IDAHO WATER RESOURCE BOARD

MINUTES OF MEETING

MEETING NO. 01-04
February 6, 2004, 8:30 a.m.
Idaho Department of Water Resources
Conference Rooms, 1301 N. Orchard St.,
Boise, Idaho

Dirk Kempthorne
Governor

Jerry R. Rigby
Chairman
Rexburg
At Large

Terry T. Uhling
Vice Chairman
Boise
District 2

Dick Wyatt
Secretary
Lewiston
District 1

Leonard Beck
Burley
District 3

Bob Graham
Bonners Ferry
At Large

L. Claude Storer
Idaho Falls
District 4

Gary M. Chamberlain
Challis
At Large

Joseph L. Jordan
Fruitvale
At Large

Meeting No. 01-04 of the Idaho Water Resource Board was called to order by Chairman Jerry Rigby on Friday, February 6, 2004, 8:30 a.m. in the conference room at the Idaho Department of Water Resources, Boise, Idaho. (Two recorded tapes).

Agenda Item No. 1, Roll Call

Board Members Present

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

Board Members Absent

Dick Wyatt, Secretary

Department of Water Resources Staff Present

Hal Anderson, Administrator	Bill Graham, Bureau Chief
Rita Fleck, Admin. Asst.	Thomas Grant, Planner
Brian Patton, Engineer	Scott Short, Section Manager

Guests

Phil Rassier, Deputy Attorney General; Brad Hoyt, Hoyt Bluff Water Association; Cindy Robertson, Idaho Department of Fish and Game; Ron and Brian Berger, Thunder Canyon Estate Owners Association; Barney Skogerson and Allan H. Winkle, Boise City Canal Company

Agenda Item No. 2, Approval of the Minutes of Meeting Nos. 08-03

Joe Jordan changed the minutes under Agenda Item No. 5, to read: A letter describing the projects funded by the Board over the last five years within the legislative districts was sent to each of the legislators. This letter was crafted to inform the legislators of the efforts and types of projects the Board has financed in each legislative district. ~~area.~~

Motion: Terry Uhling moved to amend the minutes. Gary Chamberlain seconded the motion.

Voice Vote: 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

Motion: Gary Chamberlain moved to approve the minutes for meeting No. 08-03 with the amendments. Claude Storer seconded the motion.

Voice Vote: 7 Ayes, 0 Nays, 1 Absent. *Motion passed*

Agenda Item No. 3, Public Comment

Debbie Willis of the U.S. Army Corps of Engineers introduced Michael Bart, the new Chief of the Engineering Division, Walla Walla District. Mr. Bart outlined his background and his new duties relative to the Snake and Columbia Rivers. The Board members welcomed him.

Ms. Willis identified projects the Corps is involved with in the greater Boise area: city of Caldwell on the Indian Creek Project, flood plain management services program, assistance to communities regarding water and wastewater; flood control district; cities of Eagle, Garden City, and Boise; Ada County Highway District on an environmental restoration project at the head of Eagle Island; and coordinating that with the proposed Three Cities River Crossing. On a particular item, Ms. Willis informed the Board that the Department of Water Resources has an opportunity to gain credit for services completed on the Lower Boise River Basin Comprehensive Water Plan to cost share with the Corps for a larger study.

Added Agenda Item New No. 6, Treasure Valley Monitoring Well Easement Agreement

Board is asked to take action on a new easement agreement for the Board's monitoring well.

Motion: Gary Chamberlain moved to add the item to the agenda as Item No. 6. Claude Storer seconded the motion.

Voice Vote: 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

Agenda Item No. 4, Dworshak Hydroelectric Project Status Report

Brian Patton, staff engineer, reviewed the operation status of the Board's hydropower project. To date, the power plant has produced 74 million kilowatt hours of energy. The availability rate is 98 percent and there have been no shutdowns since the last meeting. Power output is affected by the drawdown of Dworshak Reservoir. The reservoir is about 85 feet below full pool. The low pool affects power output.

Mr. Patton reported the budget and cash flow status. According to the power sales agreement, the power sales rate increased 3 percent on January 1st. The rate is now $.0438 per kilowatt-hour.

Agenda Item No. 5, IWRB Financial Program

a. Status Report

Mr. Patton reviewed the financial program accounts, the projected funding requests and income sources, and briefed the Board on pending expenses. Account balances are sufficient to meet the requests submitted. Mr. Patton asked the Board if they would like to make changes to the accounts.

Motion: Gary Chamberlain moved the Board to transfer all the funds except what is needed to meet obligations under the two pending grant requests and $1,000 from the Water Management Account to the Revolving Development Account. Joe Jordan seconded the motion.

Discussion: Terry Uhling commented he was not agreeable to the amount left in the Water Management Account per the motion.

Voice Vote: 3 Ayes, 4 Nays, 1 Absent. *Motion failed.*

Motion: Terry Uhling moved, assuming there is approximately $48,000 in the Water Management Account, that $40,000 be moved to the Revolving Development Account. Claude Storer seconded the motion.

Voice Vote: 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

Next, Mr. Patton reviewed project activities involving the Garden Valley Ranchettes Water Association's loan status, the Preston-Whitney Reservoir Company's Johnson Dam's outlet repairs, the Riverside Independent Water District's water treatment plant, and the Sunset Heights Water District's replacement pipeline. His written report includes the list of all outstanding projects and potential application requests for funds.

Mr. Uhling expressed his concern about future revenues and made the following motion:

Motion: Terry Uhling moved funds generated by the Water Supply Bank rental pools be allocated to the Revolving Development Account. Gary Chamberlain seconded the motion.

Voice Vote: 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

b. Hoyt Bluff Water Association – Additional Funds

Mr. Patton reviewed the request from Hoyt Bluff Water Association for an increase in the existing loan amount. The association is adjacent to the Rathdrum Prairie and provides service to 47 homes and potential development for 64 homes. The average lot size is 5 acres and the wells provide irrigation water for domestic and irrigation.

In 2002, the Board provided funds, $175,000, for the installation of a storage tank and for construction of a third well as an additional source of water. The actual work completed was eight holes drilled with only two functional wells, which were connected to the water system at a minimum production level of 15 and 7 gallons per minute (gpm). To cover additional costs incurred, the association is requesting a loan increase of $136,788. The association request funds,

$43,500, for additional pressure tanks and to drill an additional well to increase the rate of consistent diversion. Requirements under the Department of Environmental Quality indicate that 65 gpm is necessary. At present, with all the wells production rates combined, the total reaches 72 gpm. The association would like a greater margin.

Gary Chamberlain asked, "If the board doesn't fund the increase, how would the association pay for the additional costs?" Mr. Hoyt indicated a user rate increase would have to be implemented, but with such a large amount of money, it would take some time to pay the balance. Mr. Chamberlain continued by expressing his displeasure at such a large override and that the association should have come back to the Board as soon as the override began. Mr. Hoyt identified all the troubles that occurred in this project. Several other Board members expressed their concerns and suggested the association look at other alternatives.

Motion: Terry Uhling moved to deny the request for Hoyt Bluff Water Association. Bob Graham seconded the motion.

Comment: Mr. Uhling asked Mr. Hoyt to return to the association, research their funding options, and, if necessary, come back to the Board with an alternative request. Only after the association has exhausted all its resource, will the Board would give a second consideration.

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

(The Director's Report has been moved up in the agenda to accommodate the Director's schedule.)

New Agenda Item No. 8, Director's Report

Director Dreher reviewed several items for the Board. He has been working on conjunctive administration between junior priority ground water users above Thousand Springs and spring users. He outlined his budget concerns regarding the upcoming move of the Department of Water Resources to the Idaho Water Center. And, lastly, he discussed the unfunded positions in the Snake River Basin Adjudication and Stream Channel Protection Act programs.

Mr. Beck asked if it would be appropriate for the board members to contact legislators for extra funding to supplement the Snake River Basin Adjudication budget. Mr. Beck also suggested that Norm Semanko of the Idaho Water Users Association might be in a position to ask different water districts to support a budget enhancement. Mr. Uhling asked for an opinion of Phillip Rassier, Deputy Attorney General, as to the appropriateness of such letters from board members.

(The Board resumed the IWRB Financial agenda items.)

c. *Thunder Canyon Homeowners Association – Loan Request*

Ron Berger, President of the Thunder Canyon Estate Owners Association, approached the Board with a financial request. The association, located near Lava Hot Springs, requests $155,000 loan for improvements to an existing well and to construct a second well. Of the 87 subdivision lots available, ten are currently connected to the water distribution system. The Department of Environmental Quality has placed a moratorium on development until the residents can bring the

existing well up to meet standards and, before the 25th connection, construct a second well water source.

Motion: Gary Chamberlain moved to accept the resolution for a loan of $155,000 (Attachment 1) to the Thunder Canyon Homeowners Association for ten years for water system improvements with the stipulation that the amount equal to one year's loan payment be put in a reserve account over the next year. Terry Uhling seconded the motion.

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

d. City of Hansen – Grant Request

The city of Hansen is requesting a grant for $7,500 to be used to site and drill a test well. Earlier, the city appeared before the Board to request a grant for a master plan for water usage. It was granted. This proposed well is part of that master water plan.

Motion: Joe Jordan moved to deny the request for a grant of $7,500 to the city of Hansen. Gary Chamberlain seconded the motion.

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

e. Cougar Ridge Water & Sewer District – Grant Request

Cougar Ridge Water and Sewer District is requesting a $5,000 grant to prepare a master water plan study. In 2001, the district approached the Board for a grant to complete this study, however, since no consulting firm has been hired, the Board deferred the request. The district has hired Progressive Engineering, is ready to prepare the study and is approaching the Board with a $5,000 grant rquest.

Motion: Gary Chamberlain moved to accept the resolution for a $5,000 grant (Attachment 2) to the Cougar Ridge Water and Sewer District for the master water plan study. Joe Jordan seconded the motion.

Roll Call Vote: Beck, Aye; Chamberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Aye; Uhling, Aye; Wyatt, Absent; and Rigby, Aye; 7 Ayes, 0 Nay, 1 Absent. *Motion passed.*

f. Bonneville County – Grant Request

Bonneville County requests a $5,000 grant for a partial payment of funds needed to conduct a study for a new municipal water system at Exit 113 of the I-15 highway. The area is experiencing commercial and industrial growth and a study will establish the present and future water needs of the area. Once the system is established, a water district will be created to own and operate the system.

Motion: Claude Storer moved to accept the resolution for a $5,00 grant. *No one seconded the motion and it failed.*

Motion: Terry Uhling moved to amend the resolution (Resolution 3) to change the grant request from $5,000 to $3,750. Leonard Beck seconded the motion.

Amended Motion: Terry Uhling moved to amend the motion by replacing condition 1 in the resolution with the new condition: Bonneville County shall provide one-for-one matching funds for the grant. Leonard Beck seconded the amended motion.

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

g. Boise City Canal Company – Partial Release of Collateral

Alan Winkle, Vice-President of the Boise City Canal Company, came before the Board. The company received a $200,000 loan from the Board in 2003. One of the assets used as collateral is the company's water storage contract with the U.S. Bureau of Reclamation. The company is asking the Board to release 300 acre-feet of its storage right used as collateral on the earlier loan. The company is proposing to sell this 300 acre-feet to United Water Idaho. Even without the 300 acre-feet, the company has ample collateral assigned to the Board to cover its loan.

Motion: Terry Uhling moved to adopt the resolution (Attachment 4) approving the release of 300 acre-feet of Boise City Canal Company's contracted storage water as collateral. The resolution is approved without regard to the U.S. Bureau of Reclamation's approval of the assignment of the 300 acre-feet. Gary Chamberlain seconded the motion.

Voice Vote: 7 Ayes, 1 Absent. *Motion passed.*

Discussion: Leonard Beck asked Mr. Patton if the financial report could show loan payment dates and amounts.

Bob Graham carried the discussion regarding contingency funds. He understands contingency funds to be financial support from the Board should a proposed plan have to be modified and more financial assistance is needed. He understands that the Board does not fund contingencies because that removes money that could otherwise be assisting other projects. Chairman Rigby suggested it is legitimate for an entity to ask for contingency money up front since so many projects have overruns. It is also legitimate for the Board to hold contingency funds so as to loan money to other projects. Which of these two scenarios is more important? It is a matter for debate.

Joe Jordan related that a project is engineered so as to determine the most probable cost. He believes the most probable cost does include allowances for contingencies. Bob Graham does believe it may be necessary for contingency money to be built into the probable cost of a project. His point is that the Board's funds should not be tied up. He suggests waiting to determine if contingency funds are needed. Let an entity come back to the Board for such contingency funds.

Terry Uhling asked the item be placed on the agenda for further discussion. He would prefer the entities to know that the amount of a project is the allocation. He sees the Board's money as a resource relative to the project. He doesn't want the Board's money tied up in contingency funds. He questions what the expectations of the Board is relative to dollars for a project.

New Agenda Item No. 6, Treasure Valley Monitoring Well Easement Agreement

The Board has a monitoring well for the Treasure Valley Hydrologic Study. The Board was gifted the well, but established an easement agreement for access to the well with Bill and Pam Pierce. The well is near State Street and old Highway 55. The property owners have sold the property surround and including the easement to this well. Y.E.S. Development, L.L.C. wishes to enter into a new well easement agreement.

Motion: Terry Uhling moved the Board to accept the Well Site Easement Agreement (Attachment 5) with Y.E.S. Development, L.L.C. Gary Chamberlain seconded the motion.

Voice Vote: 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

New Agenda Item No. 7, IWRB Comprehensive State Water Planning

Bill Graham, Bureau Chief, gave a status report.

a. Lower Boise River Basin

The Lower Boise River Basin was the topic of an internal workshop on December 19, to discuss the plan issues, recommendations, and possible implementation strategies in an effort to move forward. Management set the priorities in the areas of flood control and flood management and DCMI forecasts in the basin. White papers can be written and possibly be incorporated in the plan.

Litigation in the Boise Valley and the Snake River Basin Adjudication is the reason the plan has not been presented for finalization.

b. South Fork of the Clearwater River Basin

Thomas Grant and other planners met with the South Fork Clearwater River Basin Committee members, Dick Wyatt and Bob Graham on January 22 and 23. They reviewed the public testimony and comments, and prepared plan modifications. Basically, the plan has revised natural and recreational river designations.

Mr. Sedivy of Idaho Rivers United addressed the Board regarding the proposed revisions for this plan. He clarified the position of Idaho Rivers United who is protesting the extension of the comment period granted as per the request of the Idaho Farm Bureau and Idaho County Commissioners. He expressed his disappointment that the plan was extended at the request of a few, who were not involved with development of the plan nor participated in any of the public meetings. He disagrees with the Board's decision to postpone taking this plan to the Legislature this year. He does, however, believe that the plan can move forward and be sent to the Legislature next year.

Chairman Rigby asked the Board members what was the best way to proceed with the plan. Bob Graham explained that his efforts were to develop a responsive and reasonable plan. That is what he has done by making these recommendations: streams identified for natural designation outside of wilderness areas will be changed to recreation designation and designated streams in

inventoried roadless areas could change to natural if the areas were to become congressionally-designated wilderness areas in the future.

Motion: Bob Graham moved the Board adopt the recommended changes as directed to the planning team on the South Fork of the Clearwater River. Gary Chamberlain seconded the motion.

Roll Call Vote: Beck, Aye; Chamberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Aye; Uhling, Aye; Wyatt, Absent; and Rigby, Aye; 7 Ayes, 0 Nay, 1 Absent. *Motion passed.*

The South Fork of the Clearwater Plan will go to the public with these changes and be open for comments for 60 days. The review period will start on February 15. A hearing will be scheduled to take public testimony. The Board will hold the hearing in Grangeville on April 1, which is during the Board's next scheduled meeting.

c. State Water Plan

The State Water Plan was last updated in 1996. Bill Graham will develop a strategy for plan review and public outreach. A committee meeting is scheduled following this board meeting. Committee members are Joe Jordan, Chairman; Leonard Beck, and Gary Chamberlain.

d. Planning Schedule

Mr. Graham will modify the planning schedule now that he has input regarding the South Fork of the Clearwater Basin and the State Water Plan, Part A.

e. Water Transaction Program

Mr. Graham presented information on Idaho's Water Transaction Program. The first lease has been successfully negotiated. It is on Fourth of July Creek in the Stanley Basin. It is for two years. The rental agreement is prepared for signature.

Mr. Graham mentioned the freeze on hiring. And, the fact there are three vacant positions in the Planning Section. No date has been given when the freeze will be removed.

New Agenda Item No. 8, Director's Report

(This item was covered earlier in the meeting.)

New Agenda Item No. 9, Items Board Members May Wish to Present and Next Meeting

Board members identified a year's worth of meeting dates. The next meeting is April 1 and 2 in Grangeville.

Bob Graham commented that funds coming to the Board from the Dworshak Small Hydropower Project be used to pay the salaries of the people from the Department involved in coordinating the operation of Dworshak Project.

Claude Storer suggested trying to contact legislators to comment on the Department's funding.

Leonard Beck disagrees with Bob Graham's suggestion about using Dworshak funds to assist employees' salaries, since the Board is concerned about having funds available to assist entities with water projects. He then asked several questions about water supply in the Water Supply Bank.

Joe Jordan mentioned the State Water Plan, Part A committee is meeting at the conclusion of this meeting and should board members have comments, to please get in touch with committee members.

Gary Chamberlain indicated he would be available to meet with people concerned about using water from Fish Creek and the storage capacity of the dam. The dam is in a state of disrepair and storing water for another irrigation season is a matter of concern.

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. Joe Jordan seconded the motion.

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

The Idaho Water Resource Board took no action.

Motion: Leonard Beck moved the Board to exit out of Executive Session. Gary Chamberlain seconded the motion.

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

Motion: Joe Jordan moved to adjourn. Gary Chamberlain seconded.

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

Dated this 2nd day of April, 2004.

/S/
D. Richard Wyatt, Secretary

/S/
Rita I. Fleck, Administrative Assistant

Board Actions

1. Terry Uhling moved to amend the minutes. Gary Chamberlain seconded the motion. *Motion passed.*

2. Gary Chamberlain moved to approve the minutes for meeting No. 08-03 with the amendments. Claude Storer seconded the motion. *Motion passed.*

3. Gary Chamberlain moved to add the item to the agenda as Item No. 6. Claude Storer seconded the motion. *Motion passed.*

4. Gary Chamberlain moved the Board to transfer all the funds except what is needed to meet obligations under the two pending grant requests and $1,000 from the Water Management Account to the Revolving Development Account. Joe Jordan seconded the motion. *Motion failed.*

5. Terry Uhling moved, assuming there is approximately $48,000 in the Water Management Account, that $40,000 be moved to the Revolving Development Account. Claude Storer seconded the motion. *Motion passed.*

6. Terry Uhling moved funds generated by the Water Supply Bank rental pools be allocated to the Revolving Development Account. Gary Chamberlain seconded the motion. *Motion passed.*

7. Terry Uhling moved to deny the request for Hoyt Bluff Water Association. Bob Graham seconded the motion. *Motion passed.*

8. Gary Chamberlain moved to accept the resolution for a loan of $155,000 (Attachment 1) to the Thunder Canyon Homeowners Association for ten years for water system improvements with the stipulation that the amount equal to one year's loan payment be put in a reserve account over the next year. Terry Uhling seconded the motion. *Motion passed.*

9. Joe Jordan moved to deny the request for a grant of $7,500 to the city of Hansen. Gary Chamberlain seconded the motion. *Motion passed.*

10. Gary Chamberlain moved to accept the resolution for a $5,000 grant (Attachment 2) to the Cougar Ridge Water and Sewer District for the master water plan study. Joe Jordan seconded the motion. *Motion passed.*

11. Terry Uhling moved to amend the resolution (Resolution 3) to change the grant request from $5,000 to $3,750. Leonard Beck seconded the motion. *Motion passed.*

12. Terry Uhling moved to amend the motion by replacing condition 1 in the resolution with the new condition: Bonneville County shall provide one-for-one matching funds for the grant. Leonard Beck seconded the amended motion. *Motion passed.*

13. Terry Uhling moved to adopt the resolution (Attachment 4) approving the release of 300 acre-feet of Boise City Canal Company's contracted storage water as collateral. The resolution is