



IDAHO WATER RESOURCE BOARD

MINUTES OF MEETING NO. 07-03

October 10, 2003, 8:30 a.m., PDT

Super 8 Motel

Conference Rooms, 801 WS First St.,
Grangevill, 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

Leonard Beck
Burley
District 3

Bob Graham
Bonners Ferry
At Large

L. Claude Storer
Idaho Falls
District 4

Gary M. Chamberlain
Challis
At Large

Joseph L. Jordan
Fruitvale
At Large

Meeting No. 07-03 of the Idaho of Water Resource Board was called to order by Chairman Jerry Rigby on Friday, October 10, 2003, 8:30 a.m. in the conference room at the Super 8 Motel. (One recorded tape).

Revised Agenda

The Board's counsel requested an executive session. The Board members revised the agenda to add the executive session as the last agenda item.

Motion: Dick Wyatt moved to add the executive session to the agenda. Claude Storer seconded the motion.

Voice Vote: 6 Ayes, 0 Nays, 2 Absent. *Motion passed.*

Agenda Item No. 1, Roll Call

Board Members Present

Jerry Rigby, Chairman
Dick Wyatt, Secretary
Joe Jordan

Terry Uhling, Vice Chairman
Claude Storer
Gary Chamberlain

Board Members Absent

Bob Graham

Leonard Beck

Department of Water Resources Staff Present

Hal Anderson, Administrator
Rita Fleck, Admin. Asst.
Brian Patton, Engineer

Bill Graham, Bureau Chief
Thomas Grant, Planner

Guests

Marc Gibbs & Dean M. Mathews, Last Chance Canal Co.; Roxy Martin & Eric Eldenburg, City of Spirit Lake; Terry Vanderall, City of Grangeville; Ann Reisenawn, Viola Water & Sewer District; Jenna Brorwansky, Idaho Rivers United

Agenda Item No. 2, Approval of the Minutes of Meeting Nos. 05-03 & 06-03

Motion: Gary Chamberlain moved approval of the minutes for meeting Nos. 05- and 06-03. Joe Jordan seconded the motion.

Voice Vote: 6 Ayes, 0 Nays, 2 Absent. *Motion passed.*

Agenda Item No. 3, Public Comment

The mayor of Grangeville, Terry Vanderwall, introduced himself and welcomed the Board. Previously, the Board granted funds for an engineering study for the city. He was appreciative for the funds and updated the Board regarding the proposed project.

Agenda Item No. 4, Dworshak Hydroelectric Project Status Report

Brian Patton, staff engineer, reviewed the operation status of the Board's hydropower project as of October 1, 2003. To date, the power plant has produced 57 million kilowatt hours with an average 97 percent availability factor since the project came online. The plant's availability factor has been at 100 percent for the last three months. Dworshak reservoir has been drawn down to meet user demands downstream. Drawdowns affect the power production by decreasing water head and the plant operates at lower efficiency.

According to the power sales agreement, the power sales rate will increase 3% on January 1st making it \$0.0438 per kilowatt-hour. Mr. Patton explained the budget and cash flow status sheet and asked for questions.

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, the Valley View Water and Sewer District has been completed, Aberdeen Springfield Canal Co. has started construction on a new feeder canal diversion structure, and Riverside Electric has submitted a draft revenue bond loan application to develop, in coordination with the Boise Project Board of Control, a series of hydropower plants on the New York Canal system.

Chairman Rigby asked if the account balances were sufficient to meet the requests submitted or whether a transfer of funds is needed. No fund transfer is needed at this time.

b. IWRB Draft Financial Annual Report

Editorial changes have been made to the annual report since the last meeting. Today, the Board members are asked to approve a cover letter addressed to the Governor and Legislators. Mr. Uhling suggested at the same time as this cover letter is sent, to send another letter outlining the Board projects in a given legislative district to increase legislative awareness. The Board has funded many beneficial projects in communities around the state. Mr. Wyatt suggested contacting legislators while a project is being constructed and let them know what the Board does.

Mr. Jordan suggested the letter be modified to indicate the Board could potentially have applications worth as much as \$80-90 million in the next few years.

Motion: Claude Storer moved the Board approve the letter with the suggested changes. Gary Chamberlain seconded the motion.

Voice Vote: 6 Ayes, 0 Nays, 2 Absent. *Motion passed.*

c. Tamarack Resort - Update

On the previous day, Steve Milemann, representing the Tamarack Resort LLC, reviewed the proposed project. 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. The resort is using approximately \$4.5 million to finance Phase 1, the 1,235-unit community water system.

Tamarack Resort LLC will construct the water system. Once complete, it will turn the title over to the North Lake Sewer and Water District per an agreement. The land for the project has been annexed into the district's area. The district will approach the Board and request a revenue development bond. The district will use the bond to reimburse the Tamarack Resort LLC for the water system construction. The North Lake Sewer and Water District will manage the operation and maintenance, possibly by contracting to United Water Idaho.

Jim Wrigley, the Board's financial advisor, presented several cost models for consideration in issuing a revenue bond. The Board reviewed the potentials, discussed options and will take action on the matter as needed.

Tamarack Resort LLC has invited the Board to tour the project. Most of the water system will be complete by November.

d. City of Spirit Lake – Loan Request

The city engineer, Eric Eldenberg, reviewed the project. The city of Spirit Lake is located in northern Idaho. The municipal water system serves 1600 residents and about 32 commercial connections. Over the last decade, the city has experienced considerable growth. In 1996, the city

improved its water facilities to include a 225,000-gallon storage tank. At the time, it discontinued use of an old 100,000-gallon elevated storage tank. The present water system meets most of the city's needs except for fire protection. By rehabilitating the old tank and placing it back on line, the city can solve its fire protection capacity problem.

The city is requesting a construction loan in the amount of \$136,500 to rehabilitate the lead-based painted storage tank and reconnect it to the system. The city requested a 15-year repayment period. Mr. Chamberlain spoke to a shorter repayment period and asked if a 10-year repayment period was feasible. The city representative was agreeable.

Motion: Gary Chamberlain moved the Board adopt the resolution (Attachment 1) approving a loan for \$136,500 to the city of Spirit Lake with a ten-year payment period at 6% percent for the rehabilitation and connection of a storage tank to be used as reserve for fire protection. Terry Uhling seconded the motion.

Roll Call Vote: Beck, Absent; Chamberlain, Aye; Graham, Absent; Jordan, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; Rigby, Aye; 6 Ayes, 0 Nays, 2 Absent. *Motion passed.*

e. Honeysuckle Hills Owners Association – Grant Request

The Honeysuckle Hills Owners Association is located on the shore of Hayden Lake. The association serves a small community of 245 residential and three commercial connections. The association is requesting a grant for \$10,000 to assess its facilities and complete a water system study to identify immediate and future improvement needs. The estimated total cost of the master plan is \$24,200.

Motion: Gary Chamberlain moved to deny Honeysuckle Hills Owners Association's request for a grant since the association is financially able to manage the cost of the water system study. Dick Wyatt seconded the motion.

Voice Vote: 6 Ayes, 0 Nays, 2 Absent. *Motion passed.*

f. Viola Water & Sewer District – Loan Request

Viola Water & Sewer District, located near Moscow, Idaho, is a small community requesting a loan. The present water system serves 55 residential connections. Of the two wells the district has, the one constructed in 1984 has lost production. The district proposes to clear the well of debris and clean the well screens. The district is requesting a loan in the amount of \$20,000 to complete this work.

Later in the meeting, Ann Reisenawn explained the project to the Board and expressed her appreciation for the Board's consideration.

Motion: Joe Jordan moved the Board adopt the resolution (Attachment 2) approving a loan to the Viola Water & Sewer District in the amount of \$20,000 for well reconstruction. Gary Chamberlain seconded the motion.

Roll Call Vote: Beck, Absent; Chamberlain, Aye; Graham, Absent; Jordan, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; Rigby, Aye; 6 Ayes, 0 Nays, 2 Absent. *Motion passed.*

g. Maple Grove Estates Homeowners Association – Grant Request

Maple Grove Estates Homeowners Association is a small community near Palisades Reservoir. There are presently 14 homes with potential to build a total of 52 homes. The Department of Environmental Quality is requiring an assessment of the present system. With the addition of a 15th home, the state requirements for a water system changes. DEQ has asked that these requirements be met prior to adding the 15th home.

The requirements include evaluating the existing system and determining deficiencies, developing a plan for improvements and preparing a cost analysis report. The association is asking for a grant of \$5,149 to match its portion to complete this study.

Motion: Gary Chamberlain moved the Board adopt the resolution (Attachment 3) approving a grant to the Maple Grove Estates Homeowners Association in the amount of \$5,149 for well reconstruction. Dick Wyatt seconded the motion.

Roll Call Vote: Beck, Absent; Chamberlain, Aye; Graham, Absent; Jordan, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; Rigby, Aye; 6 Ayes, 0 Nays, 2 Absent. *Motion passed.*

h. Last Chance Canal Company – Flume Replacement – Financial Request

The Last Chance Canal Company serves 147 shareholders irrigating 29,000 acres near Grace, Idaho. The source of water is the Bear River. Earlier this year, the company's water delivery flume collapsed into the Bear River. It served about half of the acreage. A short-term solution was to construct a pumping station to get through the growing season. Before the next irrigation season, the company would like to have a permanent fix in place.

Marc Gibbs, President for the company, approached the Board with a proposal to construct a Bailey bridge system to support a new flume. The estimated cost of the project is \$800,000. To cover this amount, the Board may issue a revenue warrant for \$300,000 and a loan for \$500,000.

Motion: Gary Chamberlain moved the Board adopt the resolution (Attachments 4) approving a loan to the Last Chance Canal Company in the amount of \$500,000 and an inducement resolution No. 2-03 to issue a Water Resource Development Revenue Warrants, Bonds or Notes for \$300,000 to construct and replace a flume and facilities. Dick Wyatt seconded the motion.

Roll Call Vote: Beck, Absent; Chamberlain, Aye; Graham, Absent; Jordan, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; Rigby, Aye; 6 Ayes, 0 Nays, 2 Absent. *Motion passed.*

i. Northside Estates Homeowners Association – Grant Request

The Northside Estates Homeowners Association, located near Idaho Falls, serves about 50 people. The water system lacks pressure, has a pump house that doesn't meet standards and the well produces sand. The Department of Environmental Quality is requiring an assessment of the

entire system to identify needed improvements. The association has employed Scheiss & Associates to conduct an engineering study. The estimated cost of the study is \$8,985 and the association is requesting a grant from the Board for \$4,492.

Motion: Gary Chamberlain moved the Board adopt the resolution (Attachment 5) approving a grant to the Northside Estates Homeowners Association in the amount of \$4,492 for an engineering study. Terry Uhling seconded the motion.

Roll Call Vote: Beck, Absent; Chamberlain, Aye; Graham, Absent; Jordan, Aye; Storer, Aye; Uhling, Aye; Wyatt, Aye; Rigby, Aye; 6 Ayes, 0 Nays, 2 Absent. *Motion passed.*

Executive Session

Motion: Dick Wyatt moved the Board to enter into Executive Session with Clive Strong, Deputy Attorney General, to discuss federal reserved water rights, possible litigation and other legal matters, pursuant to Section 67-2345, Idaho Code. Gary Chamberlain seconded the motion.

Voice Vote: Motion passed by voice vote; 6 Ayes, 0 Nay and 2 Absent.

(Off the record)

Motion: Joe Jordan moved the Board to exit out of Executive Session and let the record show no action was taken. Claude Storer seconded the motion.

Voice Vote: Motion passed by voice vote; 6 Ayes, 0 Nay and 2 Absent.

Agenda Item No. 6, IWRB Comprehensive State Water Planning

Bill Graham, Bureau Chief, gave a status report.

a. Lower Boise River Basin

The Lower Boise River Basin will be circulated as an interim plan to be used as a guideline to implement key projects.

b. South Fork of the Clearwater River Basin

The public's opportunity to review the draft plan began on September 17 with its release. A presentation was held on September 17 in the afternoon for the Watershed Advisory Group (WAG's) and a public information meeting later in the evening at the Kooskia City Hall.

A public hearing was held in the evening on October 9 in Grangeville. The Board accepted testimony for several hours. Comments from these meetings and written comments received until November 17 will be evaluated. The plan will be presented to the Board at its December meeting and once adopted, will be submitted for legislative consideration.

Chairman Rigby noted several items for consideration. "There is obvious confusion as to what our role was because of the combining of the planning process with DEQ. I think we left a less than favorable impression that is not necessarily attributable to us". Secondly, he suggests given the confusion demonstrated at the previous night's hearing, a better understanding of the plan and the Board's role should be cultivated.

c. Priest River Basin

On August 4, 2003, the comment period for the Priest River Basin Plan Amendments ended based on comments and public meeting discussions; revised language regarding management of the outlet structure was composed. On August 22, the Board adopted the plan amendments. The plan amendments will be submitted to the 2004 Legislature.

Avista Corporation has agreed to operate and maintain the Priest Lake outlet control structure according to the basin plan. The operation plan for 2003 is to keep the lake at 3 feet on the outlet gauge for as long as possible and have the winter operating level at 0 feet by November 1. Draw down efforts start on October 13.

d. State Water Plan

The State Water Plan was last updated in 1996. Mr. Graham recommends the Board review the plan for policy or statutory changes. This will be a winter project conducted by workshops with the Board. Mr. Uhling recommended initiating the workshops with: 1) the reason for reviewing the plan and 2) what the Board wants to accomplish with a review.

e. 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, one each, have been issued on Otter Creek and Big Hat Creek and an agreement not to divert has been issued on Fourth of July Creek. These projects have been approved and the National Fish and Wildlife Foundation has provided funding.

The Water Supply Bank rental agreement for Otter Creek is before the Board for signature.

Motion: Gary Chamberlain moved authorizing the Chairman to execute action on the Water Supply Bank rental agreement for Otter Creek. Joe Jordan seconded it.

Voice Vote: Motion passed by voice vote; 6 Ayes, 0 Nay and 2 Absent.

Staff Changes

Dee Carlson, aquatic biologist, has moved to National Resources Conservation Service. The vacant position has been announced within the department and closes October 10. Chairman Rigby asked for a folder of information identifying planning staff with resumes, backgrounds, and salaries. He would like a summary of their concerns and needs.

Agenda Item No. 7, Director's Report

Hal Anderson summarized the items for the Director's Report:

- The Notice of Intent to Sue for Violations of the Endangered Species Act Over Upper Snake Reclamation Projects letter was provided for information.
- Proposed legislation. Director Dreher will review these pieces at the next meeting.
- Water District 1's copy of their resolution asking the Idaho Congressional Delegation to enact legislation for filing fees in the Snake River Basin Adjudication (SRBA), seeking Congressional oversight into the United States' activities and spending in the SRBA and other adjudications and that copies of the resolution be forwarded to state officials.
- Mr. Richard Skinner and Mr. James Wrigley have been appointed by the Attorney General's Office as the Board's bond counsel and financial advisor respectively for the issuance of the warrant and revenue bonds under the Last Chance Canal Company's financial project.
- Funding for the Spokane - Rathdrum Prairie study passed the U.S. Senate. A memorandum of understanding between the state of Washington, Dept. of Ecology, U.S. Geological Survey and the Idaho Department of Water Resources, which identifies the roles of the agencies, is close to being finalized.

Agenda Item No. 8, Items Board Members May Wish to Present and Next Meeting

Staff is requesting a year's worth of meetings be scheduled. At the next meeting the Board will tentatively schedule meetings in 2004 for planning purposes.

The next meetings are scheduled as follows: tour of Tamarack Resort – November 19 and the Idaho Water Users Association November 20 and 21; board meetings are December 11 and 12 (changed to December 4 and 5) and February 26 and 27.

Board members expressed appreciation to staff and the efforts of board members who worked on the South Fork of the Clearwater River Basin Plan.

Mr. Chamberlain suggested a comment be put in the South Fork of the Clearwater Basin Plan that the U.S. Forest Service continues strategizing ways to resume logging in this area.

Meeting adjourned at 11:38. Dated this 5th day of December, 2003.

D. Richard Wyatt, Secretary

Rita I. Fleck, Administrative Assistant

Board Actions

1. Dick Wyatt moved to add the executive session to the agenda. *Motion passed.*
2. Gary Chamberlain moved approval of the minutes for meeting Nos. 05- and 06-03. *Motion passed.*
3. Claude Storer moved the Board to approve the letter with the suggested changes. *Motion passed.*
4. Claude Storer moved the Board to approve the letter with the suggested changes. *Motion passed.*
5. Gary Chamberlain moved the Board adopt the resolution (Attachment 1) approving a loan for \$136,500 to the city of Spirit Lake with a ten-year payment period at 6% percent for the rehabilitation and connection of a storage tank to be used as reserve for fire protection. *Motion passed.*
6. Gary Chamberlain moved to deny Honeysuckle Hills Owners Association's request for a grant since the association is financially able to manage the cost of water system study. *Motion passed.*
7. Joe Jordan moved the Board adopt the resolution (Attachment 2) approving a loan to the Viola Water & Sewer District in the amount of \$20,000 for well reconstruction. *Motion passed.*
8. Gary Chamberlain moved the Board adopt the resolution (Attachment 3) approving a loan to the Maple Grove Estates Homeowners Association in the amount of \$5,149 for well reconstruction. *Motion passed.*
9. Gary Chamberlain moved the Board adopt the resolution (Attachments 4) approving a loan to the Last Chance Canal Company in the amount of \$500,000 and an inducement resolution No. 2-03 to issue a Water Resource Development Revenue Warrants, Bonds or Notes for \$300,000 to construct and replace a flume and facilities. *Motion passed.*
10. Gary Chamberlain moved the Board adopt the resolution (Attachment 5) approving a grant to the Northside Estates Homeowners Association in the amount of \$4,492 for an engineering study. *Motion passed.*
11. Gary Chamberlain moved to authorize the Chairman to execute action on the Water Supply Bank rental agreement for Otter Creek. *Motion passed.*

Attachments

1. Resolution approving a loan for \$136,500 to the city of Spirit Lake with a ten-year payment period at 6% percent for the rehabilitation and connection of a storage tank to be used as reserve for fire protection.
2. Resolution approving a loan to the Viola Water & Sewer District in the amount of \$20,000 for well reconstruction.
3. Resolution approving a grant to the Maple Grove Estates Homeowners Association in the amount of \$5,149 for well reconstruction.
4. Resolution approving a loan to the Last Chance Canal Company in the amount of \$500,000 and an inducement resolution No. 2-03 to issue a Water Resource Development Revenue Warrants, Bonds or Notes for \$300,000 to construct and replace a flume and facilities.
5. Resolution approving a grant to the Northside Estates Homeowners Association in the amount of \$4,492 for an engineering study