IDAHO WATER RESOURCE BOARD

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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

MINUTES OF MEETING

MEETING NO. 16-05
September 20, 2005, 8:35 a.m. MDT
Shilo Inn, 1586 Blue Lakes Blvd, Twin Falls, Idaho

Meeting No. 16-05 of the Idaho Water Resource Board was called to order by Chairman Rigby
At the Shilo Inn in Twin Falls, Idaho
(One Recording Tape)

Agenda Item No. 1, Roll Call

Board Members Attending

Jerry Rigby, Chairman
Vic Armacost
Terry Uhling – Vice Chairman
Gary Chamberlain
Claude Storer
Bob Graham – In Office
Leonard Beck

Board Members Absent

Dick Wyatt – Secretary

Department of Water Resources Staff Present

Hal Anderson, Administrator
Crystal Calais, Admin. Asst. II
Brian Patton, Staff Engineer
Bill Graham, Bureau Chief
Karl Dreher, Director
Cindy Yenter, Watermaster

Guests Present

Lyle Porter
Ted Diehl

Agenda Item No. 2, Approval of Minutes

Mr. Uhling moved to approve the minutes for meetings 05-05, 06-05 & 07-05. Mr. Graham Seconded. **Motion passed.**

322 East Front Street, P.O. BOX 83720, Boise, ID 83720-0098 Tel: (208) 287-4800 Fax: (208) 287-6700

Agenda Item No. 3, Public Comment

There was no public comment made.

Mr. Anderson requested to modify the agenda to eliminated Item 5d since the LID information is not complete and the Board will need to convene at a later date to review this item. The Board approved.

Agenda Item No. 4, Dworshak Status Report

Mr. Patton briefly went over the Dworshak Status Report. He also reviewed several related documents summarizing the final fiscal year 2005 Budget and cash flow status for the power project.

Agenda Item No. 5, Financial Report

5a. Financial Status Report

Mr. Patton described the financial status of the Board accounts. He noted specific funds earmarked for the Bell Rapids Water Right Purchase agreements. Mr. Anderson made note that funds for the W-Canal project are not included in any of the current balances. The Legislature appropriated three million dollars designated for CREP. There was some discussion about the CREP program, details of participants, areas of importance, funding and repayment. Mr. Patton pointed out that there was a resolution before the Board today for the W Canal Project, which would require a commitment of some of the legislative funding.

5b. Preston Whitney Irrigation Co. & Reservoir Co. Loan Request

Mr. Patton reviewed the request of the Preston Whitney Irrigation Co. The amount requested was less given more funding is coming from the Idaho Soil Conservation Commission; however, some funds are still needed from the Board.

Mr. Patton introduced Preston Whitney spokesperson, Lyle Porter, Vice President of the irrigation company. Mr. Porter reviewed the additional funding and unfortunate affects caused by increasing fuel costs. The district needs to confirm bids and have those funds available to finish by Christmas since they are unsure of the time frame involved in receiving the commitment from commission funds. There was a question about the time-line for repayment. Brian suggested a one-year repayment.

Mr. Chamberlain moved the Board loan $500,000 at 5.5% with one-year repayment contingent upon receipt of Soil Conservation funds. Mr. Graham seconded.

Roll Call Vote: Wyatt, Absent; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Aye; Chairman Rigby, Aye. 7 Ayes, 1 Absent; Motion passed.

5e. W-Canal Aquifer Recharge Project

Yesterday the Board toured this project. Mr. Anderson introduced Mr. Patton to present the details of the loan request. A presentation to the Recharge Advisory Sub-Committee to the Natural Resources Interim Legislative Committee was included in the Board folder providing all the

information on the project. The Board was awarded $250,000 from the Bureau of Reclamation for Water 2025 grant. There is also about $82,000 tentatively committed to this project from the ESPA Mitigation Funds remaining in the 2004 water package funded by the Legislature. The Lower Snake River Aquifer Recharge District has committed $15,000 to this project. The remaining needed is about $255,000 although the resolution includes $300,000 to cover contingencies. Bureau of Reclamation money requires a 50% match. Funds requested from the Board will cover materials and BOR money will cover labor and contractors. Chairman Rigby introduced Ted Diehl to address the Board and ask questions. There was further discussion on the details of this project.

Director Dreher noted to the Board that he had urged application for the Water 2025 grant for recharge at this site. He outlined the history of the recharge program and site selection.

Mr. Uhling moved to approve the resolution to authorize up to $300,000 for the project development in the matter of the W-Canal Aquifer Recharge Project. Mr. Armacost seconded.

Roll Call Vote: Mr. Wyatt, Absent; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Aye; Chairman Rigby, Aye. 7 Ayes, 1 Absent; Motion passed.

Agenda Item No. 6, Bell Rapids Water Right Acquisition & Lease to B.O.R. Update

Mr. Anderson noted that this is a 30-year lease with BOR for 60,000 acre-feet of Bell Rapids Water Rights. The Director, Chairman Rigby and Mr. Anderson have drafted a resolution for the purpose of putting these rights in the water supply bank with the intent that the Board will lease them out.

Chairman Rigby asked if everyone had received a copy of the Lease Agreement that was executed by him. He noted that at the last meeting he was authorized to negotiate the final terms. He asked if any Board member had objections to what occurred.

Mr. Uhling moved to adopt the resolution to place the Bell Rapids Water Rights into the water supply bank. Mr. Chamberlain seconded. Unanimously approved by voice vote.

As a matter of record, the Board meeting held by teleconference authorizing Chairman Rigby to negotiate and sign this agreement was held on Thursday, August 25, 2005.

Agenda Item No. 7, Planning Status Report

Mr. Anderson introduced Mr. Bill Graham who presented the planning status report. Mr. Graham told the Board that recent legislation had ratified the South Fork of the Clearwater Plan and amendments to the State Water Plan for the Priest River Basin. Staff is continuing to work on the Boise Valley Water Use Study. The whole Department is focusing on forming water districts in the Salmon River Basin. Planning staff has proposed working on a comprehensive basin plan for the Salmon River Basin with the Board's approval. Chairman Rigby asked for Board representatives in that area for input. Mr. Chamberlain stated that this kind of work does need to be done.

Mr. Uhling stated that for the future the Board needs to decide if the water bank concept needs to be transformed to include a mitigation bank concept or have a separate mitigation bank system as a resource allocation for the Department. The Board has a big impact where they allocate resources. There was a discussion yesterday at the work session about the Board's role with rental pools. Chairman Rigby agreed with Mr. Uhling and asked what the options were.

Director Dreher noted that from the water administration side those who need mitigation are using the water bank to provide mitigation through rental of storage water through a rental pool directly or using the water bank to rent natural flows and exchanging to gain access to storage water. At least for now Director Dreher said an accounting system that includes mitigation needs to be developed on the water distribution side. He stated the water bank is a very flexible, tremendous tool. There was further discussion on accounting and rental pool issues along with the roles of the Board and the Department.

The Director stated that the Upper Salmon is going to become a model for future water right administration in terms of the effort that is being put into place to see that water right users are staying within their water rights.

Mr. Uhling asked for an explanation of the implementation for the future for Planning staff. Director Dreher said there is so much change going on now that it might be better to see what issues come out of the water rights administration for the Board to deal with. The Director stated that he was planning to ask the Board about the planning process because he thinks there needs to be a change. With the Little Salmon, the planning went forward and then had to back up. He stated that a mechanism could be developed to flush out issues that need to be addressed in the plan ahead of going through the planning process. Mr. Uhling agreed.

Director Dreher suggested that for the Upper Salmon, the Water District Advisory Committee be used instead of forming a new committee. Chairman Rigby agreed. Mr. Uhling raised the issue of a potential conflict between enhanced administration by the Department when the Board is conducting planning. He thought the public would be confused. Mr. Bill Graham agreed with both of them; however, he thought it important to dedicate a planner to work with water management as they go through this process. Chairman Rigby agreed this was an important point. The Director said a planner could be assigned to work with these groups. The Board agreed that this should be done.

Mr. Bill Graham noted that 50% of planning staff time is spent on water transactions in the Upper Salmon Basin. This year Planning staff took over facilitating rental and water acquisition in the Lemhi Basin. Bureau of Reclamation asked the Department to take over late season leases of water. Planning staff are working with the Nature Conservancy on an easement needed to help firm up the Board's minimum stream flow at L-6. He noted that Thomas Grant, a planner, has left the Department.

Mr. Graham asked for the status on the Rathdrum Prairie studies. Mr. Bill Graham stated that Planning normally waits for studies to be completed before planning is done. Mr. Anderson reported that Planning has been involved establishing the base line information that was needed. Mary McGowan has been involved in data collection meetings in North Idaho. The Director told the Board that $2.7 million is being spent on this effort and there is strong support for water rights adjudication in the North.

Mr. Armacost asked if staff were working with Northwest Power Planning Counsel. Mr. Graham replied that staff met with them on a periodic basis.

Chairman Rigby called a ten-minute break.

Agenda Item No. 8, Minimum Stream Flows

Nez Perce Term Sheet minimum stream flows are moving through the adjudication process. Two additional stream flows are still to be approved through the normal Board process. Applications are set for hearing on October 13th. Mr. Wyatt will be the Board's representative at the hearing. Mr. Graham would be a second representative. Chairman Rigby further explained the minimum stream flow processes.

Mr. Bill Graham discussed the Box Canyon Application for 590 cfs minimum stream flow. Staff has reviewed the request with the regional office. At times there is no water in Box Canyon and a letter requesting additional study of available unallocated flows has been drafted to the Director of the Department of Parks and Recreation.

Mr. Graham reviewed the Cocalala Lake Homeowners Association request for a minimum lake level. Staff are working on survey of lake levels to ascertain what a minimum level would be. Mr. Graham noted that last year the hearing process was completed for Niagara Springs. Staff have visited the site and determined that there are adequate measurement devices to meet permit needs.

Agenda Item No. 9, Director's Report

Director Dreher discussed a letter in the Board folder regarding a newspaper article on recreational value on the South Fork versus Henry's Fork. The statistics from this study seem implausible. The Director presented legislation that has been submitted to the Governor's office for approval. The first piece would change the notice requirements for water district meetings from 30 days to 21 days and a provision for special meetings on 14 days notice. The second piece is to enable the State Treasurer to invest in notes or bonds of the Board. The Director discussed other pieces of legislation involving water districts.

Director Dreher asked the Board to be aware of problems arising because of lack of salary parity. The Department has lost two key engineers recently due to low salary. There was discussion regarding this issue and possible solutions. He noted that he had requested a salary survey for engineering classifications and hopefully this will lay the groundwork for next year.

Agenda Item No. 10, Other items

There were no other items.

Agenda Item No. 11, Next Meeting

The next two meetings would be in November 18th and the following January 23 and 24, 2006 prior to the Water Users Convention.

Agenda Item No. 12, Adjourn

Mr. Chamberlain made a Motion to adjourn. Mr. Wyatt seconded. Motion passed unanimously by voice vote.

Meeting adjourned.

Dated this 19th day of May 2006.

D. Richard Wyatt

D. Richard Wyatt, Secretary

Patsy McGourty

Patsy McGourty, Administrative Assistant II

Board Actions

1. Mr. Chamberlain moved the Board loan $500,000 to the Preston Whitney Irrigation Company at 5.5% with one-year repayment contingent upon receipt of Soil Conservation funds. Mr. Graham seconded.

Roll Call Vote: Wyatt, Absent; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Aye; Chairman Rigby, Aye. 7 Ayes, 1 Absent; Motion passed.

2. Mr. Uhling moved to approve the resolution to authorize up to $300,000 for the project development in the matter of the W Canal Aquifer Recharge Project. Mr. Armacost seconded.

Roll Call Vote: Mr. Wyatt, Absent; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Aye; Chairman Rigby, Aye. 7 Ayes, 1 Absent; Motion passed.

3. Mr. Uhling moved to adopt the resolution to place the Bell Rapids Water Rights into the water supply bank. Mr. Chamberlain seconded. Unanimously approved by voice vote.