



IDAHO WATER RESOURCE BOARD

Dirk Kempthorne
Governor

MINUTES OF MEETING

Jerry R. Rigby
Chairman
Rexburg
At Large

MEETING NO. 07-04
Wednesday, June 9, 2004, 8:30 a.m., MDT
Red Lion Hotel Canyon Springs, Oak Room
1357 Blue Lakes Blvd. N.,
Twin Falls, Idaho

Terry T. Uhling
Vice Chairman
Boise
District 2

Dick Wyatt
Secretary
Lewiston
District 1

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Meeting No. 07-04 of the Idaho Water Resource Board was called to order by Chairman Jerry Rigby in the Oak Room at the Red Lion Hotel Canyon Springs, Twin Falls, Idaho. (One Recording Tape)

Leonard Beck
Burley
District 3

Agenda Item No. 1, Roll Call

Bob Graham
Bonners Ferry
At Large

Board Members Present

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

L. Claude Storer
Idaho Falls
District 4

Department of Water Resources Staff Present

Gary M. Chamberlain
Challis
At Large

Hal Anderson, Administrator	Bill Graham, Bureau Chief
Rita Fleck, Admin. Asst.	Brian Patton, Staff Engineer

Joseph L. Jordan
Boise
At Large

Guests

Kim Ransier, Garwood Water District Cooperative, Norm Semanko, Idaho Water Users Association

Agenda Modifications

Staff requested the addition of an item 5h to be added to the Financial Program called the Dworshak Refunding Inducement Resolution.

Motion: Chairman Jerry Rigby moved to accept the proposed change to the agenda. The motion was seconded.

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

Agenda Item No. 2, Approval of Minutes for 05-05 and 06-04 Meetings

Motion: Joe Jordan moved to approve the minutes for meeting Nos. 05-05 and 06-04. The motion was seconded.

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

Agenda Item No. 3, Public Comment

Hal Anderson commented that an e-mail had been received from Norm Semanko regarding the Idaho Water Advisory Council Think Tank, a copy of which had been distributed to the Board. Chairman Rigby advised that this had been previously discussed and since no action was required it would not be added to the agenda.

Agenda Item No. 4, Dworshak Hydroelectric Project Status Report

Brian Patton, staff engineer, gave the status report of the Board's Dworshak Hydroelectric Project. The plant has generated about 80,000,000 kilowatt-hours of energy. Since the last report, there have been two plant shutdowns; one for substation maintenance by Clearwater Power and one for pipeline and valve maintenance by the hatchery personnel. The plant has produced \$218,000 in revenue this year and another \$84,000 that has been allocated to the Repair/Replacement Fund. There was discussion regarding invoicing from FERC for fees due which FERC has not acknowledged and correspondence requesting attention to the matter.

Agenda Item No. 5, Financial Report

a. Status Report

Mr. Patton reviewed financial program accounts, projected funding requests and income sources and briefed the Board on pending expenses, completed projects and the rental pool revenues. Additional information was provided on Fish Creek Dam and the Board's authority to issue revenue bonds to purchase the high lift pumping water rights from the Snake River.

Chairman Rigby complimented Mr. Patton on the information and pictures for each project provided to Board members.

b. Live-More Lake Community - New Well Loan Request

Mr. Patton reviewed the project located near Sandpoint for Board members. Production from their existing well has declined to two gallons per minute resulting in severe water restrictions. The loan request is for a second well. Total project cost is estimated to be \$37,000. Financial analysis indicates no problems in repaying with the terms recommended. Staff recommends approval of this project for \$35,000 with a ten-year term at 6% interest.

Motion: Leonard Beck moved to approve the resolution to loan the Live-More Lake Community \$35,000 at 6% interest for a ten-year repayment. Motion seconded by Dick Wyatt.

Discussion: Mr. Chamberlain noted that problems had occurred in the past with unproductive wells and questioned whether that would occur again. Mr. Patton advised that although these problems do occur, it was hoped that the new well would be productive.

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

c. Chaparral Water Association – Irrigation Well Pump Repair Loan Request

Mr. Patton reviewed the project located near Star for Board members. The needed work has already been completed repairing the pump. Chaparral has an existing loan with the Board with repayment of \$6,900 per year with a scheduled payout date of 2015. They are requesting a three-year side note in order to pay off the \$20,000 cost of the well pump repair. Financial analysis indicates they should have no problem repaying. Staff recommends approval of the \$20,000 loan with 5.5% interest for a three-year term.

Motion: Joe Jordan moved to approve the resolution as stated. The motion was seconded by Leonard Beck.

Discussion: Mr. Graham asked why there was a different interest rate for this water system loan. He questioned why the irrigation system loans would have a different interest rate. Chairman Rigby responded by saying that there was a previously approved rate structure for the last two years that has been applied consistently. Mr. Graham wondered why the Board continued a dual rate. Mr. Anderson noted that the Board usually addresses this issue the first meeting of each year. Chairman Rigby requested that additional information be provided. Mr. Graham suggested that Board members should be considering whether or not this issue needs reconsideration. Chairman Rigby requested that new information be generated at a future meeting or at the first meeting of the year. He agreed with Mr. Graham that the Board needed to be flexible.

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

d. Preston-Whitney Reservoir Co.- Gravity Pipeline Feasibility Study Grant Request

Mr. Patton reviewed the project requesting an \$8,000 grant to complete a feasibility study to convert their open canal system to a gravity-pressure pipeline system. Staff believes that this request has merit and could save the company money. The staff recommends approval of the one-for-one cost share grant in the amount of \$7,000 for the feasibility study.

Motion: Gary Chamberlain moved to approve the resolution for a \$7,000 grant. The motion was seconded Terry Uhling.

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

e. Garwood Water Cooperative – Hooker Hill Extension Project

Mr. Patton reviewed the request by Garwood Water Cooperative for a loan in the amount of \$170,000 and a grant for \$7,500. The Cooperative provides water service to 84 connections North of Hayden Lake from two wells in the Rathdrum Prairie Aquifer. Adjacent to this area the Hooker Hill development of 25 homes has no dependable water service since springs and domestic wells have gone dry over the last several years. This project would extend water lines from the Garwood system. It also qualifies for a Department of Commerce grant, which would lower the cost of the loan request. Financial analysis indicates repayment prospects are high. USDA also holds a loan with the Garwood Cooperative. The Hooker Hill rates will be high; however, the Cooperative will be the contractor for the Board loan thus ensuring repayment of the Board loan. Staff recommends approval of a \$170,000 loan at 6% with a 15 year term.

Discussion: Mr. Uhling asked the status on the grant requests. Mr. Patton advised that it is not standard procedure, but the Board could approve the loan plus a grant for the already completed engineering work. The Chairman invited representatives from the Cooperative to address the Board.

Kim Ransier, a Hooker Hill Growth Families and the Garwood Water District Cooperative representative, addressed the board and answered questions.

Motion: Dick Wyatt moved to accept the resolution for a loan of \$170,000 for 15-year repayment subject to the \$100,000 from the Idaho Department of Commerce. Mr. Beck seconded the motion. A motion to amend the resolution to include the \$7,500 grant was made. Mr. Storer has seconded. A vote on the amended the resolution was taken.

Voice Vote: 8 ayes. *Motion to amend passed.* A roll call vote on the amended resolution was taken.

Roll Call Vote: Beck, Nay; Chamberlain, Nay; Graham, Aye; Jordan, Aye; Storer, Aye; Uhling, Nay; Wyatt, Aye; and Rigby, Nay. *Motion for amended resolution failed.*

Motion: Dick Wyatt restated the original motion to accept the resolution for a loan of \$170,000 for 15-year repayment at 6% with the condition that Garwood shall obtain an imminent threat grant through the Idaho Department of Commerce for \$100,000. Motion seconded by Claude Storer.

Discussion: Further discussion ensued regarding the assurance of the Dept of Commerce grant.

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

Discussion: Further discussion ensued regarding clarification of the grant request. Only the application has been made for the imminent threat grant but a decision has not been made. Mr. Wyatt made a motion that the Board authorize a grant not to exceed \$7,500 or 50% of the monies justified to the Garwood Water Association. Motion seconded by Claude Storer. Further discussion ensued.

Roll Call Vote: Beck, Nay; Chamberlain, Nay; Graham, Nay; Jordan, Nay; Storer, Aye; Uhling, Nay; Wyatt, Aye; and Rigby, Nay. *Motion failed.*

f. North Water & Sewer District and the South Hill Water & Sewer District – Grant Request

Mr. Patton outlined the grant request for each of these two districts for \$3,825. This grant would be used to participate in a Water Supply Study and Master Plan for the City of Bonners Ferry. After the Myrtle Creek Fire in 2003, the Board granted \$7,500 for emergency work for the City. This plan is a follow-up to study long term needs. Staff recommends approval of a grant for each district in the amount of \$3,825.

Discussion: The \$7,500 previously provided was for emergency work immediately following the fire to make sure the city had water supplies. The current grant would be used for future planning. A representative of the North Water & Sewer District, Mr. Bob Graham was present. He further explained the water systems.

Motion: Gary Chamberlain moved that the Board provide a grant to both districts each for \$3,825. Motion seconded by Claude Storer.

Discussion: Mr. Beck raised some questions regarding financial statements of the water districts and reserved fund monies. Mr. Graham provided additional information.

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

Discussion: Further discussion ensued regarding the financial information provided for this grant request. Perhaps this form needs to be revised for the future. Chairman Rigby suggested that Mr. Patton send to Mr. Uhling financial form information. Mr. Patton agreed.

g. Water District 1 – Blackfoot Equalizing Reservoir Automation Project

Motion: Terry Uhling moved that this item be set aside until the next Board meeting in August until additional information may be provided. The motion was seconded.

Discussion: Questions were asked regarding funds provided to Blackfoot in the past and what happened to those funds.

Voice Vote: 8 ayes. *Motion passed.*

h. Dworshak Refunding Inducement Resolution

Mr. Anderson discussed opportunities to take advantage of the advanced refunding of the Board's revenue bonds that financed the Dworshak Hydroelectric Project. Financial information was provided to Board members regarding advanced refunding of \$6.3 million dollars at a 6.5% interest rate which is one percentage point less than is currently realized on the existing revenue bonds. If the Board so approves, the enabling documentation can be completed to finalize this advance refund. Mr. Uhling was absent from the last Board meeting so a telephone conference was advised to address questions, and take action on the inducement resolution.

Motion: Gary Chamberlain moved that the Board approve the resolution for the Dworshak Refunding. Motion seconded by Dick Wyatt.

Discussion: Questions were raised about withdrawing the motion until after the conference call which should take place as soon as possible. The motion was withdrawn by Mr. Chamberlain with the consent of the second, Dick Wyatt. A request was made for further financial analysis to clarify the issue for Board members. Discussion followed regarding the pros and cons of this process. Staff was directed to set up a conference call meeting on this agenda item as soon as possible.

Agenda Item No. 6, Comprehensive State Water Planning Status Report

Hal Anderson presented the status report.

a. *Lower Boise River Basin*

Activities are being held in abeyance except programs which include planning staff Zena Cook, who continues to work with the Bureau of Reclamation developing a work plan and contract for the Boise Valley Water User Study. The Director, Karl Dreher, reiterated that the department or the Board have made no recommendations regarding the plan.

b. *South Fork Clearwater River Basin*

A resolution was presented to the Board for adopting the Comprehensive State Water Plan Part B for the South Fork Clearwater River Basin and Mr. Anderson recommended the Board approve it.

Motion: Bob Graham moved that the Board accept the resolution for the State Water Plan Part B for the South Fork Clearwater River Basin as written. Motion seconded by Joe Jordan.

Voice Vote: 8 Ayes. *Motion passed.*

Discussion: Mr. Graham recommended that the Board pay particular attention to springs and rivers designations in the State Water Plan.

c. *State Water Plan*

At a recent meeting the minimum stream flow requests of the Nez Perce Agreement were discussed. It was decided that additional work efforts to review and propose changes to the State Water Plan be postponed until a re-evaluation can be made of the Nez Perce Agreement Term Sheet. Mr. Jordan agreed to recommend to the Board that this was the appropriate direction. The State Water Plan update will be addressed at a Spring meeting.

d. *Water Transaction Program*

The department is cooperating with the Bonneville Power Administration on instream flows in selected basins. Bill Graham is the lead on activities listed in our status report. Scott Short has been assisting him. A number of creeks have been identified and actions requested for funding from BPA to facilitate stream flow enhancement. An application will be submitted to BPA to get some funding for the minimum stream flow on the Lemhi River. Given the water supply situation in that area, the anticipated amount of water, about \$50,000 worth, may not be needed.

Mr. Chamberlain noted that a proposal had been made by the agencies to bring Salmon River Water around to an existing canal and supply some of the irrigators using the Lemhi L6 diversion. Because of protests, it has not been finalized. He asked if the Lemhi water rights priority dates could be kept for the Salmon River diversion. Director Dreher suggested a workshop dialogue for people in the area. Further discussion ensued on this issue.

Agenda Item No. 7, Minimum Stream Flows

Mr. Anderson said no Board action was required on this issue. The department would be moving ahead on a legislative track with the minimum stream flows for the Nez Perce Term Sheet including the Salmon River. Minimum stream flow on Niagra Springs Creek will be submitted and published some time next week. Director Dreher pointed out that the SRBA Court had decreed certain rights a year ago and that the department was just getting the process completed on minimum stream flows.

Agenda Item No. 8, Director's Report

The director, Karl Dreher, reported to the Board that the water supply conditions were weak. Current projections are that the State will end the year with the reservoirs on the Snake River system completely empty for the first time ever. Water users will run out of stored water by late summer. The best situated irrigators are the Twin Falls Canal Company and the North Side Canal Company. Burley Irrigation District and Minidoka Irrigation District are also in reasonably good shape.

The State is in unprecedented territory with drought conditions worse than those of the 1930's. It is particularly bad in the Bear Lake region. The department is on track to complete all Snake River Basin Adjudication recommendations by the end of calendar year 2005, as promised, assuming that the Nez Perce Agreement sticks and continues after March 31 of 2005. The court process should be completed by 2007.

Two of IDWR staff have been called up for military service. One has returned to work since he was not able to complete his military duty for health reasons.

The new water center will be completed in mid-August and the department will move in early October. Director Dreher expects to be deposed in the grand jury investigation of the water center court case. He discussed the process of the department's involvement in the water center and the lease agreement.

Questions were addressed to Director Dreher regarding the water supply outlook.

Agenda Item No. 9, Other Items and Meeting Dates

Mr. Anderson noted that the next Board meeting is August 16 and 17 in Salmon, which falls on a Monday and Tuesday. The meeting in October is set for the 7th and 8th. This coincides with the move of the department to the water center. He suggested that the meeting be postponed for the 14th and the 15th and held at the new water center in Boise. The Board agreed.

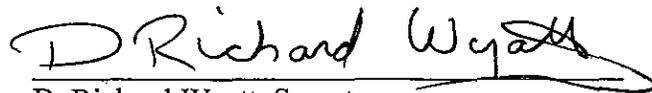
Mr. Graham said that the Board needed to discuss the grant program in its entirety at the next meeting.

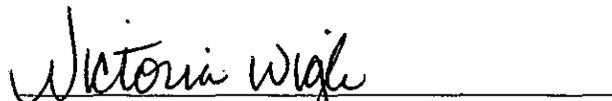
Motion: A motion was made to adjourn and seconded.

Voice Vote: 8 ayes.

Meeting adjourned at 11:10 a.m.

Dated this 17th day of July, 2004.


D. Richard Wyatt, Secretary


Victoria Wigle, Administrative Assistant 2

Board Actions

1. Chairman Jerry Rigby moved to accept proposed changes to the agenda. The motion was seconded. *Motion passed.*
2. Joe Jordan moved to approve the minutes for meeting Nos. 05-05 and 06-04. The motion was seconded. *Motion passed.*
3. Leonard Beck moved to approve the resolution to loan the Live-More Lake Community \$35,000 at 6% interest for a ten-year repayment. The motion was seconded. *Motion passed.*
4. Joe Jordan moved to approve the resolution to loan the Chaparral Water Association \$20,000 at 5.5% interest for a three-year term. The motion was seconded. *Motion passed.*
5. Gary Chamberlain moved to approve the grant for \$7,000 to Preston-Whitney Reservoir Co. for a Gravity Pipeline Feasibility Study Grant Request. The motion was seconded. *Motion passed.*
6. Dick Wyatt moved to approve a loan to the Garwood Water District Cooperative for \$170,000 for 15-year repayment subject to the \$100,000 from the Idaho Department of Commerce. *Motion passed.*
7. Dick Wyatt restated the original motion (see no. 6) to accept the resolution for a loan of \$170,000 for 15-year repayment at 6% with the condition that Garwood shall obtain an imminent threat grant through the Idaho Department of Commerce for \$100,000. *Motion passed.*
8. Dick Wyatt moved to modify the funding resolution for Garwood Water Association to include a grant not to exceed \$7,500 or 50% of the completed studies cost. *Motion failed.*
9. Gary Chamberlain moved that the Board provide a grant to North Water and Sewer District and the South Hill Water District each for \$3,825. *Motion passed.*

10. Terry Uhling moved that the Water District 1 – Blackfoot Equalizing Reservoir Automation Project Resolution, be set aside until the next Board meeting in August when additional information may be provided. *Motion passed.*
11. Gary Chamberlain moved that the Board approve the inducement resolution for the Advanced Dworshak Refunding. The motion was later withdrawn.
12. Bob Graham moved that the Board accept the resolution for the State Water Plan Part B for the South Fork Clearwater River Basin as written. *Motion passed.*

Attachments

1. Resolution authorizing a loan to Live-More Lake Community in the amount of \$35,000 at 6% interest for 10 years to construct a second well to increase its water supply.
2. Resolution to authorize a loan to the Chaparral Water Association in the amount of \$20,000 at 5.5% interest for three years to repair its irrigation pump.
3. Resolution to approve an \$8,000 grant to Preston Whitney Reservoir Company (PWRC) to conduct a feasibility study of covering the PWRC system to a gravity-pressure pipeline.
4. Resolution to authorize a loan to the Garwood Water Cooperative in the amount of \$170,000 at 6% interest for 15 years to extend water service to 25 homes in the Hooker Hill area.
5. Resolution to approve a \$3,825 grant each to North Water and Sewer District and to South Hill Water and Sewer District to fund their participation in an engineering study of the water system with the purpose of identifying needed improvements to ensure the system will continue to meet current and future water demands.
6. Resolution to adopt the Comprehensive State Water Plan Part B for the South Fork Clearwater River Basin.