

**Sherman HPA SH-1
February 22, 2010
Participant Comments (C), Questions (Q) and District Responses (R)**

The meeting began with an intro by GMD 4 staff who indicated that there was but one meeting item to discuss - Participation in the developing AWEP proposal. Staff covered the concepts of the developing program as follows:

- Available only in the HPA's that ask to be included;
- Whereas last year's program was incenting water right owners to retire their water rights, this year's program will be offering a voluntary program payment to permanently convert irrigated acres to non-irrigated acres;
- Proposing a 3-year payment schedule;
- Anticipating a 3-tiered payment schedule based on amount of water applied to the converted acres – low tier being less than .8 or .9 AF/ac and having a \$1,400 - \$1,500 (total) per acre rate; medium tier being between the low tier value and the high tier value and having a \$1,700 - \$1,800 (total) per acre rate; and high tier being above 1.1 AF/ac and having a \$2,100 - \$2,400 (total) per acre rate. The AF/as value would be obtained from the recent history of reported water use – not earlier than 1996.
- A standard EQIP application would be used by producers IF we are successful.
- Full authorized irrigated acres would be used – no partial irrigated acre conversions.
- Proposing \$3 million for SH-1, TH-5 and SD-6 HPAs and \$2 million for CN-3 HPA with the caveat that unused funding from any HPA area can be used in the other HPA areas if needed.
- Working with KS State engineer to develop a conditional water right dismissal process pending final NRCS payment for the conversion of the irrigated acres.

Q: What is the time frame?

R: It is appearing that the conversion time frame will likely be 2011, but 2010 may still be possible – depending on how fast NRCS approves the applications and implements AWEP.

Q: Will the EQIP program limit payments to potential participants?

R: It is our understanding that EQIP program payments are limited to \$300,000 total per participant, so this is likely to be a factor in this process. However, only NRCS can answer these specific questions.

C: I don't see any reason not to be included in this voluntary program.

C: It will be difficult to approach a landlord on this program when there are still so many unknowns.

C: There will be different tax ramifications for the 3-year payment schedule than having a 1-year payment. This will have to be factored into our decisions.

Q: Where will the producer applications be filed? With GMD 4 or with NRCS?

R: Once any project application is approved, all the rest of the work is with NRCS. A standard EQIP application will be filed with NRCS in accordance with the approved program, and NRCS will do all the evaluation, ranking and contracting.

Directions:

1. Include SH-1 HPA in the developing AWEP application and keep our area informed of the application's progress.