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RES-3.10 BSW

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

SEP 2 6 2006

Walt Knehans, President Bostwick Irrigation District in Nebraska P.O. Box 446 Red Cloud, Nebraska 68970-0446

Subject: Request for Drafting of Acreage Reduction Legislation, Bostwick Division,

Pick-Sloan Missouri Basin Program, Nebraska

Dear Mr. Knehans;

The following information is being provided in response to your letter of August 18, 2006, requesting our assistance in drafting legislation that would allow for downsizing or removing acres from the Bostwick Irrigation District in Nebraska (District).

We share your concerns about the District's water supply shortage and will continue assisting as you explore your options. Your District has taken proactive steps to maintain financial viability and stretch the available water supply utilizing Reclamation's existing authorities and contract provisions. Past Reclamation assistance has included, for example, drought program payments in cooperation with the State of Nebraska, increased coordination between the District and Kansas Bostwick Irrigation District on water operations, water conservation cost share agreements, Water 2025 grant agreements, deferments of debt service payments, and review of the District's agreement with Nebraska Department of Natural Resources that resulted in payment to the District and additional water to Kansas in 2006. In addition to the above efforts, your District has been working with 3 other districts to obtain legislation that will allow the annual payment obligations of the districts to be reduced by extending the term over which these payments would be made. All these efforts, although significant, have not resulted in a long-term resolution of the water supply or resulting financial challenges facing your District.

General Manager Mike Delka recently spoke to my staff regarding a proposal to downsize or remove acres from the District and implement other modifications to project water delivery to irrigators. As discussed with Mr. Delka, some of the actions being considered may be accomplished within existing authorities and provisions of the existing contract. For other actions, it was unclear how Reclamation would be in a position to approve without additional legislative authorities.

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District boundary adjustments or transfer of water rights to other acres within the District generally do not require legislation. These changes do not affect repayment ability by the District, impact the operation and maintenance of project facilities, or change the assessment base of the District. These proposed changes are typically approved after environmental compliance requirements have been met.

On the other hand, changes in the size of the District that either individually or cumulatively affects water rights, Consensus Plan, repayment ability, operation and maintenance, or repayment obligations of the District are not generally straightforward. These actions could be of such magnitude that the nature of the Reclamation project, irrigation debt service, aid-to irrigation, and financial viability of Districts could be affected.

Proposals for downsizing or removing acres from a District need to be considered on a case by case basis. If the District would like Reclamation to consider a proposal for downsizing, then a detailed proposal should be submitted in writing. At that time, we could work with your District in the development of a plan that could be the basis for your pursuing necessary legislation. The development of a plan to downsize or remove acres from the District is the first step. With respect to drafting legislation, I would like to clarify that Reclamation drafts legislation in response to a request from a senator or congressperson.

If you have further questions, please do not hesitate to contact me or Stephen Ronshaugen at 308-389-5300.

Sincerely,

ALICE E. JOHNS

Alice E. Johns Area Manager

cc: David Van Patten, Superintendent, Almena Irrigation District No. 5, P.O. Box 275, Almena, KS 67622-0275.

Roy Patterson, Superintendent, Frenchman-Cambridge Irrigation District, P.O. Box 116, Cambridge, NE 69022

Don Felker, Manager, Frenchman Valley and H&RW Irrigation Districts, Box 297, Culbertson, NE 69024

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

Andy Wilson, Manager, Kirwin and Webster Irrigation Districts, P.O. Box 660, Gaylord, KS 67638

bc: GP-1000 Gary Campbell, -3000 Jamie Macartney, -4000 Dan Fritz NK-100 Steve Ronshaugen, -300 Mike Kube, -400 Mary Swanda

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