IDAHO WATER RESOURCE BOARD

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Jerry R. Rigby
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Terry T. Uhling
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Chuck Cuddy
Orofino
District 1

Leonard Beck
Burley
District 3

L. Claude Storer
Idaho Falls
District 4

Gary M. Chamberlain
Challis
At Large

Lawrence "Vic" Armacost
New Meadows
At Large

MINUTES OF MEETING NO 02-07

Idaho Department of Water Resources
Idaho Water Center, Boise Idaho
March 9, 2007

Chairman Rigby called meeting 02-07 to order at 8:30 a.m. and requested roll call.

Agenda Item No. 1, Roll Call

Board Members Attending

Jerry Rigby, Chairman
Leonard Beck
Gary Chamberlain
Chuck Cuddy
Terry Uhling, Vice-Chairman
Vic Armacost
Claude Storer
Bob Graham was absent.

Staff Members Attending

David Tuthill, Interim Director
Brian Patton, Engineer
Neeley Miller, Planner
Hal Anderson, Administrator
Patsy McGourty, Admin. Asst. II
David Blew, Special Projects

Guests

Harriett Hensley, Deputy AG
John Simpson
Bryan Kenworthy, USFW
Linda Lemmon
Tom Arkoosh
Paul Spillers, Brown & Caldwell
Garth Taylor, Univ. of Idaho
Jon Bowling, Idaho Power
Rich Rigby, USBOR
Jeff Steele, USBLM
Lynn Tominaga, IGWA
Kathleen Carr, USBOR
Mark Gagnon, Brown & Caldwell
Jerrold Gregg, USBOR

Chairman Rigby asked if there were any changes to the agenda. Mr. Anderson noted that the Board needed to elect a new secretary. The Board decided to hold elections and Committee Assignments under Agenda Item 8.

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Agenda Item No. 2, Public Comment

Representatives from the Marysville Irrigation Company were present to address the Board. Chairman Rigby excused himself because of a conflict of interest and turned the meeting over to Vice-Chairman Terry Uhling who welcomed guests, Ron Ashley and Jeff Jenkins. Mr. Ashley described the proposal from the Marysville Irrigation Company to replace five to six miles of the Turkey Tract lateral canal with pressurized pipeline, one of three canals in the system. The goal is to reduce water loss by about 50%, save energy costs and improve water quality on the Henry's Fork. The environmental assessment has been drafted and submitted to Mr. Patton. Marysville is also hoping for NRCS funds to cover 50% of this project. Marysville is meeting with their engineers soon to finalize the project. Construction would start in September after the potato harvest.

Mr. Jeff Jenkins, president of the Marysville Canal Company, addressed the Board. He noted that most canal users were supportive of the project because it would save 6,000 acre-feet of water each year. Mr. Uhling thanked him and called for questions.

Mr. Chamberlain asked if the $4 million was for all three laterals. Mr. Jenkins answered yes. Mr. Chamberlain also noted that this project would save electricity; however, he questioned the amount of fall for the pressurized system. Mr. Jenkins stated that there was sufficient fall in this area according to engineering studies. Mr. Chamberlain asked if any consideration had been made to mitigate ground water pumping in the area or leave the canals in place for early season recharge. This is a critical issue for the Board in view of the ESPA conflict. Mr. Jenkins said they could check into that.

Mr. Uhling asked if Phase 1 included all three laterals or is each phase a different lateral. Mr. Patton stated that the Turkey Tract would be done this year and the other two canals in the next two years. Mr. Uhling asked if the amount of electricity to be saved as referenced in the report was for one lateral or all three. Mr. Patton affirmed that was for all three. Mr. Uhling asked if there were additional projects planned and Mr. Patton said yes.

Mr. Chamberlain asked if getting bonds or funding directly was planned. Mr. Patton stated that he hoped it would be a line-of-credit loan through the Revenue Development Account rather than bonds. There was discussion regarding the financing of this proposed project.

Mr. Beck asked about head pumps in the existing system. Mr. Jenkins stated there were three deep well pumps in the area. The electricity savings would come from pumping out of the canals. Mr. Patton added that about 1,000 acres would need booster pumps with the remainder using the gravity-pressurized system. Mr. Beck asked how many acres would be irrigated. Mr. Jenkins noted that one well irrigated 60 acres.

Mr. Armacost asked if they had sprinkler irrigation. Mr. Jenkins said it was all sprinklers. Mr. Armacost asked where the increase in water quality was going to come from. Mr. Jenkins said irrigation tailings water would no longer go into the Snake River near the Henry's Fork area and that would result in better water quality. Mr. Patton noted that the environmental assessment stated there would be only positive benefits to the environment.

Mr. Beck asked if flows at Henry's Fork would be reduced. Mr. Jenkins stated very minimally because tailings water was minimal. He stated that Marysville also has storage rights. Water reduction would come from storage use. Mr. Beck asked if all ground would be in production with water savings. The answer was yes.

Mr. Uhling stated that this project would be considered at the May meeting. He thanked guests for their comments.

Mr. Anderson introduced Linda Lemmon from the Thousand Springs Water Users Association. She commented that the Marysville project at the head of the Snake River would reduce flows to the lower end of the River where Thousand Springs is located. The loss of recharge is a big concern and perhaps the Board needs a policy statement to address these situations that would require loan recipients to address the loss of recharge in their proposals. Storage water can be purchased; however, this would affect their water right if they do not use it. She encouraged the Board to be proactive about dealing with these requests.

Chairman Rigby agreed with Ms. Lemmon that the time is now to deal with this issue – not later. He discussed the Supreme Court's decision in regard to selling storage water and noted that mitigation is a key player in this process. Mr. Uhling commented that everyone should use the word mitigation with great consideration.

Mr. Beck asked Jeff Jenkins about the amount of water being saved. He questioned the numbers for total incidental recharge. Mr. Patton stated the 4,280 acre-feet of water number was from the NRCS report. This figure differed from the Marysville project proposal number. Mr. Beck asked exactly how much water they were delivering. Mr. Jenkins stated two acre-feet with that much loss. Mr. Uhling suggested that Marysville correct their report for future presentation.

Agenda Item No. 3, Approval of Minutes

Mr. Chamberlain moved that the minutes for meeting 01-07 be approved. Mr. Storer seconded. Chairman Rigby called for a voice vote.

Voice Vote: All were in favor.

Mr. Anderson informed the Board that Brian Patton had recently accepted the position of Bureau Chief of Planning. Chairman Rigby welcomed him.

Agenda Item No. 4, Dworshak Status Report

Mr. Patton presented the report as of February lst noting that the plant had produced 134,849,772 kWh hours since it has come on line. Revenue over expenses are $85,000 and $50,000 has been deposited into the repair and replacement fund. The energy sales rate has increased 3% to 47.8 cents per kWh hour on January 1, 2007. He noted that an estimate of Repair Replacement Fund

Growth was displayed in a graph with approval from Mr. Uhling. Chairman Rigby asked when the Board was going to reassess the incoming funds from Dworshak and Mr. Patton stated the figure was when the fund reached $1 million. Mr. Chamberlain asked what replacement costs would be on the turbines for Dworshak. The Corps of Engineers came up with an estimate methodology and he stated that he would review that as soon as he could to get a figure. Mr. Patton answered Board members questions.

Agenda Item No. 5a, IWRB Financial Program Status Report

Mr. Patton outlined the funding report noting changes in format. As of February 1, 2007, the Revolving Development Account totaled $1,557,234; the ESPA Sub-Account totaled $2,0013,012 and the Water Management Account had $13,801 available. $69,000 had been received from the Payette Rental Pool for 2006 operations. The Harbor View Water and Sewer Storage Project bids came back greater than the loan request so they may be back before the Board for more money. Mr. Patton answered questions. Mr. Uhling suggested changing Board contracts to add a standard paragraph about pooling more than one project's funds. Mr. Patton stated that the Board could do that if they wanted. There was discussion about project financing.

Agenda Item 5b, 2007 Spring Recharge RFP

Mr. David Blew addressed the Board regarding the Spring Recharge RFP to Canal Companies. In response to the bid request, the department received two proposals; Aberdeen Springfield Canal Company and Fremont Madison Irrigation District. There are fixed costs associated with the projects. Aberdeen included those costs and Fremont Madison did not. Prices differed on the two proposals. Staff believes both proposals are good, but would request location priorities. A late proposal was received from Don Hale. Mr. Blew said legal staff would be consulted about the missed cutoff date to see if Mr. Hale's proposal could be accepted.

Staff recommends that contracts be executed if the Board's water right becomes priority. Chairman Rigby asked for discussion. Mr. Storer asked why the Great Feeder was excluded from this. Mr. Blew discussed flooding problems in that area because it has a high water table. Staff did not feel that this was a good area for recharge because of the flooding problems. Mr. Storer noted that five miles from the Great Feeder there is no sub at all. Chairman Rigby stated he encouraged Fremont Madison to make application and he was glad the Board was making this effort right now. He asked if Board members wanted to authorize him, if the window of opportunity was open, to get these projects going as soon as possible.

In response to Mr. Beck's question about location priority, Mr. Blew explained that certain areas have better diversion capacity for long-term storage in the Upper Snake River. On another note, Chairman Rigby said that numerous canal companies lack return flow measurement systems and that may be why they did not submit a bid proposal. Mr. Blew agreed and the bid request stated that flow measurement systems were required. There was discussion about how canal companies could bear the expense of flow measurement devices or if department staff could assist with that. Chairman Rigby stated that it is important to look at sites that already have incidental recharge and make the

most of them as well as other sites. Director Tuthill stated that regional staff would support this effort because it is very important. Mr. Blew said next year's bid request would include support of flow measurement to parties.

In response to Mr. Armacost's question of needing more recharge sites, Mr. Blew noted that there are many variables in the timing of recharge efforts. More canal capacity in upper regions can be used until irrigation begins in lower regions. There was further discussion on the recharge issue. Mr. Blew hoped that as the system develops standing contracts can be developed with canal companies to save staff time. Mr. Anderson said the big question is where the funding will come from in the future.

In response to Mr. Beck's question as to when the Board's water right comes into priority and would that be an obstacle to the Twin Falls Power Plant, Director Tuthill responded that yes it would. Mr. Beck stated that Aberdeen-Springfield is the closest one to enhance flows for Twin Falls Canal Company. The Director responded yes. Mr. Beck asked if it would be beneficial to start negotiating with Aberdeen-Springfield to directly benefit Twin Falls Canal Company's efforts to generate power. The Director stated that this is central for discussion this year.

Mr. Blew asked if the Board would provide authority to exercise contracts and Mr. Chamberlain moved that the Chairman be authorized to sign recharge contracts. He also asked that Board members be copied on any Board business done by the Chairman by e-mail. Chairman Rigby asked if other members wanted to be copied on e-mail chat regarding Board issues. Mr. Storer stated his e-mail would be up this week. Chairman Rigby asked Board members to let him know by e-mail if they want to be copied. Mr. Armacost seconded Mr. Chamberlain's motion. All were in favor.

Agenda Item 5c, W-Canal Update

Mr. Blew summarized progress. Staff is reviewing the draft report. A very fruitful meeting was held with Brown and Caldwell to discuss challenges of this project. Mr. Blew stated that staff would continue to develop technology to make this project functional. Staff needs to exercise the option on the easement and the purchase of land. Staff will begin working with Brown and Caldwell on final design. Authority to purchase ground has already been given by the Board. April 27th is the date that land need to be purchased. Chairman Rigby asked for comments from Board members on proceeding. There were no objections to proceeding with the purchase.

Agenda Item 5d, CREP Update

Mr. Blew reported on progress with the CREP program. Staff has approved 24, 442 acres into the program as of February 26, 2007. FSA County Committees have approved 16,680 acres. Some applicants will not execute contracts until later this year. About 2,000 acres will not move forward. Staff has reviewed 226 offers for nearly 32,000 acres. Some contracts are returned for revisions. Contracts totaling 2,305.4 acres have been determined ineligible. $465,082 of the $3 million funds has been disbursed. Mr. Blew stated that more contracts would probably come in the fall.

Mr. Chamberlain asked about Twin Falls County where only 96.7 acres have been approved. Mr. Blew said this was because these contracts have water tributary to the Snake River that makes them ineligible. Minidoka County acres are at half the number submitted because of various problems. Jefferson-Clark contracts came to FSA in late December and are just now coming to the department. Mr. Uhling asked Mr. Blew if more acres would be approved out of the 32,000 acres submitted. Mr. Blew estimated about ¾ of the acres that have been returned would be sent back in and probably approved. Some of the acres are declared ineligible because they do not have a valid water right. Mr. Blew stated that the data is being provided to Alan Wiley to run through the model to determine the actual return flow.

Agenda Item 5e, Thousand Springs Water Right Acquisition Update

Mr. Anderson referred to the meeting in Hagerman in late February where the proposal for Thousand Springs Water Right Acquisitions was made to the public. Mr. Patton summarized the progress to date. Chairman Rigby, Mr. Chamberlain and Mr. Beck attended the meeting along with 150 people. Three proposals have been received in response to the questionnaire. Chairman Rigby added that most of the comments were that people were not excited about selling their water rights. Mr. Chamberlain asked Linda Lemmon to respond. Mrs. Lemmon gave the Board some of the feelings and comments people had expressed to her. Most folks preferred subordination over the long term to keep their rights. Not many want to sell. Smaller water right holders seem to be those that are interested. There was not much response from bigger water users.

Mr. Patton noted that May 1st is the deadline. Mr. Beck asked if the Board wanted to buy to reduce demand. Mr. Patton said yes with the idea that the water could potentially be used for other purposes, for example, municipal uses. No decision has been made about what use would be made of the purchased rights. Chairman Rigby said if there were sellers, the Board wanted to take advantage of the opportunity to assist the Snake River users.

Mr. Beck stated he would have a struggle with the Board marketing those rights to someone else. Chairman Rigby said it would have to help the water budget. Mrs. Lemmon discussed past meetings with Thousand Springs' attorney, state representatives and legislators to talk about transfers of water rights to benefit more people. She emphasized that moving the water right owners around doesn't solve the problem for the spring users. Chairman Rigby reiterated that buying down demand is only one tool to solve problems. When all offers to sell are received, the Board can consider the options that would benefit everyone. Mrs. Lemmon stated that spring users were glad to see the idea of subordination offered by the Board. Chairman Rigby told Mrs. Lemmon that the Board understood her frustrations.

Agenda Item 6, Planning Status Report

a) Eastern Snake Plain Aquifer Comprehensive Management Plan

Mr. Anderson introduced Diane Tate and Jonathan Bartsch, CDR Associates. Ms. Tate presented The Summary of the Advisory Committee Process and request for nominations

letter that would be mailed March 9th to stakeholders. With the Governor planning a water summit, changes in the timeline need to be made. Two meetings of the Advisory Committee would be held before the Board meeting in May. She discussed tasks the committee would face and the amount of time expected for that to happen.

Chairman Rigby noted that the Advisory Committee would need to talk to technical staff. Ms. Tate stated the first step of the first task was to consult with technical staff about the model. Hopefully the technical staff will provide information to the Committee to make water budget changes. She outlined the meeting schedule and the tasks to be addressed at each meeting. Ms.Tate answered Board members questions on the schedule and process for creating the Advisory Committee. She asked the Board to recommend Federal and State governmental agencies to participate in a consultative capacity.

Director Tuthill asked about the timeframe of 16-18 meetings. Ms. Tate said the schedule would end at the beginning of summer next year. Mr. Anderson suggested that staff follow-up and coordinate with the Governor's schedule for the Water Summit. Mr. Bartsch suggested that the timeline could certainly be altered or removed. The Director suggested removing the timeline from the document. Mr. Armacost suggested having a report for the beginning of the next Legislature to show progress made. Director Tuthill stated that it is important to show progress in 2007 and 2008. As the Committee moves forward objectives should be made and met in the short term.

The Director stated that he would be visiting the Governor's Office later in the day and would coordinate dates along with IDWR staff and Board members to add to this document before it is mailed. There was discussion about coordinating information for the documents.

Mr. Bartsch presented the Advisory Committee Nomination Letter for Stakeholders and discussed the contents. He discussed changes in the make up of the committee members and the time frame for collecting nominations. There was discussion about the timeframe and other issues. Mr. Bartsch summed up by stating that the timeframe would be finalized after the Director's meeting with the Governor's staff. The letter would go out after that and be posted on the website on Monday. The deadline for receiving nominations would be Wednesday, the 14th. The Board would have a telephone conference meeting either Thursday or Friday to select the Advisory Committee members and a chairman.

b) <u>Upper Salmon River Basin; c) Boise Basin and d) Rathdrum Prairie</u>

Mr. Anderson introduced Neeley Miller who presented the remainder of the Planning report. He outlined current events in the Upper Salmon River Basin. Staff will attend the Water District 170 Advisory Committee and Annual meetings March 13th in Challis.

In the Boise Basin NASA data collection flights are scheduled and staff are cautiously optimistic that they will take place. The USGS will ground truth the data and Linda Davis will process the data.

The Rathdrum Prairie Conservation Plan is being revived at the request of Bob Haynes, Manager of the Northern Region. Mary McGown and Neeley Miller will be working with him.

Agenda Item 7, Director's Report

Director Tuthill provided copies of his presentation, the department budget and the new Supreme Court Opinion on Judge Wood's ruling. He also displayed a large poster of ground water wells in the Eastern Snake River Aquifer. The map gives a good depiction of the number of wells in the area.

The Director stated that all Director's Reports are out in the SRBA. Objections are coming in before their deadlines. They will each be addressed with mediation resulting in fewer trials. The North Idaho Adjudication will be in three areas designated by the Legislature who wanted to reconsider the way the adjudication proceeds. Full funding has been received. JFAC has provided guidance to confine efforts to the Rathdrum Basin and interstate determinations, but not tribal determinations. He stated the tribal water rights need to be included but will be done later. There will be broad debate on issues to create broader decisions.

Mr. Cuddy agreed that the Rathdrum Prairie could not be adjudicated without the tribal rights in the Coeur d'Alene Lake area. The Director thanked him for his support and stated he looked forward to the Board's participation.

The Director noted the snow pack level has risen although it is still below normal. Staff believes reservoirs will fill on the Upper Snake. The Twin Falls Canal Company as an example could be affected by low natural flow. This would require the department to address their call. Spring rains could make a big difference for the lower Snake River. The Thousand Springs calls cannot be satisfied. The ESPA Comprehensive Management Plan is the forefront in looking at alternatives to curtailments in the Thousand Springs area.

The Director summarized legislation now in process. House Bill 170 would remove the notary requirement on adjudication claims. It has passed the House and now goes to the Senate. There is good support for this change that would allow on-line payments for the North Idaho Adjudication.

House Bill 241 would adjust funding for the ESPA Model upgrades that previously have been paid by water users. The new bill requires the State to pay for half of the model upgrades funded by the Legislature each year. Funding for the entire amount this year has gone through JFAC with approval.

Senate Bill 1136 regards in-stream placement of water rights in the Big Wood Basin. This bill has the support of the Water Users Association and looks like it will pass. House Concurrent Resolution 138 would provide funding for CDR and technical studies. JFAC has approved capitol requests for the department. Initially four positions, 2 for energy and 2 for GIS, were not supported.

The GIS positions have been reinstated. The two energy positions were federally funded and will not be funded by the state this year.

Staff has been difficult to hire with low pay. The Director said JFAC has not recommended any additional funding for Water Resources technical staff this year. Five technical employees have left in the last six weeks each for a 35% pay increase. We were 33% below market and that's now rising. The agency has become a training ground for private industry. We are now losing employees who have been here 8-10 years. Chairman Rigby expressed surprise that JFAC has ignored department pleas. The Director said this is a serious, chronic problem that has never been this bad. He considers it a crisis for the agency. Those employees with careers ahead cannot afford to stay.

In response to Mr. Uhling's question about the budget, the Director thought staff would get a 5% increase this year. He stated that even giving the clerical staff zero would provide little extra for technical staff. With a 35% gap in technical salaries, the total raise of 5% in the last five years is to little to make any major difference.

The recent Supreme Court Decision on Judge Wood's Decisions held the conjunctive management rules constitutional and gave guidance for water management. Support for the ESPA Comprehensive Management Plan is top importance for the department with unprecedented support of the Governor. 2007 will provide far-reaching resolutions for the State. This outcome will be important to other areas in the State.

Agenda Item 8, Other Items Board Members May Wish to Present

Mr. Anderson stated the Board needed to elect new officers. Chairman Rigby opened nominations for Chairman. Mr. Chamberlain moved that the current Chairman be retained. Mr. Storer seconded. Chairman Rigby called for a voice vote. All were in favor.

Chairman Rigby opened nominations for Vice Chairman. Mr. Beck moved that Mr. Uhling be retained as Vice Chairman. Vic Armacost seconded. Chairman Rigby called for a voice vote. All were in favor.

Chairman Rigby opened nominations for Secretary. Mr. Uhling nominated Bob Graham. Gary Chamberlain seconded. Chairman Rigby called for a voice vote. All were in favor.

Chairman Rigby proposed that committee assignments be held with Mr. Cuddy taking the vacant spots on the Panhandle Minimum Stream Flow Committee and the Dworshak Small Hydroelectric Committee as Chairman.

Director noted that he had a 12:15 p.m. meeting with the Governor and Board members were welcome to attend. Chairman Rigby stated he could attend along with the CDR Associates.

Mr. Anderson noted the Board needed to designate a May meeting location. The Board usually goes to North Idaho sometime during the year and wants to honor Dick Wyatt at a dinner. Chairman Rigby stated that the next meeting should be in the ESPA area. He suggested the Board

meet in Lewiston in July. Discussion followed with everyone agreeing to go north to Lewiston in July. There was discussion about the location of the May meeting. Mr. Beck suggested the Burley Inn and everyone agreed.

Agenda Item 11, Adjournment

Mr. Chamberlain moved to adjourn; Mr. Uhling seconded. All were in favor.

Meeting Adjourned.

Dated this day 18th of May 2007.

Secretary

Patsy McGourty, Administrative Assistant II

Board Actions:

1. Mr. Chamberlain moved that the minutes for meeting 01-07 be approved. Mr. Storer seconded. Chairman Rigby called for a voice vote. All were in favor.

2. Mr. Chamberlain moved that the Chairman be authorized to sign recharge contracts. Mr. Armacost seconded Mr. Chamberlain's motion. All were in favor.

3. Chairman Rigby opened nominations for Chairman. Mr. Chamberlain moved that the current Chairman be retained. Mr. Storer seconded. Chairman Rigby called for a voice vote. All were in favor.

4. Chairman Rigby opened nominations for Vice Chairman. Mr. Beck moved that Mr. Uhling be retained as Vice Chairman. Vic Armacost seconded. Chairman Rigby called for a voice vote. All were in favor.

5. Chairman Rigby opened nominations for Secretary. Mr. Uhling nominated Bob Graham. Gary Chamberlain seconded. Chairman Rigby called for a voice vote. All were in favor.