IDAHO WATER RESOURCE BOARD

MINUTES OF MEETING NO. 09-05 OF THE
IDAHO WATER RESOURCE BOARD
May 13, 2005, 8:30 a.m.
Red Lion Hotel Lewiston
Port 6 Meeting Room, 621 21st St., Lewiston Idaho 83501

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

Lawrence 'Vic' Armacost
New Meadows
At Large

The meeting was called to order by Chairman Rigby with a welcome to guests and a roll call.

Agenda Item No. 1, Roll Call

Board Members Attending

Jerry Rigby, Chairman	Bob Graham
Terry Uhling	Vic Armacost
Dick Wyatt – Secretary	Gary Chamberlain

Board Members Absent

Claude Storer	Leonard Beck

Department of Water Resources Staff Present

Hal Anderson, Administrator	Bill Graham, Bureau Chief
Crystal Calais, Admin. Asst. II	Brian Patton

Guests

Representative Bert Stevenson	John Williams
Norm Lish	Larry Kaufman
Bill Kishpaugh	Michelle Bly
Lynn Tominaga	

Agenda Item No. 2, Approval of Minutes

There were no changes to the agenda.

Agenda Item No. 3, Public Comment

Mr. Anderson welcomed Representative Bert Stevenson who spoke on behalf of the Legislative Interim Committee. He thanked the Board for their assistance to the committee. He also addressed House Concurrent Resolution 28 that was intended to include the Water Resource Board because the Board can hold title to state lands. Representative Stevenson informed the Board that the resolution will be sent to Idaho's congressional

delegation to aid them in their efforts to convert Federal lands to State lands. Chairman Rigby responded by thanking Representative Stevenson for the Legislature's assistance with Board issues.

Mr. Anderson introduced Mr. John Williams who wanted to comment on three issues: the buyout, Dworshak and the Bonneville Power Administration. He discussed these issues and informed the Board about activities taking place with each of these topics. Chairman Rigby thanked him for his input on BPA issues in the region.

Agenda Item No. 4, Dworshak Hydroelectric Project Status Report

Mr. Anderson introduced Brian Patton, staff engineer, who provided the report on the Dworshak Hydro Project. As of April 1 power sales, revenues produced $155,000 into the Revolving Development Account along with $71,000 into repair and replacement fund. $750,000 is currently in the fund for repair and replacement.

Agenda Item No. 5, IWRB Financial Program

a. Financial State Report

Mr. Anderson introduced Mr. Patton who presented the Financial Status Report showing the available balances as of May 1: Revolving Development Account $887, 056.00; Water Management Account $17,153.00 for a Total $904, 209.00 that includes a prepayment on loans from the groundwater districts. Legislative appropriation monies from HB 392 are not included in these amounts. They will be deposited and kept separate for items authorized in the legislation. $21.3 million was appropriated from the General Fund for the Bell Rapids water right acquisition Project. $7.2 million is earmarked in HB 392 for water leasing and water projects and for the balance due to purchase Bell Rapids. $3 Million will be deposited July 1, 2005 for the CREP Program.

Mr. Patton stated that there were available monies to take care of projects before the Board today. $146,298.00 received from Water District 1 rental pool, the surcharge for 2004 water rentals. Egin Bench Canal has repaid the Board in full for monies advanced in '93 and '94 to replace a diversion dam on the Henry's Fork River. The Big Wood Canal Company has repayed the Board in full for monies advanced in 1994 to replace the outlet valve at Magic Dam. The Twin Lakes Dam Project has been completed. Phase II of the Boise City Canal Company Rehabilitation Project has been completed and the system is back in operating condition.

Mr. Patton pointed out potential projects to the Board. The Preston Irrigation Company will be applying for a loan soon. There are additional balance and information sheets on projects. Mr. Graham inquired if any existing loans were having trouble paying and Mr. Patton said no. Mr. Uhling asked Mr. Patton to provide Board a heads up if there were problems with repayment. Chairman Rigby complimented Mr. Patton on his presentation.

b. Marsh Center Irrigation Company

Mr. Patton presented the Marsh Center Irrigation Company application to replace the outlet works at Hawkins Dam and to raise the dam to recover storage space lost in siltation. Hawkins Dam is located on Hawkins Creek in the Marsh Valley area in the Portneuf River Drainage. He went on to describe the details of this request. IDWR staff has recently inspected the outlet pipe that is in poor condition. Because the dam sits on BLM ground, the dam raising will be delayed for a year. The Board is being asked to loan for the outlet works at this time at a cost of $250,000. This project is

necessary for the continued operation of this dam. IDWR staff recommends a 15- year repayment plan as specified in the resolution.

Mr. Norm Lish, President of Marsh Center Irrigation Company, addressed the Board. He stated that the dam capacity has been reduced by silt. There was some discussion and questions about the project.

Mr. Graham moved that the Board approve a loan of $250,000 for 15 years to the Marsh Center Irrigation Company. Mr. Chamberlain seconded.

Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer and Mr. Beck, absent; Mr. Chamberlain, Aye; Mr. Graham, Aye, Mr. Uhling, Age, Chairman Rigby, Aye. 6 Ayes, 2 absent, **Motion passed.**

c. Ahsahka Water & Sewer District

Mr. Patton then presented the Ahsahka Water & Sewer District application for a grant in the amount of $5,000 to pay for a water master plan. Ahsahka supplies water to 41 homes and 4 business from a single well. Staff recommends that you not approve the grant, but offer them a loan for a 5-year term at 5% interest in place of the grant in view of the Board's new policy. Representatives of Ahsahka were present and asked to speak

Mr. Larry Kaufman addressed the Board discussing the needs of their area. There was discussion regarding a loan instead of a grant. Mr. Kaufman said that would be acceptable. Board members asked questions. The actual interest rate would be 5.5%. Mr. Uhling asked about the collateral for the loan.

Mr. Wyatt moved that the Ahsahka Water & Sewer District be granted a $5,000 loan for five years at 5.5%. Mr. Uhling seconded.

Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer and Mr. Beck, absent; Mr. Chamberlain, Aye; Mr. Graham, Aye, Mr. Uhling, Age, Chairman Rigby, Aye. 6 Ayes, 2 absent, **Motion passed.**

d. Pine Ridge Water & Sewer District

Mr. Patton presented the Pine Ridge Water & Sewer District grant. The District has applied for a $6,000 grant to create a water master plan. Pine Ridge is located near the City of Kamiah supplying water for homes. About 36% loss of water is reported in their system and the planning study would assess the improvements needed to reduce loss. There definitely is a need for the study; however, staff again recommends a loan.

Mr. Bill Kishpaugh offered some handouts and explained that the system was put together in 1977 with substandard construction. He discussed current problems and stated that the district was very poor. Many residents are seniors on limited incomes and thus the need for a grant. Chairman Rigby explained the Board's current policy about grants. Mr. Kishpaugh said he would have to ask his board for approval to request a loan. Mr. Bob Graham interjected that the IDWR Board left it open for financially needy situations where a grant was more appropriate. Mr. Graham wanted to make it a grant instead of a loan.

Mr. Chamberlain moved that Pine Ridge be given a grant instead of a loan. Mr. Graham seconded.

Chairman Rigby asked if there was further discussion. Mr. Armacost expressed concern about the cost of the study itself and how would the repairs be made. Mr. Kishpaugh answered that a study was mandatory to ascertain the damage. Mr. Wyatt complimented the Pine Ridge application package being one of the best presentations the Board had ever received. Mr. Graham stated that with a 30% loss, the repairs will be very extensive. Mr. Uhling stated that he felt uncomfortable giving Ahsahka a loan and Pine Ridge a grant when comparing the balance sheets. Mr. Graham compared Ahsahka at 41 homes and Pine Ridge has approximately 400 people, a much larger community with few resources affecting a large number of people.

Chairman Rigby called for more discussion and there was none.

Roll Call Vote: Mr. Wyatt, Nay, Mr. Armacost, Nay; Mr. Storer, and Mr. Beck, absent; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Nay; Chairman Rigby, Nay. 2 Ayes, 4 Nays, 2 absent. **Motion failed**.

Mr. Wyatt moved for a loan in the full amount of $6,000 for five years at 5.5%. Mr. Uhling seconded.

Chairman Rigby asked for further discussion. There was none.

Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer and Mr. Beck, absent; Mr. Chamberlain, Aye; Mr. Graham, Aye, Mr. Uhlng, Aye; Chairman Rigby, Aye. 6 Ayes, 2 absent. **Motion passed**.

e. City of Kamiah

Mr. Brian Patton presented the request from the City of Kamiah for a grant to update its current master water plan. The City of Kamiah is located on the Clearwater River supplying water to 550 homes and 100 businesses. The city has a master water plan which the Board helped fund several years ago, but it needs updating. Staff agrees that this does need to be done. Ms. Bly with Progressive Engineering represented the city to answer any questions.

Michelle Bly addressed the Board and withdrew the application saying the city is not interested in a loan.

f. Idaho Ground Water Association Water Lease

Mr. Anderson stated that the next topic was the Idaho Ground Water Association Water Lease. Mr. Brian Patton presented the request from the association to lease water for the 2005 irrigation season. The request has been modified to $2,625,504.70. The participating districts will be the Aberdeen-American Falls, the Bingham, the Bonneville-Jefferson, the Magic Valley and the North Snake Ground water districts although the specifics on amounts per district are unknown. There was discussion on the ESPA problems and the proposed solutions. He further explained the specifics of their proposal. Staff recommends that the Board move forward with a loan on this application. Mr. Lynn Tominaga and Mr. Bert Stevenson were both present to address the Board. Mr. Uhling stated that options in the resolution needed to be clarified.

Mr. Lynn Tominaga introduced himself as the Executive Director for the association of ground water appropriators, with over 700,000 irrigated acres. The five districts make up about 585,000 acres across the Eastern Snake Plain Aquifer. A question was raised about the 10% water bank

administration fee that is included in the loan requested today. The water is actually being leased from the Grindstone Butte for $35 an acre-foot and $3.50 was added the cost for a total of $38.50, which includes the fee. The association could submit another application to clarify if needed. Mr. Tominaga thanked the Board for their time and efforts.

Mr. Uhling made a motion with changes in the resolution, i.e., 46,500 acre-feet will now be 63,055.5 acre-feet and the 11, 992 remains the same; that the total loan fund shall not exceed $2,625,504.70, with no pre-payment penalty, at an interest rate of 4%, repayment of one year, with some conditions in the resolution to be changed, deleted or modified. For instance, condition #3 would need to be deleted. Condition #4 would have to be modified. He brought up a question of the repayment year. If they exercise the option to purchase, then a portion of the lease payments would be credited to the lease price. Those are dollars not authorized by the Board to be utilized for the purchase at this time.

Mr.Uhling made the motion that the Board approve the loan to the Idaho Water Users Association pursuant to the resolution as modified. Mr. Chamberlain seconded.

Further discussion ensued regarding this loan. Mr. Tominaga expressed to the Board that IGUA understood that the loan would be for a three-year period. A one-year payback period would be a huge financial burden for water users. Three years is needed to create the financing for this debt. There was further discussion of the terms for this loan application and repayment options.

Mr. Uhling modified his prior motion to include repayment of three years. Mr. Wyatt seconded.

Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer and Mr. Beck, absent; Mr. Chamberlain, Aye; Mr. Graham, Aye, Mr. Uhling, Age, Chairman Rigby, Aye. 6 Ayes, 2 Absent, **Motion passed.**

Chairman Rigby called for a short break.

Agenda Item No. 6, Nez Perce Agreement, Minimum Streamflows

a. Status Report and b. Yoosa Creek Resolution

After the break, Mr. Anderson began the discussion on the materials for the Nez Perce Agreement and the submission of the minimum streamflow application. He outlined the details of the preparation of 200 minimum streamflow claims and the public process associated with those. A few small errors had been made in the preparation of the database for the application Yoosa Creek was incorrectly categorized as a state/private ownership when it is actually federal non-wilderness. Miscalculations were made in the hydrology determining the flows that were too high. Rhoda Creek was mischaracterized in the database as being a tributary to the Selway River when it is a tributary to the North Fork of Moose Creek. He presented a resolution to correct errors made in the application.

Mr. Chamberlain moved that the resolution in the Board folder for Yoosa Creek and Rhoda Creek be accepted. Mr. Armacost seconded.

There was some further discussion on this resolution.

Voice Vote: Motion passed by unanimous voice vote.

Agenda Item No. 7, Water Supply Bank

Mr. Anderson stated that requests to amend rental pool procedures for Water Districts 01, 63, and 65. The Board rules require that if amendments are made to procedures, Board approval is needed. Water District 01 changes are extensive while 63 and 65 changes are only regarding rates to be consistent with rental rates in the Nez Perce Settlement Agreement. Discussion followed regarding the proposed changes.

a. Water District 01, 63 and 65 Rental Pool Procedures

Chairman Rigby summarized the changes proposed to Water District 01 Rental Pool Procedures. There was further discussion and questions about the proposed changes. He explained the role of the Board as the reviewer and approver.

Mr. Chamberlain made a motion to approve all three local committee rental pool procedures. Mr. Uhling seconded.

Voice Vote: Motion passed by unanimous voice vote.

d. 2005 Natural Flow Rental Rates

Mr. Anderson brought up the next topic of natural flow rental rates. The current drought situation and need to rent water has raised many questions on this issue. A draft resolution is before the Board to consider. There was discussion on which direction the board should take. Mr. Uhling suggested that this issue be postponed until the next meeting.

The Board had a lengthy discussion of the role of the Board, the Department and how informed Legislators are of the issues. Mr. Wyatt brought up several issues that he felt needed to be addressed. Chairman Rigby commented that he made a presentation to the Interim Legislative Committee of the duties and differences between the Board and the Department. There was discussion on roles of staff and Board members.

Agenda Item No. 8, IWRB Committee Assignments

Chairman Rigby created a new committee for the water supply bank assigning Mr. Beck, Mr. Chamberlain, Mr. Wyatt and Mr. Armacost to the committee. Mr. Wyatt suggested disbanding the Community Water Master Plan Task Force for lack of interest. Chairman Rigby also suggested replacing Joe Jordan with Vic Armacost. Mr. Uhling suggested disbanning the UIC committee also. The Board decided to leave it in an inactive status. Mr. Beck will be chairman of the Water Supply Bank Committee. Mr. Chamberlain will be Chairman of the State Water Plan. Mr. Uhling will be Chairman of SRBA. Mr. Wyatt will chair the Dworshak Small Hydroelectric.

Agenda Item No. 9, Director's Report

There was no formal Director's Report presented. Mr. Anderson did discuss the Director's order that was in the Board folders.

Agenda Item No. 10, Other items

Mr. Bob Graham wanted to address how many meetings are held each year, especially meetings in Boise. He had no problem with telephonic meetings, but felt that some issues are not getting enough time for Board members to have a clear understanding.

Mr. Armacost asked that there be more time for strategic planning and less Board time spent on small loans. He mentioned how much work Clive Strong had done for the Board and he wanted to recognize him somehow for all that. There was discussion about recognizing Mr. Strong. Mr. Uhling suggested about talking to the Governor about that and Hal said he would follow-up. Mr. Wyatt wanted to thank Crystal for her assistance on the Lewiston Meeting.

Agenda Item No. 11, Next Meeting

Chairman Rigby stated the next meeting is July 14 and 15th. He suggested a conference call meeting at the Idaho Water Users Meeting or June 17th. Mr. Anderson addressed the problem of the backlog of minutes and how the minutes could be minimized. One idea was to shorten the minutes for the telephone conferences.

For the July 14th meeting, Boise was chosen as the location. In September, the location would be in the Twin Falls area.

Agenda Item No. 12, Adjournment

Mr. Chamberlain moved to adjourn the meeting.
Mr. Wyatt seconded.

Voice Vote: Unanimously approved. Meeting adjourned.

Dated this 19th day of May 2006.

D. Richard Wyatt, Secretary

Patsy McGourty, Administrative Assistant II

Board Actions

1. Mr. Graham moved that the Board approve a loan of $250,000 for 15 years to the Marsh Center Irrigation Company. Mr. Chamberlain seconded.
Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer and Mr. Beck, absent; Mr. Chamberlain, Aye; Mr. Graham, Aye, Mr. Uhling, Age, Chairman Rigby, Aye. 6 Ayes, 2 absent, **Motion passed.**

2. Mr. Wyatt moved that the Ahsahka Water & Sewer District be granted a $5,000 loan for five years at 5.5% with no reserve funds be required. Mr. Uhling seconded.
Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer and Mr. Beck, absent; Mr. Chamberlain, Aye; Mr. Graham, Aye, Mr. Uhling, Age, Chairman Rigby, Aye. 6 Ayes, 2 absent, **Motion passed.**

3. Mr. Wyatt moved for a loan to the Pine Ridge Water & Sewer District in the amount of $6,000 for five years at 5.5%. Mr. Uhling seconded.
Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer and Mr. Beck, absent; Mr. Chamberlain, Aye; Mr. Graham, Aye, Mr. Uhling, Age, Chairman Rigby, Aye. 6 Ayes, 2 absent, **Motion passed.**

4. Mr. Uhling made a motion with changes in the resolution, i.e., 46,500 acre-feet will now be 63,055.5 acre-feet and the 11, 992 remains the same; that the total loan fund shall not exceed $2.625,504.70, with no pre-payment penalty, at an interest rate of 4%, repayment of three years. Mr. Chamberlain seconded.
Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer and Mr. Beck, absent; Mr. Chamberlain, Aye; Mr. Graham, Aye, Mr. Uhling, Age, Chairman Rigby, Aye. 6 Ayes, 2 absent, **Motion passed.**

5. Mr. Chamberlain moved that the resolution in the Board folder for Yoosa Creek and Rhoda Creek be accepted. Mr. Armacost seconded.
Voice Vote: Motion passed by unanimous voice vote.

6. Mr. Chamberlain made a motion to approve all three changes in Water District 01, 63 and 65 Rental Pool Procedures. Mr. Uhling seconded.
Voice Vote: Motion passed by unanimous voice vote.