



IDAHO WATER RESOURCE BOARD

MINUTES OF MEETING NO. 05-03

August 22, 2003, 8:00 a.m.
Idaho Department of Water Resources
1301 N. Orchard, Conference Rooms
Boise, Idaho

Dirk Kempthorne
Governor

Jerry R. Rigby
Chairman
Rexburg
At Large

Terry T. Uhling
Vice Chairman
Boise
District 2

Dick Wyatt
Secretary
Lewiston
District 1

Joseph L. Jordan
Council
At Large

Leonard Beck
Burley
District 3

Bob Graham
Bonners Ferry
At Large

L. Claude Storer
Idaho Falls
District 4

Gary M. Chamberlain
Challis
At Large

Meeting No. 05-03 of the Idaho of Water Resource Board was called to order by Chairman Jerry Rigby on Friday, August 22, 2003, 8:00 a.m. in the conference room at the office of the Idaho Department of Water Resources, Boise, Idaho. (One recorded tape).

Agenda Item No. 1, Roll Call

Board Members Present

Jerry Rigby, Chairman	Dick Wyatt, Secretary
Claude Storer	Leonard Beck
Joe Jordan	Gary Chamberlain
Bob Graham	

Board Members Absent

Terry Uhling, Vice Chairman

Department of Water Resources Staff Present

Karl Dreher, Director	Hal Anderson, Administrator
Rita Fleck, Admin. Asst.	Bill Graham, Bureau Chief
Brian Patton, Engineer	Paul Castelin, Bureau Chief
Phillip Rassier, Deputy Attorney General	

Guests

Steve Milemann, Tammack, LLC; Keven Shreeve, Keller Asssoc.; Jenna Brovanski, Idaho Rivers United; Gayle Batt and Norman Semanko, Idaho Water Users Association; Skip Brandt, Idaho State Senate; Pika Teinert, ESG LLC;; Dennis Tamucuni, Idaho Farm Bureau; and Lynn Tominaga, IWPG.

Agenda Item No. 2, Approval of the Minutes of Meeting No. 04-03

Motion: Gary Chamberlain moved approval of the minutes for meeting No. 04-03. Claude Storer seconded the motion.

Voice Vote: 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

Added Agenda Item No. 5h, North Snake Ground Water District

The North Snake Ground Water District has requested a financial revision to the present loan contract with the Board. The district is asking for consideration at this meeting.

Motion: Dick Wyatt moved to add an agenda item, North Snake Ground Water District. Gary Chamberlain seconded it.

Voice Vote: 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

Appointment of Local Rental Pool Committee, Water District 63, Boise River

Before the Board is a resolution appointing the current Boise River Advisory Board as the Local Rental Pool Committee for the Water Supply Bank Rental Pool for Water District No. 63, Boise River.

Motion: Gary Chamberlain moved to place this item, appointment of the Local Rental Pool Committee for Water Supply Bank Rental Pool for Water District 63, Boise River, on the agenda for consideration. Joe Jordan seconded it.

Voice Vote: 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

Agenda Item No. 3, Public Comment

Jenna Borvanski, Idaho Rivers United, had questions on two Board projects. She asked for more information about the Tamarack Resort Development Revenue Bond and the reason for delay of the Boise River Basin Plan. She suggests that since the plan is pending, it be an open matter for public comment to explain the delay and keep dialog open and continuous. She would like to see the science and data and disseminated even though the plan isn't proceeding.

Chairman Rigby explained that the Board has stopped the process for the Lower Boise River plan. He recognizes the effort to complete the plan so far, but doesn't want the Board's action to be misunderstood. It is an important plan. A factor, beyond the Board's control, has necessitated this move. That is, a major lawsuit and mediation process with the Nez Perce Tribe. Chairman Rigby expressed his desire to get the plan process started again.

Agenda Item No. 4, Dworshak Small Hydropower Project Status Report

Brian Patton, staff engineer, reviewed the status of the Board's hydropower project. He reviewed the project's power production statistics and cash flow/expenses. Also, he announced the Operations and Maintenance contract with C.F. Malm Engineers is signed and in effect.

Agenda Item No. 5, IWRB Financial Program

a. Status Report

Mr. Patton reviewed the financial program accounts, reviewed projected funding requests and income sources, and briefed the Board on pending and completed projects. Under project review, Jefferson Irrigation District wells, Hoyt Bluff water supply, Deep Creek and Bee Line water projects and parts of the Wilderness Ranch water treatment plant.

The previous day, the Board members toured the New York diversion, Lucky Peak and Arrowrock Dams on the Boise River.

Mr. Patton informed the members of a white water course proposed near the 36th Street where the river flows through town and that the Board might be requested to provide funding to modify the diversion structures. The Boise Project Board of Control and a private firm are proposing several hydropower projects on the New York canal system. Again, the Board maybe asked for assistance.

b. IWRB Draft Financial Annual Report

Annually, a financial report is presented to the Governor and legislators. The draft report is before the Board members for review and comment. Comments are due by October 1.

c. Lindsey Lateral Association - Loan Request

Lynn Tominaga, President of the Lindsey Lateral Association, approached the Board to request a \$10,000 grant and \$10,000 loan. The association wishes to improve residential irrigation service for 200 somewhat limited-income shareholders in the central area of Boise City. The open-ditch system has deteriorated since being established in the mid-1900's. Consequently, a number of shareholders have not had access to the system. The association is proposing to conduct a feasibility study to construct a pressurized irrigation system. By improving system efficiency, the association is hoping to attract return membership by providing a more affordable, accessible and dependable water distribution mechanism.

Motion: Gary Chamberlain moved the Board to adopt the resolution (Attachment 1) to approve a \$7,500 grant and \$12,500 loan to the Lindsey Lateral Association for an engineering study to determine feasibility of a pressurized distribution system. Claude Storer seconded the motion.

Roll Call Vote: Beck, Aye; Chamberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Aye; Uhling, Absent; Wyatt, Aye; and Rigby, Aye; 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

d. Highway Unit Grazing Association - Loan Request

The Highway Unit Grazing Association operates a stock watering system for a large allotment near Lake Walcott in Minidoka County. The system has six wells and miles of pipelines. The association requests a loan of \$11, 692.00 for a replacement well and to deepen another. The wells went dry earlier this season and under emergency conditions, the work has been completed.

Motion: Joe Jordan moved to approve the resolution authorizing a loan to the Highway Unit Grazing Association in the amount of \$11,692.00 at 5.5 percent for ten years to pay for repairs and construction of several wells. Gary Chamberlain seconded the motion.

Discussion: Mr. Storer suggested the term of the loan be changed to five years. Mr. Chamberlain touched on ownership the questions of ownership on Bureau of Land Management Land and lack of security, but suggested the terms be for three years.

Amended Motion: Joe Jordan moved to approve the resolution (Attachment 2) authorizing a loan to the Highway Unit Grazing Association in the amount of \$11,692.00 at 5.5 percent for three years pay for repairs and construction of several wells. Gary Chamberlain seconded the motion.

Roll Call Vote: Beck, Aye; Chamberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Aye; Uhling, Absent; Wyatt, Aye; Rigby; Aye 7 Ayes, 0 Nays, 1 Absent.

e. Powder Valley – Shadow Brook Homeowners Association – Loan Request

In 2001, the Board lent the Powder Valley – Shadow Brook Homeowners Association funds to connect into the city of Driggs municipal water supply. Plans have been approved and construction began. Due to the demand on the Board’s resources at the time of the original loan, the Board reduced the amount of the award and suggested the association return should more funds be needed. The association is requesting an increase of \$56,500 to an existing loan for a total \$201,500 with a term extension to 15 years.

Motion: Bob Graham moved to approve the resolution (Attachment 3) to authorize a loan the Powder Valley – Shadow Brook Homeowners Association in the amount of \$56,500 at 6 percent for ten years. Gary Chamberlain seconded the motion.

Roll Call Vote: Beck, Aye; Chamberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Aye; Uhling, Absent; Wyatt, Aye; Rigby; Aye 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

f. City of Spirit Lake – Loan Request

The City of Spirit Lake comes before the Board to request a loan of \$100,000. In 1996, the city disconnected an elevated storage tank from its public water system. The city supplies water to 1,600 people from wells in the Rathdrum Prairie Aquifer. Growth around the city has placed a demand on the municipal water supply. The city requests funds to rehabilitate the old tank and re-connect it to the distribution system for storage.

During this meeting, Brian Patton talked with the city’s consultant regarding a concern of Dick Wyatt. The storage tank has lead-based paint. Under today’s environmental standards, the paint must be removed before storing water. The Board will hold this request until the city’s consultant can reassess and adjust the cost of the project. It will be reconsidered at the Board’s next meeting.

g. Tamarack Resort – Revenue Bond

Steve Milemann, representing the Tamarack Resort LLC, reviewed the proposed project. The resort is requesting the Board issue a development revenue bond of \$4.5 million to finance Phase 1, the 1,235-unit community water system. The 3,500-acre, four-season resort is located near Cascade, Idaho. The resort's recreational opportunities include ski areas, single- & multi-family dwellings, lodge and golf course. The project has three phases: potable water system, irrigation system, and a snowmaking system. The project would use up to 1,250 acre-feet from ground water.

Chairman Rigby opened the discussion with several concerns. The Board, in the past, has not issued a revenue bond of this size to private enterprise. He expressed the Board's concern about speculation; the ability of the entity to repay the loan is based on selling units, use of the facilities, etc. Mr. Milemann indicated that, if the request for the revenue bond is approved, he would return to the Board with a package that "eliminates or certainly adequately reduces any speculative risk." The Tamarack Resort Company will manage the project, which will be turned over to a property owners association.

Mr. Milemann described the financial value of Phase 1, the entire village, will more than adequately cover the indebtedness once Phase 1 is platted and the utilities are installed. In the short term, the question is: "When will there be users and when will those user fees be sufficient?" He proposes an LID-structure with land values and a local water district to provide security for this bond.

Mr. Jordan asked about the effect/strain such a project will have on the Valley County's infrastructure such as schools and services. The county hired a consulting firm to evaluate the impacts. The county and resort have executed a capital contribution agreement that addresses school districts, fire districts, search and rescue etc.

Chairman Rigby explained that the Board's bond attorney is out of town and the inducement resolution and advice is not available until his return. Mr. Milemann asked for an initiating resolution that endorses the concept and allows movement ahead toward preparing the bond package with an effective date the same as this meeting. The Board members want bond counsel to review the resolution before agreeing to start the bond.

Dick Wyatt took a moment to express his concern about the financial strength of the resort company, the basic Idaho economy and for more proof that the project would succeed.

Motion: Joe Jordan moved the to authorize the Chairman to approve an inducement resolution for the Tamarack Resort bond issue prepared by and recommended by bond counsel. Claude Storer seconded the motion.

Discussion: Director Dreher suggested the intent of the resolution is that the Chairman is to "execute" the inducement resolution. Chairman Rigby added the need for an effective date.

Adjusted Motion: Joe Jordan moved to the authorize the Chairman to execute an inducement resolution for the Tamarack Resort bond issue prepared by and recommended by bond counsel effective August 22, 2003. Claude Storer seconded the motion.

Discussion: Chairman Rigby asked what conditions were necessary. He suggested an effective date. Other suggestions were made and final wording is agreed to.

Final Motion: Joe Jordan moved the Board authorize the Chairman to execute an Inducement Resolution, (Attachment 4) effective August 22, 2003, for the requested Tamarack Resort LLC bond issuance as prepared by the Board's bond counsel provided the Inducement Resolution does not represent a final commitment to issue revenue bonds or to loan funds for the project. Claude Storer seconded the motion.

Roll Call Vote: Beck, Aye; Chamberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Aye; Uhling, Absent; Wyatt, Aye; Rigby; Aye 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

Added Agenda Item, North Snake Ground Water District

North Snake Ground Water District is requesting a revision to the loan approved earlier this year. In February 2003, the district received a loan of \$300,000 to construct the Hagerman Valley Pipeline. The pipeline delivers rental water to the Curren Ditch from the North Side canal system as mitigation for the impacts of ground water pumping on spring flows.

Lynn Tominaga explained the district's position. The district expected federal grant funds sufficient enough to repay the Board's entire loan in the short term. Federal funds were less than anticipated and now the district is requesting the Board accept \$100,000 and to re-amortize \$200,000 over ten years at 5.5 percent.

Motion: Gary Chamberlain moved to approve the resolution (Attachment 5) to the North Snake Ground Water District to amend the contract to accept \$100,000 and amortize \$200,000 for a ten-year period. Claude Storer seconded the motion.

Roll Call Vote: Beck, Aye; Chamberlain, Aye; Graham, Aye; Jordan, Aye; Storer, Aye; Uhling, Absent; Wyatt, Aye; Rigby; Aye 7 Ayes, 0 Nays, 1 Absent.

Agenda Item No. 6, Comprehensive State Water Plan

Bill Graham, Bureau Chief, gave a status report.

a. Lower Boise River Basin

The Lower Boise River Basin will be addressed in more detail after the South Fork of the Clearwater River Basin Plan has been adopted, which will be later this fall. Possibly an interim plan will be completed and presented as a guideline to implement key projects.

b. South Fork of the Clearwater River Basin

Agency administration and northern Idaho board members reviewed the draft basin plan. The draft plan was discussed at yesterday's work session and a list of modifications will be

included to the plan before it goes out for hearing. September 15 is the start of the comment period and public meetings are scheduled on September 17 or 18 in Kooskia. The Board has a public hearing scheduled on October 9 in Grangeville. Once adopted, the plan will be submitted for legislative consideration in 2004.

The plan will be expanded to include a recommended ground water study for the city of Grangeville and possibly the city of Cottonwood, a definition and picture of recreational dredging and a picture, and a discussion of the economic impacts of protected rivers. More focus will be placed on the introduction of the plan and Endangered Species Act (ESA) issues. The plan is a "pro-active response" from the state to possible ESA mandates.

For the record, Dick Wyatt noted the devastation that fire has on the land. He indicated the plan effectively ignores the effects of nature. He suggests addressing this issue; maybe mentioning which agency has the responsibility for restoration.

With regard to the maps, Mr. Wyatt requested the geographic overlay, which shows the national forest boundaries and Nez Perce Tribal boundaries. Mr. Jordan suggests showing where the South Fork joins the Middle Fork as a point of orientation.

Mr. Wyatt asked for discussion of hatchery fish raised by the Nez Perce Tribe being released without clipped fins. Fish without clipped fins are considered wild.

c. Priest River Basin

On August 4, 2003, the comment period Priest River Basin Plan ended. The 15 sets of comments received so far are summarized. Based on the comments and public meeting discussion, revised language has been included regarding management of the outlet structure.

Motion: Joe Jordan moved adoption of the resolution (Attachment 6) modifying the Priest River Comprehensive State Water Plan. Gary Chamberlain seconded.

Voice Vote: 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

d. Idaho Water Transaction Program

Bill Graham presented information on the Idaho's Water Transaction Program. In the last year, three transactions have been executed. Two leases are on Otter Creek and Big Hat Creek and the agreement not to divert is on Fourth of July Creek. These have been forwarded to the National Fish and Wildlife Foundation for approval. The next step is implementation of the transaction projects.

The budget request for 2004 has been prepared and forwarded to the National Fish and Wildlife Foundation. It is likely the proposal will be funded.

Gary Chamberlain suggested the Department hold information meetings to discuss the responsibility of water masters and how water rights are managed. For years, water users have managed their own headgates and water diversions. Now, with the implementation of a water

district, a water master will delivery water. Mr. Chamberlain sees the need for distributing knowledge and information for the greater good of the basin.

Added Agenda Item, Appointment of Local Rental Pool Committee for Water Supply Bank Rental Pool for Water District 63, Boise River

Motion: Gary Chamberlain moved a resolution (Attachment 7) to appoint Boise River Advisory Board the Local Rental Pool Committee for Water Supply Bank Rental Pool for Water District 63, Boise River, on the agenda for consideration. Joe Jordan seconded it.

Voice Vote: 7 Ayes, 0 Nays, 1 Absent. *Motion passed.*

Agenda Item No. 7, Director's Report

Karl Dreher reviewed the following items:

- Using graphs, he illustrated natural flows measured on the Snake River near Heise from 1911 to 2003. The last three years are the lowest on record. In the Bear Lake Basin, water isn't being released for irrigation. The drought's accumulative shortages show as lack of soil moisture, lowered ground water levels, reduced spring flows, and frustrated water users. For one day, the minimum streamflow of 3,900 cfs was reached at Murphy on the Snake River.
- Two federal court cases actively participating under the state of Idaho and the Western States Water Council. *S. Florida Water Management District vs. Miccosukee Tribe of Indians of Florida* addresses the discharge of pollutants from one source of water to another under the Clear Water Act. The effect this ruling would have is the introduction of water from Mud Lake conveyed into Bear Lake. This could effectively put an end to use of water from Bear Lake for irrigation. Governor Kempthorne prepared a letter.
- *Rio Grande Silvery Minnow* case in the District of New Mexico. Under the Endangered Species Act, a federal judge ordered the Bureau of Reclamation to release water from a project for the silvery minnow and away from the city of Albuquerque.

Agenda Item No. 8, Other Items Board Members Wish to Present and Future Meetings

There was some confusion about the start time for this meeting. After some discussion between staff and members, future meetings will start at 8:30 a.m.

During the roundtable discussion, Joe Jordan recognized the parents of soldiers overseas. He commented that "freedom isn't free."

Future scheduled meetings are October 9 and 10 in Grangeville to include a hearing scheduled at 7:00 p.m. on the South Fork of the Clearwater River Basin Plan and December 11 and 12 in Boise. Meeting adjourned at 11: 50 a.m.

Dated this 22nd day of August, 2003.

D. Richard Wyatt, Secretary

Rita I. Fleck, Administrative Assistant

Board Action

1. Moved approval of the minutes for meeting No. 04-03. *Motion passed.*
2. Moved to add an agenda items. *Motion passed.*
3. Moved to add an agenda item, North Snake Ground Water District. *Motion passed*
4. Moved to place this item, appointment of the Local Rental Pool Committee for Water Supply Bank Rental Pool for Water District 63, Boise River, on the agenda for consideration. *Motion passed.*
5. Moved the Board to adopt the resolution (Attachment 1) to approve a \$7,500 grant and \$12,500 loan to the Lindsey Lateral Association for an engineering study to determine feasibility of a pressurized distribution system. *Motion passed.*
6. Moved to approve the resolution (Attachment 2) authorizing a loan to the Highway Unit Grazing Association in the amount of \$11,692.00 at 5.5 percent for three years to pay for repairs and construction of several wells. *Motion passed.*
7. Moved to approve the resolution (Attachment 3) to authorize a loan the Powder Valley – Shadow Brook Homeowners Association in the amount of \$56,500 at 6 percent for ten years. *Motion passed.*
8. Moved the Board authorize the Chairman to execute an Inducement Resolution (Attachment 4), effective August 22, 2003, for the requested Tamarack Resort LLC bond issuance as prepared by the Board’s bond counsel provided the Inducement Resolution does not represent a final commitment to issue revenue bonds or to loan funds for the project. *Motion passed.*
9. Moved to approve the resolution (Attachment 5) to the North Snake Ground Water District to amend the contract to accept \$100,000 and amortize \$200,000 for a ten-year period. *Motion passed.*
10. Moved adoption of the resolution (Attachment 6) modifying the Priest River Comprehensive State Water Plan. *Motion passed.*
11. Moved a resolution (Attachment 7) to appoint Boise River Advisory Board the Local Rental Pool Committee for Water Supply Bank Rental Pool for Water District 63, Boise River, on the agenda for consideration.

Attachments

1. Resolution to approve a \$7,500 grant and \$12,500 loan to the Lindsey Lateral Association for an engineering study to determine feasibility of a pressurized distribution system.
2. Resolution authorizing a loan to the Highway Unit Grazing Association in the amount of \$11,692.00 at 5.5 percent for three years to pay for repairs and construction of several wells.
3. Resolution to authorize a loan the Powder Valley – Shadow Brook Homeowners Association in the amount of \$56,500 at 6 percent for ten years.
4. Inducement Resolution, effective August 22, 2003, for the requested Tamarack Resort LLC bond issuance as prepared by the Board's bond counsel provided the Inducement Resolution does not represent a final commitment to issue revenue bonds or to loan funds for the project.
5. Resolution to the North Snake Ground Water District to amend the contract to accept \$100,000 and amortize \$200,000 for a ten-year period.
6. Resolution modifying the Priest River Comprehensive State Water Plan.
7. Resolution to appoint Boise River Advisory Board the Local Rental Pool Committee for Water Supply Bank Rental Pool for Water District 63, Boise River, on the agenda for consideration.