IDAHO WATER RESOURCE BOARD

MEETING MINUTES 4-11

Idaho Water Center
Boise, Idaho
July 29, 2011

C.L. "Butch" Otter
Governor

Terry T. Uhling
Chairman
Boise
District 2

Roger W. Chase
Vice-Chairman
Pocatello
District 4

Bob Graham
Secretary
Bonners Ferry
District 1

Charles "Chuck" Cuddy
Orofino
At Large

Leonard Beck
Burley
District 3

Vince Alberdi
Kimberly
At Large

Jeff Raybould
St. Anthony
At Large

Peter Van Der Meulen
Hailey
At Large

Chairman Uhling called the meeting to order at approximately 8:40 a.m. and asked for roll call. All 8 members were present.

Agenda Item No. 2, Roll Call

Board Members Present

Terry Uhling, Chairman
Bob Graham
Chuck Cuddy
Peter Van Der Meulen
Vince Alberdi
Roger Chase
Jeff Raybould
Leonard Beck

Staff Members Present

Gary Spackman, Interim Director
Helen Harrington, Planning Section Manager
Jack Peterson, Federal Liaison
Cynthia Bridge Clark, Engineer
Bill Quinn, Engineer
Morgan Case, Biologist
Brian Patton, Planning Bureau Chief
Diana Ball, Administrative Assistant
Rich Rigby, Federal Liaison
Neeley Miller, Planner
Dan Nelson, Hydrologist

Guests Present

Lynn Tominaga, IGWA
Jon Bowling, Idaho Power
Rex Barrie, Water District 63
Liz Paul, Idaho Rivers United
Sarah McCormack, IWUA
Lyla Dettmer, Franklin SWCD
Mark Mendenhall, USACE
Walt Poole, Idaho Fish and Game
Rob Sampson, NRCS
Rick Skinner, Skinner Fawcett
Sarah Rupp, Friends of the Teton
Travis Thompson, Barker Rosholt & Simpson
John Williams, Bonneville Power
Lesa Stark, Bureau of Reclamation
Robert Schattin, Bureau of Reclamation
Dean Stevenson, Magic Valley GWD
Lisa Transtreen, Bear Lake SWCD
Joann Taylor, Franklin / Bear Lake SWCD
Ron Shurtleff, Lake Reservoir Company
Chris Robinson, Portneuf Irrigating Company
Jim Wrigley, Wedbush Securities Inc.
Hal Anderson, Idaho Water Engineering

Agenda Item No. 3, Agenda and Approval of Minutes 3-11

There were no changes to the agenda. Mr. Vince Alberdi moved to approve Minutes for Meeting 3-11 as submitted. Mr. Bob Graham seconded the motion. Voice vote. All were in favor. Motion carried. Minutes for Meeting 3-11 were approved as submitted.

Agenda Item No. 4, Election of Officers

Mr. Jeff Raybould made a motion to reappoint Mr. Terry Uhling as Chairman. Mr. Graham seconded the motion. Voice vote. All were in favor. Motion carried.

Mr. Leonard Beck made a motion to appoint Mr. Roger Chase as Vice Chairman. Mr. Alberdi seconded the motion. Voice vote. All were in favor. Motion carried.

Mr. Roger Chase made a motion that Mr. Graham be reappointed as Secretary. Mr. Cuddy seconded the motion. Voice vote. All were in favor. Motion carried.

Agenda Item No. 5, IWRB Committees and Committee Assignments

The IWRB committee structure was changed to allow for fewer committees with more members participating on each committee. Committees were previously referred to as subcommittees but will now be correctly referred to as IWRB committees.

Mr. Brian Patton provided a preliminary outline of committee assignments based on discussions he had with Chairman Uhling. One change was made after a brief discussion of proposed assignments. Mr. Alberdi requested that Mr. Leonard Beck be moved to the Water Supply Planning committee since he has more institutional knowledge of the State Water Plan and process. Chairman Uhling suggested that Mr. Alberdi be moved to the Water Supply Bank committee as chair and Mr. Beck be moved to the Water Supply Planning committee as chair. Mr. Beck and Mr. Alberdi were in agreement.

Mr. Peter Van Der Meulen made a motion that the Board Committee appointments be approved with the recommended changes. Mr. Raybould seconded the motion. Voice vote. All were in favor. Motion carried.

The committee list was changed and posted to the Board's web page for public reference. No other committee changes were made however changes may take place over time, and those changes will be reflected in updates on the web page.

Agenda Item No. 6, Public Comment

Chairman Uhling asked for public comment regarding any items not included on the agenda.

Mr. Dean Stephenson, Magic Valley Ground Water District, addressed the Board regarding the possibility of a recharge site near Minidoka Dam. The project would be done in conjunction with A&B Irrigation District and is supported by surface water users in the area, particularly below American Falls. At some point, they will be looking for support from the Board in developing this site. The ground water district is committed to paying the operating costs over the long-term but will likely look to the Board for help in permitting and possibly cost-share financial assistance. He stated the stretch of the river between American Falls and Milner is unique since the Board's recharge water right is on through most of the winter and is disconnected in winter so would be a good recharge storage possibility. The preliminary options for moving the water to the Minidoka site would be direct conveyance through the canal system and the other would be pumping directly to the reservoir all winter at an estimated 100 cfs each day the water right is on. They understand it may be an expensive project but feel it is a great recharge site and the district is committed to covering costs for this project.

Mr. Hal Anderson, Idaho Water Engineering, briefed the Board on a project they are working on in the Upper Snake basin that they feel fits Board recharge needs and will help meet CAMP targets. Their company has been retained by a group of irrigation districts, including Fremont Madison, New Sweden, and Idaho Irrigation Districts, and most recently nine Blackfoot area canals, to look at recharge opportunities in the Upper Snake basin. These districts are willing to spend their own money on recharge projects based on the benefits of recharge. He

stated they are specifically looking at what mechanisms would be the best – creating recharge districts or some other organizational structure – to facilitate the accomplishment of recharge, how they might benefit both financially and providing water to the needs of their constituents who pump ground water, as well as the ability to provide water in excess of constituent needs that might be associated with credits and how those might be incorporated into a mitigation bank system.

Mr. Anderson requested time at the October Board meeting work session to provide modeling analysis and results to the Board. Chairman Uhling asked Mr. Anderson to work with Mr. Patton and Mr. Rigby in coordinating the technical review of the data that Mr. Anderson intends to share at the October meeting.

Ms. Sarah Rupp, Friends of the Teton River Stream Flow Restoration Director, addressed the Board about minimum stream flow and species preservation projects in the upper Teton watershed, including preservation of Yellowstone cutthroat trout. Ms. Rupp asked the Board to consider expanding their minimum stream flow program to include the upper Teton area. Mr. Patton suggested that this subject be deferred to the newly formed Stream Flow Enhancement and Minimum Stream Flow Committee for further discussion and future recommendations to the Board. Mr. Patton also commented that the NPCC and Office of Species Conservation should be consulted. Chairman Uhling asked that the Stream Flow Committee provide an update to the full Board at either the October or November Board meeting.

Ms. Liz Paul, Idaho Rivers United, addressed the Board on concerns over water management issues in the State, and specifically those related to reducing demand for water across the State and increasing efficiency. She proposed that water conservation measures be considered rather than building new storage options. Ms. Paul provided education materials from her organization that promote a reduced carbon footprint, demand reduction, and improved efficiency.

Mr. John Williams, Bonneville Power Administration, updated the Board on activities at the power facilities, current legal actions, BPA funding issues, and the high-wind high-flow scenario that occurred at the plant earlier this year. Mr. Williams commented that he was in agreement with Mr. Patton's comment on the previous issue regarding minimum stream flow projects in the upper Teton watershed and the need to consult with the NPCC and the Office of Species Conservation before the Board considers any future stream flow projects.

Agenda Item 7, Financial Items

a. Financial Program Status Report

Mr. Brian Patton presented the Financial Program status report update as of July 1, 2011. Total IWRB funds committed but not disbursed are approximately $11.1 million. The outstanding loan principal balance is $18.3 million. The total uncommitted balance is approximately $6.5 million, which includes $2.2 million that have been transferred into the Secondary Aquifer Management Account pursuant to Board direction and legislative direction to be used for ESPA projects. The $2.2 million previously showed as uncommitted, and now shows as committed in the Secondary Aquifer Management Account.

Mr. Patton informed the Board that the New Plymouth Water Users Association has repaid their loan.

In September, $1.2 million repayment on the Pristine Springs acquisition is expected from the ground water users. Board's direction is needed if those funds are to be included in the Department's budget to be presented to the legislature this coming year. Those funds would be going into the Secondary Aquifer Fund as has occurred the previous two years.

Mr. Chase made a motion to include the $1.2 million Pristine Springs payment in the Department's budget for the next fiscal year. Mr. Alberdi seconded the motion. Voice vote. All 7 present were in favor. Motion carried.

b. Lake Reservoir Company Loan

Mr. Dan Nelson presented Lake Reservoir Company's loan application in the amount of $594,000. The loan project is to upgrade the Lardo Dam at the outlet of Big Payette Lake located in McCall, Idaho. The Lardo Dam is used to regulate the storage in Big Payette Lake. The project includes equipping the six stop log bays with remote control gate, which will allow Lake Reservoir Company to maintain instantaneous and complete control of the facility from a remote location. This upgrade will assist in minimizing flooding while maximizing storage in the system.

Lake Reservoir Company was awarded $297,000 in Water Smart grant funds from the Bureau of Reclamation and proposes to use these funds to pay down the $594,000 Board loan with these grant funds at the completion of the project. The remaining $297,000 Board loan would be paid back with a 10-year term at a 5.5% interest rate.

Mr. Ron Shurtleff, Lake Reservoir Company Secretary and Water District 65 watermaster addressed the Board regarding the payback plan for the loan. He stated that the first payment of $297,000 would be made at the time the grant monies are received, which will likely be available prior to the start of the project and expects that only $297,000 will actually be drawn from the Board loan.

Staff recommended approval of the Lake Reservoir Company's Revolving Development Account loan in the amount of $594,000 with a 10-year repayment term at a 5.5% interest rate with conditions as specified in the resolution.

Mr. Graham made a motion to approve the Revolving Development Account loan to Lake Reservoir Company as proposed. The motion was seconded by Mr. Beck. Chairman Uhling called for a roll call vote. Mr. Cuddy was absent during the vote.

Roll Call Vote: Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Cuddy: Absent; Mr. Raybould: Aye; Mr. Beck: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Aye; Chairman Uhling: Aye. Roll Call Vote: 7 Ayes, 1 Absent. Motion carried.

c. Portneuf Irrigating Company Loan

Mr. Dan Nelson presented Portneuf Irrigating Company's loan application in the amount of $1.3 million. The loan project is to replace an open canal system with a pipeline near Arimo in Bannock County. The loan amount is for 25% of the total project cost of $5.2 million. Portneuf Irrigating Company received a Natural Resource Conservation Service (NRCS) Agricultural Water Enhancement Program (AWEP) grant in the amount of $3.9 million (75% of total project cost). Portneuf Irrigating Company is requesting a 30-year loan at a 5.5% interest rate.

Mr. Christopher Robinson, Portneuf Irrigating Company, addressed the Board and provided a brief history of the project. Staff recommended approval of the Portneuf Irrigating Company's Revolving Development Account loan in the amount of $1.3 million with a 15-year repayment term amortized over 30 years at a 5.5% interest rate with conditions as specified in the amended resolution.

Mr. Raybould made a motion to approve the Revolving Development Account loan to loan to Portneuf Irrigating Company as amended. The motion was seconded by Mr. Chase. Chairman Uhling called for a roll call vote. Mr. Graham was absent during the vote.

Roll Call Vote: Mr. Cuddy: Aye; Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Absent. Chairman Uhling: Aye. Roll Call Vote: 7 Ayes, 1 Absent. Motion carried.

There was a short break in the meeting.

d. Ground Water Districts Bond Inducement Resolution

Mr. Jim Wrigley, Wedbush Securities Inc., presented an inducement resolution prepared by IWRB bond counsel Mr. Rick Skinner for the purpose of financing the purchase of aquaculture facilities, water rights, and related facilities in the Hagerman area by four ground water districts, American Falls-Aberdeen, Bingham, Magic Valley, and North Snake, and Southwest Irrigation District. The total of the inducement resolution is $35 million. The financing needs to be in place by December 31, 2011. The inducement resolution is a requirement for tax-exempt financing with the IRS. It is unknown if the bonds will qualify for tax-exempt at this time. The water is to meet mitigation purposes, which has other ramifications to consider.

Mr. Skinner explained that the inducement resolution is the first step in approving a project and serves as a basis for official action for the IRS if bonds are to be tax-exempt. When the transaction is put together, a final resolution will be brought to the Board for consideration.

Mr. Beck made a motion to approve the Ground Water Districts Bond Inducement Resolution. The motion was seconded by Mr. Chase. Chairman Uhling called for a roll call vote.

Roll Call Vote: Mr. Cuddy: Aye; Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Abstain; Chairman Uhling: Aye. Roll Call Vote: 7 Ayes, 1 Abstained. Motion carried.

e. Bear River Bond Pool Issuance

Mr. Wrigley, Wedbush Securities Inc., presented a parameters resolution for the sale of bonds to fund four local improvement districts (LIDs) that have been created in the Bear River basin. The project started approx two years ago with 50% funds provided by the BOR, received in the form of grants for various ditch and canal companies in the Bear River area to make improvements to their system to modernize an older system. To create a credit security for the lending, the various canal and ditch companies were organized into LIDs through the counties. Franklin County organized LID #1, Nelson Ditch Company, and LID #2, Treasureton Irrigation Ditch Company. The Nelson Ditch Company original assessments were over $200,000. They have prepaid down to $32,000 and have since dropped out of the pool. Treasureton Irrigation's original assessment was about $976,000 and was prepaid down to $87,842. In Bear Lake County, LID#1 and #2 were organized: Liberty Ditch Company's original assessment was $912,000 and was prepaid down to $640,000. The Skinner Irrigation Canal Company original assessment of $288,382 was prepaid down to about $148,000. The Caribou County LID #1 is Farmers Land & Irrigation Canal Company. They had an original assessment of $1,046,000 and prepaid down to $1,040,000. Total acres involved are approximately 9,550 acres with 750 acres in Treasureton, 3,000 acres in Liberty, 1,800 acres in Skinner, and 4,040 acres in Farmers.

The contemplated size of the bond is $2,215,400. Representatives of the Bear Basin LIDs were present and provided the Board with brief updates on their individual projects. Ms. Joann Taylor, Franklin Soil & Water Conservation District, administers the Caribou County and Bear Lake projects. She commented that the LID process was new to all of these counties and has been a difficult but interesting process. Caribou County Commissioners reported a 45 to 50% increase in water supply and are thrilled with the amount of water improvement. Skinner Irrigation District replaced a 38-year system. Most of their farmers on the end of the system have not been able to water, but the farmers are now receiving water through the improved system. The Liberty Irrigation system has water levels higher than they ever expected. Ms. Taylor expressed appreciation and thanks for all the work the Department and the Board has given them on these projects.

Ms. Lyla Dettmer, Franklin Soil & Water Conservation District in Preston, updated the Board on the two smaller LIDs in Franklin County. Treasureton Irrigation was the only one that continued into the bond process. The Nelson Ditch Company is much smaller and they were able to pay off all of their assessments in the prepayment period. The numbers Mr. Wrigley provided did not include the BOR numbers, which would be an additional 50% on these projects.

Chairman Uhling asked that they spread the word that the Board is in place to help entities through the State of Idaho and is doing good work in helping with these kinds of projects.

Mr. Wrigley stated that the resolution before the Board authorizes the Chairman, Director, or Administrator to move forward to close the sale of the bonds in an amount not to exceed $2,500,000 for a maturity not to exceed 30 years and an interest rate not to exceed 8.5%. The sale is currently being negotiated with D.L. Evans, however a bank in the local area has also been considered and is in the due diligence process.

Mr. Alberdi made a motion to approve the Bear River Bond Pool Resolution. The motion was seconded by Mr. Van Der Meulen. Chairman Uhling called for a roll call vote.

Roll Call Vote: Mr. Cuddy: Aye; Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Aye; Chairman Uhling: Aye. Roll Call Vote: 8 Ayes. Motion carried.

f. <u>Water Transactions Program Update</u>

Ms. Morgan Case presented material related to a resolution to enter into an agreement with Big Springs Creek Ranch LLC for a water transaction on Patterson Big Springs Creek. This is a 20-year agreement for Big Springs Ranch not to divert with the Board compensating the Ranch for power incurred by eliminating their diversion off Patterson Big Springs Creek and installing a pumping station on Mayrick Creek approximately 5 miles downstream. Elimination of the diversion and the 7 cfs left in stream will provide upstream passage and enhanced habitat for threatened spring Chinook salmon and steelhead in the Pahsimeroi River basin.

Funding would come from BPA through the Idaho Fish Accord Water Transaction Fund and would be placed into the Board's Revolving Development Account for annual disbursement to Big Springs Creek Ranch. The total resolution amount is for $222,370.91 for the 20-year agreement. The language of the resolution was corrected to reflect that "...the IWRB is entering into contracts with Big Springs Creek Ranch LLC not to divert with compensation in the amount of $222,370.91".

Mr. Chase made a motion to approve the Patterson Big Springs Creek – Big Springs Creek Ranch Funding Commitment Resolution as amended. The motion was seconded by Mr. Alberdi. Chairman Uhling called for a roll call vote.

Roll Call Vote: Mr. Cuddy: Aye; Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Aye; Chairman Uhling: Aye. Roll Call Vote: 8 Ayes. Motion carried.

Ms. Case also provided Board members with copies of the Columbia Basin Water Transaction Program Annual Report.

Ms. Case informed the Board that the Department is now processing water right applications in the Upper Salmon River basin and some of these applications, if approved, could impact water transaction activities of the Board and their efforts to improve stream flow for ESA fish. Staff is requesting guidance on how to proceed. One suggestion is for staff to evaluate applications on a case by case basis and work with the Attorney General's office to file protests on those applications that are injurious to Board activities. Chairman Uhling agreed with that suggestion on behalf of the Board and recommended they proceed as they have with applications in other basins.

g. <u>Weiser-Galloway Project</u>

Mr. Jack Peterson, federal liaison, addressed the Board on the Weiser-Galloway (W-G) Study, which is a comprehensive review of earlier studies of the potential Galloway dam and reservoir site, and was recently completed as a combined effort between the Corps and the IWRB to identify gaps in earlier studies. The new study focuses on the future water supply and management needs of Washington and Adams Counties, City of Weiser, the State of Idaho, and the Snake River system. The report is designed to inform decision makers of

critical gaps that need to be addressed before deciding to move forward with a comprehensive new environmental engineering and economic feasibility study. Mr. Mark Mendenhall, Corps of Engineers, and Ms. Cynthia Bridge Clark, IDWR staff, also provided background about the project.

The 2008 Idaho Legislature directed the IWRB through House Joint Memorial 8 to investigate water storage projects statewide, including the W-G project. The W-G study examined 181 gaps in information in earlier studies. The analysis identified two critical gaps that must be resolved before moving forward with new environmental engineering and economic feasibility studies. The gaps are 1) determine the safety, suitability, and integrity of geologic structures at the potential dam and reservoir site; and 2) analyze a range of operating scenarios that seek to optimize operation of a range of new storage options on the Weiser River, including flood control, hydro, pumpback, storage, irrigation, recreation, and flow augmentation for anadromous fish recovery, while maximizing economic benefits.

The resolution before the Board will enable the Board and staff to move forward with analysis. The cost estimate to analyze those two gaps includes core drilling and analysis of $1.5 million and an operation analysis of $500,000. The time frame is dependent on cooperation between state and federal agencies prior to fall of 2012.

Chairman Uhling made a minor change to the text of the proposed resolution. He asked Mr. Patton for confirmation that funds are available to support this resolution, and Mr. Patton confirmed that they are.

Mr. Cuddy made a motion to accept the resolution to commit funds and provide signatory authority in the matter of the Weiser-Galloway geologic and operational investigations and analysis. The motion was seconded by Mr. Raybould. Chairman Uhling called for a roll call vote.

Roll Call Vote: Mr. Cuddy: Aye; Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Aye; Chairman Uhling: Aye. Roll Call Vote: 8 Ayes. Motion carried.

Ms. Clark recognized Mr. Peterson's role in the success of this study and evaluation. She commented that his level of energy, enthusiasm, and ability to become proficient in complex water management issues that are critical to the mission of the Department and the relevance of this project were instrumental in working through the project efficiently. Chairman Uhling also extended thanks to Mr. Peterson on behalf of the Board for his tremendous leadership and work on this project.

h. <u>ESPA Managed Recharge Status Update</u>

Mr. Bill Quinn provided the Board with an update on recharge as of July 25. Six canal companies or irrigation districts were under contract to the Board under the 2011 early season recharge program, which began in late February and continued uninterrupted through July 27. Water District 1 informed staff that 2011 had the greatest number of days that they have been able to fill all water right priorities, including the Board's Snake River recharge right, for the entire 100-year period of record.

Approximately 60,000 acre-feet were recharged at a cost of $164,000. As set forth in the IGWA joint funding resolution adopted by the Board on May 13, 2011, IGWA funding will cover approximately $50,000 of this amount, leaving approximately $103,000 in the recharge account.

Chairman Uhling asked if the remaining funds would be spent or allocated for fall recharge. Mr. Quinn answered that they likely would if based on historical numbers. Fall recharge is typically less than spring but based on conditions this year there could be an additional 50,000 ac-ft of recharge.

Mr. Lynn Tominaga, IGWA executive director, addressed the Board on the recharge issue. He thanked the Board for allowing them to participate in recharge this year. Mr. Tominaga also expressed IGWA's concern that the State is stepping away from trying to manage water in the State because of non-funding from the Legislature. He has heard from people throughout the State asking why there isn't more recharge, and he realizes the simple answer is the need for more money. Mr. Tominaga expressed his concern that there doesn't seem to be any

leadership from the appropriate entities, including the Governor's office, telling the Legislature that there is a commitment. IGWA will continue with their committed funds of $2.00 / acre, but the longer the CAMP process goes on without leadership the ground water districts may commit funds to other projects.

Agenda Item No. 8, Planning Activities

a. Rathdrum Prairie CAMP

Ms. Helen Harrington presented the final Rathdrum Prairie Comprehensive Aquifer Management Plan for formal adoption by the Board. For the Rathdrum Prairie area, this is the culmination of the 2008 Idaho Legislative action creating the Aquifer Planning and Management Effort. The Board-appointed advisory committee began meeting in December 2009 and were very committed to the process. The committee presented a recommended management plan to the Board in January 2011. The Board accepted that plan in March 2011, and it was distributed for public comment. A public hearing was held in May 2011, along with a 60-day public comment period. Comments and testimony were compiled and reviewed by the advisory committee in June 2011, and only two substantive changes were made to the Plan.

The first change was to Objective 1, Action Item 1, related to water conservation measures. There were concerns expressed during the public comment period about the regulatory language being suggested and the authority and implications.

The other change was related to language about the Aquifer Protection District, which is an entity created through Idaho Code and is specific to Kootenai County. The District Board was concerned about language in the draft Plan. The language has been revised to eliminate confusion over the authorities and overlapping responsibilities between the Board, the CAMP, and the interaction between the two entities.

Mr. Bob Graham made a motion to adopt the final RP CAMP as submitted. Mr. Alberdi seconded the motion. Voice vote. All were in favor. Motion carried.

Chairman Uhling expressed commendation on behalf of the Board for the fantastic job and successful process. Ms. Harrington expressed her appreciation to Board members Mr. Graham and Mr. Cuddy and stated their involvement in the process provided the advisory committee with a recognition of the important that the Board placed on this activity.

Ms. Harrington requested that the additional action item of considering appointing Mr. Bob Haynes, retired IDWR Northern Region Manager, to the Rathdrum Prairie advisory committee be removed, as Mr. Haynes has requested that his appointment no longer be considered.

b. Treasure Valley CAMP Status Update

Mr. Neeley Miller updated the Board on the progress of the TV CAMP. A drafting group was established in February 2011. They completed a preliminary draft TV CAMP and distributed the draft to the full advisory committee on June 30. A copy of the draft plan was provided to the Board members. The advisory committee was given until August 12 to compile comments and submit them to the drafting group for consideration and revision. It is anticipated a revised draft will be circulated in early fall.

Mr. Miller stated that during development of the initial plan, comments were received from Idaho Water Users Association (IWUA) regarding language related to the language of the Municipal Water Act of 1996. As a result, the drafting group proposed two alternatives for the advisory committee to consider. Those two options are included in the draft plan. IWUA also made a public comment at the June 30 meeting and reiterated lingering concerns they may have with those two options. Additional comments from IWUA and the advisory committee received by August 12 will be considered and will assist them is revising the language to come to a consensus as to what the language in the final plan should be.

Chairman Uhling commented that they need to continue to carefully consider statewide implications for policies and regional plans during this process.

c. ESPA CAMP and Management Effort Update

Mr. Rich Rigby, federal liaison, informed the Board that an Operations Forum has been scheduled in accordance with the resolution passed by the Board in May for August 11, 2011, at the Chubbuck City Council Chambers. Mr. Rigby stated that the members of the committee identified by the Board and other interested parties were informed of the meeting.

Mr. Rigby commented that ESPA CAMP goals were well thought out and after extensive discussion, goals and issues were identified that need to be pursued at this time. He also commented that CAMP funding continues to be an issue that is not likely to be resolved in the near future.

Mr. Rigby informed the Board of a 5,200-acre ground water to surface water conversion project in the Hazelton Butte area. Mr. Nelson and Mr. Rigby plan on traveling to the basin for further discussion about future opportunities.

Mr. Rigby commented that if an additional 54,000 acre-feet is recharged this fall, the annual average for the last three years will be near 100,000 acre-feet. He also commented that the remaining funds will be close to being used up with fall recharge. Mr. Rigby suggested reviewing the Board resolution and the limits identified in the resolution, apply CAMP targets of 50% above and 50% below American Falls Reservoir and find a way to even the balance. He has had conversations with Mr. Dean Stephenson, A&B Irrigation District, and the BOR about the recharge site north of Minidoka. He agreed with Mr. Stephenson that it is a lot of work and there are lots of issues to be resolved, but it does have good recharge potential. Mr. Rigby is currently working on organizing a meeting with BOR to bring everyone together to start identifying concerns and issues that need to be addressed.

Chairman Uhling asked for Mr. Rigby's opinion of where this site ranks for potential recharge. Mr. Rigby replied that it is a great site and ranks near the top.

Mr. Rigby commented that work is continuing on demand reduction issues, primarily through AWEP. He also recognized the value of weather modification and Idaho Power's efforts and participation.

Agenda Item No. 9, Water Storage Studies Update

Lower Boise River Interim Feasibility Study

Ms. Cynthia Bridge Clark provided a brief historical review of the Lower Boise River Interim Feasibility Study. She stated that in August 2010 the Corps of Engineers completed the Water Storage Screening Analysis, which is available on the Corps website. Alternatives were identified and the top three ranked site are 1) raise of Arrowrock Dam, which involves a new potential dam just below the existing site, 2) Alexander Flats on the middle fork of the Boise River, and 3) Twin Springs, also on the middle fork of the Boise River. Ms. Clark stated the intent of the study was to move the short list of these three sites forward for a more detailed engineering and costs analysis. However, study activities were suspended after completion of the screening analysis due to a lack of Federal match funds. The remaining anticipated study budget is approximately $1.1 million. In June 2011, the Corps did secure $30,000 for work on the study. While this amount is critically short of the total amount needed to complete the tasks, Ms. Clark said the Corps indicated that continuing study activities even on a small scale is an important step to securing additional Federal funds in future years. The Corps has consulted with the Department and the Board and has agreed to use the $30,000 to perform additional engineering analysis on the top-ranked storage concept at Arrowrock Dam. Ms. Clark stated the Corps plans on developing that concept further and identifying any fatal flaws. That work is expected to be completed by the end of the Corps fiscal year.

Henrys Fork Basin Study

Ms. Clark provided a brief overview of the purpose of the Henrys Fork Basin Study. The BOR and the State are conducting a study of water resources in the Henrys Fork River basin to develop alternatives to improve water supply conditions in the Eastern Snake Plan aquifer and Upper Snake River basin. The intent of the study is to identify opportunities for development of water supplies and improvement of water management while sustaining environmental quality. The BOR developed a list of potential storage sites and other water management alternatives to move forward with for "reconnaissance level" evaluation. Potential alternatives were presented to the Board during the work session held July 28. The water management alternatives are divided into four categories: 1) surface water storage, 2) ground water recharge, 3) water market concepts, and 4) conservation management alternatives. Seven surface water storage alternatives were identified, four of which are in the Teton / Falls Creek drainage and three in the upper Henrys Fork basin. The last three options are expected to be combined with the potential enlargement of the cross cut canal in hopes of enabling exchange of natural flows in the upper Teton. Potential alternatives identified for managed recharge include exploring potential expansion of the Egin Bench recharge site. Potential recharge options in the lower Teton include the use of irrigation canals for recharge.

Ms. Clark stated that the BOR will scope and more clearly define potential opportunities for market-based use of water, including principles that exist in water markets, water banks, transactions, transfers, and water-based incentives. Conservation and management alternatives could include agricultural conservation and management alternatives such as canal automation projects, on-farm conservation practices, and piping and lining projects. The BOR will also consider municipal and industrial conservation scenarios. This reconnaissance phase is expected to be completed by December 2011. Additional feedback from the Board may be required at that time to resolve which alternatives will be selected for the appraisal level stage.

Agenda Item No. 10, Minimum Stream Flow (MSF) Program / NIA Claim Fees

Ms. Helen Harrington presented a resolution to the Board to submit a budget request to the Idaho Legislature for the next budget cycle for an appropriation in the amount of $464,800 to pay for filing fees associated with the IWRB minimum stream flow water rights in Phase 1 of the North Idaho Adjudication (NIA). The NIA is divided into three phases. The Board holds six water licenses for minimum stream flows in Phase 1 basins and 12 in Phase 3 basins; the Board does not hold any water rights in Phase 2 basins. The Director submitted a budget request for FY2012 for the Board's Phase 1 NIA claim fees, however the Governor did not recommend the request and the legislature did not act on an appropriation. According to the Department schedule, Phase 1 claims will need to be filed prior to the end of calendar year 2012. After that time, late fees may be assessed that could greatly increase the filing fees.

Chairman Uhling commented that this is the same procedure followed in the SRBA and that these claim fees do need to be paid for. Ms. Harrington reiterated that the $464,800 is only for Phase 1. The total fees for Phase 3 will be $1,259,400. The resolution before the Board is only for the Phase 1 claim fees of $464,800. Ms. Harrington stated that the Board should know well in advance when Phase 3 fees are due.

Mr. Raybould made a motion that the Board adopt the resolution to submit a request to the Idaho Legislature to pay North Idaho Adjudication Phase 1 claim fees in the amount of $464,800 for minimum stream flow water rights held by the Board. Mr. Alberdi seconded the motion. Voice vote. All were in favor. Motion carried.

Agenda Item No. 11, Rental Rule Procedures

a. WD 63

Ms. Harrington presented a resolution to the Board on behalf of Water District 63 to amend the 2012 Water District 63 Rental Pool Procedures. The current procedures were adopted in 2005. IWRB appointed the advisory committee of Water District 63 as the local committee for the Boise River Rental Pool and to operate the

Boise River Rental Pool. The revised procedures are intended to bring the Boise River Rental Pool Procedures more in line with the Upper Snake and Payette River Rental Pool Procedures. Two substantive changes have been proposed:

1. Section 4.3.104 Deadline for Application
   A deadline of October 31 for receipt of applications to assign storage is imposed. The purpose of this language is to clarify the process and ensure correct allocation of assignments.

2. Change in the administrative fee collected to $1.00 per acre foot for both in and out of basin use. The fee was previously set at $ .50 for in basin and $ .75 for out of basin use. The committee intends to charge the $14.00 per acre foot rate through 2012 and will increase the rate to $17.00 per acre foot in 2012 per the Snake River Water Rights Agreement of 2004 (also known as the Nez Perce Mediator's term sheet dated April 20, 2004). The rental price is inclusive of fees and surcharges.

Mr. Rex Barrie, Boise River watermaster, addressed the Board and expressed his gratitude to Mr. Matt Howard, BOR, who was in attendance, for attending all the rental pool meetings and assisting with the wording of the rental pool procedures to bring the verbiage in line with the Upper Snake River and Payette River Rental Pool Procedures. He stated the intent for the potential administrative fee increase is to continue the program for automating headgates on the Boise River. Chairman Uhling asked what percent of diversions have automation. Mr. Barrie responded that they are currently at 15% on the Boise River, and that he currently has 75 sites both for diversion and return below Lucky Peak that are monitored each week. The objective is to get all those sites automated so real time data for each diversion and return flow is available; several returns are credit returns so additional water doesn't need to be released to meet downstream demands.

Mr. Alberdi asked Mr. Patton if these are the same as Water District 1 current fees. Mr. Patton replied that they are in line with Water District 65, but he did not know about Water District 1.

Mr. Beck made a motion that the Board adopt the resolution to amend the 2012 Water District 63 Rental Pool Procedures as submitted. Mr. Van Der Meulen seconded the motion. Voice vote. All were in favor. Motion carried.

b. <u>WD 1</u>

Ms. Harrington presented a resolution to the Board on behalf of Water District 1 to amend Water District 1 Rental Pool Procedures to add Rule 8.0 and create a new Supplemental Pool. The Supplemental Pool will provide an opportunity for spaceholders to make their storage water available for Idaho Power to rent storage below Milner Dam. The Committee of Nine, the local committee appointed to manage the Water District 1 (Upper Snake) Rental Pool, adopted a new section, Rule 8.0 Supplemental Pool, on June 27, 2011. Proposed changes are required to be submitted by April 1 for amendments to be implemented within the accounting year according to Water Supply Bank Rules, however the Committee has proceeded in a timely manner to draft the new section and submit it to the Board.

The Committee is requesting approval by the Board at this time so the new section can be implemented immediately during the current accounting year. Idaho Power has submitted a request to lease 15,000 acre-feet from the Supplemental Pool at an offer of $13.82/acre-foot to spaceholders. The Committee issued an announcement to spaceholders on July 5, 2011, to solicit contracts to fill the request. The announcement included a deadline of July 12, 2011, for submission of contracts. The Supplemental Pool will be a last-to-fill category. Spaceholders will be able to move their storage into the Supplemental Pool but moving rented space to the Supplemental Pool ensures that spaceholders who choose not to participate in the Supplemental Pool do not have their refill impacted by the release of storage water below Milner Dam.

Additional proposed changes not associated with the new section are under review and will be brought to the Board at a later date.

Chairman Uhling asked for confirmation that the Attorney General had reviewed the resolution. Ms. Harrington confirmed that John Homan had reviewed it. Mr. Patton commented that Clive Strong was also familiar with the resolution.

Mr. Travis Thompson, Barker Rosholt & Simpson, advisor to the Committee of Nine, explained that the new Rule 8.0 Supplemental Pool is a unique rule in that it has to be approved by the Committee of Nine each year. The Rule is only applicable when there are certain hydrologic conditions, and the Committee sets the quantity and limits of what can be allowed. There were approximately 98,000 acre-feet offered into the Supplemental Pool, however the limit was set at 15,000 acre-feet for the current year. Each entity that contributed to the 15,000 will get a reduced prorated share.

Mr. Raybould clarified that Rule 8.0 Supplemental Pool will become a permanent approved rule in the Water District 1 Rental Pool Procedures but when the Rule is used or applied will depend on hydrologic conditions and will be determined by the Committee of Nine. The BOR will also have to certify that there is sufficient supply for flow augmentation before the water can be released.

Mr. Beck made a motion that the Board adopt the resolution to amend the Water District 1 Rental Pool Procedures to create a new Rule 8.0 Supplemental Pool. Mr. Cuddy seconded the motion. Voice vote. All were in favor. Motion carried.

Agenda Item No. 12, Director's Report

Mr. Gary Spackman addressed the Board and informed them that there is an August 1 deadline for submitting proposed legislation for the next legislative section. Mr. Spackman stated that he may propose that the Department get out of recreational dredge mining and recognized that the Board is involved in recreational dredge mining rules. He commented that it is becoming increasingly difficult for the Department to issue one-stop permits, and Idaho is becoming a focus of that activity as many of the neighboring states close their states to recreational dredge mining. Mr. Spackman is not interested in proposing increased fees for the amount of time spent on issuing these permits.

Mr. Spackman stated that the Department is starting to look at protests for water right filings in the Salmon basin. Over the last several years, it has a long and twisted history with many entities looking at how the State should be involved with Fish & Game, Office of Species Conservation, and the Northwest Power and Conservation Council. The Department is moving ahead with processing many of those applications that have been held and notices are being published. The applicant bears the burden of meeting the public interest criterim but if they establish the burden the Department may see some friction in some of those streams where the Department may be approving water right applications and there may be a desire for transactions in those drainages in the future

Mr. Spackman also commented that there are several people who have been indispensable to the Department, including Mr. Jack Peterson. Mr. Peterson's two-year assignment is expiring within the month, and Mr. Spackman emphasized his desire to retain Mr. Peterson's services. Mr. Spackman also expressed his appreciation for Mr. Rich Rigby, and commented that both individuals have helped tremendously in furthering the efforts of the Board and the Department.

Chairman Uhling agreed that Mr. Peterson's and Mr. Rigby's work has been great, and the Board will work on figuring something out to retain the services of these individuals, emphasizing that it is a budget issue.

Agenda Item No. 13. Other Items IWRB Members May Wish to Present

Mr. Cuddy commented that much more has been accomplished on the ESPA than credit has been given. Chairman Uhling agreed and recommended putting together an accounting of all the projects that the Board has facilitated.

Mr. Chase expressed his concern over fracking in Idaho in looking for natural gas and would like to get a report on where it will take place and how it may potentially affect the aquifers. Chairman Uhling recommended that a presentation on fracking be scheduled for a future Board meeting. Mr. Patton stated that the Land Board, who is also the Oil and Gas Board, is dealing with this issue and Department personnel who are involved in well drilling rule making are also participating in the process.

Chairman Uhling expressed his appreciation on behalf of the Board for Mr. Gary Chamberlain's contributions to the Board. He commented that Gary was a terrific Board member and was committed to State water issues and the commissions of the Board.

Agenda Item No. 14, Next Meeting and Adjourn

The next regular IWRB meeting is scheduled for October 6 and 7, 2011, in Idaho Falls, Idaho. The location has not been determined. The IWRB meeting was scheduled to coincide with the Western States Water Council Fall Meeting in Idaho Falls, and there have been ongoing discussion with WSWC delegates on how to make this more of a joint meeting to allow for interaction between the members. On Wednesday, October 5, there will be a field trip to INL and possibly Teton, and the invitation to attend has been extended to IWRB members. On Thursday, October 6, there will likely be one joint session between the IWRB and WSWC followed by the IWRB work session. On Friday, October 7, the hosting state typically addresses the WSWC, and Chairman Uhling has been selected to speak at the WSWC morning session. The IWRB will hold their regular meeting at approximately 9:30 am.

Mr. Patton also stated that the following Board meeting will be held November 2, 2011, in Boise, Idaho, in conjunction with the IWUA Law Seminar. This will be a one-day meeting, with the work session in the morning and regular meeting in the afternoon.

Mr. Patton informed the Board of the Interim Legislative Committee scheduled for August 29 and 30. The main issue will be endowment land issues, but the Board has been asked for updates on the progress of the various storage studies, as well as some of the CAMP efforts.

The IWRB Meeting 4-11 was adjourned at approximately 12:30 pm.

Respectfully submitted this _____ day of _____, 2011.

_____
Bob Graham, Secretary

_____
Diana Ball, Administrative Assistant II

Board Actions:

1. Mr. Vince Alberdi moved to approve Minutes for Meeting 3-11 as submitted. Mr. Bob Graham seconded the motion. Voice vote. All were in favor. Motion carried. Minutes for Meeting 3-11 were approved as submitted.

2. In the matter of IWRB Officer elections:

   Mr. Jeff Raybould made a motion to reappoint Mr. Terry Uhling as Chairman. Mr. Graham seconded the motion. Voice vote. All were in favor. Motion carried.

   Mr. Leonard Beck made a motion to appoint Mr. Roger Chase as Vice Chairman. Mr. Alberdi seconded the motion. Voice vote. All were in favor. Motion carried.

   Mr. Roger Chase made a motion that Mr. Graham be reappointed as Secretary. Mr. Cuddy seconded the motion. Voice vote. All were in favor. Motion carried.

3. Mr. Peter Van Der Meulen made a motion that the Board Committee appointments be approved with the recommended changes. Mr. Raybould seconded the motion. Voice vote. All were in favor. Motion carried.

4. Mr. Chase made a motion to include the next $1.2 million Pristine Springs payment received from the ground water districts in the Department's budget for the next fiscal year. Mr. Alberdi seconded the motion. Voice vote. All 7 present were in favor. Motion carried.

5. Mr. Graham made a motion to approve the Revolving Development Account loan to Lake Reservoir Company as proposed. The motion was seconded by Mr. Beck. Chairman Uhling called for a roll call vote. Mr. Cuddy was absent during the vote.

   Roll Call Vote: Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Cuddy: Absent; Mr. Raybould: Aye; Mr. Beck: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Aye; Chairman Uhling: Aye. Roll Call Vote: 7 Ayes, 1 Absent. Motion carried.

6. Mr. Raybould made a motion to approve the Revolving Development Account loan to loan to Portneuf Irrigating Company as amended. The motion was seconded by Mr. Chase. Chairman Uhling called for a roll call vote. Mr. Graham was absent during the vote.

   Roll Call Vote: Mr. Cuddy: Aye; Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Absent. Chairman Uhling: Aye. Roll Call Vote: 7 Ayes, 1 Absent. Motion carried.

7. Mr. Beck made a motion to approve the Ground Water Districts Bond Inducement Resolution. The motion was seconded by Mr. Chase. Chairman Uhling called for a roll call vote.

   Roll Call Vote: Mr. Cuddy: Aye; Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Abstain; Chairman Uhling: Aye. Roll Call Vote: 7 Ayes, 1 Abstained. Motion carried.

8. Mr. Alberdi made a motion to approve the Bear River Bond Pool Resolution. The motion was seconded by Mr. Van Der Meulen. Chairman Uhling called for a roll call vote.

   Roll Call Vote: Mr. Cuddy: Aye; Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Aye; Chairman Uhling: Aye. Roll Call Vote: 8 Ayes. Motion carried.

9. Mr. Chase made a motion to approve the Patterson Big Springs Creek – Big Springs Creek Ranch Funding Commitment Resolution as amended. The motion was seconded by Mr. Alberdi. Chairman Uhling called for a roll call vote.

   Roll Call Vote: Mr. Cuddy: Aye; Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Aye; Chairman Uhling: Aye. Roll Call Vote: 8 Ayes. Motion carried.

10. Mr. Cuddy made a motion to accept the resolution to commit funds and provide signatory authority in the matter of the Weiser-Galloway geologic and operational investigations and analysis. The motion was seconded by Mr. Raybould. Chairman Uhling called for a roll call vote.

    Roll Call Vote: Mr. Cuddy: Aye; Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Aye; Chairman Uhling: Aye. Roll Call Vote: 8 Ayes. Motion carried.

11. Mr. Bob Graham made a motion to adopt the final RP CAMP as submitted. Mr. Alberdi seconded the motion. Voice vote. All were in favor. Motion carried.

12. Mr. Raybould made a motion that the Board adopt the resolution to submit a request to the Idaho Legislature to pay North Idaho Adjudication Phase 1 claim fees in the amount of $464,800 for minimum stream flow water rights held by the Board. Mr. Alberdi seconded the motion. Voice vote. All were in favor. Motion carried.

13. Mr. Beck made a motion that the Board adopt the resolution to amend the 2012 Water District 63 Rental Pool Procedures as submitted. Mr. Van Der Meulen seconded the motion. Voice vote. All were in favor. Motion carried.

14. Mr. Beck made a motion that the Board adopt the resolution to amend the Water District 1 Rental Pool Procedures to create a new Rule 8.0 Supplemental Pool. Mr. Cuddy seconded the motion. Voice vote. All were in favor. Motion carried.