

**Technical Memorandum 1.5
Overview of Financial and Technical Assistance
Programs in Surrounding States and Provinces**

**INTERNAL DRAFT REPORT
FOR DISCUSSION ONLY
DO NOT CITE OR QUOTE**

Revised June 2008

Prepared by PBS&J (subcontractor) for ECONorthwest (contractor) and the
Montana Department of Natural Resources and Conservation



1120 Cedar
Missoula, MT 59802
Phone: 406-532-7275
www.pbsj.com

I. INTRODUCTION

This memorandum summarizes the financial assistance programs that are available to private and public entities for irrigation-related projects and activities in several states and provinces that are close to Montana, including Idaho, Wyoming, North Dakota, South Dakota, Alberta and Saskatchewan. For this memorandum, we targeted programs that were unique to these states and provinces; thus, widely available federal programs, such as the EQIP program, were not included. An exception to this guideline was made for the Canadian provinces, where a single national program provides a significant portion of the assistance that is available to irrigated agricultural operations.

To identify relevant programs, we searched websites and contacted agency personnel. In the sections below, we include descriptions of the programs that are available.

II. IDAHO

The State of Idaho has three financial assistance programs available to private irrigators, irrigation districts and canal companies.

Idaho Water Resources Board Loan Program

The Idaho Water Resources Board (IWRB) offers loans to canal companies and irrigation districts that provide assistance for development of centralized water delivery systems. The IWRB loan program does not have a loan cap, but is limited to funds available in the general loan program. The IWRB loans are issued for a term of 10 to 35 years at a 5.0 to 5.5% interest rate. All interest income is returned to the general fund to help support the program.

Source: Website

<http://www.idwr.idaho.gov/waterboard/Financial%20program/financial.htm>

Program Contact: Stuart VanGreuningen

322 E Front St

Boise, ID 83720 Phone: 208-287-4905 Fax: 208-287-6700

Irrigation Efficiency Rewards Program

This program is sponsored by Idaho Power (IP), a private entity in the energy sector with concerns about improving energy efficiency among private irrigators to help offset peak energy demands during the summer season. Idaho Power's Irrigation Efficiency Rewards program encourages the use of energy efficient equipment and design in irrigation systems. The program provides assistance with a portion of the cost of installing a

new more energy efficient system or with improving an existing system. The Irrigation Efficiency Rewards has two components, including the Custom and Menu Incentives.

The *Custom Incentive* program supports extensive retrofits of existing systems or the installation of new irrigation systems. To participate in this program, irrigators must submit a proposal to Idaho Power which is used to determine the project's energy savings. The Custom Incentive program pays a financial reward based on the estimated annual reduction in energy usage that results from these projects. Incentives are based on energy savings and include a \$0.25 per annual kWh saved or \$450.00 per kW (incentives will not exceed 75% of the project cost). Incentives for a new system are based upon installation of a system that Idaho Power determines to be more efficient than the standard and includes \$0.25 per annual kWh saved (incentives will not exceed 10% of project cost).

The *Menu Incentive* program provides financial incentives for the purchase of specified replacement parts for use in existing irrigation system. Incentives are offered for eleven specific sprinkler parts that are included in the program. Incentives may vary depending on which sprinkler components or parts are used.

Source: Website

http://www.idahopower.com/pdfs/energycenter/Irrigation_Efficiency_2007.pdf

Program Contact: Quentin Nesbitt

Irrigation Efficiency

Idaho Power

PO Box 70

Boise, ID 83707-0070 Phone: 208-388-2519 Fax: 208-388-6910

Resource Conservation and Rangeland Development Loan Program

The Resource Conservation and Rangeland Development Loan Program (RCRDP) is offered by the Idaho Soil Conservation Commission (ISCC) for private irrigators. The ISCC offers loans at varying interest rates based on the loan terms, including 1 to 5 years at 3% interest; 6 to 10 years at 4% interest; and 11 to 15 years at 5% interest. To date, the ISCC has issued over \$14 million in loans to private irrigators in Idaho. Private irrigators can apply for multiple loans to fund new or separate projects. Suitable projects include all aspects of infrastructure development or conversion from flood irrigation to sprinkler.

The ISCC works in conjunction with the federal office of the local Natural Resources Conservation Service (NRCS). The NRCS reviews all projects and offers the final certification for projects completed under the RCRDP. The NRCS standards for conservation are used as the measure for determining certification of a project. In many cases the NRCS will also

offer additional financial assistance through the EQIP program at the federal level as a secondary funding source for irrigation projects.

Source: Website <http://www.scc.idaho.gov/loans.htm>
Program Contact: Brenda Thomasson bthomasson@agri.idaho.gov
Idaho Soil Conservation Commission
P.O. Box 790
Boise, ID 83701-0790 Phone: 208-332-8650

III. NORTH DAKOTA

The State of North Dakota has one program that provides financial assistance for irrigators. This program is known as the Ag PACE Program, which stands for Agriculture Partnership in Assisting Community Expansion. Administered through the Bank of North Dakota (BND) in conjunction with the North Dakota Water Commission, the Ag PACE program offers an interest rate buy down for loans. Suitable projects include development of irrigation infrastructure or purchase of irrigation equipment on new irrigated acreage.

The Ag PACE program funding is used to reduce the borrower's interest rate on loans made by a local lender and the BND. For qualified projects, the borrower receives an interest rate reduction of a maximum of 5% below the yield rate with a minimum rate of 1%. The total buy-down amount per borrower from the Ag PACE Fund may not exceed \$20,000 per biennium with a lifetime cap of \$60,000. In order to receive buy-down funds in excess of \$20,000, the applicant must have a net worth of less than \$1,000,000. State Water Commission Funds may be used to supplement the Ag PACE program, not to exceed \$20,000 per borrower. Once a project has been determined to qualify, the BND will use its normal credit standards in reviewing the loan.

Source: Website http://www.banknd.com/lsls_farmloan8.jsp
Program Contact: Bank of North Dakota
Ag PACE
700 East Main Ave
PO Box 5509
Bismarck, ND 58502-5509 Phone: 701-328-5624 Toll Free: 1-800-472-2166 ext. 5624

IV. SOUTH DAKOTA

The State of South Dakota has no state-specific programs to assist irrigated agriculture. According to all the agencies that we contacted, including the South Dakota Department of Environmental and Natural Resources, irrigation funding in South Dakota is a low priority. This low priority level was also reaffirmed by the South Dakota offices for the Natural Resources Conservation Service. The Environmental Quality

Incentives Program (EQIP) program in South Dakota has placed other concerns ahead of irrigation in South Dakota. These include water quality, grassland protection, highly erodible lands protection and wildlife.

Most water development in the State of South Dakota is focused on the development of rural water systems for drinking water, solid waste management and stormwater drainage facilities. The eastern half of South Dakota contains the bulk of the state's agricultural lands, which support a variety of crops including corn and soybeans. These croplands receive enough spring and summer precipitation that extensive irrigation is not necessary.

V. WYOMING

We identified three sources of funding to support irrigation in Wyoming,, including the Wyoming Water Development Program, the Small Water Development Loans Program, and the Wyoming Department of Game and Fish. We describe each in greater detail below.

Wyoming Water Development Program

The Wyoming Water Development Commission (WWDC) provides grant and loan funding for water supply reconnaissance and feasibility studies and construction projects through the Wyoming Water Development Program (WWDP). Funding for studies and construction projects comes from mineral taxes. All planning studies and construction projects must be approved for funding by the Wyoming Legislature. Applicants must be public entities such as municipalities, irrigation districts, service and improvement districts, or joint powers boards. Projects must address water supply, transmission, or storage. Total program expenditures, including projects and administration, average approximately \$30,000,000 annually.

Several types of irrigation-related projects are covered by the program:

Project Planning: The WWDC funds and manages irrigation project planning, including both Level I Reconnaissance studies and Level II Feasibility studies. Level I studies carry out necessary reconnaissance work, while Level II studies determine a project's feasibility. Levels I and II are 100 percent grant funded. Project construction is covered in Level III. Project applications originate with sponsoring entities. New applications must be received by the WWDC by September 15 of each year. The Wyoming legislature must authorize each project and approve funding before a project is initiated, and before it advances to the next level.

Construction: Once a project receives a Level III authorization, the staff of the Construction Division works with project sponsors to establish the legal documentation making state funds available and ensuring that the project construction complies with the description, intent, and budget as specified in the enabling legislation. The Construction Division assists the sponsor with design engineer selection, plan and specification review, award of the construction contract, and reviews and approves all project payments. Commission policy allows for grants of 50 percent of the eligible portions of new development and rehabilitation projects. The remainder of funding for eligible portions can be loaned at an interest rate set by the State Loan and Investment Board, currently 6% for new development and rehabilitation projects. Sponsors may choose to fund the loan portion from other sources.

River Basin Planning: The purpose of river basin planning is to gather and make available accurate, contemporary water information. This includes such information as hydrology for the average wet, dry, and normal years, GIS format coverage maps of irrigated land, well locations, headgate locations, estimates of consumptive water use, and projection of future water demands. River Basin Planning will assist the Legislature and the Governor in developing effective state water policies to protect Wyoming's water and promote responsible development.

Small Water Project Program: The Small Water Project Program (SWPP) is intended to be compatible with the Wyoming Water Development Commission conventional program and criteria. The program also aims to parallel and partner with other programs that perform water resource planning and water development in Wyoming. Small water projects are defined as those projects that provide multiple benefits and where estimated costs of construction, permit procurement, construction engineering and project land procurement total \$100,000 or less, or where the maximum financial contribution from the Commission is 50% of project costs or \$25,000, whichever is less. Projects eligible for SWPP grant funding assistance include the construction or rehabilitation of small reservoirs and stock watering ponds, wells, pipelines and conveyance facilities, springs, windmills, and wetland developments.

Source: Website <http://wwdc.state.wy.us/>
Program Contact: Jon Wade JWADE@state.wy.us
Water Development Office
6020 Yellowtail Road
Cheyenne, WY 82002 Phone: 307-777-7626

Small Water Development Project Loans

The Small Water Development Project Loan Program, administered by the Wyoming Office of State Lands and Investments, provides financial assistance of up to \$150,000 for projects that convert dry land into irrigated land as well as projects which will lead to more efficient use of water and/or increased crop or forage production. The loan term may be up to 40 years, and the interest rate as of March 2008 was 6%.

Source: Website <http://slf-web.state.wy.us/>
Program Contact: Fred Pannell fpanne@state.wy.us
Office of State Lands and Investments
122W 25th Street, Herschler Bldg., 3W
Cheyenne, WY 80032 Phone: 307-777-6635

Wyoming Game and Fish Department

The Wyoming Game and Fish Department offers funding programs to help landowners, conservation groups, institutions, land managers, government agencies, industry and non-profit organizations develop and/or maintain water sources for fish and wildlife. These programs also provide funding for the improvement and/or protection of riparian and wetland areas for fish and wildlife resources in Wyoming. Grant programs administered by Wyoming Game and Fish that are of potential interest to irrigators include the following:

Riparian Habitat Improvement Grant. The purpose of this program is to improve or maintain riparian and wetland resources. Fencing, herding, stock water development, streambank stabilization, small damming projects and beaver transplanting are a few examples of efforts that qualify under this program. There is a \$10,000 project maximum available and a 50% cash or in-kind match is required from the grantee.

Water Development Maintenance Habitat Project Grant. The purpose of this program is to develop or maintain water for fish and wildlife. Spring development, windmills, guzzlers, water protection and pumping payments are examples of the extent of this program. There is a maximum of \$7,500 per project and a 50% cash or in-kind match is required from the grantee.

Source 1: *Water Management & Conservation Assistance Programs Directory*
<http://wwdc.state.wy.us/wconsprog/consdir/ConservationDirectoryFinal.pdf>
Source 2: Website <http://gf.state.wy.us/>
Wyoming Game and Fish Department
Program Contact: Gary Butler gbutle@state.wy.us
5400 Bishop Boulevard
Cheyenne, WY 82006 Phone: 307-777-4565

VI. ALBERTA

We identified three irrigation assistance programs in Alberta: the Irrigation Rehabilitation Program (IRP), the Canada Alberta Farm Water Program, and the National Water Supply Expansion Program. The Canada Alberta Farm Water Program and the National Water Supply Expansion Program are currently authorized only through early 2008, and the government of Alberta has not yet decided if it will extend the programs. The National Water Supply Expansion Program is available to all of the Canadian provinces and is thus not province specific, but the government of Alberta also contributes to the program, and we therefore included it in this memorandum.

Irrigation Rehabilitation Program

The IRP began in 1969 and is a cost-sharing program between Alberta's 13 irrigation districts and the provincial government agency, Alberta Agriculture and Food. The program is intended to finance the maintenance of the province's irrigation infrastructure. Since 1969, funding levels have varied between \$600,000 and \$32,000,000 per year. The provincial/irrigation district cost-share ratio has also varied since 1969, starting at 86% province / 14% irrigation district, changing to 80% / 20% in 1994/95 and to 75% / 25% in 1995/96 where it remains today.

*Source: Website [http://www1.agric.gov.ab.ca/\\$Department/deptdocs.nsf/all/irr8555](http://www1.agric.gov.ab.ca/$Department/deptdocs.nsf/all/irr8555)
Program Contact: Roger Hohm roger.hohm@gov.ab.ca
Irrigation Development Section
Alberta Agriculture and Rural Development
100, 5401 - 1 Avenue S
Lethbridge AB, T1J 4V6 Phone: 403-381-5152*

Canada Alberta Farm Water Program

The purpose of this program is to provide financial and technical assistance towards the cost of long-term on-farm water supply developments completed between April 1, 2006 and December 31, 2007. This supply can relate to domestic use, livestock watering, fish farming and small scale irrigation. Active producers with at least \$10,000 annual value of farm commodity production are eligible for the program, which provides a maximum of \$5,000 (Canadian) per eligible producer by reimbursing a third of project costs up to a project maximum of \$15,000. The application deadline for this program was January 15, 2008, and, as of March 20, 2008, the provincial government had not yet announced whether the program will be renewed, nor what, if any, changes will be made to the program if renewal occurs.

Source: Website <http://www1.agric.gov.ab.ca/general/progserv.nsf/all/pgmsrv232>

*Program Contact: Marcia Hewitt-Fisher marcia.hewitt-fisher@gov.ab.ca
Strategic Direction & Program Policy Division, Programs & Services Branch, Alberta
Agriculture and Rural Development
J. G. O'Donoghue Building
203, 7000 - 113 St.
Edmonton, AB T6H 5T6, Canada Phone: 780-422-9167*

The National Water Supply Expansion Program

The National Water Supply Expansion Program (NWSEP) is a \$60 million Canada-wide initiative to help improve the capacity of Canada's agricultural community to address water supply concerns. In Alberta, this agreement is called the Canada-Alberta Water Supply Expansion Program (CAWSEP), and the government of Canada is providing \$12.5 million for projects in Alberta until March 31, 2008. The provincial government in Alberta has provided additional funding to the program. Through this initiative, Alberta agricultural groups and communities have access to support – both technical and financial – for the planning and development of projects that will improve their ability to develop and enhance long-term, sustainable agricultural water supplies.

Eligible applicants for CAWSEP assistance include incorporated groups of producers, agricultural and conservation groups, rural communities and municipalities, agri-businesses and rural enterprises, educational institutions, and provincial government agencies and Crown corporations. Individual producers planning on-farm water projects such as dugouts, wells and pasture pipelines can apply for technical and financial assistance through the Canada-Alberta Farm Water Program. Eligible projects must have an agricultural water supply component. Two types of projects are eligible for CAWSEP assistance:

Multi-user water supplies: Larger-scale infrastructure projects which provide a long-term water source for multiple agricultural water users and promote economic growth in an area or region, such as tank loaders, regional pipelines and reservoirs. For multi-user water supply projects, Canada will contribute up to one-third of the eligible costs.

Strategic initiatives: These consist of activities that will serve to increase opportunities for strategic partnerships and to enhance an understanding of the operational and developmental limitations to the water resources in rural communities and regions, such as regional groundwater studies, groundwater exploration or testing, regional water management planning and feasibility studies, and information extension activities. For strategic initiatives, cost-sharing arrangements may vary and are determined and approved on a project-by-project basis.

The government of Canada has not yet announced whether it will extend the program past March 2008.

Source: Website

<http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1186748111489&lang=e>

Contact: Public Information Request Services info@agr.gc.ca

Agriculture and Agri-Food Canada

Sir John Carling Building

930 Carling Ave

Ottawa, Ontario K1A 0C7 Phone: 613-759-1000

VII. SASKATCHEWAN

The Canada-Saskatchewan Water Supply Expansion Program (CSWSEP) is the Saskatchewan component of the NWSEP (described in more detail under the Alberta section, above), and is the only irrigation assistance program we identified for this province. Through the CSWSEP, the federal government is providing \$12.5 million for water projects which meet agricultural needs, and the government of Saskatchewan is providing \$7.5 million of in-kind support.

In Saskatchewan, eligible applicants for CSWSEP assistance include individual and/or incorporated groups of farmers and ranchers, agricultural and conservation groups, rural communities and municipalities, agri-businesses and rural enterprises, educational institutions, and provincial government agencies and Crown corporations. To be eligible for assistance, projects must have an agricultural water supply component.

Financial assistance is available for several types of projects:

Tier 1, On-farm water projects: Smaller scale water development projects, such as dugouts, off-stream storage, wells and pasture pipelines, which provide secure, safe and reliable water supplies for agricultural producers or other agricultural water users in areas directly affected by drought or that have other water supply constraints.

Tier 2, Multi-user water supplies: Larger scale infrastructure projects which provide a long-term water source for multiple agricultural water users and promote economic growth in an area or region, such as tank loaders, regional pipelines and reservoirs.

Tier 3, Strategic initiatives: A study, planning activity or undertaking to develop information and technologies or the dissemination of information, including regional groundwater studies, groundwater exploration and testing, regional water management and water supply planning, feasibility studies, demonstration projects and information extension activities.

The program is currently authorized only through March 2008. The CSWSEP will be re-evaluated before March 31, 2008 to determine whether the program will be continued.

Source: Website

<http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1184697146604&lang=e>

Contact: Public Information Request Services info@agr.gc.ca

Agriculture and Agri-Food Canada

Sir John Carling Building

930 Carling Ave

Ottawa, Ontario K1A 0C7 Phone: 613-759-1000

VIII. SUMMARY

PBS&J researched the financial and technical assistance programs available to irrigated agricultural operations in Montana's neighboring states, Idaho, North Dakota, South Dakota, Wyoming, and two Canadian provinces, Alberta and Saskatchewan. We contacted the agencies responsible for these programs and presented the information we gathered in this memorandum.

The programs available in the various states and provinces vary markedly. South Dakota has no state-based irrigation related financial or technical assistance programs. Idaho, Wyoming and Alberta all have multiple programs available while North Dakota and Saskatchewan each have one main assistance program. With the exception of the Irrigation Efficiency Rewards Program (IERP) in Idaho, all of the state programs are funded with state or national government monies. The IERP is funded by Idaho Power, a private company. The programs in Alberta include province specific funds and funds from a national program. The only assistance identified in Saskatchewan is funded through a national program.