

IRRIGATION PROJECT REAUTHORIZATION COUNCIL

Kenneth Nelson, Chairman
KS Bostwick Irr. Dist.
P.O. Box 165
Courtland KS 66939-0165
Ph 785-374-4514

Lee Orton, Attorney
100 N 8th Street, Suite 200
Lincoln NE 68508-1303
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Tom Knutson, Vice Chair.
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P.O. Box 137
Farwell NE 68838
Ph 308-336-3341

Mike Delka, Treasurer
Bostwick Irr. Dist. in NE
P.O. Box 446
Red Cloud NE 68970-0446
Ph 402-746-3424

Gerry Sheets, Secretary
Sargent Irr. Dist.
P.O. Box 99
Sargent NE 68874-0099
Ph 308-527-4216

19 January 2005

Alice Johns, Area Manager
US Bureau of Reclamation
PO Box 1607
Grand Island NE 68802-1607

Dear Ms. Johns:

The Irrigation Projects Reauthorization Council representing the Republican and Solomon Basins in Nebraska and Kansas thanks you and your Bureau colleagues for meeting on Wed, Jan. 12, 2005, while attending the 4-States Irrigation Council annual meeting at Fort Collins Co.

The purpose of the meeting was to discuss financial alternatives available to the districts while they continue to operate with very limited or no water supply brought about by drought and depletions caused by acts of man. Of particular interest was the annual repayment obligations and the districts commitment to upkeep of infrastructure while improving efficiencies.

While deferments of repayment would seem to be justifiable, they have a multiplying effect on future year payments which is prohibitive for most of our districts.

After much discussion, Reclamation agreed to answer the following:

How has reclamation handled this problem in the past and in other regions?

What is intended in the contracts by the language referring to a delay in the final capital payment?

Can deferred charges be spread over the entire term of the contracts?

Almena Irrigation District - Bostwick Irrigation District in Nebraska
Farwell Irrigation District - Frenchman Cambridge Irrigation District - French Valley Irrigation District
Kansas Bostwick Irrigation District-Kirwin Irrigation-Sargent Irrigation District-Webster Irrigation District

KBID 000581

We seek answers to the above questions in the very near future to allow action regarding the 2005 charges. The IPRC also seeks relief which could benefit infrastructure upkeep and repair to the benefit of all parties by converting repayment obligation to reserve funding and committing funds to infrastructure repair. We still need to explore these type of options.

It is our desire to work administratively with reclamation to the best of our ability to be the "better districts" we have desired to be out of the contract renewal effort.

We will await your earliest possible response.

Respectfully,



Kenneth Nelson
Chairman



United States Department of the Interior



BUREAU OF RECLAMATION
Great Plains Region
Nebraska-Kansas Area Office
P.O. Box 1607
Grand Island, Nebraska 68802-1607

IN REPLY REFER TO:

NK-100
WTR-4.00 BSW

OCT 04 2005

Kenneth Nelson, Superintendent
Kansas-Bostwick Irrigation District No. 2
P. O. Box 165
Courtland, KS 66939-0165

Subject: Amendment to Repayment Contract No. 009D6B0120, Kansas-Bostwick Irrigation District No. 2 (KBID), Courtland Unit, Bostwick Division, Pick-Sloan Missouri Basin Program, Kansas

Dear Mr. Nelson:

Enclosed is the original and duplicate original "Amendatory Contract Between the United States of America and the Kansas-Bostwick Irrigation District No. 2 for Deferment of Construction Charges, Amendment 2, Contract No. 009D6B0120."

This deferment provides for the water supply payment of \$21,841 to be deferred, with the amount of \$21,841 being added to payments due in years 2016 and 2017. The enclosed Amendment No. 2 provides for this adjustment in payment by deleting Article 5.b of the existing contract, as amended, and replacing it with the language as recited in Article 1 of the enclosed Amendment No. 2.

The deferment provides for the distribution works payment of \$410,880 to be deferred, with the amount of \$410,880 being added to payments due in years 2006 through 2015. The annual payments beginning in 2006 will be \$421,353. The enclosed Amendment No. 2 provides for this adjustment in payment by deleting Article 6.a in the existing contract, as amended, and replacing it with the language as recited in Article 2 of the enclosed Amendment No. 2.

The enclosed Amendment No. 2 also provides for the replacement of Subarticle 14.f and Article 17 of the above-referenced contract, as amended. These articles are part of the "Standard Contract Articles" which were included in all of the Republican River renewal contracts. Subarticle 14.f has been revised to clarify the indemnification language in the contract, and Article 17 has been revised to reflect a change in reimbursement of costs for examinations and inspections of high and significant hazard dams and associated facilities.

KBID 000583

Please request the District's board to pass a Resolution approving this Amendment No. 2 and authorizing the execution of Amendment No. 2 by the appropriate District officials. The executed original and duplicate original Amendment No. 2, and the Resolution should be provided to this office. After Amendment No. 2 has been executed by the Regional Director, the duplicate original will be provided to you.

If you have any questions or need additional information, please contact Stephen Ronshaugen at the above address or telephone 308-389-5304.

Sincerely,


Alice E. Johns
Area Manager

Enclosures



United States Department of the Interior



BUREAU OF RECLAMATION
Great Plains Region
Nebraska-Kansas Area Office
P.O. Box 1607
Grand Island, Nebraska 68802-1607

IN REPLY, REFER TO:
NK-400
WTR-4.00 BSW

SEP 15 2005

✓ Kenneth Nelson, Superintendent
Kansas-Bostwick Irrigation District No. 2
P.O. Box 165
Courtland, KS 66939-0165

Mike Delka, Manager
Bostwick Irrigation District in Nebraska
P. O. Box 446
Red Cloud, NE 68970

PRES.	ECH
SECY	BT
TREAS.	GLH
SUPT.	KN

Subject: Meeting Notes, Bostwick Division Water Supply Meeting, Bostwick Division,
Pick-Sloan Missouri Basin Program, Kansas

Dear Messrs. Nelson and Delka:

Enclosed is a copy of the meeting notes for the July 12th joint meeting between the Bostwick Districts and Reclamation. These notes have been reviewed by and are acceptable to both Districts and Reclamation.

Thank you for your cooperation in this matter. If you have any questions, please contact Stephen Ronshaugen at the above address or telephone 308-389-5304 or Marv Swanda at 308-345-1027.

Sincerely,

Stephen F. Ronshaugen
Acting For Alice E. Johns
Area Manager

Enclosure

cc: NK-400 (MSwanda)
w/enclosure

**Bostwick Division Water Supply Meeting
Red Cloud, NE**

July 12, 2005

Draft Meeting Notes

The following attended the meeting:

<u>Name</u>	<u>Representing</u>
Alice Johns	Reclamation
Steve Ronshaugen	Reclamation
Marv Swanda	Reclamation
Bill Peck	Reclamation
Craig Scott	Reclamation
George St. George	Reclamation-Region
Mike Delka	NE Bostwick
Jim Miller	NE Bostwick
Walt Knehans	NE Bostwick
Rod Ely	NE Bostwick
Kenny Nelson	KS Bostwick
Elvin Hobson	KS Bostwick
Gary Housholder	KS Bostwick
Brad Peterson	KS Bostwick

Marv Swanda provided a brief summary of the Bostwick Division Water Supply. As defined by contract, the water supply of the Bostwick Division includes water stored in Harlan County Lake (HCL) and Lovewell Reservoir and the flows of the Republican River into HCL and the flows of White Rock Creek into Lovewell Reservoir. The water supply also includes the Republican River flows that accumulate between HCL and Superior-Courtland Diversion Dam. These flows also include return flows, wastes and seepage that return to the stream within the Bostwick Division. The use of water in the Division is based on the concept that natural flows can be supplemented with storage water so all lands share the water supply equitably. Marv also mentioned the Consensus Plan was conceived after extended negotiations between Reclamation and the Corps of Engineers during contract renewal. Water shortage sharing is the basic concept of the Consensus Plan. Water could be withdrawn from the sediment pool for irrigation during drought conditions and in return, when the lake was full the irrigation purpose of the project would remove less water than otherwise allowed and alleviate some of the adverse effects to other purposes such as recreation, fish and wildlife.

Bill Peck presented a summary of the procedures for computing the annual HCL shutoff elevation. These procedures are identified in the Consensus Plan as well as in

Attachment "B" of the districts' new contracts. Bill reviewed the different pool levels in HCL and indicated the lowest pool level that the lake can be drawn down to for irrigation is elevation 1927.00. Bill reviewed the procedures of the water supply estimate provided in January and the estimate that is provided in June. The January estimate is meant to provide a firm projection of available irrigation supply. The June estimate is based on the actual end of May HCL content. Bill mentioned the shutoff elevation may or may not be adjusted at the end of May based on whether the content at the end of May was more or less than the January estimated end of May content. If the actual end of May content is equal to or greater than the estimated end of May content, there is no adjustment to the estimated shutoff elevation. If the actual end of May is less than the estimated end of May content the shutoff content will be lowered to make up the difference between the estimated end of May content and the actual end of May content.

Craig Scott provided a summary of the procedures for determining the HCL water split between the two Bostwick irrigation districts and HCL storage accounting. This methodology is outlined in Attachment "B" of the Districts' O&M agreement. The premise of the split of storage water is that each irrigable acre would receive the same amount of water at the farm turnout. Craig discussed the travel times and losses used in the HCL storage accounting and reviewed the assumptions of the initial split. The assumptions are as follows: inflows will offset evaporation during the irrigation season, the estimated usable pickup at the diversion dam will average 80 cfs, and using the efficiency improvements identified in the new contracts, an equal amount of water will be delivered to all acres in both districts. Craig indicated that during the season daily accounting is performed based on uses reported by the Districts. At the end of each month several adjustments will be considered. The storage accounts will be adjusted to reflect the official inflow, outflow, and evaporation records, any overuse or underuse at the diversion dam, for pickup variation from the 80 cfs estimate, and for inflows in excess of evaporation. After adjustments are made, new values will be input into the calculation process and the previous month's accounting will be rerun as necessary. The adjusted end of month account values will be used as the carryover balances to begin the next month's accounting.

Marv Swanda reviewed the Compact Final Settlement Stipulations. Marv indicated additional water administration at Guide Rock includes: KS Bostwick being recognized with a priority date of February 26, 1948; junior natural flow diverters below HCL will be closed when water is needed at the diversion dam and the irrigation supply from HCL is less than 130k AF; NE protecting storage releases from HCL; and NE and KS agreeing to minimize bypass flows passed the diversion dam. Marv also mentioned "water-short" year administration will be in effect in years the irrigation supply from HCL is less than 119,000 AF. Reclamation provides the states with the projected water supply based on the methodology provided in the Consensus Plan.

Steve Ronshaugen reviewed the procedures to determine the split of the Corps' O&M charges between the districts. Steve indicated the districts' share is based on the percentages of the most recent three-year moving average of each District's total diversions as described in the Districts' O&M agreement. Historically, the percentages

have been approximately 40% for Nebraska Bostwick and 60% for Kansas Bostwick. Without releases being made from HCL due to the short water supply, the proportion of cost between the two districts will be unbalanced compared to historic cost. The concern is Kansas Bostwick's share could be as much as 85% if the current diversion rates continue thus withstanding most of the Corps' O&M cost. An amendment to the Districts' O&M agreement would be required in order to change the procedures of the annual O&M allocations to the Districts.

Considerable discussion took place regarding the Corps' O&M allocation to irrigation at HCL. Both districts feel they will suffer financial hardship if these O&M costs continue to increase. The COE is basing their O&M allocation and the resulting charges on the original final cost allocation to irrigation at Harlan County Dam. George St. George explained that project specific legislation would be needed in order to change the allocations for HCL. This would most likely require the support of both states political delegations.

Mike Delka discussed some issues of concern for his district. Mike indicated that he was in favor of having carryover storage if one district decided to release water from HCL and the other one does not. Historically, the accounts in HCL are reset at the end of each season and a new split is done at the beginning of next irrigation season. This is in agreement with a joint decision between the two districts dated February 10, 1993 and also in the Districts' operating agreement that provides that no carryover will be allotted to either district. Marv indicated that he felt that for the most efficient operation of the system the districts need to either both use or both leave their storage water in HCL. NE Bostwick is concerned that they have developed a new price structure within their district that encourages water conservation and by not having carryover storage the District would lose some of their water that the users would otherwise be conserving. NE Bostwick encouraged KS Bostwick to consider a price system similar to NE Bostwick's. Both Mike and Kenny Nelson were concerned that the river losses would be greater than they have been in the past since water has not been released from the dam in a couple of years. This could affect the natural flow computations that would be available for use at the diversion dam. It was also noted that current diversions of natural flow are not according to the Districts' operating agreement but rather by priority date as temporarily agreed to by the two Districts. Changing the accounting procedures would require an amendment to the Districts' O&M agreement. It was pointed out that according to the Districts' operating agreement, if one of the Districts uses all of their available HCL storage, it is solely the decision of the party with water remaining as to whether a release is made for the benefit of the party that has used its allocated supply. This could be interpreted to mean that one District can use all available storage from HCL one year, if agreeable to the other District.

An update of the IPRC sponsored legislation relating to extending the term for the distribution works repayment for the Bostwick Districts as well as the Webster and Frenchman-Cambridge Irrigation Districts was discussed.



United States Department of the Interior



BUREAU OF RECLAMATION
Great Plains Region
Nebraska-Kansas Area Office
P.O. Box 1607
Grand Island, Nebraska 68802-1607

IN REPLY REFER TO:

NK-100
FIN-6.00 BSW

JUL 06 2005

Kenneth Nelson, Superintendent
Kansas-Bostwick Irrigation District No. 2
P. O. Box 165
Courtland, KS 66939

Subject: Operation and Maintenance Costs for Fiscal Year 2006, Kansas-Bostwick
Irrigation District, Harlan County Units, Bostwick Division, Pick-Sloan Missouri
Basin Program, Kansas

Dear Mr. Nelson:

Reclamation has received the Fiscal Year 2006 Operation and Maintenance cost
estimated for Harlan County Dam from the Corp of Engineers (COE). This estimate
shows the following:

Total O&M Costs:	\$940,000
Total Irrigation Allocation:	\$144,300 (15.35%)
Kansas Bostwick Allocation:	\$96,680 (67.0%)

Enclosed is a copy of the estimate received from the COE with a more detailed
breakdown. Should you have any questions or need additional information, please
contact Stephen Ronshaugen at the address above or telephone 308-389-5304.

Sincerely,

Alice E. Johns
Alice E. Johns
Area Manager

Enclosure

PRER.	<i>ECH</i>
SECY	<i>BT</i>
TREAS.	<i>CLH</i>
SUPT.	<i>KN</i>



DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS, KANSAS CITY DISTRICT
700 FEDERAL BUILDING
601 E 12TH STREET
KANSAS CITY MO 64106-2896

CENWK-RM-F (37)

23 June 2005

HS111-15.00

NAME	INITIAL	ACTION	DATE
Steve	JK		7/1
Alice			
Sandy	J		7/5
Mark	ak		6-7
Jack			
M ^c Cook		by eg	6/27

MEMORANDUM FOR Regional Director, Bureau of Reclamation, Lower Missouri Region,
P.O. Box 36900, Billings, Montana 59107-6900

SUBJECT: FY06 Estimated Operations, Maintenance and Replacement Expense – Harlan
County Dam and Reservoir

1. Reference Memorandum of Agreement between the Bureau of Reclamation, Department of Interior, and the Corps of Engineers, Department of the Army, regarding the Irrigation Purpose of Harlan County Dam and Reservoir, dated 29 December 1982.
2. As required by Article 6b of the referenced agreement, enclosed is the FY06 Estimated Operations, Maintenance and Replacement Cost for Harlan County Dam and Reservoir.
3. If there are any questions, please contact Ms. Bobbie Lucas, CENWK-RM-F, 816-983-3385.

FOR THE COMMANDER:

Encl
as


DAVID E. GLENDON
Chief, Resource Management Office

CF (w/encl):
Project Manager
Nebraska-Kansas Project Office
P.O. Box 1607
Grand Island, NE 68802

REVISED ESTIMATED OPERATIONS & MAINTENANCE EXPENSE
 HARLAN COUNTY LAKE
 FY06 (IN THOUSANDS)

20-Jun-05

FEATURE	TITLE	JOINT	SPECIFIC IRRIGATION	SPECIFIC RECREATION	EXCLUSION	TOTAL
02	OPER FOR FLOOD DAMAGE REDUCTION	623.0				623.0
04	OPER FOR ENVIRONMENTAL STEWARDSHIP	120.0				120.0
	MGMT OF CULTURAL RESOURCES				16.0	16.0
05	OPER FOR RECREATION			480.0		480.0
	SUBTOTAL OPERATIONS	743.0	0.0	480.0	16.0	1239.0
12	MAINT FOR FLOOD DAMAGE REDUCTION	152.0				152.0
14	MAINT FOR ENVIRONMENTAL STEWARDSHIP	45.0				45.0
15	MAINT FOR RECREATION			427.0		427.0
	SUBTOTAL MAINTENANCE	197.0	0.0	427.0	0.0	624.0
	TOTAL REG O&M	940.0	0.0	907.0	16.0	1863.0
05-12	SRUF OPERATIONS					0.0
15-12	SRUF MAINTENANCE					0.0
	GRAND TOTAL O&M	940.0	0.0	907.0	16.0	1863.0
	% APPL TO IRR	15.35%				
		144.3				