



IDAHO SOIL & WATER CONSERVATION COMMISSION

REGULAR MEETING NOTICE & AGENDA

Idaho Soil & Water Conservation Commission
December 7, 2017, 8:00 a.m. to 1:00 p.m. MT

Location: Idaho Water Center, 322 E Front St, Suite 560, Conference Room, Boise

TELECONFERENCE # 1-877-820-7831 Passcode: 922837

The Commission will occasionally convene in Executive Session, pursuant to Idaho Code § 74-206(1).
Executive Session is closed to the public.

AMERICANS WITH DISABILITIES ACT COMPLIANCE

The meeting will be held in facilities that meet the accessibility requirements of the Americans with Disabilities Act. If you require special accommodations to attend, participate in, or understand the meeting, please contact the Idaho Soil & Water Conservation Commission at (208) 332-1790 or Info@swc.idaho.gov so advance arrangements can be made.

Members of the public may address any item on the Agenda during consideration of that item. Those wishing to comment on any agenda item are requested to indicate so on the sign-in sheet in advance. Copies of agenda items, staff reports and/or written documentation relating to items of business on the agenda are on file in the office of the Idaho Soil & Water Conservation Commission in Boise. Upon request, copies can be emailed and will also be available for review at the meeting.

1.	WELCOME, SELF-INTRODUCTIONS, AND ROLL CALL	Chairman Wright
2.	AGENDA REVIEW <i>Agenda may be amended after the start of the meeting upon a motion that states the reason for the amendment and the good faith reason the item was not included in the original agenda.</i>	Chairman Wright
3.	PARTNER REPORTS	
4.	EXECUTIVE SESSION <i>Executive Session is closed to the public. Under the relevant Idaho Code Sections noted below, any Board action will be taken publicly in open session directly following Executive Session.</i> ACTION: Move to enter Executive Session pursuant to Idaho Code § 74-206(1)(b), the Commission will convene in Executive Session for the purpose of considering the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against a public officer, employee, or staff member.	
a.	Pursuant to Idaho Code § 74-206(1)(b) the Commission will convene in Executive Session for the purpose of considering the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against a public officer, employee, or staff member (2 items).	Commissioners

(*) Action Item

(#) Attachment

ACTION: Staff recommended action for Commission consideration

Thursday, December 7, 2017 Meeting Agenda

Date of Notice: December 1, 2017

		ACTION: For information and possible action outside of Executive Session.	
	5.	ADMINISTRATION	
*#	a.	Minutes 1. November 2, 2017 2. November 14, 2017 3. November 16, 2017 ACTION: Approve	Chairman Wright
*#	b.	Financial Report 1. October 31, 2017 2. November 30, 2017 ACTION: Approve the October 31, 2017 and November 30, 2017 Monthly Reports	Yadon
#	c.	Administrator's Report • Activities • Award of National Fish and Wildlife Foundation Sagebrush Restoration Coordinator Grant • FY 2018 Commission Meeting Schedule ACTION: Authorize the receipt of a \$200,000 grant to hire a temporary sagebrush restoration coordinator, and authorize administrator to sign a contract agreement with NFWF for receipt and expenditure of those funds	Murrison
	6.	PROGRAMS	
#	a.	Resource Conservation & Rangeland Development Program (RCRDP) update and fiscal year loan activity summary • Activities 0 Marketing 0 Loan Applications 0 Loan Portfolio • FY 2016 Loan Activity Summary • Customer Service Responses ACTION: For information only	Hoebelheinrich
*	b.	RCRDP: Annual Review and Setting of Interest Rates ACTION: Approve interest rates and loan terms for FY 2018	Hoebelheinrich
	c.	Possible Changes to RCRDP Loan Program to Enhance Loan Activity ACTION: For information and possible action	Hoebelheinrich
	7.	OTHER BUSINESS	
	a.	Reports ACTION: For information only	Commissioners, Staff
	8.	RECONVENE IN OPEN SESSION to ADJOURN The next meeting date is a Regular Board Meeting scheduled for January 15, 2018 in Boise.	Chairman Wright

(*) Action Item

(#) Attachment

ACTION: Staff recommended action for Commission consideration

Thursday, December 7, 2017 Meeting Agenda

Date of Notice: December 1, 2017



Idaho Soil & Water Conservation Commission

322 E Front St, Suite 560 • Boise Idaho 83702
Telephone: 208-332-1790 • Fax: 208-332-1799

IDAHO SOIL & WATER CONSERVATION COMMISSION REGULAR MEETING & TELECONFERENCE

Date and Time:

Tuesday, November 2, 2017
10:00 a.m. – 3:00 p.m. MT

Location:

Idaho Water Center
322 E Front St, Suite 602A & 602B
Boise, Idaho

DRAFT MINUTES

COMMISSION MEMBERS PRESENT:

Norman Wright (Chair)

Dave Radford

Jerry Trebesch (Vice Chair)

Cathy Roemer

Leon Slichter (Secretary)

COMMISSION STAFF PRESENT:

1 Teri Murrison	Terry Hoebelheinrich
2 Corrine Dalzell	Cheryl Wilson
3 Delwyne Trefz	Maria Minicucci
4	

PARTNERS AND GUESTS PRESENT:

6 Benjamin Kelly, IASCD
7 Shantel Chapple Knowlton, Office of the Attorney General
8 Darrell Early, Office of the Attorney General
9 Katrine Franks, Governor's Office
10 Rob Sepich, Legislative Services Office
11 Kent Foster, IASCD Division III Director
12

ITEM #1: WELCOME, SELF-INTRODUCTIONS, AND ROLL CALL

Chairman Wright called the meeting to order at 10:01 a.m.

Roll call: Chairman Norman Wright, Commissioners Leon Slichter, David Radford, Jerry Trebesch and Cathy Roemer were present.

ITEM #2: AGENDA REVIEW

Action: None taken

ITEM #3: PARTNER REPORTS

23 **ITEM #4a: MINUTES**

- 24 1. Action: Commissioner Radford made a motion to *approve the August 24, 2017 meeting*
25 *minutes as submitted*. Commissioner Roemer seconded the motion. Motion carried by
26 unanimous vote in favor.
27
28 2. Action: Commissioner Slichter made a motion to *approve the September 7, 2017*
29 *meeting minutes as submitted*. Commissioner Trebesch seconded the motion. Motion
30 carried by unanimous vote in favor.
31
32 3. Action: Commissioner Slichter made a motion to *approve the September 28, 2017*
33 *meeting minutes as submitted*. Commissioner Roemer seconded the motion. Motion
34 carried by unanimous vote in favor.
35

36 **ITEM #4b: FINANCIAL REPORTS**

- 37 1. Action: Commissioner Radford moved to *approve the August 31, 2017 Monthly Financial*
38 *Report*. Commissioner Trebesch seconded the motion. Motion carried by unanimous
39 vote in favor.
40
41 2. Action: Commissioner Trebesch moved to *approve the September 30, 2017 Monthly*
42 *Financial Report*. Commissioner Radford seconded the motion. Motion carried by
43 unanimous vote in favor.
44

45 **ITEM #4c: ADMINISTRATOR'S REPORT**

46 Action: Commissioner Radford moved to *proceed with the issuance of an RFQ for public*
47 *relations services*. Commissioner Slichter seconded the motion. Motion carried by unanimous
48 vote in favor.
49

50 Action: Commissioner Slichter moved to *approve the Administrator's request for Out of State*
51 *Travel*. Commissioner Radford seconded the motion. Motion carried by unanimous vote in
52 favor.
53

54 **ITEM #4d: FY 2019 BUDGET REQUEST REVISION**

55 Action: Commissioner Radford moved to *approve the revision to FY 2019 Budget Request as*
56 *recommended by staff*. Commissioner Trebesch seconded the motion. Motion carried by
57 unanimous vote in favor.
58

59 **ITEM #5a: DISTRICT FINANCIAL MATCH ALLOCATIONS**

60 Action: Commissioner Slichter moved to *approve FY 2018 District Allocation Matching Funds for*
61 *immediate disbursement, except that the recommended \$50,000 Franklin District allocation be*
62 *held pending resolution of the investigation by the Attorney General's Office*. Commissioner
63 Trebesch seconded the motion. Motion carried by unanimous vote in favor.
64

65 Commission recessed at 11:53 a.m.
66

Commission reconvened at 1:02 p.m.

ITEM #6: EXECUTIVE SESSION

Action: Chairman Wright moved to convene in Executive Session pursuant to Idaho Code §74-206(1)(d) for the purpose of reviewing loan applications. Commissioner Trebesch seconded the motion. Roll call vote. Motion carried unanimously by roll call vote.

Executive Session commenced at 1:04 p.m.

Executive Session ended at 2:11 p.m.

Commission reconvened in Open Session at 2:11 p.m.

ITEM #6a: RESOURCE CONSERVATION & RANGELAND DEVELOPMENT PROGRAM

Action: Commissioner Radford moved to *uphold the Commission Loan Officer's decision Loan # X 8-18-2017*. Commissioner Slichter seconded the motion. Motion carried by unanimous vote in favor.

ITEM #7: ADJOURN

The meeting was adjourned at 2:20 p.m. The next Commission Meeting will be a Joint Board meeting with the Idaho Association of Soil Conservation Districts Board to be held at the Riverside Inn in Boise at 2:00 pm on November 14, 2017.

Respectfully submitted,

Leon Slichter, Secretary

322 E Front St, Suite 560 • Boise Idaho 83702
Telephone: 208-332-1790 • Fax: 208-332-1799

items were requested to be added to the agenda by members of the IASCD Board during the meeting:

1. Commission's FY 2019 Budget Request
2. Clarification of Statute and Rule on District Allocations
3. Potential National Association of Conservation Districts' Cooperative working agreements/MOUs with Idaho Districts

Commissioner Roemer seconded the motion. Motion carried by unanimous vote in favor.

ITEM #3: NACD GRANT TO DISTRICTS TO HIRE PERSONNEL FOR NRCS

Action: None Taken

ITEM #4: FUTURE MEETINGS

Action: None Taken

Item #5: IASCD BOARD ADDED AGENDA ITEMS

Action: None Taken

ITEM #6: ADJOURN

The meeting was adjourned at 3:30 p.m. The next Commission Meeting will be a Listening Session to be held at the Riverside Hotel, Aspen Room, in Boise at 7:00 a.m. on November 16, 2017.

Respectfully submitted,

Leon Slichter, Secretary



Idaho Soil & Water Conservation Commission

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IDAHO SOIL & WATER CONSERVATION COMMISSION LISTENING SESSION

Date and Time:

Thursday, November 16, 2017
7:00 a.m. – 9:00 a.m. MT

Location:

Riverside Hotel – Aspen Room
2900 W. Chinden Blvd.
Boise, Idaho

DRAFT MINUTES

COMMISSION MEMBERS PRESENT:

Norman Wright (Chair)
Dave Radford

Cathy Roemer
Jerry Trebesch (Vice Chair)

COMMISSION STAFF PRESENT:

1 Teri Murrison	Todd Higens	Brad Shelton	Terry Hoebelheinrich
2 Allan Johnson	Eileen Rowan	George Hitz	Maria Minicucci
3 Rob Sharpnack	Brian Reed		
4			

PARTNERS AND GUESTS PRESENT:

5 Shantel Chapple Knowlton, Attorney General's Office
6
7 Chris Simons
8 Matt Woodard
9 Roy Prescott
10 Kent Foster
11 Chuck Kiester
12 Marita Paulson
13 Brett Leyshon
14 Carl Pendleton
15 Steve Becker
16 Tom Daniels
17 Lynn Bagley
18 James Hardcastle
19 Kevin Koester
20 Linda Ely
21 Kit Tillotson
22 Julie Burkhardt
23 Kay Billington
24 Art Beal

25 Sam Chandler
26

27
28 **ITEM #1: WELCOME, SELF-INTRODUCTIONS, AND ROLL CALL**

29 Chairman Wright called the meeting to order at 7:03 am.

30 Roll Call: Chairman Norman Wright, Commissioners Jerry Trebesch (Vice Chair), David Radford,
31 Cathy Roemer were present.
32

33 **ITEM #2: AGENDA REVIEW**

34 Action: None taken
35

36 **ITEM #3: LISTENING SESSION**

37 Action: None taken
38

39 **ITEM #4: ADJOURN**

40 The meeting was adjourned at 8:04 am. The next Commission Meeting will be held at the Idaho
41 Water Center, 322 E. Front Street, Suite 560, in Boise at 8:00 a.m. on December 7, 2017.
42

43 Respectfully submitted,
44
45

46
47 Leon Slichter, Secretary



IDAHO SOIL & WATER CONSERVATION COMMISSION

ITEM #5b

TO: CHAIRMAN WRIGHT AND COMMISSIONERS RADFORD, ROEMER, SLICHTER, AND TREBESCH
FROM: RHONDA YADON, FISCAL & HR MANAGER
DATE: NOVEMBER 29, 2017
RE: FINANCIAL REPORTS, FISCAL MATTERS

FINANCIAL REPORTS

Attached for your review is the Financial Detail Report for the fiscal year-to-date October 31, 2017. We are 33.7% through the year as of the end of October. In Operating, we are still seeing the effects in our percent spent of some of the large annual payments at the beginning of the year, but overall, I believe that we are in good financial standing. I will review this report on all the funds at your meeting.

The Financial Detail Report and Financial Summary Report (including the financial projections for the year) for the month ending November 30, 2017 will be available in hard copy at your meeting. For those of you that will be attending the meeting remotely, I will have the reports emailed to you by the end of the day Wednesday, December 6.

NEW HIRES AND VACANCIES

In November, we hired three of the NRCS Conservation Technical Assistance (CTA) positions. You met Todd Higen (Coeur d'Alene) and Paula Johnson (Rigby) at the IASCD Conference in Boise. Veronica (Roni) Pasi will start with us on December 4 and will be based in Pocatello.

COMMISSIONER HONORARIUMS

Below is a schedule of the honorarium balances as of November 30, 2017. Included in the schedule is the days and amounts budgeted for each Commissioner for FY18. We are in good standing with the travel budget for Commissioners as we have spent 32.7% of the honorarium allocation and 35.5% of the operating allocation to date.

Commissioner	Days Budgeted/ Traveled to Date	Benefit Costs included in Honorariums	Honorariums Budgeted	Expended to Date	Projected Balance/ (Overage)
Wright	30 / 9	\$118	\$1,618	\$495	\$1,123
Roemer	20 / 7	\$79	\$1,079	\$392	\$687
Trebesch	12 / 3	\$47	\$647	\$162	\$485
Radford	18 / 7	\$71	\$971	\$385	\$586
Slichter	20 / 6	\$79	\$1,079	\$330	\$749
Totals		\$394	\$5,394	\$1,764	\$3,630

RECOMMENDED ACTION: Approve the Financial Report for the month ended October 31, 2017
Approve the Financial Reports for the month ended November 30, 2017



**SOIL & WATER
CONSERVATION
COMMISSION**

H. Norman Wright
Chairman

Gerald Trebesch
Vice Chairman

Leon Slichter
Secretary

Dave Radford
Commissioner

Cathy Roemer
Commissioner

Teri Murrison
Administrator

MEMO

**TO: CHAIRMAN WRIGHT AND COMMISSIONERS TREBESCH,
SLICHTER, ROEMER, AND RADFORD**
FROM: TERI MURRISON, ADMINISTRATOR
DATE: NOVEMBER 28, 2017
RE: ADMINISTRATOR'S REPORT

ACTIVITIES

- Hired 2 soil conservationists, 1 soil conservation technician to work in NRCS offices in Coeur d'Alene, Rigby, and Pocatello
- Attended IASCD Annual Conference (November), held All Staff Training, miscellaneous Commission Board and Joint Board (with IASCD) meetings, and Division meetings (October)
- FY 2013 – 2016 Management Audit conducted in September. The LSO Audit Office plans to complete their report in early 2018.
- In process of finalizing the grant agreement with the National Fish and Wildlife Foundation to hire a sage grouse coordinator to be housed at the Commission
- Revised WQPA budget request, informed partners, met with legislators re flood mitigation funding needs
- Staff developed district potential water quality project list subject to WQPA program (see attached)
- Attended Rock Creek Advisory Committee meeting, CREP annual meeting, Larry Brannen Ag Summit Planning Committee meeting
- Participated in NASCA communications subcommittee ad hoc workgroup

AWARD OF NATIONAL FISH AND WILDLIFE FOUNDATION (NFWF) SAGEBRUSH
RESTORATION COORDINATOR GRANT

The NFWF recently advised that the Commission's August 2017 full proposal for a \$200,000 grant from 3/1/2018 – 6/30/2020 will be funded. The grant provides for the services of a temporary sagebrush restoration coordinator to work with NRCS and other partners on the restoration of sagebrush habitat on private lands. The Commission and the Office of Species Conservation will provide in kind matching services (50%). Your authorization of the grant's receipt and for the administrator to sign a contract with NFWF for that purpose is requested.

FY 2018 COMMISSION MEETING SCHEDULE

Your scheduled meeting dates and locations are as follows:

Date & Time	Meeting Specifics, Location	Meeting Type
December 7, 8 am – 1 pm MT (if needed)	Regular Meeting, 322 E. Front Street, Suite 560, Boise	In person
January 14-16	ISWCC Regular Meeting, January 15, 1 pm MT (in conjunction with IASCD Board Meeting), combination of IASCD Legislative Social, Day in the Capitol,	In person
February 19-20	ISWCC Regular Meeting, February 19, 1 pm MT (in conjunction with Ag Summit Strolling Supper that evening), February 20, 8 am MT Larry Brannen Ag Summit, Riverside Hotel	In person

March	No meeting anticipated due to Spring Division Meetings	----
April 12, 2018, 9 am MT	Regular Meeting, 322 E. Front Street, Suite 560, Boise	In person
May 9-11, location and time TBD	Tour, Regular Meeting, North Idaho Forestry Contest	In person
June 14, 10 am MT	Regular Meeting, 322 E. Front Street, Suite 560, Boise	In person

REQUESTED ACTION: Authorize the receipt of a \$200,000 grant to hire a temporary sagebrush restoration coordinator, and authorize administrator to sign a contract agreement with NFWF for receipt and expenditure of NFWF funds.

Attachment: WQPA Fact Sheet, Potential District Projects

UPDATED WATER QUALITY PROGRAM FOR AGRICULTURE FACT SHEET

November 17, 2017

FUNDING REQUEST SUMMARY: This Fact Sheet details the potential resumption of general fund financial support for agricultural BMPs and water quality monitoring through the Idaho Soil and Water Conservation Commission's (Commission) existing but unfunded Water Quality Program for Agriculture (WQPA), Authority: *Idaho Code 22-2734, IDAPA 60.05.03*. The program operated for 12 years before funding was eliminated in 2012.

What did WQPA Accomplish? *Attachment A* is WQPA sediment reduction data (2000-2012) for the life of the practices installed (practice life expectancies vary). The program focus was primarily on cropland, but there were also riparian, livestock, and forest components addressed. In sediment load reductions alone, WQPA diverted (and is diverting) almost 29M tons (over the life of the practices) for a state investment of \$13.5M. (WQPA also diverted other pollutants including phosphorus).

Why this request, why now? Idahoans face significant financial challenges to achieve voluntary agricultural water quality goals established by Total Maximum Daily Loads (TMDLs) approved by the Environmental Protection Agency (EPA). The economic burden for farmers and ranchers in the Treasure Valley alone was recently calculated at \$100,000,000. In addition to existing largely municipal and industry regulatory water quality permitting requirements, voluntary implementation of agricultural best management practices (BMPs) is essential to meet Idaho's TMDL objectives, yet funding for these voluntary water quality BMP efforts through ISWCC has decreased or been eliminated over time (*see Attachment B, ISWCC 10 Year Historical Expenditure from Ray Houston*).

How much need for WQPA exists? Attached as *Attachment B* is a partial list of presently unmet conservation BMP needs listed by conservation district related to water quality needs. The total amount of needs that could be addressed by 30 of Idaho's 50 conservation districts amounts to a total funding need of over \$10M this year. Listed projects include constructing off-stream watering facilities, sediment basins, upgrading irrigation systems and enhancing riparian areas, monitoring nutrient and irrigation system BMPs, installing in-stream barbs and bank stabilization projects, erosion control, fencing, planting cover crops, wind erosion reduction measures, culvert replacement and fish passage BMPs, relocating livestock corrals away from streams, and more. All of these practices have been shown to successfully address agriculturally related water quality issues.

Commission FY 2019 WQPA FUNDING REQUEST: \$1,079,000m ongoing Supported by the Idaho Association of Soil Conservation Districts and at Commission Board direction, the following funding for the WQPA, with triennial spending authority*, has been included by the agency in its FY 2019 Funding Request:

1. **TRUSTEE AND BENEFITS (\$1m ongoing)**
 - Request \$1M in ongoing funds for project implementation in regular WQPA program through the GF Trustee and Benefits fund
2. **PERSONNEL - Request \$29,000 ongoing in GF Personnel Fund**
 - Reclassify existing water quality resource conservationist to ag program specialist (increase salary and benefits by \$12k/year)
 - Request .25 additional FTP for fiscal/HR manager (increase salary and benefits by \$17k/yr)
3. **OPERATING – Request additional \$50k ongoing**
 - i. Contract out 2 TMDL Impl. Plans/yr. (\$32k)
 - ii. \$18k for program administrative expenses (travel, supplies, overhead, etc.)

**Triennial spending authority for BMP funding was requested because the fiscal year begins during the middle of the agricultural and irrigation season, before projects can be fully identified, developed, and approved for construction and operation during the following year. Three-year funding cycles have been used successfully to provide sufficient time for BMP funding programs to achieve their full potential.*

ATTACHMENT A
WQPA pollutant reduction data (2000-2012)

Table 1. Sediment load reductions achieved with State GF dollars expended through the ISWCC WQPA program, 2000 - 2010

Land Use	Estimated Sediment Load Reductions (Tons)		State Funds Expended	Cost Per Ton of Sediment Load Reduction
	Per Year	Per Life of Practice		
Cropland	1,516,220	25,123,047	\$ 10,856,024	\$0.43
Livestock	101,259	1,945,083	\$ 2,350,735	\$1.21
Roadway	42,931	799,070	\$ 218,517	\$0.27
Timber	281	4,208	\$ 22,794	\$8.66
Totals	1,660,691	27,871,357	\$ 13,449,070	\$0.48

* NRCS methodology was used to calculate pollutant load reductions. Load reductions are highly site-specific and vary dependent upon soil type, slope, current irrigation water management practices, etc.

Table 2. Best Management Practices installed and sediment load reductions achieved through the ISWCC WQPA program, by land use 2000 - 2010.

BMPs INSTALLED	UNITS OF MEASURE	UNITS INSTALLED	EST. LOAD REDUCTION*
CROPLAND			
ANIONIC POLYACRYLAMIDE (PAM)	ACRES	852	2,498
CONSERVATION COVER	ACRES	1,872	42,125
CONSERVATION CROP ROTATION	ACRES	1,754	752
CONTOUR FARMING	ACRES	8,199	24,597
DEEP TILLAGE	ACRES	5,848	17,544
FILTER STRIP	ACRES	6	410
GRASSED WATERWAY	ACRES	2	231
IRRIGATION LAND LEVELING	ACRES	177	6,102
IRRIGATION SYSTEM, MICROIRRIGATION	ACRES	99	10,374
IRRIGATION SYSTEM, SPRINKLER	ACRES	13,882	21,234
IRRIGATION SYSTEM, SURFACE & SUBSURFACE	ACRES	251	564
IRRIGATION WATER MANAGEMENT	ACRES	924	80
LAND SMOOTHING	ACRES	75	11
MANURE TRANSFER	ACRES	104	6
NUTRIENT MANAGEMENT	ACRES	39,093	2,336
NUTRIENT/PEST MGMT. PRECISION APPL.	ACRES	16,860	7,587
PASTURE & HAYLAND PLANTING	ACRES	6,141	9,712
PEST MANAGEMENT	ACRES	1,204	722
RESIDUE MANAGEMENT, DIRECT SEED	ACRES	27,562	33,841
RESIDUE MANAGEMENT, DIRECT SEED	ACRES	7,782	11,673
RESIDUE MANAGEMENT, MULCH TILL	ACRES	12,149	18,224
RESIDUE MANAGEMENT, NO TILL & STRIP TILL	ACRES	17,460	26,190
RESIDUE MANAGEMENT, SEASONAL	ACRES	21,864	35,796
RESIDUE MGMT. NO TILL/STRIP TILL/DIRECT SEED	ACRES	3,232	4,877
SUBSURFACE DRAIN	ACRES	250	10,500
DIVERSION	CU. YDS.	218	**
IRRIGATION LAND LEVELING	CU. YDS.	166,525	249,788
IRRIGATION PIT	CU. YDS.	2,782	**
IRRIGATION REGULATING RESERVOIR	CU. YDS.	6,580	**
LAND SMOOTHING	CU. YDS.	30,000	30,000
SEDIMENT BASIN	CU. YDS.	4,512	112,793
STRUCTURE FOR WATER CONTROL	CU. YDS.	597	14,928
DAM, DIVERSION	EACH	3	**
DIVERSION	EACH	1	**
GRADE STABILIZATION STRUCTURE	EACH	158	12,640
IRRIGATION PIT	EACH	3	**
IRRIGATION PIT OR REGULATING RESERVOIR	EACH	10	**
IRRIGATION REGULATING RESERVOIR	EACH	4	**
IRRIGATION STORAGE RESERVOIR	EACH	1	**
IRRIGATION SYSTEM, TAILWATER RECOVERY	EACH	2	1,000
NUTRIENT MANAGEMENT	EACH	239	**
NUTRIENT/PEST MGMT. - PRECISION APPL.	EACH	1	**
PEST MANAGEMENT	EACH	2	**
PUMPING PLANT FOR WATER CONTROL	EACH	153	**
RESIDUE MANAGEMENT, EQUIPMENT	EACH	2	**
SEDIMENT BASIN	EACH	30	10,000
SEEP	EACH	2	**
STRUCTURE FOR WATER CONTROL	EACH	221	**
UNDERGROUND OUTLET	EACH	15	**
WATER AND SEDIMENT CONTROL BASIN	EACH	524	41,920
WELL DECOMMISSIONING	EACH	1	**
WETLAND RESTORATION	EACH	1	**
Dike	FEET	2,919	**
DIVERSION	FEET	12,152	**
GRADE STABILIZATION STRUCTURE	FEET	1,378	77,513
GRASSED WATERWAY	FEET	4,908	183,925
IRRG. WATER CONVEY. UNING - NONREINF. C	FEET	32,187	298,327
IRRG. WATER CONVEY. PIPELINE - CORR METAL	FEET	677	16,248
IRRG. WATER CONVEY. PIPELINE - H PRESS. UN	FEET	40,814	1,318,210
IRRG. WATER CONVEY. PIPELINE - L PRESS. UN	FEET	147,405	4,421,370
IRRG. WATER CONVEY. PIPELINE - NONREINFORCED	FEET	6,161	83,174
IRRG. WATER CONVEY. PIPELINE - REINF. PLAST	FEET	5,330	70,605
IRRG. WATER CONVEY. PIPELINE - RIGID GATE	FEET	36,768	661,824
IRRG. WATER CONVEY. PIPELINE - STEEL	FEET	423	7,614
IRRG. WATER CONVEY. PIPELINE - H PRESS. UN	FEET	182,120	11,483,600
IRRIGATION SYSTEM, TAILWATER RECOVERY	FEET	6,300	193,500
PIPELINE	FEET	281,323	5,063,814
STRUCTURE FOR WATER CONTROL	FEET	124	2,237
SUBSURFACE DRAIN	FEET	22,883	274,356
SURFACE DRAINAGE, FIELD DITCH	FEET	2,911	17,464
TERRACE	FEET	7,515	67,675
UNDERGROUND OUTLET	FEET	37,051	222,318

ATTACHMENT A
WCPA pollutant reduction data (2003-2012)

BMPs INSTALLED	UNITS OF MEASURE	UNITS INSTALLED	EST. LOAD REDUCTION*
LANDSCAPE PRACTICES			
BRUSH MANAGEMENT	ACRES	1,120	4,480
HEAVY USE AREA PROTECTION	ACRES	34	644
PRESCRIBED GRAZING	ACRES	40	34
RANGE PLANTING	ACRES	1,074	6,443
USE OF CROPS	ACRES	213	3,176
WASTE MANAGEMENT SYSTEM	ACRES	1	20
ACCESS ROAD	FEET	25,402	98,103
ANNUAL TRAILS & WALKWAYS	FEET	100	150
FENCE	FEET	620,253	8,960,738
HEAVY USE AREA PROTECTION	FEET	7,659	11,488
ROCK RUNOFF STRUCTURE	FEET	875	416
WATER WALL	FEET	3,644	4,373
RIPARIAN			
CHANNEL VEGETATION	ACRES	1	130
CRITICAL AREA PLANTING	ACRES	24	2,370
RIPARIAN FOREST BUFFER	ACRES	108	8,130
CRITICAL AREA PLANTING	EACH	4	400
FISH PASSAGE	EACH	4	60
FISH STREAM IMPROVEMENT	EACH	1	80
STREAM CHANNEL STABILIZATION	EACH	22	1,600
STREAM CROSSING	EACH	5	100
STREAMBANK & SHORELINE PROTECTION	EACH	3	80
CHANNEL VEGETATION	FEET	4,630	46,300
STREAM CHANNEL STABILIZATION	FEET	62	13,950
STREAMBANK & SHORELINE PROTECTION	FEET	30,116	728,620
FOREST			
FOREST STAND IMPROVEMENT	ACRES	25	**
TREE/SHRUB ESTABLISHMENT	ACRES	187	4,708

* Load reductions based on average savings & estimate ave. delivery ratios & NRCS expected useful life of practice (i.e. delivery ratios averaged .3 for cropland and 1 for riparian type practices etc.) (Expected useful life of practices range from 1 year to 25 years)

** Supportive components to installed BMPs; no reduction amounts counted

Pollutant load reductions and transport are highly site specific and vary dependant upon load type, slope, length of run, and pre-

ATTACHMENT B: POTENTIAL WQPA PROJECTS RECEIVED AS OF 11/16/2017

DISTRICT	COUNTY	PROJECT	PROJECT COST
Adams SWCD	Adams	Weiser River/Little Weiser River Watershed TMDL Implementation Project. Streambank BMPs.	\$ 120,000
Balanced Rock SWCD	Twin Falls	Mud Creek Phase 3 Water Quality Project. Irrigation system BMPs.	\$ 250,000
Bear Lake SWCD	Bear Lake	Bear Lake Off-Stream Watering Project	\$ 108,300
Benewah SWCD	Benewah & Shoshone	St. Joe River Watershed TMDL Implementation Project. Streambank stabilization, culvert replacement, fish passage BMPs.	\$ 80,000
Benewah SWCD	Benewah & Shoshone	St. Maries River Watershed TMDL Implementation Project. Streambank stabilization, culvert replacement, fish passage BMPs.	\$ 100,000
Bonner SWCD	Bonner	Priest River Watershed TMDL Implementation Project. Streambank stabilization, fish passage BMPs.	\$ 80,000
Bonner SWCD	Bonner	Pack River Watershed TMDL Implementation Project. Streambank stabilization, culvert replacement, fish passage BMPs.	\$ 25,000
Bonner SWCD	Bonner	Clark Fork River Watershed TMDL Implementation Project. Streambank stabilization, culvert replacement, fish passage BMPs.	\$ 25,000
Boundary SWCD	Boundary	Kootenai River Watershed TMDL Implementation Project. Streambank stabilization, culvert replacement, fish passage BMPs.	\$ 200,000
Boundary SWCD	Boundary	Moyie River Watershed TMDL Implementation Project. Streambank stabilization, culvert replacement, fish passage BMPs.	\$ 25,000
Butte SWCD	Butte	Lost River Off-Stream Watering System. Off-Stream watering facilities, solar pumps and relocation of corral system to reduce livestock impacts on sensitive riparian areas in the Lost River watershed and the Copper Basin.	\$ 220,000
Camas CD	Camas	Soldier Creek Floodplain Rehabilitation Project. Streambank and channel stabilization and upland BMPs to restore proper hydrologic functioning and improve water quality in the subwatershed.	\$ 225,000
Caribou SCD	Caribou	Upper Portneuf River TMDL Implementation Project. Riparian enhancement BMPs.	\$ 200,000
Caribou SCD	Caribou	Grave Creek North Implementation Project. Stock water well, solar pump, storage tank, pipeline and troughs to reduce livestock impacts on riparian areas of Grave Creek.	\$ 46,500
Custer SWCD	Custer	TMDL Implementation Project. Fish passage, riparian restoration and enhancement BMPs.	\$ 100,000
East Cassia SWCD	Cassia	Marsh Creek/Lake Walcott Watershed Improvement Project. Irrigation, nutrient management, soil health BMPs.	\$ 250,000
East Side SWCD	Bonneville	Riparian Restoration Project. Streambank stabilization, fencing, etc.	\$ 53,000
Elmore SWCD	Elmore	Cold Springs Creek TMDL Implementation Project, Phase 2. Riparian enhancement, fencing, spring development BMPs.	\$ 100,000

ATTACHMENT B: POTENTIAL WQPA PROJECTS RECEIVED AS OF 11/16/2017

DISTRICT	COUNTY	PROJECT	PROJECT COST
Franklin SWCD	Franklin	Glendale Res/King Cr Streambank Stabilization Project. Streambank, stream channel, riparian BMPs.	\$ 225,000
Gem/Squaw Creek SWCDs	Gem & Boise	irrigation BMPs.	\$ 140,000
Idaho SWCD	Idaho	South Fork Clearwater Stream Stabilization Project. Stream channel bioengineering.	\$ 400,000
Idaho SWCD	Idaho	Clear Cr Watershed Enhancement. Rangeland and streambank BMPs.	\$ 250,000
Idaho SWCD	Idaho	Big Cedar Fish Passage Project. Remove barriers to fish passage and replace with arches or bridges.	\$ 60,000
Idaho SWCD	Idaho	Tom Taha Village Culvert Replacement.	\$ 30,000
Idaho SWCD	Idaho	End of World Landscape Restoration. Native plantings to restore riparian habitat.	\$ 300,000
Idaho SWCD	Idaho	Sears Cr Culvert Replacement. Replace fish barrier culverts.	\$ 60,000
Idaho SWCD	Idaho	Little Salmon River Bank Stabilization.	\$ 100,000
Idaho SWCD	Idaho	Red Rock Cr Livestock BMP Implementation. Fence, heavy use area protection, plantings.	\$ 240,000
Kootenai-Shoshone SWCD	Kootenai & Shoshone	Coeur d'Alene River TMDL Implementation Project. Streambank stabilization BMPs.	\$ 75,000
Kootenai-Shoshone SWCD	Kootenai & Shoshone	Coeur d'Alene Lake Tributaries TMDL Implementation Project. Streambank stabilization, wetlands restoration BMPs.	\$ 100,000
Lemhi SWCD	Lemhi	Lemhi River Tributaries Access and Flow Enhancement Project. Fish passage, riparian habitat BMPs.	\$ 250,000
Lewis SCD	Lewis	Fisher Fire Big Canyon/Little Canyon, Pethel Draw Culvert Replacement Project. Fire related culvert replacement, tree planting and log stabilization.	\$ 790,000
Lewis SCD	Lewis	Camas Prairie Soil Health Project. Cover crops, precision NM, soil health BMPs.	\$ 260,000
Lewis SCD	Lewis	Winchester Lake Fuels Reduction Project. Reduce fuels in upper watershed.	\$ 240,000
North Side SWCD	Jerome	Irrigation System Upgrades for Water Quality Improvement Project. Surface-to-sprinkler irrigation systems, dairy by-product management BMPs.	\$ 2,500,000
Oneida SWCD	Oneida	Soil Health Project. Cover Crops, no-till, range planting, nutrient, irrigation and pest management BMPs implemented on 500 acres of crop and rangeland in Oneida County to demonstrate environmental and economic benefits of no-till system.	\$ 310,900
Oneida SWCD	Oneida	Cottonwood Off-Stream Watering Project. Spring development, watering facilities, irrigation diversion improvements to reduce livestock impacts to water quality.	\$ 120,000

ATTACHMENT B: POTENTIAL WQPA PROJECTS RECEIVED AS OF 11/16/2017

DISTRICT	COUNTY	PROJECT	PROJECT COST
Oneida SWCD	Oneida	Curlew Watershed Project. Off-Stream watering facilities, sediment basins, cover crops, terraces, dairy waste and irrigation BMPs to improve water quality in the Curlew watershed.	\$ 282,000
Owyhee CD	Owyhee	BMP Demonstration and Effectiveness Monitoring Program. Nutrient and Irrigation Water Management effectiveness monitoring.	\$ 50,000
Payette SWCD	Payette	Payette River Watershed TMDL Implementation Project. Irrigation BMPs.	\$ 140,000
Portneuf SWCD	Bannock	Middle Portneuf River TMDL Implementation Project. Riparian enhancement, irrigation system BMPs.	\$ 250,000
Portneuf SWCD	Bannock	Christiansen River Project. Install barbs and bank stabilization BMPs in Portneuf River.	\$ 178,000
Power SWCD	Power	Soil Erosion Water Quality Improvement Project. Soil health BMPs to reduce wind erosion's contribution to sediment loading in the reservoir.	\$ 200,000
Valley SWCD	Valley	North Fork Payette River Watershed TMDL Implementation Project. Streambank and erosion control BMPs.	\$ 95,000
Weiser River SWCD	Washington	Weiser River TMDL Implementation Project. Streambank & Irrig. System BMPs.	\$ 350,000
West Cassia SWCD	Cassia	Goos Creek Riparian Restoration Project. Fencing, streambank stabilization BMPs.	\$ 100,000
Wood River SWCD	Lincoln	Wood River Streambank Stabilization Project. Riparian habitat improvement, streambank and channel BMPs.	\$ 80,000
TOTAL			\$ 10,383,700



**IDAHO SOIL & WATER
CONSERVATION COMMISSION**

ITEM #6a

MEMO

TO: CHAIRMAN WRIGHT, COMMISSIONERS ROEMER, RADFORD, SLICHTER, AND TREBESCH
FROM: TERRY HOEBELHEINRICH, LOAN OFFICER
DATE: November 28, 2017
RE: RESOURCE CONSERVATION AND RANGELAND DEVELOPMENT PROGRAM UPDATE AND FISCAL YEAR SUMMARY

Since August 10, the following activities have been conducted by staff:

Marketing	• Developing RCRDP Program Enhancement Options • Attended 6 Fall Division Meetings soliciting input from District staff and supervisors, & NRCS staff for RCRDP Expansion ideas • Wrote Letter of Support for RCPP Grant Application submitted by Idaho Ground Water Users for Flow Meters (December decision) • Met with IDWR staff about Flow Meters grant and loans • Attend IASCD conference (Boise), talk to various supervisors& staff about RCRDP expansion ideas • Registered for Treasure Valley Irrigation Conference, Ontario, Dec. 14 (booth, Vendor Voices) • Received solicitation for RCRDP booth for • Treasure Valley Soil Health Conf., Ontario, OR, • District Display Day at the Capital • Soil Health Workshop, Burley
Loan Inquiries & Applications	• 20 loan inquiries have been received since the last update on August 10 (25 for FY 18) • 9 new loan applications received
Loans Approved	• 5 loans approved totaling \$468,326 • \$276,553 funds disbursed • \$253,760 yet to be disbursed
Loan Portfolio	• 66 loans, \$2,782,882 (end of October) • 1 delinquency paid off

ACTION: For information only

FY17 RCRDP CUSTOMER SURVEY										
14 EVALUATIONS SENT										
5 EVALUATIONS RETURNED										
1		Would you do business with SCC again?								
				Yes	No	N/A				
				5	0					
2		Would you refer the RCRDP loan program to anyone else?								
				Yes	No	N/A				
				5	0					
3		How did you learn about the program?								
		Local Conservation District		1						
		Newsletter		0						
		NRCS		3						
		Web site		0						
		Other		1						
4		Rate your satisfaction of the following: 1= unsatisfied, 5= completely satisfied								
				1	2	3	4	5		
		Interest Rates (one did not respond)					2	2		
		Conservation District Support (one did not respond)					2	2		
		Processing Time (one did not respond)				1	2	1		
		Customer Service from SWCC staff					2	3		
		Application requirements			1	1	2	1		
		Completion requirements (one did not respond)			1	1	1	1		
5		What did you like most about the program?								
		1 Worked great for me								
		2 Interest rates and the fact that it is Administered by ISCC								
		3 A great source of revenue to help, offer cash-strapped small farms make their operations more efficient and reliable								
		4 Easy to work with, very informative, very thorough								
		5 One did not respond to the question								
6		What did you like least?								
		1 One did not respond to the question								
		2 The paperwork required for the loan								
		3 Lengthy processing time								
		4 Can't think of anything								
		5 Cheryl needs to "get rid of the typewriter" take credit cards! 😊								
7		Please provide any suggestion that would help the SWCC market the loan program more effectively								
		1 I was not aware this program was available until other farmers informed me. Could do a better job of telling people of programs								
		2 One did not respond to the question								
		3 One did not respond to the question								
		4 Get the word out people don't know about the program								
		5 One did not respond to the question								
8		We welcome any other comments or suggestions								
		1 Keep the program above reproach								
		2 Thank you so much for assisting me through a most difficult period!!!								
		3 One did not respond to the question								
		4 One did not respond to the question								
		5 One did not respond to the question								



IDAHO SOIL & WATER CONSERVATION COMMISSION

ITEM #6b

TO: CHAIRMAN WRIGHT, COMMISSIONERS ROEMER, RADFORD, SLICHTER, AND TREBESCH
FROM: TERRY HOEBELHEINRICH, LOAN OFFICER
DATE: August 9, 2017
RE: ANNUAL REVIEW & SETTING OF RESOURCE CONSERVATION AND RANGELAND DEVELOPMENT PROGRAM INTEREST RATES

Per administrative rule 60.05.01 the Commission shall determine interest rates not to exceed 6% annually.

Background

FISCAL YEAR			APPROPRIATION / SPENDING AUTHORITY	EXPENSES	APPROPRIATION LESS EXPENSES
2013			\$290,100	\$276,248	\$13,852
2014			\$290,100	\$242,531	\$47,569
2015			\$297,500	\$239,385	\$58,115
2016			\$301,300	\$235,573	\$65,727
2017			\$312,000	\$237,009	\$75,999
2018			\$313,500	?	?

FISCAL YEAR	RCRDP REVENUE (ACTUAL OR PROJECTED)	TREASURY (REVENUE) (ACTUAL OR PROJECTED)	TOTAL REVENUE PROJECTED	EXPENSES	REVENUE LESS EXPENSES
2013	\$238,480	\$20,233	\$258,713	\$276,248	(\$17,535)
2014	\$170,452	\$17,425	\$187,877	\$242,531	(\$54,654)
2015	\$136,047	*-\$13,660	\$122,387	\$239,385	(\$116,998)
2016	\$112,267	\$32,619	\$144,886	\$235,573	(\$90,487)
2017	\$101,700	\$59,310	\$161,010	\$237,009	(\$75,999)
2018	\$89,323	\$74,345	\$163,668	\$249,300	(\$85,632)
Change ('17-'18)	(\$12,377)	\$15,035	\$2,658	\$12,291	(\$9,633)

Assumes

- *Includes \$32,931 loss from Idaho Treasury Bond Losses
- 3.17% average interest rate for RCRDP portfolio (3.67% in FY 17)
- 1.06% estimated FY 2018 interest rate for treasury (cash) (0.85% in FY 17)
(0.47 % in FY 16)

RCRDP LOAN PORTFOLIO BALANCE AS OF 6-30-2017	\$ 2,814,616	3.17%
<u>RCRDP TREASURY CASH BALANCE AS OF 6-30-2017</u>	<u>\$ 7,013,685</u>	1.06%
RCRDP TOTAL LOAN PORTFOLIO & CASH AS OF 6-30-2017	\$ 9,828,301	1.67%

- Memo continues on next page -

FY 2017 Term & Interest Rate Requests	• 4 - 2.5% - 7 year terms • 0 -2.75% - 10 year terms • 1 - 3.0% - 12 years • 0 - 3.25% - 15 years • 2.74% is Weighted Average Interest Rates of Loan Applications Received & Approved in FY 2017
Interest Rate Trends	• 5 year treasury rates have increased slightly. • Ave. FY 14 1.55% • Ave FY 15 1.57% • Ave FY 16 1.44 • Ave FY 17 1.62 • 10 year treasury rates have increased slightly. • Ave. FY 14 2.71% • Ave FY 15 2.23% • Ave FY 16 2.02% • Ave FY 17 2.09 • The Federal Reserve raised the Federal Funds Rate ¾ of a point in FY 2017. The current outlook is the Fed. will not raise rates in the near term and expects to slowly increase rates in the long term if there is sufficient growth in the economy and inflation increases to the 2% goal. • Historical Federal Reserve Rates - FY 2017 1.16 - FY 2016 0.26 - FY 2015 0.11 - FY 2014 0.08 - FY 2013 0.14 - FY 2012 0.10 - FY 2011 0.16 - FY 2010 0.15 - FY 2009 0.70 - FY 2008 3.71 - FY 2007 5.25
Interest Rate Recommendations for FY 2018	• No changes in loan interest rates or terms • 2.5%, 7 year term • 2.75%, 10 year term (new equipment and real estate) • 3.0%, 8 - 12 year Term • 3.25 %, 13 – 15 year term • 5% Combination 1st lien equipment and 2nd mortgage • 6% second mortgages

RECOMMENDED ACTION: Approve interest rates and loan terms for FY 2018.



IDAHO SOIL & WATER CONSERVATION COMMISSION

ITEM #6c

MEMO

TO: CHAIRMAN WRIGHT AND COMMISSIONERS RADFORD, ROEMER, SLICHTER, AND TREBESCH
FROM: TERRY HOEBELHEINRICH, LOAN OFFICER
DATE: NOVEMBER 28, 2017
RE: POSSIBLE CHANGES TO RCRDP LOAN PROGRAM TO ENHANCE LOAN ACTIVITY

Over the past several months, staff has worked with partners and legal counsel on identifying potential internal policy changes or changes to existing Rule and Statute as methods to encourage additional volume and improve last year's poor loan program performance. It's been determined that some existing law, administrative rule, and policies could be adjusted to accomplish better program performance.

This agenda item presents some of the identified options (along with necessary actions to implement some of them). They are presented for your discussion, and in a few cases, for your immediate consideration. It is recommended that some of the more complicated options be fleshed out further prior to your Board taking action.

Two Year Loan Program Statistics

	<u>Loan Inquiries</u>	<u>Applications Received</u>	<u>Loans Approved</u>	<u>Loan Amounts</u>
FY 2017	36	5	5	\$335,784
FY 2018 (1 st 5 months)	25	10	5	\$468,326

While the FY2018 activity is encouraging, staff recommends continuing to move forward with program adjustments that satisfy the intent of the enabling legislation and increase conservation loan activity.

Options: Examined for feasibility have been the following options:

1. Increase existing conservation loans and streamline processes
2. Expand the program to allow projects not currently eligible for financing.

To accomplish the above, one or more of the following would be necessary:

- Change policy
- Change Administrative rules
- Change Statutes

Partners' feedback was solicited at six 2017 Fall Division MeetingsSuggested changes

Division 1 Finance forest management plans with implementation of at least one part of plan (thinning, brush/weed control, planting), Finance equipment to accomplish thinning, brush control, defendable space from wildfire, etc.

Division 2 Finance conservation equipment, (no-till drills) which can be leased to other land owners, Districts finance conservation equipment from RCRDP to be leased out. (Not feasible – districts don't have statutory authority to borrow).

Division 3 Hay storage equipment (Utah example)

Division 4 No comments

Division 5 Conservation easements (Sagebrush Steppe Land Trust)

Division 6 Can Resource Conservation & Development Area, Inc., (RC & D) borrow RCRDP funds), Loans for potato storage.

No feedback was received after Division meetings.

FOR DISCUSSION AND POSSIBLE ACTION

OPTION 1: EMPLOY STRATEGIES TO INCREASE EXISTING CONSERVATION PROJECTS/STREAMLINE PROCESSES

1. Develop canned conservation plans (i.e., RCPP grant for flow meters, furrow to sprinkler irrigation). The canned conservation plans could reference the specific practice in the NRCS field office technical guide.
2. Ask districts to preapprove/rank repetitive conservation measures. This could be completed on a district by district basis to speed up the loan process. Examples include flow meters, or flood/furrow irrigation to sprinkler.
3. Fund conservation easements that include a long-term conservation plan or forest management plan including implementing at least one of the plans components. The intent is not to fund the value of the development rights. The intent is to fund the cost of creating the conservation easement. Current RCRDP policy anticipates the use of conservation easements.

C. Other Considerations

1. In certain instances where the environmental benefits are compelling, the Commission may approve Projects in subdivisions or urban settings. All such approval will be based upon permanent conservation easements, effectively ending further urban encroachment on open space, riparian areas, or sensitive water quality areas.

- Solicit estimates of land value from Conservation Districts to be used in calculating loan to value ratios for mortgages. The value estimates may be opinions with or without supporting sales information. The valuations could be obtained from districts at the same time the conservation plan is evaluated and ranked. An inventory of land and the estimated values could be maintained by Commission staff for current and future use in valuing land as collateral. This method is supported in Administrative Rule 05 b ii.

05b. Real estate appraisal, if necessary, should consist of one (1) of the following: (9-9-86)

ii. Evaluation made by Commission or the local District Board according to their knowledge of the estimated average value of the property in the area in which the project is to be implemented. (3-29-10)

Actions required: Direct staff to develop and/or implement any of the above listed options.

5. Change the loan program to fund 95% of project costs to applicants with high credit scores. Currently private lenders loan 100% of center pivot projects for 7-year terms at 5.1%. RCRDP loans that are limited to 80% of retrievable collateral (pivot and pump) usually results in 50% of the

project (pivot, pump, mainline, power, etc.) being financed. This is a common hindrance to the RCRDP financing irrigation projects. The borrower is unable or unwilling to provide the remaining 50% in cash or additional collateral.

Currently the RCRDP loan portfolio has few or no delinquencies. It is possible that RCRDP credit standards are overly restrictive. Higher credit scores (i.e. 720 and higher) correlate to a borrowers increased ability and willingness to pay resulting in a much lower risk of default.

- Of the loans that have been approved over the past 7 years, 87% of borrowers have credit scores that exceed 720 (with 817 being the highest average score). It is unknown how many potential applicants did not pursue an RCRDP loan because of the estimated 50% loan level. The RCRDP program is likely turning away potential borrowers with good credit scores and a low risk of default because of the collateral policy.

Actions required: Change RCRDP policy to allow loans up to 95% of the cost of new projects, increase the related interest rate by 0.25% to applicants with a credit score average of 720. All other credit criteria remain unchanged.

6. Offer 'construction loans' with 6% interest to applicants that want to borrow their portion of cost share funds. The loan would be repaid with the cost share funds (EQIP, BPA, WQPA, 319). RCRDP cannot charge loan fees. Given the significant staff time and expense taken to underwrite and service a loan, a short term, construction loan will generate little interest income with the current low 2.5% rate. This type of loan would interest borrowers that expect a very large portion of the project (up to 90%) to be paid with cost share funds and where the construction period is lengthy and the contractor requires payment before the cost share funds are paid.

Actions required: Change RCRDP policy to increase the interest rate to 6% for 'construction loans' whereby loan funds will be repaid with cost share money from other sources.

OPTION 2: EXPAND PROGRAM TO ALLOW PROJECTS, APPLICANTS NOT CURRENTLY ELIGIBLE FOR FINANCING

1. Change or eliminate an Administrative Rule to allow new applicants or projects to be eligible for RCRDP funding. I.e., eliminate the 3 credit report requirement, change the definition of applicant, change the objectives, photo identification.) Some of these rules may affect the ability of RCRDP to loan to ground water districts, irrigation districts, irrigation companies, etc.
2. Change RCRDP statute to allow other projects and applicants to be eligible for RCRDP funding. It would be advisable to determine if there is sufficient demand for RCRDP loans from the prospective applicants for the prospective projects.

Consider proposing a change in statute to allow other projects that shelter/protect the production of the land (hay storage, silage storage, lambing sheds, calf sheds).

3. Propose a zero interest loan program (with annual funding) from the legislature. Loans would be written with the standard interest rates (currently 2.5% to 3.25%). If the borrower pays the full annual payment on time then the legislature pays the interest. Zero interest loans would increase the desirability of conservation loans for producers. It would also provide an added incentive to pay on time.

If the borrower doesn't pay on time, the interest expense is borne by the borrower. The legislature doesn't pay in this situation. The interest portion of the annual payment would be paid by the legislature with general funds and deposited in the RCRDP account to pay operating expenses.

From the legislature's perspective, the interest expense would accrue only after the project was installed and the timely payment is received. For example, a \$1,000,000 loan portfolio loaned at 3% would cost the legislature \$30,000/year. All loans would adhere to the Commission's credit standards.

The above options are for information and discussion. Should your Board wish staff to pursue any of the above or others, staff proposes bringing back further information at a future meeting for action.

RECOMMENDED ACTION: For information and possible action