

*Subject to approval of the Interim Committee*

**MINUTES  
SOIL CONSERVATION COMMISSION  
INTERIM COMMITTEE MEETING  
WEDNESDAY, SEPTEMBER 23, 2009  
10:00 a.m. to 3:00 p.m.  
JEROME, IDAHO**

The meeting was called to order at 10:05 a.m. by **Cochairman Senator Joe Stegner**. Other committee members present included Senator Lee Heinrich, Senator Bert Brackett, Senator Kate Kelly, **Cochairman Representative Ken Roberts**, Representative Darrell Bolz, Representative Judy Boyle and Representative Liz Chavez. Legislative Services Office staff members present were Brooke Murdoch, Keith Bybee and Toni Hobbs.

Others present at the meeting included Senator Steve Bair, District 28; Representative Bert Stevenson, District 26, Representative Maxine Bell, District 26; Representative Jim Patrick, District 23, Representative Stephen Hartgen, District 23; Harriet Hensley, Attorney General's Office; David Schmidt, NRCS; Steven Becker and Kyle Wilson, Nez Perce Soil and Water Conservation District; Cody Anderson and Ken Stinson, Latah Soil and Water Conservation District; Karma Bragg, Idaho District Employees Association (IDEA) and Custer Soil and Water Conservation District; Dar Olberding, Idaho Grain Producers Association; Lynn Tominaga, Idaho Ground Water Association; Brett Leyshon, Pegi Long, Ivan Permann and Roger Whitnah, Power Soil Conservation District; Roy Fowler, Natural Resource Conservation Service American Falls; Laurie McCall, Minidoka Soil and Water Conservation District and East and West Cassia Soil and Water Conservation Districts; Roy Belnap, Chairman Minidoka Soil and Water Conservation District; Lyla Dettmer, Franklin Soil and Water Conservation District; JoAnn Taylor, Bear Lake Soil and Water Conservation District; Kent Foster, Wayne Newbill, Kyle Hawley, Eric Bastian and Randy Purser, Idaho Association of Soil Conservation Districts; Scott Koberg, Ada Soil and Water Conservation District; Marcella Stewart, Canyon Soil Conservation District; Brian Olmstead, Snake River Soil and Water Conservation District; Sara Schmidt, Morgan Evans, Joe Davidson, Tony Bennett, David Saxey, Richard Bronson, Bill Flory, Dwight Horsch and Chuck Pentzer, Idaho Soil Conservation Commission; Dennis Tanikuni, Idaho Farm Bureau; David Ascuena, Elmore Soil and Water Conservation District; Terry Halbert, North Side Soil and Water Conservation District; Pete Vander Meulen, Blaine Soil Conservation District; and Pamm Juker, Department of Agriculture.

All PowerPoint presentations and handouts are available in the Legislative Services Office and online at <http://www.legislature.idaho.gov/index.htm>.

**Cochairman Stegner** explained that the primary purpose of this meeting is to gather additional information for the Committee's consideration.

**Harriet Hensley, Deputy Attorney General for the Soil Conservation Commission,** was introduced and asked to clarify the duty of the Attorney General's Office in providing legal services to the Soil Conservation Commission (the "Commission") and to the districts. She was also asked to speak about the relationship between the Commission and the Idaho Association of Soil Conservation Districts (the "Association").

**Ms. Hensley** stated the statute governing the powers and duties of the Attorney General is Section 67-1401, Idaho Code. She said this statute was amended in 1995 to consolidate the legal services provided to state agencies, making the Attorney General the chief legal officer. She said that it is the duty of the attorney general to represent the state and all departments, agencies, officers, boards, commissions, institutions and other state entities. **Ms. Hensley** said that prior to 1997, the governing statutes provided the Commission and the districts the authorization to request legal services from the Attorney General's Office or to seek outside counsel. In 1997, the statute was revised and the language providing the option for the Commission to seek outside counsel was removed. It is currently the duty of the Attorney General's Office to provide legal services to the Commission, which is housed in the Department of Agriculture – a state agency. She said that the districts are authorized by statute to request legal services from the attorney general but the Attorney General's Office does not have a duty to provide those services because the districts are not a state agency. The attorney general currently contracts with four or five districts to provide legal services. Contracted services are based on an hourly rate.

**Cochairman Stegner** asked if **Ms. Hensley** works fulltime for the Commission. **Ms. Hensley** replied that she is assigned to the Commission, but not fulltime. She said that the extent of legal services the Commission will require over the next year is unknown. **Cochairman Stegner** asked whether the Commission is billed by the Attorney General's Office for legal services provided. **Ms. Hensley** said there is a funding arrangement between the Department of Agriculture and SWCAP. She said that they do not have an underlying contract with the Commission but that they do track their hours, which are submitted at the end of the fiscal year and reviewed as an expense in the following year.

**Ms. Hensley** went on to discuss the relationship between the Commission and the Association. She stated that the Legislature has recognized the Association as a nonprofit organization and authorized the Commission to invite an Association representative to serve as a nonvoting advisory member of the Commission. She noted that any constraints on the relationship between the Commission and the Association would be the same as in any situation that involves a state agency contracting with a private entity for services. According to **Ms. Hensley**, the constraints on the relationship between the Commission and the Association stem from the constitutional requirement that public funds can only be spent for public purposes. She continued that, in order to constitute a valid public purpose, the sole purpose has to be for a public function and the state has to retain enough control over the funded activity so as to be sure that the public function continues to be served.

**Senator Heinrich** stated that at the last meeting there was testimony that the Attorney General's Office was providing representation for the Commission but when the districts requested representation, they were told the Attorney General's Office could not provide services because of a conflict of interest. He asked whether there was a way that the state could represent both sides. **Ms. Hensley** said yes and that in the past when conflicts existed between state agencies, a different attorney general had been assigned to each side.

**Senator Heinrich** asked whether the Attorney General's Office's methods of providing legal support would change if the Commission is moved to the Department of Self-Governing Agencies. **Ms. Hensley** said that making the Commission a self-governing agency would change the way the Attorney General's Office provides services. The Commission would no longer be housed in the Department of Agriculture so the funding mechanism would be different. Services would have to be provided by contract as they are now for the districts.

**Cochairman Stegner** commented that some state agencies housed in the Department of Self-Governing Agencies, such as the Wheat Commission, have been represented by Attorney General's Office. **Ms. Hensley** agreed and said that the Pea and Lentil Commission pays for legal services by the hour according to contract terms.

**Cochairman Stegner** asked if commissions have the option of using the Attorney General's Office or seeking outside counsel. **Ms. Hensley** replied that commissions can ask for the attorney general's services or seek outside counsel. She noted that if the Commission is moved to the Department of Self-Governing Agencies, these issues would need to be addressed in statute.

**Senator Kelly** asked whether the Attorney General's Office would treat the Commission like it does the districts if the Commission moved to the Department of Self-Governing Agencies. **Ms. Hensley** responded yes. In response to a comment from **Senator Kelly**, **Ms. Hensley** said she would get additional information for the Committee regarding the attorney general's time spent providing legal services to the districts and the manner in which that time is tracked.

**Dave Schmidt, Natural Resources Conservation Service ("NRCS")** was the next speaker. **Mr. Schmidt** explained the history of NRCS and soil conservation laws. He said that the Soil Conservation Service, predecessor to the NRCS, was created in 1935 by Congress, which declared that soil erosion was a menace to the national welfare and authorized broad powers to the new agency to address the problem. In 1937, Standard State Soil Conservation District Law was sent to all state Governors. The idea was that local input was critical in addressing soil erosion and the success of programs would be on the local level, not dictated out of Washington, DC. President Roosevelt contacted the states asking them to develop local district structures. In Idaho, this resulted in the passage of the Soil Conservation District Law in 1939. That year, five districts were formed.

In 1994, the Soil Conservation Service was changed to the Natural Resources Conservation Service. **Mr. Schmidt** said this name change was made to reflect the expanded mission of addressing all resources including animals, water quality, wildlife issues and air quality issues, as well as soil conservation issues.

**Mr. Schmidt** stated that the NRCS provides leadership in a partnership effort to help people conserve, maintain and improve our natural resources and environment, primarily on private lands.

**Mr. Schmidt** explained that NRCS employees provide technical assistance to private landowners, conservation districts, tribes, and other organizations. There are several conservation technical assistance programs and activities. He said that the NRCS also provides financial assistance for many conservation activities, including, among others, the Environmental Quality Incentive Program, which is a cost-share process, the Agricultural Water Enhancement Program, which deals with large scale projects and the Conservation Stewardship Program, which is a newly revamped program that pays for work already completed. **Mr. Schmidt** further explained that the NRCS has easement programs, including the Farm and Ranch Land Protection, the Grassland Reserve Program and Wetlands Reserve Program.

**Mr. Schmidt** went on to explain the NRCS' operations in Idaho. He said there are between 180 and 200 employees, the annual budget is approximately \$50 million and of that, approximately \$37 million in FY 2009 was direct financial assistance to Idaho farmers and ranchers. He said that the problem is that during the last two Farm Bills, financial assistance to farmers and ranchers has increased dramatically, but technical assistance funding has decreased. One possible solution is to have cooperative agreements with partnership organizations to assist with program implementation.

**Cochairman Stegner** asked for more detail about how the \$37 million in assistance from FY 2009 gets from Washington DC to Idaho farmers and ranchers. He also asked how much of that money flows through conservation districts. **Mr. Schmidt** explained that the NRCS gets an allocation from Congress to spend on certain projects. They then ask the local working groups to put together a ranking procedure, addressing the worst resource issues first. After the ranking system is adopted by the NRCS, producers sign an application form and the NRCS assists them in designing projects. Once the project is finished, NRCS cuts them a check through the treasury.

**Mr. Schmidt** continued with his presentation, stating that in Idaho, NRCS works with private land owners, groups of landowners and users, community groups, project sponsors, local, county and state governments, as well as others. He also provided a list of NRCS partners and partner programs in Idaho. NRCS partners include conservation districts, the Commission, the Association, as well as others. Partner programs include WQPA, RCRDP, FWS, as well as others. **Mr. Schmidt** then provided several partnership examples. The conservation districts serve as local working groups and are set up to bring local natural resource issues to the NRCS' attention so that programs can specifically address those local issues. The NRCS has cooperative agreements with

conservation districts, the Association and the Commission. He further explained that under the Agricultural Water Enhancement Program (“AWEP”), the NRCS enters into partnership agreements to provide financial and technical assistance and to promote ground and surface water conservation or improve water quality on agricultural lands. He said that AWEP is primarily used for TMDL implementation. In 2010, the Commission will receive approximately \$1 million in AWEP funds for TMDL implementation. In addition, IDWR will receive \$15 million in AWEP funds to implement a state CAMP plan and irrigation districts will receive \$18 million in AWEP funds over the next couple years to implement the Marsh Creek project.

**Cochairman Roberts** asked if AWEP grants are competitively nationally. **Mr. Schmidt** replied that there is national competition for AWEP. He said that part of the reason Idaho is successful in obtaining an AWEP grant is because the Snake River Plain Aquifer was listed by Congress as a priority area.

**Mr. Schmidt** concluded, saying that with the current budget considerations and program demands, a very strong coalition of partners is invaluable to NRCS operations. He stated that the NRCS would not be as effective as it is without these partnerships. The conservation program delivery mechanism offered by the conservation partnership is envied by all other agencies and they frequently ask to participate.

**Senator Heinrich** asked about the reporting requirements for accountability of public funds. **Mr. Schmidt** said that a lot of the AWEP and CCPI stays with the NRCS and as projects are completed, the NRCS makes the payments. In terms of accountability in connection with cooperative agreements, for example with the districts, the NRCS asks that time keeping practices be adhered to and that either time sheets or invoices be submitted to the NRCS.

**Senator Heinrich** asked about site inspections and whether most funding was done on a reimbursement basis after the work is done. **Mr. Schmidt** responded that the NRCS has engineering contractors who complete site inspections and payment is made after the inspection. He said that very rarely does the NRCS pay upfront.

**Representative Bolz** asked, in regard to the NRCS’ partnerships with the conservation districts, how much input does a district have in terms of where the money is spent. **Mr. Schmidt** said that due to privacy issues, beyond a name, address and dollar amount, the NRCS does not share specific information with others in order to protect the landowners and citizens. How much input a district has regarding funding depends on the project. **Representative Bolz** asked who makes the decision about where the money goes. **Mr. Schmidt** said that, for example, with the EQIP programs, NRCS determines where the money goes but it always seeks advice from the districts.

**Cochairman Roberts** commented that money received from the Farm Bill for on the ground projects has increased but money for technical assistance has decreased and asked whether state money is going toward technical assistance while less is being spent for on

the ground projects. **Mr. Schmidt** said they are using in-place engineers and are not utilizing any technical assistance from state agencies that has not already been there.

**Cochairman Roberts** asked whether moving the Commission out of the Department of Agriculture would raise any red flags for the NRCS or present any difficulty in its ability to continue working with the Commission and districts. **Mr. Schmidt** said he would like to think about this before providing an answer. **Cochairman Roberts** commented that the Committee would like some guidelines provided as to where the Commission can function both in terms of structure and financial accountability. **Mr. Schmidt** reiterated that he prefer to think about this question in more detail and discuss it with others in his office before providing the Committee with an answer. He added that as long as some entity has some attachment to state government, then the partnerships should be fine.

**Eric Bastian** of the Association asked whether a soil conservation district must be in place in order for the NRCS to also have a presence. **Mr. Schmidt** said he did not think so. He said that the NRCS would not set up shop without local input from districts. As districts have grown, so too has the NRCS.

**Cochairman Stegner** asked if there is any area in Idaho that is not covered by the NRCS. **Mr. Schmidt** said that the NRCS has assisted all districts.

**Cochairman Stegner** clarified that the Committee does not want to hinder the NRCS' cooperative efforts in Idaho. **Mr. Schmidt** said he would take this information to his director and get back to the Committee. He noted that the NRCS has a lot of flexibility in terms of working relationships.

**Sara Schmidt, Administrator, Idaho Soil Conservation Commission**, was the next speaker. **Ms. Schmidt** explained that the Commission's mission is to provide leadership and assistance for natural resource conservation programs in coordination with other local, state and federal agencies. The Commission provides support to 51 Idaho conservation districts. Via these local districts, technical assistance, financial incentive programs and educational programs are provided to private landowners and land users.

**Ms. Schmidt** discussed the Idaho OnePlan. She said that by statute, the Commission has a responsibility for the Idaho OnePlan. She emphasized that there have been some incredible accomplishments with the Idaho OnePlan. The OnePlan computer based software makes it easy for producers and agencies to utilize information. Most of these efforts have been funded with a federal earmark, which is now exhausted. **Ms. Schmidt** said that as a result, the steering committee will be meeting to brainstorm future priorities and funding options.

**Ms. Schmidt** moved on to discuss the work occurring in Idaho's Ground Water Management areas. She said that the Department of Environmental Quality ("DEQ") has established 32 nitrate priority areas in the state as of 2008. The Commission has the clear lead on agricultural lands and most of these nitrate areas have an agricultural component. As a result, the Commission and staff have worked with districts to determine the issues

and to implement ground water BMP projects. These 32 nitrate priority areas follow the Snake River Plain from St. Anthony to Payette and are also up north with Lapwai and Clearwater.

**Senator Kelly** asked if nitrate levels are going down. **Ms. Schmidt** yielded to **Tony Bennett**, the Commission's Technical Operations Manager. **Mr. Bennett** said that they are in the implementation phase and are helping districts put BMPs on the ground. He emphasized that the results of these efforts take time.

**Ms. Schmidt** gave a historical overview of Idaho's conservation partnership. She said that the early days were based on the Dust Bowl, with the federal government recognizing the importance of local districts. This was followed by the formation of the 51 local districts, the Commission, the Association and NRCS. She noted that technical assistance originally focused on soil mapping and later on water quality. Financial assistance included cost share practices and loans to producers.

**Ms. Schmidt** stated that a 1993 state appropriation from JFAC to the Commission required the Commission to pass through \$49,700 to enable the Association to hire an executive director. She said that up until last year, the Commission has spent about \$60,000 in an agreement between the Commission and the Association. She acknowledged that public money must be spent on public good. **Ms. Schmidt** said that yesterday, following discussion with the Association leaders, local districts present and the Commissioners, a decision was made to approve \$15,000 for a short term agreement. The agreement will focus on deliverables that the Association can provide for the public good.

**Ms. Schmidt** explained that in 1998, there was an MOU between the Commission and the Association. The MOU was a result of the 303D stream segments. At that time, the commission had some additional funds but did not have FTPs. The Association contracted with the Commission to get people on the ground to do the technical work required.

**Ms. Schmidt** opined that the Commission and the Association both have a "can do" attitude and will figure out how to work together moving forward.

**Ms. Schmidt** went on to discuss the Commission's operating policy and/or guidelines. She noted that at the previous Committee meeting, the Committee requested a better understanding of the financial accountability policy relating to the monthly reports. She said that the Commission and the Association have worked very closely together on financial accountability on behalf of the districts. She directed the Committee's attention to a handout depicting Idaho Conservation Districts' Financial Accountability and Reporting Timeline. She said that, on behalf of the districts, the Commission and the Association work closely on issues, one of which is financial accountability. Her understanding is that this issue goes back to 1997, when the Commission moved to the Department of Agriculture. At that point, there were a lot of questions from the Governor's office and staff and the Department of Agriculture about the Commission's

role in terms of financial accountability. There were requests from the executive branch that better information and accountability be provided from the Commission, the Association and the districts. **Ms. Schmidt** said it is her understanding that since the move in 1997, there have been a lot of conversations between the Commission and the Association. In 2004, the Association adopted a document entitled The Financial Accountability Policies, Guidelines and Procedures for Idaho's Conservation Districts. After that, key decisions were made regarding QuickBooks, technical advisory teams and business plans for districts. The Commission adopted this policy. The Association revised the policy in 2007. The Financial Accountability Policies, Guidelines and Procedures for Idaho's Conservation Districts document is available in the Legislative Services Office.

**Ms. Schmidt** said that since 2007, some other decisions have been made that update the document. In 2008, a compromise was reached between the districts and the Commission that allows some districts to submit spreadsheets to the Commission in lieu of complete QuickBooks files. There was also an agreement between the Commission and the Association that the monthly reports would be submitted on the 15th of each month. **Ms. Schmidt** added that the Commission does get a lot of requests from the Legislature and others regarding the information contained in these reports and that this is a good faith effort to have the information available.

**Ms. Schmidt** stated that the Commission, the Association and the NRCS have agreed to activate a Conservation Partnership Committee. This is a way for a small group to communicate and identify opportunities and problems between official meetings of the Commission, the Association and NRCS.

**Ms. Schmidt** recommended possible statutory changes to ensure confidentiality of applicant information in RCRDP loan process. She suggested a two-tiered application process involving both the districts and the Commission. The districts would handle the priority ranking application, which would be an application submitted to the district along with the conservation plan to be reviewed by district supervisors. Supervisors assign a district priority ranking to the project. The Commission would handle the RCRDP loan application. This would be an application submitted directly to the Commission with a completed loan package to be considered for an RCRDP loan. Currently, the entire application, including financial information, goes directly to the districts first. Some districts and borrowers alike have expressed discomfort with districts receiving applicants' financial information.

**Senator Kelly** asked if Ms. Schmidt wants this information to be confidential under the public records act. **Ms. Schmidt** said that they want to protect confidential information that is currently protected by law.

In response to a request from the last meeting, **Ms. Schmidt** commented that the Commission has three major rules: Resource Conservation and Rangeland Development Program (RCRDP); Antidegradation Plan for Agricultural and Water Quality Cost Share

Program for Idaho (WQPA). The Commission has submitted notice of proposed changes to the rule relating to the RCRDP. The proposed changes would specify items required in the application, require a 5% personal match, authorizes foreclosure proceedings in the event of loan default, increases the maximum single loan amount from \$50,000 to \$200,000 and deletes language relating to grants which is provided for in WQPA rules.

**Representative Bolz** said he understands the privacy issue but thinks the two-tiered application process takes the districts out of decision making process. **Ms. Schmidt** emphasized that it is not the Commission's intent to remove the district from the process. She said this would be like a dual application with the first part going to districts for a priority recommendation for the plan. Once this occurs, the Commission then looks at the financial piece and determines whether the project is a good credit risk. She again noted that some districts have said that they would rather not see all of the financial information. **Representative Bolz** said it is his hope that once a decision is made by the Commission that it would go back to the district and discuss the decision. **Ms. Schmidt** said that is a point well taken.

**Representative Chavez** said that at the last meeting she had asked whether all projects were derived from the districts or if the Commission has projects of its own. She asked whether there is a list of Commission projects that have been undertaken independent of the districts and how much funding those projects required that was not funneled out to the districts. **Ms. Schmidt** said that it is her understanding that most of what the Commission does is through the districts. She said there may be times when the Commission receives federal money that does not go through districts but she does not sense the competition that was mentioned at last meeting.

**Cochairman Stegner** said he was pleased to have recommendations from the Commission relating to the loan application process. He said he thinks the application changes make sense but is curious to know the districts' reaction. He said one of the primary issues to be dealt with is the districts fundamental difficulty interacting as individual districts with the Commission. Thus, by practice, the districts go through the Association. The problem that results is that the Association has no legal standing to negotiate on behalf of districts. In his opinion, if the Commission reaches an agreement with the Association, it may be binding as to the parties, but it is not binding as to any of the districts. He noted that there is a legal conundrum as to the role of the Association and its legal standing in hers of speaking and making decision on behalf of all districts. The result is that the Commission thinks it is on solid grounds with the districts, while districts may think otherwise.

An unidentified audience member who serves on the Commission commented that several districts and farmers have called stating that they would like to be involved in the loan program but do not want to give their financial information to the local districts. The confidentiality issue is very important and he thinks the Commission would see more loan requests if the financial information was treated and considered separately from the district ranking process. **Cochairman Stegner** stated that he does not disagree with the two-tier application concept. He expressed concern with the passage of a law like this

and stated that if individual districts do not like it, they may not be able to effectively express that directly to the legislature.

**Representative Stevenson** observed that ground water districts have the ability to belong to an association. When it comes to obligating districts, the association has not authority to negotiate contracts or sign on behalf of the districts; rather, individual districts have that responsibility. He noted that it is important to give the districts that ability, rather than the association.

**Cochairman Stegner** stated that his comments were not meant to be critical of the Association, or of the Commission in working with the Association. He again stated that there is nothing in law that obligates a district to participate in decisions reached by the Association and the Commission. He said this would require a statutory revision assigning legal authority to the Association and he does not see the support from districts to do something like this.

An unidentified audience member from the Commission said that in his opinion, if rules are made regarding the Commission's functions and those rules are reviewed and approved by the Legislature, then that satisfies the public nature of the Commission's responsibilities. He said that the Commission realizes the importance of rulemaking and the Legislature's final approval.

**Cochairman Roberts** commented that if the rules do not have the support of those on the ground in districts, then they will probably not make it through the process. He emphasized the need to have the Commission, the districts and the Association in unison now and to identify and work through the areas of conflict so there can be as much agreement as possible from all parties involved.

**Kent Foster, Idaho Association of Soil Conservation Districts**, was the next speaker. He explained that the core conservation partnership includes the Commission with 24 positions, NRCS with 185 positions and the Association with 11 positions. He said each of these group concentrates on getting conservation on the ground in the districts. There are 51 districts, 283 locally elected district supervisors and about 58 employees.

**Mr. Foster** said that the Association was established in 1944 and is a private non-profit corporation with 501(c)(3) IRS tax status. The Association currently has 11 FPEs and provides support to districts by collectively assisting the districts to accomplish what they could not do individually. The Association's annual budget is \$140,000 which comes from District dues of \$20,400, \$60,000 from the Commission per JFAC authorization in 1992, project administration fees of \$56,600 and savings (LGIP) of \$3,000.

**Mr. Foster** stated that the Association operates in accordance with a policy manual, a personnel policy manual and a district accountability policy, which was approved by districts. He explained that the Association's mission is to provide administrative, technical, financial and educational outreach support to the districts.

**Mr. Foster** highlighted the Association's implementation projects, including its TMDL implementation planning efforts. He explained that in 1998, the Legislature approved funding to hire the first six employees. The Association provided health insurance and vehicles for these employees. The Association leveraged funding and employed thirteen field staff. In January 2009, it lost funding from the Commission for all TMDL field staff due to state holdbacks. He said that since 1998, the Association has hired 40 field staff, terminated three employees, has sixteen employees currently working for other agencies and nine field staff currently working on funds other than from the Commission. They have a total of 87 TMDL implementation plans that have agriculture and/or grazing components. Of those, 69 plans have been completed, fifteen are in progress and three have not yet been started. **Mr. Foster** noted that some of the completed TMDLs are being revisited to evaluate temperature criteria.

**Mr. Foster's** presentation includes a list of implementation projects. He focused on the Association's Division II AFO implementation project that started in 2001. This project is administered by the Latah Soil and Water Conservation District and involves 50 individual projects in five districts. The funding source is DEQ (319) and the Commission (WQPA). The total cost share approved is \$998,800. Of this, \$692,400 has been paid. The landowners' contribution is \$230,800 (25%). The average project cost is \$19,960. Accomplishments include 8,200 head of cattle have been impacted and 104,900 feet of riparian area has been protected. **Mr. Schmidt** said that every year, the Association puts out a report highlighting project accomplishments from each district.

**Senator Heinrich** commented that **Ms. Schmidt's** presentation included a proposed rule change that would require a 5% match from project owners, but the Association's presentation shows a match well above 5%. He asked if there are any projects with a zero match. **Mr. Foster** said that most require a 5% match, but some contracts with the NRCS require 10%. He thinks that **Ms. Schmidt** was talking about loans from the RCRDP program, which is different from his presentation. **Ms. Schmidt** said that was correct, the rule change is specific to the RCRDP program. **Ms. Foster's** slide was for animal feed projects and those have a 25% match.

**Senator Kelly** commented that TMDL projects were funded with general fund money that was passing through and that money has been cut off. She asked what would happen if the pending TMDL projects are not completed. She added that it is her understanding that there is a court order requiring completion. **Mr. Foster** agreed that there is a court order requiring timely completion and that they are passed that deadline. He stated that there are not enough people to complete the projects, but the Association will continue to implement TMDL programs with its current staff. He added that they are limited because of their need for technical assistance.

**Karma Bragg, Idaho District Employees Association ("IDEA")**, was the next speaker. She explained that the IDEA mission is to enhance communication, promote professional improvement and increase effectiveness of districts and their employees and to foster

mutual partnership with conservation agencies, organizations and associations. She explained that IDEA has six divisions throughout the state. Fifty of the 51 districts are IDEA members. This represents approximately 67 employees. IDEA employees serve over 280 elected officials. She discussed the employee makeup, employee benefits and alternative funding sources for each of the six divisions.

**Ms. Bragg** described IDEA's priorities, which are to promote and encourage internal communication within the membership, increase and encourage internal communication within the partnership, promote professional advocacy within the membership and encourage the development of stable base funding for technical assistance.

**Ms. Bragg** said that IDEA would like the Committee to consider partnership clarifications, the availability of health insurance and retirement benefits to district employees, the consistent availability of adequate base funding to recruit and retain executive-level district staff and the budget formula. She clarified that she is not requesting or encouraging an increase in funding. She said that the current formula presents a number of concerns for districts. She highlighted Section 67-5309, Idaho Code, which provides legislative intent relating to state employee compensation and benefits. She said that only 20% of the districts provide health insurance options and 10% provide retirement options. She explained that district boards need access to adequate and reliable funding to implement Idaho's employee compensation philosophy. She noted that without state benefits, recruiting and retaining professional staff is difficult for districts.

**Ms. Bragg** went on to discuss funding and the current budgeting process for IDEA. In FY10, the 51 districts will receive \$255,000 as base funds and \$545,000 as match funds. A total of \$800,000 is scheduled for distribution to districts for general operations. In addition to these legislative funds, each district is scheduled to receive funding from their supporting counties/cities for a total of \$490,000 in FY10, but this funding varies between individual districts. **Ms. Bragg** stated that the districts receive the base funding of \$5,000 in July and the first half of their match. Individual districts set their funding based on the amount of the first allocation determined by a letter of intent from counties/cities. The second half of the allocation comes out in January based on receipt of funds and less district insurance.

**Ms. Bragg** gave the following example of the current budgeting dilemma: Districts 1, 2, and 3 receive four times the amount of their letter of intent as provided by counties/cities. This amounts to nearly \$60,000. Districts 4-51 will have this \$60,000 taken from their second allocation based on a formula tied to receipt of county/city funds. The result is that in January, one-third of the district workforce will not have adequate funding to retain their employees for the remainder of the year. Increased funding from a few select counties can have a negative result on remaining districts. She said that something is wrong with this formula.

In summary, **Ms. Bragg** said that IDEA would like equitable recognition and opportunities for district employees consistent with those the state provides to state

employees. This would include maintaining PERSI retirement eligibility for conservation districts, creating opportunities for districts to participate in the state health insurance programs and developing funding systems adequate to allow districts to recruit and retain professional executive-level staff.

**Cochairman Stegner** commented that it is a function of the Committee to consider funding and that the formula is an area that needs to be addressed.

**Representative Stevenson** asked, in regard to the districts providing an insurance option, where does the money come from. He further asked if it is the county providing the benefits. **Ms. Bragg** said that she is not aware of any district employees who receive benefits from counties. Counties provide money to the districts and it is up to the district to provide insurance to employees.

**Terry Halbert, North Side Soil and Water Conservation District**, was the next presenter. He stated that it is the mission of the North Side SWCD to educate the public and assist landowners in the implementation of sound land management practices and work towards improvement and preservation of natural resources.

**Mr. Halbert** cited Hazelton Butte Watershed Project, Vineyard Creek Water Quality Project and Scott's Pond Water Quality Project as accomplishments of the district and Hazelton Butte Ground Water Project and the Strip Till Project as future projects.

**Mr. Halbert** explained that the district has five locally elected district supervisors and that he is the district manager. As district manager, he is a part-time employee. The position has a job description and contract. He receives an hourly wage, sick leave, vacation and medical insurance. The district manager represents the district and gives a public face and voice to the district.

He commented that elections are a lot of fun. **Cochairman Stegner** asked if the district has any contested elections. **Mr. Halbert** replied no, but they still have to go through the process. **Cochairman Stegner** commented that there may be a better way to handle the election process. He asked whether the districts have discussed a more practical cost-effective method of filling positions, rather than holding an election. **Mr. Halbert** replied that he is not aware of any discussions, but it is desperately needed.

**Mr. Halbert** reiterated that as district manager, he is the face and mouth for his district. He meets with the public and goes to meetings whenever conservation is involved. He attends various open houses and meetings to get people working together. He noted that his district works hand in hand everyday with the NRCS and they have a very good working partnership.

**Mr. Halbert** went on to describe the current trends and issues impacting conservation in his district. He noted that Jerome County is changing. Cooperators have moved from flood irrigation to sprinkler, small farms are consolidating into larger farms and dairy and dairy related cooperators are increasing. He added that the County continues to move

from its rural base to an urban setting with development and potential developments planned.

**Mr. Halbert** described the District's efforts to reach out to the community. He stated that there is an upcoming open house to provide an opportunity for the general public to come together and learn about North Side SWCD's functions. There is also a Jerome environmental roundtable scheduled to address the issue of protecting drinking water in the County. The District is also involved in an Arbor Day tree planning event, a district poster contest and a Natural Resources Camp, which is free.

**Mr. Halbert** talked about the conservation partnership. He said that his District has a very strong and positive partnership with the NRCS and that he works closely with his NRCS advisor. He also said that the Commission employees are readily accessible and that he has positive relationships with Kent Foster of the Association and Karma Bragg of IDEA.

**Mr. Halbert** discussed his District's funding. The state base funding is \$5,000, county funding is \$5,500, state match funding is \$5,616.76 and in-kind time is \$10,000. The results were farm programs (\$221,216) and loans (\$149,307) and education and information.

In closing, **Mr. Halbert** emphasized that all 51 districts do good work. He said that the districts are a unique extension of state government and they do a lot with a little. He said the districts are good fiscal managers and that the districts agree far more than they disagree.

**Brian Olmstead, Snake River Soil and Water Conservation District**, was the next speaker. The District consists of almost all of the land under the Twin Falls Canal Company. He noted that the Snake River SWCD and the Canal Company have been partners for many years. He stated that erosion off irrigated crop land is their main concern.

The District has 319 grant projects that are primarily TMDL related. Some of these are listed in Mr. Olmstead's PowerPoint presentation. These are water quality grants from EPA money that comes through DEQ. **Mr. Olmstead** said this has been a very valuable resource to them. He said that the grand total of grant funds for these projects is \$391,905, with a local match grand total of \$519,051.

**Senator Brackett** asked **Mr. Olmstead** and **Mr. Halbert** for recommendations or suggestions to make the partnerships work better. **Mr. Olmstead** said that if they had more money they could get more conservation projects on the ground. The problem is that they get less than \$20,000 in county and state money, making it necessary for them to look elsewhere for funding. **Mr. Halbert** commented that he attended a conference held by another conservation district in Jackson Hole. Their conservation district has taxing authority and works with \$5.5 million and returned \$2 million back to their state treasury. He expressed that he understands that raising taxes is not a popular idea, but it

is such a small amount of money when put against property tax value and incredible good comes from it. Most of the problems with the partnerships are money driven.

**Keith Bybee, Legislative Services Office, Budget and Policy**, was the last speaker. He discussed possible allocation options and funding methods the Commission can use to pass through to the districts. He stated that all options were calculated from \$800,000 of available funding, all options would require a change in statute and rulemaking and that the remaining funds allocation would be calculated based on the actual amount from the County Commission and not on a letter of intent and the actual funds received formula that is currently in place.

**Mr. Bybee** discussed seven allocation options for the Committee to consider. The details of these seven options are addressed in two handouts provided by **Mr. Bybee**. These handouts are available online and in the Legislative Services Office.

**Cochairman Stegner** suggested that the Committee will have two more meetings. He suggested that at the next meeting, the Committee review suggestions and proposals. He also suggested the Committee form two informal subcommittees; one to address structural issues and one to address financial issues. The structural subcommittee will consider the placement of the Commission within state government, the process of selecting and appointing Commissioners, district elections/appointments and to seek out efficiency issues within districts. It was decided that **Cochairman Stegner** will be the chairman for the structural subcommittee and members will include Senator Brackett, Senator Kelly and Representative Boyle.

**Cochairman Stegner** explained that the financial subcommittee would consider district allocations (base funding and methodology of distributing remaining funds), the role of the Commission in oversight and accountability of districts and any future rulemaking authority that may be needed. It was decided that **Cochairman Roberts** will be the chairman for the financial subcommittee and members will include Senator Heinrich, Representative Bolz and Representative Chavez.

**Cochairman Stegner** encouraged the Commission and the Association to provide suggestions and requested that the Commission engage the Association and the districts in discussions. He asked that recommendations and suggestions be made in advance of the next meeting so that the subcommittees have sufficient time to consider them.

The next meeting was scheduled for Wednesday, October 28, 2009. The time and place are to be determined.

The meeting was adjourned at 3:00 p.m.