

EXHIBIT 11
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HB 6

Written Testimony
Before the House Long Range Planning Appropriations Subcommittee
HB 6 Hearing - Renewable Resources Grant and Loan Program
January 28, 2011

Applicant: Lower Yellowstone Irrigation Project Board of Control, Sidney, Montana
Presenter: Jerry Nypen, Manager, LYIPBOC
RRGL project: Lower Yellowstone On-Farm Water Conservation Measures
RRGL project No.: 80

Lower Yellowstone On-Farm Water Conservation Measures is a project simply to supplement a Federal program to reduce water use on farms along the lower Yellowstone River. The Federal program administered by the Dept of Ag approved a special water conservation program that cost-shares on-farm improvements, mainly to convert inefficient flood irrigation practices to efficient sprinkler irrigation. \$5 million was awarded over a 5 year period. \$1 million was cost-shared with farmers last year, the initial year; the results were conversions from flood irrigation to center pivots.

This program, the Agricultural Water Enhancement Program (AWEP) had high scores and was awarded because we able to leverage the funds with non-federal dollars. In fact the program, insists on it. One of the sources of funds we were banking on in our application was \$100,000 from the RRGL Program.

So how was the money to be used? It was to be used to supplement the piping of some public laterals that traverse farmunits and hamper center pivot sprinkler development. The irrigation districts are to provide \$217,000 for this activity through their existing cost-share policies. Another \$310,000 was expected from the landowners. A final \$100,000 was anticipated from the state though the renewable resource grant. In summary, the RR money was to supply 16% of the non-federal portion of the AWEP project.

We got blasted in DNRC's review for several reasons. One was uncertainty of funds, i.e. approval of the AWEP for the project. Consequently, the AWEP was approved and work is in progress with a tremendous initial success.

DNRC's review showed great concern that no administration costs were included nor adequate professional and technical costs included and it appeared that this was a key deficiency of our application. However, AWEP program is emphatic that no funds be used to cover administrative costs, and the irrigation districts also desire that all leverage funds from outside sources be put to work in the field and not for administration and engineering.

LYIP employs full-time personnel capable of carrying out all administrative and technical duties of the full project. They have an engineer on their staff to adequately perform all technical duties. Installing pipelines to replace open waterways is a routine task for the irrigation districts.

Regardless of our disappointment that our project scored so low, the RRGL Program is a great program for water conservation and it certainly is being put to good use. We would like to thank this committee for their involvement and we encourage the legislature to keep this program intact and enhance it if at all possible.