

**MINUTES OF MEETING NO. 04-02**

**Friday, June 14, 2002**

**at the**

**Best Western Cottontree Inn**

**Rexburg, Idaho**

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## IDAHOWATER RESOURCE BOARD

### MINUTES OF MEETING NO. 04-02

Meeting No. 04-02 of the Idaho Water Resource Board was called to order by Chairman Joe Jordan on Friday, June 14, 2002, 8:30 a.m. at BYU-Idaho, Rexburg, Idaho. (Recording Tape No. 1)

#### Agenda Item No. 1, Roll Call

##### *Board Members Present*

Joe Jordan, Chairman  
Dick Wyatt, Secretary  
Gary Chamberlain  
Terry Uhling

Jerry Rigby, Vice Chairman  
Bob Graham  
Leonard Beck  
Claude Storer

##### *Department of Water Resources Staff Present*

Hal Anderson, Administrator  
Rita Fleck, Administrative Secretary

Bill Graham, Planning Bureau Chief  
Brian Patton, Staff Engineer

##### *Guests*

Terry Baird and Frank Hurlbutt, Wilderness Ranch Owners Association;  
Jerry Cranney, Oakley Valley Water Company and Scott Clawson,  
Cornelison Farms

#### Agenda Item No. 2, Minutes of Meeting No. 03-02

**Motion:** Terry Uhling moved to approve the minutes. Dick Wyatt seconded the motion.

**Voice Vote:** 8 Ayes, 0 Nays. *Motion passed.*

#### Agenda Item No. 3, Public Comment

John Williams of the Bonneville Power Administration (BPA) appeared before the Board to comment on several current events. He mentioned that the reservoir behind Grand Coulee Dam would be drafted relieving the need to draft other reservoirs, one of which was Dworshak Reservoir. This means that the reservoir will be drafted as if under normal conditions.

Mr. Williams commented about the exchange agreement between BPA and Idaho Power Company and the effects of National Marine Fisheries Service's (NMFS) Biological Opinion for fish water augmentation on Cascade Reservoir. They were unable to reach an agreement. The reservoir water suffers poor water quality and removing a significant amount of water would have a greater detrimental effect on the quality. The Bureau of Reclamation, NMFS and BPA are

looking for enough flexibility within the river system to benefit the augmentation requirements and still hold the water in Cascade Reservoir and reduce the water quality issues.

Mr. Williams discussed the cost of generating electricity verses the price on the open market. Production costs are higher than the market price causing stressed financial forecasts for BPA.

Lastly, Mr. Williams gave the Board a copy of the Federal Action Agency's document incorporating the Bureau of Reclamation's, the Corps of Engineers' and BPA's current effort release plans. It illustrates the actions BPA is taking to meet responsibilities under the Biological Opinion.

#### **Agenda Item No. 4, Dworshak Hydroelectric Project Update**

Brian Patton, staff engineer, reported the status of the Board's Dworshak Small Hydroelectric project. Energy production has been at 100 percent since November 2001 except for a scheduled maintenance in May. The Dworshak Reservoir is filling and will provide a consistent supply of water through the project during the summer and fall seasons.

Mr. Patton provided a spreadsheet reflecting the budget and cash flow status.

#### **Agenda Item No. 5, IWRB Financial Program**

##### *a. Fall River Rural Electric Cooperative – Refunding*

Hal Anderson, Administrator, spoke regarding this topic. The Board toured the Fall River Rural Electric Cooperative's facility at Island Park. In 1994, Fall River funded the project with a revenue bond through the Board. They have been reviewing options of refunding the bonds since they are close to the call date. Mr. Jim Wrigley, financial advisor, indicated that the cooperative suffered a loss in revenues last year and this has resulted in lack of support from financial institutions and difficulty for the cooperative to secure a letter of credit. The letter of credit guarantees protection to the bond holder. Without this letter of credit, Fall River will not score a good rating and the refunding would be at a higher interest rate to the disadvantage of the cooperative. Fall River is now trying to re-evaluate their options.

##### *b. Financial Program Status Report*

Mr. Patton reviewed the status of the financial program accounts, a briefing of the following requests, completed projects and support documents.

Of specific interest is St. John's Dam belonging to the Malad Valley Irrigation District to which the Board holds a lien for previous repairs. The dam has a leak and under the guidance of the Idaho Department of Water Resource's Dam Safety Section, the dam has been stabilized. The district will develop plans to secure financing to rehabilitate the dam.

Mr. Chamberlain asked that the recipients of the Board's funds be encouraged to write letters to the Governor and Legislature requesting funds for the Board's accounts. He notes that some of the projects for the Board's consideration today will either be reduced or denied due to lack of funds in the accounts.

Mr. Uhling requested an addition to the financial report that would show the projected amounts available for upcoming meetings.

*c. Wilderness Ranch Owners Association – Loan Request*

Mr. Terry Baird, of Wilderness Ranch Owners Association, visited with the Board. Wilderness Ranch is located northeast of Boise on Highway 21, provides water to 210 homes and has future growth potential. At the last meeting of the Board, the association requested a grant and loan for the planning and design of a water treatment plant. Pending at the time was a water right application for a transfer to divert water from Mores Creek. Action was deferred on the request until the transfer was acted upon.

The Department of Water Resources approved the transfer and the association is before the Board for funds. The request has changed, however. The funding request has decreased due to a grant from the Department of Environmental Quality. The request is for \$255,000. A grant is no longer needed.

**Motion:** Gary Chamberlain moved to adopt the resolution (Attachment 1) approving a loan in the amount of \$120,000 to the Wilderness Ranch Owners Association to improve their water distribution system and to build a water treatment plant. Terry Uhling seconded the motion.

**Roll Call Vote:** Beck, Aye; Chamberlain, Aye; Graham, Aye; Rigby, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; and Jordan, Aye. 8 Ayes, 0 Nays. *Motion passed.*

*d. Oakley Valley Water Corporation – Loan Request*

Jerry Cranney from the Oakley Valley Water Corporation appeared before the Board to discuss the corporation's project. The corporation was created as a merger between the Marion Pipeline Company and North Oakley Water Company. The water systems provide water to approximately 890 people and 22,000 head of cattle in south central Idaho near the Utah border. The water systems are from 40- to 80-years-old. The project includes connecting two water distribution systems, replacing old pipelines and installing a 50,000-gallon storage tank. By merging the two systems, the benefits are consistent water pressure and reliability, and cost savings by consolidating operation and maintenance expenses. Before the Board, is a request for \$158,525.

**Motion:** Terry Uhling moved to adopt the resolution (Attachment 2) approving a loan in the amount of \$158,525 to the Oakley Valley Water Corporation to improve the water distribution system. Leonard Beck seconded the motion.

**Roll Call Vote:** Beck, Aye; Chamberlain, Aye; Graham, Aye; Rigby, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; and Jordan, Aye. 8 Ayes, 0 Nays. *Motion passed.*

*e. City of Lava Hot Springs – Grant Request*

The city of Lava Hot Springs has a loan from the Water Resource Board and is in senior lien position. Now the city wants to enter into Phase II of the city's water project and has a funding opportunity with Rural Development. In order to advantage of this opportunity, the city must receive approval from the Board to take a junior lien basis so this funding can be secured.

**Motion:** Gary Chamberlain moved to adopt the resolution (Attachment 3) approving additional encumbrance to the city of Lava Hot Springs. Leonard Beck seconded the motion.

**Roll Call Vote:** Beck, Aye; Chamberlain, Aye; Graham, Aye; Rigby, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; and Jordan, Aye. 8 Ayes, 0 Nays. *Motion passed.*

*f. City of Malad – Grant Request*

The city of Malad is requesting a grant in the amount of \$7,500 to conduct a municipal water system planning study. The city wishes to upgrade the water and distribution systems.

The Board's funds are severely diminished at this time.

**Motion:** Bob Graham moved to deny the request for the city from Malad. Jerry Rigby seconded the motion.

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

*g. City of Atomic City – Grant Request*

The city of Atomic City is requesting a study grant to upgrade the water system for fire protection. The water system would be developed to protect land owned by the Bureau of Land Management. The request is for a \$7,500 grant.

**Motion:** Terry Uhling moved to adopt the resolution (Attachment 4) denying the grant to the city of Atomic City. Leonard Beck seconded the motion.

**Roll Call Vote:** Beck, Aye; Chamberlain, Aye; Graham, Aye; Rigby, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; and Jordan, Aye. 8 Ayes, 0 Nays. *Motion passed.*

*h. Smiley Creek Water Users Association – Grant Request*

The Smiley Creek Water Users Association approached the Board for a grant of \$5,400. The association is preparing to upgrade their domestic water system. The present system is not

adequate for future growth and does not provide for fire protection. The community is made up of second homes or vacation homes.

**Motion:** Terry Uhling moved to amend and adopt the resolution (Attachment 5) denying the grant to the Smiley Creek Water Users Association. Dick Wyatt seconded the motion.

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

## **Agenda Item No. 6, Comprehensive Water Planning Studies**

Bill Graham presented an update of the water planning activities.

### *a. Lower Boise River Basin*

Planning staff is working on developing goals, objectives and issues. As the issues analysis is completed, staff is initiating development of the actions and recommendations. The basin description and resource inventory should be ready for management review at the end of June and screening attributes for protected river will continue into July. One goal is to have a completed draft plan by January 2003.

### *b. South Fork Clearwater River Basin*

Planning staff is evaluating the resource inventory from the Subbasin Summary and Assessment and the total maximum daily load (TMDL) efforts. Staff participates in WAG meetings in support of the TMDL process. The next meeting is scheduled for June 19 in Kooskia.

### *c. Dworshak Operation Plan*

As required by the Dworshak Operation Plan, the annual meeting to discuss operation of the Dworshak Project was held on June 4, 2002 at the Dworshak Visitor's Center. At the early session, two items were discussed: mitigations requirements under the U.S. Fish and Wildlife Coordination Act for Dworshak Dam and other U.S. Corps of Engineers' dams and development of a regional municipal water system for Orofino and surrounding communities.

During the evening session, participants discussed the operation of the project during the summer flow augmentation period. Two significant changes resulted: flood storage was shifted to Grand Coulee which will result in Dworshak Reservoir filling by the end of June and fish managers are recognizing the importance of keeping cool summer water in the reservoir to be released later in the summer season for temperature control in lieu of using the water for flow enhancement. Higher water levels benefits the recreational activities as well.

Mr. Graham advised the Board of the two new planning staff hired. Mary McGown and Bob Rohrer have joined the Department. Both have experience that will compliment the ongoing planning efforts.

### **Agenda Item No.7, Rental Pool Procedures**

#### *a. 2002 Water District 01 Procedures*

Water District 01 presented the procedure changes from 2001 to 2002. The most significant change is the addition of Rule 10, Private Lease Agreements. It allows for private leases for one or more years for storage water for irrigation above Milner Dam.

**Motion:** Gary Chamberlain moved to accept the 2002 Water District 01 Procedures as presented. Leonard Beck seconded the motion.

**Voice Vote:** 8 Ayes, 0 Nays. *Motion passed.*

#### *b. Other Rental Pools*

Staff presented spreadsheet with status and local committee appointment dates.

### **Agenda Item No. 8, Director's Report**

Director Dreher addressed four issues:

*Budget* – The forecast is that the state's budget will be \$160,000,000 short of revenue needed for the next fiscal year starting July 1. He anticipates a holdback of funds to state agencies. He is holding open 10-12 positions and regulating travel to meet some of the financial distress.

*Drought* – This is the third year of drought for the upper Snake River. He reviewed the storage and natural flow status of the upper and mid-Snake River reservoirs. The Bureau is paying farmers not to irrigate and crediting the water as in the system to meet its obligation to toward flow augmentation.

*Moratorium in the Wilderness Area* – The Department has not lifted the moratorium in the Wilderness Area and will not until such time as a court decree defines what the Wild and Scenic water rights are. If water is available for appropriation, and the moratorium can be lifted, then permits pending development can be considered for completion. If further restrictions are required another moratorium can be established.

*Conjunctive Administration* – Water Districts 120, Thousand Springs Area and 130 the area around American Falls Reservoir have been established, organized and are being managed by watermasters who are department employees. Later, watermasters will be elected and paid by the



3. Moved to adopt the resolution (Attachment 3) approving additional encumbrance to the city of Lava Hot Springs. *Motion passed.*
4. Moved to adopt the resolution (Attachment 4) denying the grant to the city of Atomic City. *Motion passed.*
5. Moved to amend and adopt the resolution (Attachment 5) denying the grant to Smiley Creek Water Users Association. *Motion passed.*
6. Moved to resolution (Attachment 3) approving additional encumbrance to the city of Lava Hot Springs.
7. Moved to accept the 2002 Water District 01 Procedures as presented. *Motion passed.*

### **List of Attachments**

1. Resolution approving a loan in the amount of \$120,000 under the terms of six percent interest and 10 years repayment period to the Wilderness Ranch Owners Association to improve their water distribution system and build a water treatment plant.
2. Resolution approving a loan in the amount of \$158,525 to the Oakley Valley Water Corporation to improve the water distribution system.
3. Resolution approving additional encumbrance to the city of Lava Hot Springs.
4. Resolution denying the grant to the city of Atomic City.
5. Resolution denying the grant to the Smiley Creek Water Users Association.