IDAHO WATER RESOURCE BOARD

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Terry T. Uhling
Boise
District 2

Bob Graham
Bonners Ferry
At Large

L. Claude Storer
Idaho Falls
District 4

Gary M. Chamberlain
Challis
At Large

SCANNED
NOV 03 2005

MINUTES OF MEETING NO. 02-02

Friday, February 15, 2002
At the
Idaho Department of Water Resources
Boise, Idaho

1301 North Orchard Street, Boise, ID 83706 Tel: (208) 327-7900 Fax: (208) 327-7866

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IDAHO WATER RESOURCE BOARD

MINUTES OF MEETING NO. 02-02

Meeting No. 02-02 of the Idaho Water Resource Board was called to order by Chairman Joe Jordan on Friday, February 15, 2002, 8:30 a.m. at the Idaho Department of Water Resources, Boise, Idaho. (Recording Tape No. 1)

Agenda Item No. 1, Roll Call

Board Members Present

Joe Jordan, Chairman
Bob Graham
Gary Chamberlain
Jerry Rigby,Vice Chairman
Dick Wyatt, Secretary
Leonard Beck
Claude Storer
Terry Uhling

Idaho Department of Water Resources' Staff Present

Hal Anderson, Administrator
Rita Fleck, Administrative Assistant
Brian Patton, Staff Engineer
Bill Graham, Planning Bureau Chief
Stan Clark, Special Assistant

Guests

Jim Wrigley, Wells Fargo Bank; Dale B. Williamson and Mark Frederist, city of New Plymouth; Keven Sheeve, Sunrise Engineer; Cindy Robertson, Idaho Department of Fish and Game; David B. Shaw, ERO Resources Corporation

Agenda Item No. 2, Minutes of Meeting No. 05-01

Motion: With no objection to the minutes, Chairman Jordan pronounced approval of the minutes as read.

Voice Vote: 8 Aye, 0 Nays. *Motion passed.*

Agenda Item No. 3, Public Comment

Norman Semanko, Executive Director, Idaho Water Users Association reported on the position of a legislative committee on bills pending before the Idaho Legislation. These bills affect the programs of the Idaho Water Resource Board and the Idaho Department of Water Resources.

- SCR129 - Clearwater River Minimum Streamflow *(Neutral)*
- H538 - Little Salmon River Comprehensive State Water Plan *(Neutral)*

- SCR128 - Lemhi River Minimum Streamflow *(Supports)*

- S1435 – Amends existing law to allow the Water Resource Board to appoint a local rental committee to facilitate operation of the water supply bank within a river basin; and to provide for the use of the water supply bank to maintain the board's minimum stream flow water right. *(Opposes)*

- H415 – Relating to the adjudication of water rights; amending section 42-1411, Idaho Code, to reduce the period for filing responses to objections in the Snake River Basin Adjudication from 120 days to 60 days. (S*upports*)

- H416 – Water rights - Amends existing law relating to adjudication of water rights to clarify the period of time to be set forth in certain notices between filing the report with the director of the Department of Water Resources and the hearing, at which time the unobjected parts of the report will be decreed; and to clarify the time in which the director of the Department of Water Resources shall file certain statements with the district court. (S*upports)*

- S1426 – Water - Appropriations - Amends existing law relating to the appropriation of water to revise the criteria upon which the director of the Department of Water Resources may reject an application for appropriation of water and refuse issuance of a permit, partially approve and grant a permit for a smaller quantity of water than applied for, or grant a permit upon conditions. (S*upports)*

- S1427 - Water - Appropriation - Amends existing law relating to the appropriation of water to authorize the director of the Department of Water Resources to impose sanctions for certain actions. (S*upports)*

- S1425 – Water Rights - Description - Amends existing law relating to water right descriptions to define "digital boundary"; and to provide that certain land descriptions in licenses for the use of water for irrigation may be described using digital boundaries. *(In the end, supported)*

Agenda Item No. 4, Dworshak Hydroelectric Project Update

Brian Patton, staff engineer, gave the financial and status reports. The Dworshak Small Hydroelectric project has been on line since June 1999 and has produced approximately 32 gigawatt hour with 88 % of predicted amounts. This number would be higher except for a low water supply year.

With regard to contracts and ongoing work, all contracts have been closed. The capital improvement projects, sleeve valve replacements and flow meter installations, etc., have been completed. The Idaho Division of Building Safety requires a few minor safety measures. These either have been or will be completed.

Annual hydropower charges are due to the Federal Energy Regulatory Commission ("FERC") according to the license. These charges are based on power production. Mr. Patton is working with FERC on this matter and estimated these charges to be $25,000.

Mr. Patton presented a cash flow status report. He reviewed the numbers for the Board. The Board has asked Mr. Patton to create a budget for the upcoming fiscal year to be submitted to the Board for approval prior to the fiscal year- July 1 to June 30.

Agenda Item No. 5, IWRB Financial Program

5a) Fall River Rural Electric Cooperative – Refunding

Fall River Rural Electric Cooperative has not submitted the final request for funding. At this time, the Board does not have a request to consider. This matter will be taken up at the next meeting.

5b) Dworshak Small Hydroelectric Project – Refunding

The Board is considering refunding its Dworshak Small Hydroelectric Project with lower interest rates in the marketplace. Mr. Jim Wrigley, financial advisor, presented the Board with several options considering variable rates, swaps, and free floating financing. The Board and Mr. Wrigley discussed these options extensively, but no decision was made to accept any one option at this time. Mr. Wrigley asked the Board to review the options and further discussion, possibly by a conference meeting, will be held.

Mr. Wrigley asked the Board for permission to contact existing bond holders to seek information for an analysis of existing bonds. He agreed to mail this analysis by March 1 to the Board members.

Motion: Bob Graham move to authorize the financial advisor, Jim Wrigley, to contact the existing bond holders and then to follow through with the analysis of the base option and the purchasing of existing bonds. Terry Uhling seconded the motion.

Roll Call Vote: Beck, Aye; Chanberlain, Aye; Graham, Aye; Rigby, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; Jordan, Aye – 8 Ayes, 0 Nays. *Motion passed.*

5c) Financial Program Status Report

Brian Patton, staff engineer, conducted the status report of the Water Resource Projects Funding Programs. Mr. Patton reviewed account balances and other business matters. Skin Creek Water Association has requested a modification in the loan terms. Pending for the next meeting are requests from Picabo Land & Livestock, Dalton Water Association, Preston-Riverdale Mink Creek Canal Company, Carlin Bay Services, and Wilderness Ranch Homeowners Association. The cities of New Hope, Firth along with Cougar Ridge and Hulen Meadows have completed studies. Preston Whitney Reservoir Company and Splendid Acres Water and Sewer Association have completed repaying their obligations to the Board.

Chairman Jordan asked for an update regarding the Sugarloaf Recharge Project. The contracts with North Side Canal Company's construction of the project are in place. The easement agreement for the monitoring well is pending approval of the landowner, who has been out of the country for a period of time. The lease agreement matter should be resolved shortly and construction can begin.

5d) Fremont-Madison Irrigation District – Chester Dam Hydropower Project

The Fremont-Madison Irrigation District ("District") requests a loan of $457,740 to develop an engineering design and to complete FERC licensing work and a grant for $6,000 for one-half of the feasibility study for Chester Dam Hydropower Project. Once the FERC license is issued, the District will request a bond revenue loan for $4.7 million. The total project will cost $5.2 million.

The District proposes to construct a power plant at the Chester Dam located on the Henrys Fork River. By raising the dam crest for a constant 13-feet of head and installing two 1500kW turbine generator units, the power plant can produce an average of 16,100 kWH annually. Excess revenues generated by the sale of electricity will be used for operation and maintenance expenses.

Fremont-Madison asked the Board to hold action on their request for 60 days. The District is in the 60-day comment period of stage 1 consultation in the hydropower licensing process.

5e) New Plymouth Water Users Association

Dale Williamson, president of the New Plymouth Water Users Association, came to the Board for a grant of $7,450. The funds will be used to replace a 1,440 section of leaky pipeline. The pipeline is used to deliver water to members of the Farmers Coop Canal.

Motion: Gary Chamberlain moved to adopt the resolution (Attachment 1) authorizing a loan in the amount of $7,450 for replacing pipeline at 5.5% for a 10-year repayment period to the New Plymouth Water Users Association. Dick Wyatt seconded the motion.

Roll Call Vote: Beck, Aye; Chanberlain, Aye; Graham, Absent; Rigby, Aye; Storer, Aye; Uhling, Nay; Wyatt, Aye; Jordan, Aye – 6 Ayes, 1 Nays, 1 Absent. *Motion passed.*

5f) City of Rupert

Keven Sheeve, consulting engineer from Sunrise Engineering, Inc., appeared before the Board to request a grant. The city of Rupert, located in south-central Idaho, is asking for a grant in the amount of $7,500 to study declining water levels in the city's wells. Several wells had ceased producing and water levels are lowing in other wells. The city desires to find a consistent water ground water source to meet present and future water demands.

Motion: Dick Wyatt moved to adopt the resolution (Attachment 2) authorizing a grant in the amount of $7,500 for a well site assessment study to the city of Rupert. Gary Chamberlain seconded the motion.

Roll Call Vote: Beck, Aye; Chanberlain, Aye; Graham, Absent; Rigby, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; Jordan, Aye – 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

5g) City of Grangeville

The city of Grangeville, located along Highway 93, provides water service to a population of about 3,200. The city's is encountering maintenance and repair problems due to the age of the system. The city is requesting a grant in the amount of $7,500 to conduct a water planning assessment for upgrading the city's water system.

Motion: Terry Uhling moved to adopt the resolution (Attachment 3) authorizing a grant in the amount of $7,500 for engineering studies to upgrade the city of Grangeville's water system. Claude Storer seconded the motion.

Roll Call Vote: Beck, Aye; Chanberlain, Aye; Graham, Absent; Rigby, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; Jordan, Abstain – 6 Ayes, 0 Nays, 1 Absent, 1 Abstain. *Motion passed.*

5h) City of Downey

The city of Downey, located in the Portneuf River Basin, provides water service to 269 residential connections and 27 commercial connections. The city's sources of water are springs and two wells. The city is concerned about declining spring water and the deterioration of the water distribution system. The city is requesting a grant in the amount of $7,500 to conduct a water planning study to determine the reason for declining spring water and for upgrading the city's water system.

Motion: Gary Chamberlain moved to adopt the resolution (Attachment 4) authorizing a grant in the amount of $7,500 for engineering studies to upgrade the city of Downey's water system. Jerry Rigby seconded the motion.

Roll Call Vote: Beck, Aye; Chanberlain, Aye; Graham, Absent; Rigby, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; Jordan, Aye – 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

Agenda Item No. 6, Comprehensive State Water Planning Studies

Bill Graham reported:

6a) Lower Boise River Basin

As a result of the stakeholder meetings held in December and January, subsequent information was gathered for the goals, issues and objectives. In addition, information gathered

at the Treasure Valley Water Summit will be incorporated. A follow up meeting to the summit is scheduled for April 4.

The issues document will be ready for senior management review by the end of March. It will be ready for Board review by mid-April. The basin description is complete and the planning team continues work on the basin inventory.

6b) Little Salmon River Basin

The Little Salmon River Basin is at the Idaho Legislature. Ratification of the plan is under HB 538. The House of Representatives' Resources and Conservation Committee hearing was held on March 8. It has been send to the floor with a "do pass" recommendation.

6c) South Fork Clearwater River Basin

The South Fork of the Clearwater River Basin plan is collecting information for the resource inventory. Information is being jointly used from the a fully collaborative planning effort with the Department of Environmental Quality, US Forest Service and the Nez Perce Tribe. As DEQ develops a TMDL for the South Fork Clearwater Basin, the Board will complete a comprehensive state water plan. The watershed advisory group is being used for both the TMDL plan and the state water planning process.

The watershed advisory group holds meetings every third Wednesday of the month. The next meeting will be held at Kooskia. Currently, WAG is focusing on the developing loading information for temperature and sediment. The department has the water quality modeling expertise for the state and is providing that expertise in support of that effort.

6d) Summary Planning Schedule

Bill Graham discussed the planning schedule for basin plans. With staff changes and the complexity of the basin issues, Mr. Graham asked the Board to extend the time for completing this plan.

Motion: Chairman Jordan asked the Board to consider an extension of one year for the Lower Boise River Basin plan. It will be adopted in 2003 and sent to the Idaho Legislature in 2004.

Voice Vote: No objections were heard. *Motion passed.*

With regard to the Planning Process workshop held this week, the comments were taken. They will be prepared in hard copy and reviewed for clarification at the next meeting.

Agenda Item No. 7, Director's Report

Director Dreher was called to the Joint Finance Appropriation Committee. The Department's budget is before the committee for consideration. No information was presented.

Agenda Item No. 8, Other Items Board Members May Wish to Present

Terry Uhling briefed the Board about the rules regarding the Underground Injection Control rules. Bob Graham, Gary Chamberlain and Terry Uhling represent the Board. They have discussed with staff changes to the rules. The rules have been drawn up to address how the state will regulate underground injection wells. The rules must also meet Environmental Protection Agency ("EPA") concerns regarding these wells. Some of the issues can be addressed by other agencies' jurisdiction over certain elements. There are, however, one or two issues that the rules do not address. The rules will come to the full Board for review next meeting. The goal is to keep the program under the primacy of the state by developing temporary rules acceptable to EPA.

Dick Wyatt suggested the staff produce a report. The report would describe the partnerships of the agencies using the facilities at Dworshak Dam that feed into the Dworshak Small Hydroelectric Project and the two fish hatcheries. The report would include how much liability the partners are willing to accept should the water line incur damage and need repair and how this will effect the Board's hydroelectric to produce power. There would be a plan of action describing the repairs to the water line. Hal Anderson and Brian Patton will work on such a plan.

Gary Chamberlain brought to the Board's attention. There is a matter concerning water distribution in an irrigation district. The prior year's watermaster did not deliver water according to priority. All efforts to rectify this matter have not been successful. Mr. Chamberlain and Mr. Challis will meet with the Director to discuss this matter.

Chairman Jordan stated that if state water plans are to be used, he suggests the Board members look at the map that includes the basins already planned, the areas with minimum stream flow filings and familiarize themselves with plans in their respective areas.

Terry Uhling reminded the Board of the notice to legislators and other interested parties of actions the Board has done within their constituent area. He suggests doing this through the public information mechanism.

Leonard Beck asked for copies of Director Dreher's graph of grants for economic development that has been allocated. He and other Board members would like to have a copy of Director Dreher's materials.

Agenda Item No. 9, Next Meetings

Chairman Jordan informed the Board members that a teleconference meeting may be needed to take action on Dworshak Small Hydroelectric Project refinancing. This will be scheduled at a later date.

The meeting dates scheduled for March are no longer viable. The meetings dates were changed to April 24 for a workshop, April 25 for the work session and April 26 for the board meeting in Boise. *(These dates have since changed to April 17 – 19).*

The following meeting dates are June 13 and 14. The location has yet to be determined.

Agenda Item No. 10, Executive Session

Motion: Gary Chamberlain moved the Board to enter into Executive Session with Clive Strong, Deputy Attorney General, to discuss federal reserved water rights, possible litigation and other legal matters, pursuant to Section 67-2345, Idaho Code. Jerry Rigby seconded the motion.

Voice Vote: Motion passed by voice vote; 7 Ayes, 0 Nay, 1 Absent.

No action was taken on these matters.

Motion: Claude Storer moved the Board to exit out of Executive Session. Terry Uhling seconded the motion.

Voice Vote: 7 Ayes, 0 Nay, 1 Absent.

Meeting adjourned at 12:05 p.m., MST.

Dated this ____ day of April, 2002.

D. Richard Wyatt, Secretary

Rita I. Fleck, Administrative Assistant

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Board Actions

1. Approved the minutes of the 07-01 meeting.

2. Authorized the financial advisor, Jim Wrigley, to contact with the existing bond holders and then to follow through with the analysis of the base option and alternative purchasing existing bonds. *Motion passed.*

3. Adopt the resolution (Attachment 1) authorizing a loan in the amount of $7,450 for replacing pipeline at 5.5% for a 10-year repayment period to the New Plymouth Water Users Association. *Motion passed.*

4. Adopt the resolution (Attachment 2) authorizing a grant in the amount of $7,500 for a well site assessment study to the city of Rupert. *Motion passed.*

5. Adopt the resolution (Attachment 3) authorizing a grant in the amount of $7,500 for engineering studies to upgrade the city of Grangeville's water system. *Motion passed.*

6. Adopt the resolution (Attachment 4) authorizing a grant in the amount of $7,500 for engineering studies to upgrade the city of Downey's water system. *Motion passed.*

7. Considered an extension of one year for the Lower Boise River Basin plan. It will be adopted in 2003 and sent to the Idaho Legislature in 2004. *Motion passed.*

8. Moved the Board to enter into and out of Executive Session with Clive Strong, Deputy Attorney General, to discuss federal reserved water rights, possible litigation and other legal matters, pursuant to Section 67-2345, Idaho Code. *Motions passed.*

List of Attachments

1. Resolution authorizing a loan in the amount of $7,450 for replacing pipeline at 5.5% for a 10-year repayment period to the New Plymouth Water Users Association.

2. Resolution authorizing a grant in the amount of $7,500 for a well site assessment study to the city of Rupert.

3. Resolution) authorizing a grant in the amount of $7,500 for engineering studies to upgrade the city of Grangeville's water system.

4. Resolution authorizing a grant in the amount of $7,500 for engineering studies to upgrade the city of Downey's water system.