

MEMORANDUM

To: File(s) 2-2261D, 2-7064, 2-7237A, 2-10181, 2-10189, 2-10316, 2-10434 AND 2-10450

From: Monica Van Bussum

Date: January 13, 2012

Re: Review of Application to Rent water from the State Water Supply Bank

PURPOSE/NARRATIVE: On December 8, 2011, we received an application from Greg Sullivan of Brockway Engineering on behalf of his client, Owyhee Farming Company, to rent enough water to irrigate 1,662.2 acres in Owyhee County.

AUTHORITY TO FILE: Lance Funk of Owyhee Farming signed the application. A check of the Idaho Secretary of State's Business Entities listing indicates Lance Funk is a registered member of Owyhee Farming.

WATER RIGHT VALIDITY: All of the water rights have been in the Bank since 1999 or before and all are in the Bank on indefinite leases.

INJURY TO OTHER WATER RIGHTS: No injury to other water rights is apparent. I consulted with Steve Lester, Water Right Supervisor at IDWR's Western Regional Office, and he indicates no concerns in that respect, either (see attached email).

ENLARGEMENT OF USE: No enlargement is evident.

LOCAL PUBLIC INTEREST:

Review staff has no information to suggest this application is inconsistent with the local public interest.

BENEFICIAL USE/CONSERVATION OF WATER RESOURCES:

The rental appears consistent with conservation of water resources in Idaho.

DEPARTMENT STAFF OR WATERMASTER COMMENTS:

None.

NOTE ON WARRANT ISSUANCE AND AMOUNT:

Because of the size of this rental, we had to cobble together an assortment of water rights owned by various parties to satisfy it, which will by necessity complicate issuance of warrants to lessors. What follows is an analysis of which party should get how much of the total fee.

IDWR Administrative Fees: The total rental fee is \$100,675.40. The Department retains 10% of the rental fee, which is \$10,067.54.

Robert &/or Connie Smith (water rights 2-7064, 2-7237A, 2-10181 and 2-10189): This rental is for the entirety of the Smith water rights, a total of 4178.6 AF per year. 4178.6 AF multiplied by \$14/AF (the Bank's current rental rate) is \$58,500.40. The Smiths would get 90% of this (10% going to the Department for administrative fees), so the Smiths' warrant each year should be for \$52,650.36. The Department share of the Smith rental rate is \$5,850.04.

Gisela Schaal (water right 2-2261D): This rental is for 21.7 acres and 108.5 AF of the Schaal water right, which amounts to \$1519 in rental fees, 90% of which is \$1,367.10. The warrant for Gisela Schaal each year should be \$1,367.10. The Department share of the Schaal rental rate is \$151.90.

Robert &/or Mechelle Dirks (water right 2-10316): This rental is for 80 acres, or 320 AF annually, or 2-10316, which amounts to \$4480 annually, 90% of which is \$4,032. The Dirks warrant each year should be for \$4,032. The Department share of the Dirks rental rate is \$448 annually.

Casa Del Norte (water right 2-10434): This rental is for 250 acres and 1000 AF annually, which amounts to an annual rental fee of \$14,000, 90% of which is \$12,600. The Casa Del Norte warrant for each year should be \$12,600. The Department share of the Casa Del Norte rental rate is \$1,400 annually.

Idaho Power (water right 2-10450): This rental is for 396 acres and 1584 AF annually, which amounts to an annual rental fee of \$22,176, 90% of which is \$19,958.40. The Idaho Power warrant should be issued for \$19,958.40 annually for the course of the rental. The Department share of the Casa Del Norte rental rate is \$2,217.60 annually.

Van Bussum, Monica

From: Lester, Steve
Sent: Thursday, January 12, 2012 4:14 PM
To: Van Bussum, Monica
Subject: RE: Owyhee Farming Bank rental

Hi Monica:

I think this is one we talked about before, maybe?

I don't see any problems with the proposal. I noticed 2-10189 shows as active aj records in our database but was decreed as recommended not too long ago. Could be a good time to migrate it to clean up that detail.

That's good ID Power is in the loop just in case.

Steve

From: Van Bussum, Monica
Sent: Thursday, January 12, 2012 2:21 PM
To: Lester, Steve
Subject: Owyhee Farming Bank rental

Hi Steve,

We are processing a Water Supply Bank rental application for Owyhee Farming Company for irrigation and it's a big one, so I thought I'd send an email first instead of calling. I've included a scanned copy of the rental application, but the long story short is they are looking to rent 1,662.2 acres for irrigation from the Snake River. They want to rent for 5 years and I'm pretty sure they'll look at subsequent 5-year rental terms if profits continue to look good.

I'm looking at using the following combination of water rights to satisfy the rental request:

2-7064 (Smith) – 318 acres, 6.36 cfs, 1590 AF
2-7237A (Smith) – 295 acres, 5.90 cfs, 1475 AF
2-10181 (Smith) – 160 acres, 3.2 cfs, 640 AF
2-10189 (Smith) – 141.5 acres, 2.83 cfs, 473.6 AF
2-10434 (Casa Del Norte) – 250 acres, 5 cfs, 1000 AF
2-10450 (Idaho Power) – 396 acres, 7.92 cfs, 1584 AF
2-10316 (Dirks) – 80 acres, 1.6 cfs, 320 AF
2-2261D (Schaal) – 21.7 acres, 0.43 cfs, 108.5 AF

All have recently been confirmed with the lessors that the water rights are to remain in the Bank. I sent Jon Bowling at Idaho Power a courtesy email a few days ago to let him know we were thinking about renting the right.

I'd appreciate any feedback or suggestions. Phone or email is fine, whichever works better for you, Steve. Thanks!

Monica