can be accounted for.
- G. Within 90 days after the end of each federal fiscal year, the Idaho Department of Water Resources and Idaho Soil Conservation Commission shall provide a report to FSA summarizing the status of enrollments under this CREP and progress on fulfilling the other commitments of the program. The annual report to FSA shall include level of program participation; the results of the annual monitoring program; a summary of non-federal CREP program expenditures; success stories; and recommendations to improve the program.
- H. Provide staffing support for a fulltime ESPA CREP coordinator to facilitate and oversee program implementation, and technical assistance.
- I. Temporarily release the participant from any contractual or easement restrictions on any production during the term of the CRP contract executed under this Agreement, if such release is determined to be necessary by the U.S. Secretary of Agriculture in order to address a national emergency.
- J. Secure an Agreement Not to Divert with each participant, or successor thereto for all land to be enrolled under a CRP contract executed under this Agreement.
- K. Provide staffing and support for monitoring and evaluation of changes in ground water levels, spring discharge and water quality related to CREP implementation.
- L. Seek the approval of this Agreement by such independent boards or bodies within the State as may be necessary or appropriate to maximize objectives of this Agreement.
- M. Take all reasonable steps to enforce the requirements of all Agreements Not to Divert, and promptly inform CCC if such agreements are not

being followed.

- N. Facilitate the provision of technical assistance from local conservation districts in promoting the ESPA CREP.
- O. Implement a broad campaign for continuous public information and education regarding the ESPA CREP.
- P. Within 90 days after the end of the federal fiscal year, Idaho will submit information summarizing its overall costs for the program. In the event that Idaho has not obligated 20 percent of the overall costs for the ESPA CREP program, Idaho may be required by CCC to fulfill its obligation within 90 days, or provide some other mutually agreed-upon remedy.
- Q. In addition to the other payments for water rights provided for in this Agreement, use \$5 million to purchase permanent private water rights in the ESPA CREP area as soon as practicable but no later than December 31, 2010.

VII. MISCELLANEOUS PROVISIONS

- A. All commitments by USDA and Idaho are subject to the availability of funds. In the event either party is subject to a funding limitation, it will notify the other party within 30 days and any necessary modifications may be made to this Agreement.
- B. All CRP contracts executed under this Agreement shall be subject to all limitations set forth in the regulations at 7 CFR Part 1410 including, but not limited to, such matters as economic use, transferability, violations and contract modifications, and requirements imposed by other program authorities. Agreements between participants and Idaho may impose additional conditions not in conflict with those applicable under the CRP regulations.
- C. Neither Idaho, nor the USDA, shall assign or transfer any rights or obligations under this Agreement without prior written approval of the other party.
- D. Idaho and the USDA agree that, to the extent of applicable law, each party will be solely responsible for its own acts, omissions, and the results thereof, and shall not be responsible for the results thereof caused by the acts or omissions of the other party.
- E. Pursuant to the terms of this Agreement, USDA, CCC and Idaho are authorized to enroll qualifying land into the ESPA CREP until

enrollment goals are reached or December 31, 2007, whichever comes first. Any extension of this Agreement beyond December 31, 2007 will require consent of both parties and re-authorization under federal law. Notwithstanding the foregoing, either party may, at any time, with prior written notice, terminate this Agreement. Any termination of this Agreement will not alter responsibilities regarding existing contractual obligations established under the ESPA CREP between participants and USDA or CCC, or between participants and Idaho.

- F. The Deputy Administrator for Farm Programs, Farm Service Agency or the Deputy Administrator's designee, is delegated authority to carry out this Agreement and, with the Governor of Idaho, or the Governor's designee, may further amend this Agreement consistent with the provisions of the 1985 Act as amended and the regulations at 7 CFR Part 1410. The provisions of this Agreement may only be modified by written agreement between the parties.
- G. USDA, CCC, and FSA shall not be party to, or responsible for any water rights contracts, water use enforcement activity, water savings compliance or monitoring efforts, or any other Idaho or local water laws or ordinances.

In Witness Whereof, the parties here have set their hands as of the dates indicated herein below.

**FOR THE U.S. DEPARTMENT OF AGRICULTURE
AND THE COMMODITY CREDIT CORPORATION:**

Honorable Mike Johanns
Secretary, U.S. Department of Agriculture
Chairman of the Board, Commodity Credit Corporation

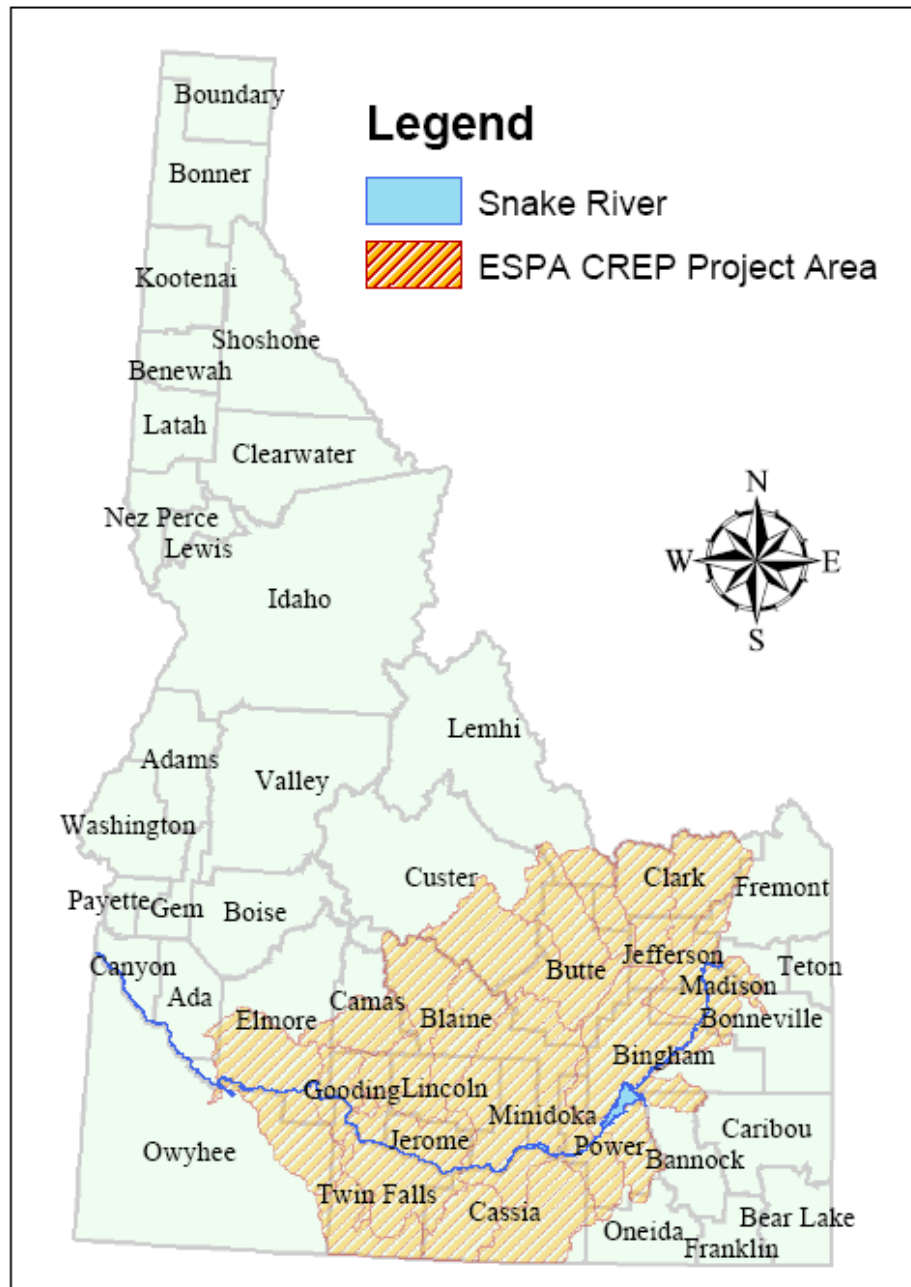
Date

FOR THE STATE OF IDAHO:

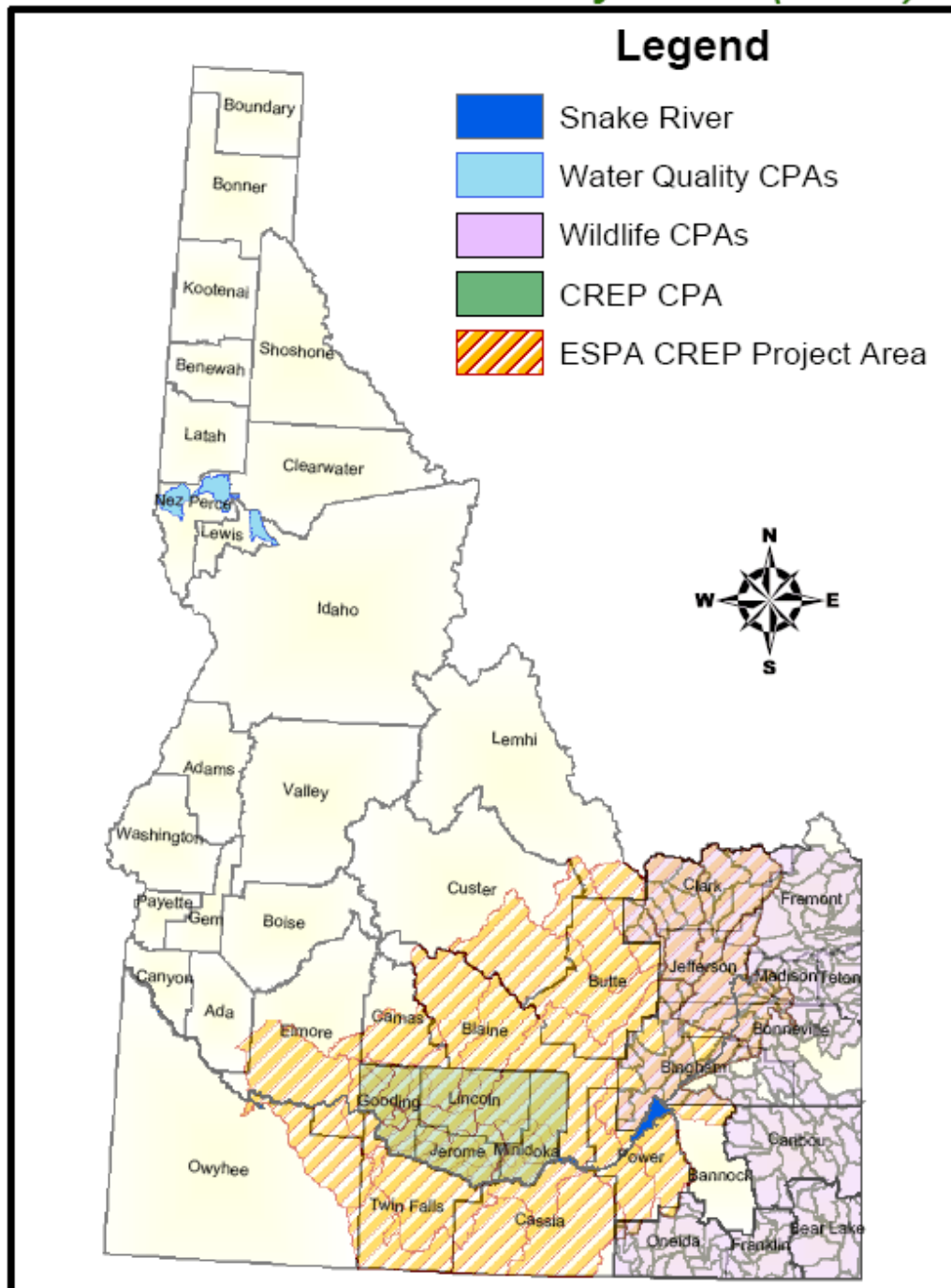
Dirk Kempthorne
Governor

Date

ESPA CREP Project Area



Idaho Conservation Priority Areas (CPAs)



ESPA CREP PROJECTED COSTS

A. TOTAL ESTIMATED PROJECT COSTS

1. Summary of estimated project costs over 15-year period

Total estimated federal cost:	\$183,000,000
Total estimated non-federal cost:	+ \$ 75,041,883

TOTAL ESTIMATED COST OF PROPOSED CREP:	\$258,041,883
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2. Determination of estimated costs

a. Estimated federal cost

Federal annual rental payment to participants:	
100,000 acres ¹ x \$118/acre ² x 15 years ³ =	\$177,000,000
Federal implementation of cost-shares and PIPs:	+ \$ 6,000,000

TOTAL COMMITMENT OF FEDERAL FUNDS OVER 15 YEARS:	\$183,000,000
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b. Estimated non-federal cost

Cash contributions:	\$ 15,739,368
In-kind contributions:	+ \$ 59,302,515

TOTAL COMMITMENT OF NON-FEDERAL FUNDS OVER 15 YEARS:	\$ 75,041,883
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B. COSTS FROM NON-FEDERAL SOURCES

1. Summary of estimated project costs over 15-year period

Cash contributions:	\$ 15,739,368
In-kind contributions:	+ \$ 59,302,515

TOTAL STATE COMMITMENT OVER 15 YEARS:	\$ 75,041,883
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¹ Anticipated acreage to be enrolled

² Anticipated average rental rate per acre

³ Anticipated contract term

2. Summary of percentage of overall estimated non-federal project costs

- State costs equate to 28.08 percent of total project costs.
- Federal costs equate to 70.92 percent of total project costs.
- State costs equate to 41.01 percent of federal contribution.

3. Determination of estimated non-federal costs

a. Non-federal commitments

1) Cash contributions

Water right acquisitions within the ESPA	\$ 5,000,000
One-time Idaho Incentive Payments to qualified Participants in the ESPA CREP Incentive Area	\$ 3,000,000
Idaho Water Resource Board projects	\$ 1,412,863
Annual ISCC loans/grants (\$310,000/year x 15 years)	\$ 4,650,000
ISCC CREP coordinator (\$111,7674/year x 15 years)	+ \$ 1,676,505

TOTAL STATE CASH CONTRIBUTIONS OVER 15 YEARS: \$ 15,739,368

2) In-kind contributions

IDWR monitoring, modeling on ESPA and springs	\$ 1,200,000
ISCC technical assistance (2 full-time staff)	\$ 223,533
IDEQ groundwater monitoring 1.5 full-time staff	\$ 180,000
IDEQ surface water monitoring 5 full-time staff	\$ 254,000
ISDA groundwater quality monitoring program	\$ 110,000
IDFG contract compliance monitoring	\$ 159,528
IDFG upland game bird production monitoring	\$ 45,140
IDFG Idaho Bird Inventory and Survey	\$ 18,300
Groundwater districts water measurement	\$ 375,000
Water District 120 enforcement	\$ 110,000
Water District 130 enforcement	\$ 78,000
Water District 01 enforcement	+ \$ 1,200,000

TOTAL STATE IN-KIND CONTRIBUTIONS, PER YEAR: \$ 3,953,501

TOTAL STATE IN-KIND CONTRIBUTIONS OVER 15 YEARS: \$ 59,302,515

⁴ Represents one-third of ISCC technical assistance appropriation. Includes personnel, operating expenses, etc.

The ESPA CREP Incentive Area is depicted on the map below. The ESPA CREP Incentive Area is that portion of the underlying aquifer commonly known as the Eastern Snake River Plain Aquifer (ESRPA) that is located within ESPA CREP project area. The ESRPA is an aquifer with a common ground water supply that comprises an area about 170 miles long and 60 miles wide as delineated in the report "Hydrology and Digital Simulation of the Regional Aquifer System, Eastern Snake River Plain, Idaho," U.S. Geological Survey ("USGS") Professional Paper 1408-F, 1992, excluding those areas located south of the Snake River that are also west of the line separating Sections 34 and 35, Township 10 South, Range 20 East, Boise Meridian.

ESPA CREP Incentive Area

