



IDAHO WATER RESOURCE BOARD

MINUTES OF MEETING 1-10

C.L. "Butch" Otter
Governor

January 22, 2010
Boise, Idaho

Terry T. Uhling
Chairman
Boise
District 2

Chairman Uhling called the meeting to order at 8:32 a.m. and asked for roll call.

Gary M. Chamberlain
Vice-Chairman
Challis
At Large

Agenda Item No. 1, Roll Call

Board Members Present

Bob Graham
Secretary
Bonners Ferry
At Large

Terry Uhling, Chairman
Gary Chamberlain
Chuck Cuddy
Jerry Rigby

Vince Alberdi
Roger Chase
Bob Graham
Leonard Beck

Charles "Chuck" Cuddy
Orofino
District 1

Gary Spackman, Interim Director
Helen Harrington, Section Manager
Cynthia Bridge Clark, Engineer
Bill Quinn, Engineer
Morgan Case, Staff Biologist
Sandra Thiel, Planner

Hal Anderson, Administrator
Brian Patton, Bureau Chief
Jack Peterson, IDWR Fed. Liaison
Patsy McGourty, Admin. Asst. II
Neeley Miller, Senior Planner

Leonard Beck
Burley
District 3

Staff Members Present

Guests Present

Roger W. Chase
Pocatello
District 4

Stephen Goodson, Governor's Office
Liz Paul, Idaho Rivers United
Gregg Rettschlag, Idaho Rivers United
Jim Nunley, Meridian
Jack S. Hammond, City of Genesee
Jane Kollmeyer, U.S. Forest Service
John Older, Idaho Rivers United
Peter Anderson, Trout Unlimited
Ellen Berggren, USDCE
Jeff Hamper, Flying H Farms
Charlie Holt, South Country Estates
Dick Fosbury, Engineer

Shelley Davis, Barker Rosholt
Christi Isaacs, Idaho Rivers United
Brian Wood, Idaho Rivers United
Steve Odenborg, Mayor of Genesee
Kevin Lewis, Idaho Rivers United
Walt Poole, Dept. of Fish and Game
David Ulbricht, Wedbush Securities
Jerry Whitehead, Idaho Rivers United
Jim Wrigley, Wedbush Securities
John Beacham, Idaho Rivers United
Joe McMahan, Collaborative Processes

Vince Alberdi
Kimberly
At Large

Jerry R. Rigby
Rexburg
At Large

Agenda Item No. 2, Agenda and Approval of Minutes

Chairman Uhling called for a motion to approve minutes 10-09 Amended, 11-09, 12-09, and 13-09. Mr. Beck moved to accept all the minutes as written and Mr. Chamberlain seconded. The Chairman called for a voice vote and all were in favor.

Agenda Item No. 3, Public Comment

Mr. Anderson introduced Jane Kollmeyer, Supervisor of the Sawtooth National Forest. Ms. Kollmeyer presented an award to Chairman Uhling for the Board's Water Transactions Program recognizing grassroots strategies that have improved flows in the Upper Salmon Basin which have increased river habitat. She expressed appreciation for the staff's work.

Mr. Anderson introduced Liz Paul, Campaign Coordinator for Idaho Rivers United. Ms. Paul expressed appreciation for the opportunity to speak. She stated that IRU had more petitions to present expressing disapproval for the Board's Twin Springs' dam study that is ongoing. She read several quotes from the petition. Nearly 585 people have signed petitions. The Chairman asked Ms. Paul if her organization had ideas for alternatives to the Twin Springs' dam. Ms. Paul stated that IRU will be on the work session for March to discuss other ideas.

Mr. John Beacham, retired Idaho Fish and Game biologist and property owner 17 miles above Twin Springs, expressed concern for the damages the Twin Springs' dam would cause. He outlined benefits of the dam: flood control, irrigation, electrical generation and more recreation. The losses would include: habitat for fish and wintering habitat for deer and elk in the area. He stated there are currently adequate fishing and boating opportunities on the Boise River. The three reservoirs already there have caused huge losses of habitat for fish, deer and elk. The Twin Springs area is a major migration path for deer and elk. Unit 39 in this area is the most heavily hunted area in the State of Idaho. This dam would reduce the number of animals and the hunting in the state. He asked for the Board to consider these impacts on the Middle Fork drainage and to oppose any further study. He thanked the Board for an opportunity to speak.

Mr. Greg Rettschlag, a whitewater boater, expressed his disapproval of losing premier river rafting in the Twin Springs area. He stated that the Middle Fork has a long stretch of swift water boating that he enjoys. As an outdoor enthusiast, he expressed the sense of loss he would feel if this resource were no longer there. As a homeowner, he stated he had cut his water use in half and urged the Board to support conservation measures and provide funding for educating water users in the Treasure Valley. He stated people are shocked when they hear of the loss of the river to a new dam. Chairman Uhling stated that the cheapest kilowatt is the kilowatt saved. He added the Board understands his message very well.

Mr. Jim Nunley, Idaho Rivers United and Idaho Wildlife Federation, expressed his opposition to the Twin Springs' dam study. He discussed the Army Corps of Engineers study from 1968 which contains relevant facts for today. He stated that tremendous road building would need to be accomplished around the dam. Many safety features would need to be added. Many recreational sites would be under water. New recreational sites would need to be built around the dam. New sites would need to be built along the North Fork. The ancestral wildlife corridor would be lost and the deer and elk

would not be able to cross the reservoir. This would be the same issue that occurs on the Morse Creek area where animals fall through the ice. Much wildlife would also be lost. Mr. Nunley concluded that the dam is not needed and the cost will be prohibitive.

Mr. Charlie Holtz from South County Estates spoke about minimum stream flows in the Wood River. There is no upstream storage in this area. His group has made applications for transfer of water. There is only one gauge in Hailey with 6% accuracy. His transfer requests involve 2% of the 6% a miniscule amount of water in the big picture. The many experts they have contacted do not think that eliminating transfers is a good way to address the problems in the area. He discussed the South/Central Minimum Stream Flow Committee meetings that have occurred. He offered to provide any information and reports to the Board clarification. Chairman Uhling stated that the original minimum stream flow request came from Blaine County and it is the Board's responsibility to address the issues of all the residents. Mr. Holtz stated there are problems and no solutions. The water is concentrated in the south end since that is where agriculture used to be. He expressed a need to work out some solutions.

Agenda Item 4, IWRB Hydropower Status Report

Mr. Patton presented the hydropower status report. He stated that as of December 1, 2009, the Dworshak hydropower plant had produced about 186.3 million kWh sold to Bonneville Power Administration. Pristine Springs #1 hydropower plant had produced just less than 1.4 million kWh and the Pristine Springs #3 hydropower plant had produced about 2.1 million kWh.

Mr. Patton stated that the energy sales rates had gone up as of January 1, 2010. The Dworshak rate increased 3% to .0522/kWh. This contract runs to 2015. The Pristine Springs plants increased 2.3%. In the financial reports this fiscal year to January 1, 2010, Dworshak had accrued just under \$125,000 in revenue over expenses for deposit into the Revolving Development Account and \$50,000 into the Repair and Replacement Account. Since July 1, 2009, Pristine Springs #1 and #3 combined have produced just under \$17,590 over expenses.

Mr. Rigby asked about the variance in the budget that was negative on page 4-4. Mr. Patton stated this was due to the problems with the low-head turbine and the high water in the Snake River. Mr. Beck asked a question about the energy sales rates for Pristine Springs' hydropower plants. Mr. Patton explained the rates that Idaho Power pays are based on the time of year and the differing needs for hydropower based on their avoided cost structure.

Agenda Item 5, IWRB Financial Program

a. Status report

Mr. Patton discussed the status report for the Board's financial programs. As of January 1, the Board has about 12.8 million committed, but not disbursed; just under \$20 million in loan principle outstanding and a current uncommitted balance of \$1.78 million. \$1.2 million is from the Pristine Springs Project and some think these funds should be committed to the ESPA CAMP project. Chairman Uhling stated this would be to match funds for the Governor's recommendation of \$1 million. Chairman

Uhling thought this should be put in the committed category which would reduce available funds to around \$500,000. Mr. Rigby asked why \$1.2 million. Mr. Patton stated that is at the Board's discretion. \$1.2 is coming back from the groundwater districts every year for the Pristine Springs project. Only \$1 million is needed for the match. Mr. Graham thought that should be reflected in the statement. Chairman Uhling thought this called for a footnote. Mr. Patton stated the Board has not taken any action to commit those funds. Mr. Anderson thought a motion to obligate the funds should be made.

Mr. Rigby moved that \$1 million should be committed to match the Governor's \$1 million recommendation for the ESPA CAMP funding. Mr. Graham seconded. The Chairman called for a roll call vote:

Roll Call Vote:

Mr. Cuddy: aye; Mr. Alberdi: aye; Mr. Chase: aye; Mr. Beck: aye; Mr. Chamberlain: aye; Mr. Graham: aye; Mr. Rigby: aye; Chairman Uhling: aye. 8 ayes. Motion Passed.

Mr. Chamberlain asked Mr. Patton where the \$3 million increase in uncommitted funds was coming from. Mr. Patton stated in September \$1.2 million will come from Pristine Springs and other revenues are from hydropower and loan repayments. Mr. Rigby thanked Clive Strong for all his work on Board projects that are now causing monies to flow back to the Board.

Chairman Uhling stated it would be good to show on the balance sheets where incoming funds are coming from. Mr. Graham asked if this was a one-time matching fund for the Governor. The Chairman replied it was and it will be considered each year by the Board. Mr. Rigby also stated that the Board is committed to the ESPA CAMP but each funding decision should be made each year.

Mr. Patton noted that the Squaw Creek Irrigation District loan of \$20,700 had been paid in full as well as the City of Hope loan for \$108,000 and the Lava Irrigation Company loan for \$7,880. He noted that Water District 01 had returned just under \$160,000 of aquifer recharge monies to the Board. This is the remainder from the 1995 recharge appropriation which the Board turned over to WD 01 to manage. Since recharge is now included in ESPA CAMP, WD 01 thought these funds should be returned to the Board. These funds have been placed in the revolving development account and committed to future recharge conveyance costs. Together with funds already committed, there is about \$427,789 and this should get the Board through 2010 for recharge conveyance.

Mr. Patton noted that about \$260,000 had been received from Water District 01 for the 10% surcharge on Upper Snake Rental Pool operations in 2009.

Mr. Patton also noted that at the last meeting staff reported they were working on a pooled bond issue to include 6-7 canal companies in the Bear River Basin to match a Bureau of Reclamation stimulus grant for canal improvements and which could also include the Southwest Irrigation District's new pipeline project. This would total \$10-12 million for the pooled bond.

Mr. Beck asked about a forecast that was provided in the past that listed pending loan applications. He asked Mr. Patton how often staff receive loan applications. Mr. Patton stated that

applications are always being received and reviewed to work out details. Chairman Uhling asked that the forecast be provided at the next meeting.

b. Annual Report

Mr. Anderson asked the Board to approve the 2009 Annual Report.

Mr. Chamberlain moved that the Board approve the 2009 Annual Report and Mr. Chase seconded. Chairman Uhling called for a voice vote and all were in favor.

c. Loan Requests

Lindsey Lateral Water Users Assn.

Mr. Patton presented the loan request from Lindsey Lateral Association for \$35,000 to complete engineering design for piping the open lateral system for 191 members in Boise. The Board previously loaned money to Lindsey lateral in 2003 for an engineering feasibility study. The Board had previously allocated monies for this project; however, a dispute arose between Lindsey Lateral Water Users Association and the Nampa-Meridian Irrigation District. That dispute has been solved. This loan would provide a match for a \$50,000 grant from the U.S. Bureau of Reclamation for this evaluation.

Mr. Patton stated that staff believes this is a good project and recommends the \$35,000 loan for a ten-year period. The resolution had been revised to include a reserve payment to equal one payment.

Mr. Chamberlain moved the Board approve the loan request from Lindsey Lateral Water Users Association for \$35,000 for ten years at 6% with the provision that one payment be kept in a reserve fund. Mr. Rigby seconded. The Chairman called for a roll call vote.

Roll Call Vote:

Mr. Cuddy: aye; Mr. Alberdi: aye; Mr. Chase: aye; Mr. Beck: aye; Mr. Chamberlain: aye; Mr. Graham: aye; Mr. Rigby: aye; Chairman Uhling: aye. 8 ayes. Motion Passed.

City of Genesee

Mr. Patton presented the loan request for \$200,000 for replacement of a 100-year-old storage tank in the City of Genesee in Latah County. They have 800 residents. The city plans to pay off the loan in 3 years. Staff recommend this loan and representatives were there to address the Board.

Mayor Steve Odenborg of Genesee discussed the storage tank replacement project and the method of repayment. He thanked the Board for their time.

Chairman Uhling stated that the City of Genesee was setting a good example by repaying in 2 ½ years. Mayor Odenborg stated user fees would be raised until the loan is paid for and then they would drop back.

Mr. Cuddy moved that the \$200,000 loan to the City of Genesee with a 3-year repayment plan at 6% be approved. Mr. Beck seconded. Chairman Uhling called for a roll call vote.

Roll Call Vote:

Mr. Cuddy: aye; Mr. Alberdi: aye; Mr. Chase: aye; Mr. Beck: aye; Mr. Chamberlain: aye; Mr. Graham: aye; Mr. Rigby: aye; Chairman Uhling: aye. 8 ayes. Motion Passed.

d. Aquifer Recharge Program Update

Mr. Anderson introduced Mr. Bill Quinn. Mr. Quinn summarized the 2009 recharge program. The total amount recharged was 124,536 acre-feet. The total conveyance costs were \$279,104 paid by the Board. 62% was recharged above American Falls and 38% recharged below American Falls.

For 2010, staff believes that 100,000 acre-feet is a realistic target. Staff requests the Board to consider a \$3 wheeling fee. Mr. Anderson stated that the Board should wait and check out options on the ESPA CAMP. The water supply is looking grim. He suggested tabling this decision until the March meeting. Chairman Uhling asked about the targets for above Milner and below Milner. Mr. Anderson stated there are maintenance issues that may interfere with some recharge. A 60-40 split might be reasonable.

Mr. Chamberlain asked questions about the Milner-Gooding recharge and the Fremont Madison. Mr. Quinn stated that Milner-Gooding was the largest recharger. Mr. Chamberlain asked if Northside's concern had been dealt with. Mr. Anderson stated that each entity would have to assess its own issues each year. Mr. Chamberlain asked if what happened this year would be similar to next year. Mr. Quinn agreed. Mr. Chamberlain asked if other canal companies might be willing to join up. Mr. Quinn stated there may be five new canal companies participating this year with fairly large capacities. Mr. Chamberlain asked if it was a good water year, could we approach 150,000 acre-feet for recharge. Mr. Quinn stated there is the infrastructure to recharge that many acre feet. Mr. Anderson stated the Blackfoot canals may participate in the future. There is more capacity in the upper part of the system than the lower. Interest is growing in the recharge program. Chairman Uhling stated he had seen a fax from Craig Evans in Blackfoot expressing interest.

Mr. Alberdi asked Mr. Quinn if staff have used the model to pinpoint where the most effective recharge projects are. Mr. Quinn stated that the recharge retention chart shows that information. He explained that the model shows maximum retention in the Milner-Gooding Canal. Mr. Alberdi asked how in the future we might economically encourage the canal companies with the best benefits to recharge to get the most for our money. Mr. Anderson stated that several analyses have occurred on this very topic. The spring recharge above American Falls returns to the river during irrigation season. He also stated that the North Side and Milner-Gooding systems have a little more aquifer retention time. Each one has a different effect for different river reaches or springs. Each canal system can be analyzed separately.

Mr. Alberdi stated that we have used the shotgun approach and maybe later we can pinpoint where we can get the most recharge for the money spent. Chairman Uhling stated that the Board will be asked for the best efficiency for the money spent. The Implementation Committee does have a recharge

working group. Mr. Anderson stated the recharge working group is always working on this and the Implementation Committee will be making recommendations to the Board. Chairman Uhling stated that eventually it would be good to have a report that shows what we have done each year with the cost and the benefit. Mr. Quinn noted that the retention chart had just been passed out and it was based on the model.

Mr. Quinn discussed the 2009 ESPA Recharge map showing locations and volumes. He discussed other graphs provided to the Board. He noted that thank you letters had gone out to the participating canal companies for 2009.

Mr. Chamberlain noted that Milner-Gooding had recharged for so many days even though there were shut-off periods due to the good water year. Mr. Quinn discussed the details of the recharge flow chart. Mr. Chamberlain stated that this much recharge may not be possible every year. Mr. Beck noticed that in the early season Fremont Madison was heavily involved; however, the Great Feeder with greater capacity had less recharge. Mr. Quinn replied that Fremont Madison was able to start April 1 while the Great Feeder did not come in until late May. They had a short 2-3 week run. The Great Feeder did not participate in late season because only storage water was available. Mr. Quinn stated that Fremont Madison donated some storage water in the late season.

e. Idaho Water Transactions

Mr. Anderson introduced Morgan Case who updated the Board on the Water Transactions Program. In 2009 the Board implemented 11 new transactions for 37 cfs of protected water in-stream for a cost of \$1,352,243. Seven were permanent conservation easements restricting 13.97 cfs in the Lower Lemhi River with funding from the Pacific Coast Salmon Recovery Fund and the Idaho Fish Accord Water Transaction Fund. Agreements not to divert funded by IWTF protected 17.46 cfs in the Lemhi River. The Columbia Basin Water Transactions Program funded 3 transactions to protect flows on Fourth of July Creek in the Stanley basin, Morgan Creek near Challis and Big Hat Creek between Challis and Salmon. She referred to a table showing that transactions funded to date from 2003 protected 8.5 cfs up to 2009 protected 100 cfs. The chart shows all the projects listed. She discussed the range paid per acre foot for different transactions. She also showed a map with transaction locations and a map of the P-9 ditch which shows the big increase of salmon redds in Patterson Big Springs Creek.

Chairman Uhling requested that target levels be shown in some kind of a graphic. Ms. Case stated that it would be possible in some reaches; however, other reaches have no targets. Staff just hopes for the best improvement.

Mr. Chamberlain complimented Ms. Case on her ability to win over ranchers to join in these transactions.

Mr. Chamberlain moved that the resolution authorizing the Chairman to enter into contracts with Leadore Land Partners or subsequent owners for an agreement not to divert out of Big Timber Creek in the amount of \$626,672.49 be approved. Mr. Rigby seconded. The Chairman called for a roll call vote.

Roll Call Vote:

Mr. Cuddy: aye; Mr. Alberdi: aye; Mr. Chase: absent; Mr. Beck: aye; Mr. Chamberlain: aye; Mr. Graham: aye; Mr. Rigby: aye; Chairman Uhling: aye. 7 ayes; 1 absent. Motion Passed.

Chairman Uhling noted that these are flow through funds. Ms. Case agreed.

e. North Lake Water & Sewer District Bond

Mr. Anderson stated that the current bond is in a category of default. The last payment was made to the bond holders using money from the debt service reserve. The North Lake Water and Sewer District is concerned about funds coming in. The legal staff at Wells Fargo is working with the borrowers. The banking entity Credit Suisse provided credit to Tamarack for this financing.

Mr. Jim Wrigley introduced Katie Schwab and Dave Ulbricht from Wedbush Securities. He stated that the pooled bond program in the Bear River area is being organized as local improvement districts. Commissioners from the counties are on board. The firm of Moore, Buxton, Smith and Turke had been hired to counsel the local improvement districts. There will be one set of documents going to six different entities and these documents could be used by the Board for future local improvement districts. The pooled bond fund will be around \$11 million. He added that funds will hopefully be available in April, 2010.

Mr. Wrigley stated he had talked with Bill Eddy from the North Lake Water & Sewer District about the local improvement district. The security behind the bonds is an assessment lien on the real estate and this is second only to the property tax lien. The process is functioning very well. The district is right on top of this activity. They are prepared to continue the lien process on the properties. What usually happens when there are delinquencies is that the land owner can lose the property to clear the liens. Mr. Eddy stated that 10-15% of the properties are delinquent. Some owners have walked away and are held by lenders. There will be a hearing in March for the main Tamarack properties. Mr. Eddy is working with Credit Suisse. There is property selling up there and each time the lien is paid. A recent property purchased for \$1.2 million three years ago with a \$790,000 mortgage recently sold for \$184,000.

Chairman Uhling asked what the appraised values were. Mr. Wrigley said he did not know because he is working with market values. Mr. Eddy recently told Mr. Wrigley that several other LID's are also delinquent. As the delinquencies are given, there will be point where the lender will step forward and pay the liens rather than lose the real estate. This week Mr. Wrigley will meet with North Lake and have exact figures for the Board. The default period runs for three years.

Mr. Anderson stated that the fear is how this will impact the Board's credit rating. Mr. Wrigley stated that is always a concern. Every loan has no recourse to the Board, but anytime there is association with poor financing there can be some effect. Chairman Uhling stated that the big lenders will come forward to save the real estate. Mr. Wrigley stated that in this area it is a tough environment for real estate. Mr. Anderson stated that Mr. Wrigley could update the Board in March.

The Chairman called for a short break.

Agenda Item No. 6, Planning Activities

a. ESPA CAMP Status Report

Mr. Anderson introduced Mr. Jonathan Bartsch. Mr. Bartsch summarized that at the work session Mr. Rassier outlined the legislation for the ESPA CAMP. Mr. Bartsch wanted to outline an approach forward to deal with issues and the matter of incidental recharge. Mr. Bartsch thanked Mr. Phil Rassier for his work in developing the legislation and the time commitment he made to get it in this draft form. Chairman Uhling thanked Mr. Rassier for all his hard work.

Mr. Bartsch stated one issue is if the state provides lump sum money, how will water users who are only able to make their contributory share catch up each year. He planned to discuss this with the Implementation Committee.

Mr. Bartsch stated the second issue was enforcement of non-payment including the role of the Board and the role of the counties. The other issue raised was the percentage of up to 3% being charged for collection of administrative fees. All issues would be discussed with the Implementation Committee and the funding working group to create a proposal for the Board to consider. The spring user funding section would be discussed with the legislature to be included in the legislation.

The Chairman asked if there was any action needed by the Board today or if Mr. Bartsch needed input from the Board. Mr. Anderson stated input was needed. The Chairman asked if any Board members had input into the legislation. Mr. Graham stated that enforcement and the 3% charge by the counties should be discussed. The Chairman stated these issues will be discussed by the Implementation Committee and brought back to the Board for a decision. Mr. Bartsch stated that the legislation presented yesterday had some stylistic changes needed. Another proposed draft would come back to the Board with suggestions for enforcement and the counties' 3% charge.

Mr. Bartsch stated that incidental recharge was discussed at length yesterday. His proposal for managed recharge from yesterday includes addressing incidental recharge. He stated his hope is that this proposal which needs further review and discussion will create predictability as well as a means for budgeting to identify costs. The goal is to professionalize a managed recharge program across the aquifer including long term contracts and wheeling fees for payment. He stated that participating canals need to be ready to accept the water when it is available. Water years are variable he stated and there are challenges. Concerns were expressed yesterday about the process. Mr. Bartsch described his plan for moving forward in the process as a way to bridge the divide is to meet with a smaller number of people and to define the concept of incidental recharge further and identify how it would work. He agreed to take another shot at getting the Great Feeder groups and others to agree on a concept. With an agreed on concept to present to the Implementation Committee, further recommendations can be made to the Board. Mr. Bartsch hoped to do this before the end of the first week of February. His goal was to build agreement and have a clear picture of where there is agreement and where there is disagreement so that the Board can make a decision for going forward.

Mr. Cuddy commended Mr. Bartsch for all his hard work. Mr. Alberdi also expressed appreciation for the goals. Chairman Uhling stated the Board stands behind him and he expressed

appreciation for Mr. Bartsch's efforts. This decision is very important since the state has committed \$1 million dollars for this effort. The Legislature is ready to help to make this a success.

Mr. Bartsch asked if the Board wanted to schedule a teleconference after he works with the small group and reports to the Implementation Committee. The Chairman said the date would be set up and the Board would be ready to do a teleconference. The Chairman asked if anyone in the audience wanted to address the Board.

Additional Public Comment

Mr. Dick Fosbury spoke to the Board about an application for a water transfer on the Wood River. He stated that he had been a part of the South/Central Minimum Stream Flow Subcommittee meeting. This morning he wanted to poll the Board and ask if there were any issues he could focus on to develop information for the Board. Mr. Fosbury stated he is a licensed professional engineer. Chairman Uhling inquired if Mr. Fosbury knew how the community as a whole would react if the minimum stream flow was changed since the Board set it on the request of the Blaine County Commissioners.

Mr. Fosbury stated that the Board's two minimum stream flow rights are 25 years old. Only one measuring device in the middle of the valley is on the river. Two measuring devices have been lost. He stated that in discussing this with Mr. Tuthill and Board members that a new study of what minimum stream flow values are needed today would be helpful. Mr. Fosbury acknowledged the limitations of staff. He added that he had been the city engineer of some of the towns in the area and he was familiar with the river. New information is needed. He stated that the percentage of these transfers is so minute compared to the error variation on the measuring device that they would have very little impact. Mr. Fosbury stated that he needs to talk to local government to find solutions and his group is willing to work on that.

Mr. Alberdi stated that as the chair of the South/Central Minimum Streamflow Subcommittee he appreciated their input at the meeting. It is a difficult drainage and there are limited reservoir development possibilities. He asked if waters could be transferred from above the gauge to meet needs below. This might be a good solution to explore. Mr. Fosbury stated that he would look into it. He added that 90% of the water is below the Hailey gauge. All solutions are being considered. He thanked the Board for their time.

Mr. Chase asked how important the fishery is to the Wood River Valley. Mr. Fosbury responded that there are a number of important issues including fishing. The amount of water in their transfer request would not impact the fishery. The Board's water rights are to protect the fish. Mr. Fosbury stated that Silver Creek is the most important fishery and its water comes from springs and the aquifer. Input from Fish and Game would be helpful he thought.

Mr. Chamberlain stated that the Board's concern is not necessarily his transfer, but all the others that would come after. He asked Mr. Fosbury if there were other transfers that would come in the future and how many there were. Mr. Fosbury responded that IDWR in the Southern Region is working on violations and getting water right owners into compliance. He stated he would get that information to provide to the Board.

b. Rathdrum Prairie CAMP

Ms. Harrington stated that the Advisory Committee met for the first time in December and Mr. Joe McMahan was here today to give a summary. She stated there are a number of on-going hydrological studies to support the RP CAMP that were discussed at the meeting. Boise State is doing a climate impact study for water supply and demand.

Ms. Harrington discussed documents in the Board book relating to the remaining vacancy for the Advisory Committee. She introduced Mr. McMahan. He discussed handouts that he had provided for the Board for their information. He summarized what the interviewees told them. This information was the starting point for the Advisory Committee. He also discussed the output of the Advisory Committee. When a committee is formed to make a recommendation to the Board, there are several possible frameworks to explore. Mr. McMahan referred to another handout called Moving Forward and Maintaining Focus which demonstrated different issues to be considered. Mr. McMahan made a drawing on a flipchart. Lastly he stated there is a legal document discussing the overall goal of expanding the discussion gathering data and then focusing on a framework document. The first meeting was good. Members are ready and eager. The next meeting is January 29th.

Mr. McMahan stated there is one conservation slot still open. Three names have been provided. Mr. Marcy was interested but not available on Fridays. There were two remaining candidates for the Board to consider. Mr. Graham stated that the subcommittee did review the three recommendations. Since Mr. Marcy was unavailable, the subcommittee had selected Mr. Al Isaacson as a recommended conservation member of the Advisory Committee for the Board's appointment. Mr. Bill Irving would serve with the Ad Hoc Committee. Mr. Graham stated that Mr. Kevin Lewis was appointed by the Board for the first conservation slot. Mr. Graham also stated that criticism was received that Mr. Lewis did not live on the aquifer, but that was not a criteria of the subcommittee.

Mr. Cuddy had suggested that the mining industry be included in this advisory committee. Mr. Cuddy was contacted by Coeur d'Alene Mines (Coeur) about being on the Advisory Committee. Also, at the Senate Resources Committee a suggestion was made to Mr. Cuddy to have a mining industry representative on this advisory committee. At this point, Mr. Luke Russet and Mr. Paul Grader from Coeur would like to serve on this committee. One of the two would be available for appointment to the committee.

Chairman Uhling agreed that a mining representative should be appointed to this committee. Mr. Graham stated that the subcommittee is not certain which person from Coeur will be available. Ms. Harrington stated that this person needs to be available next Friday.

Mr. Cuddy moved that Mr. Al Isaacson be appointed to the remaining conservation slot on the Rathdrum Prairie Advisory Committee and that either Mr. Luke Russet or Mr. Paul Grader be appointed as a mining representative. Mr. Chase seconded. Chairman Uhling called for a voice vote. All were in favor.

Chairman Uhling stated he had received a letter with criticism of the manner in which the conservation representatives were chosen for the advisory committee. He asked staff to address this issue. Ms. Harrington responded that the authors of the letter were two gentlemen who were nominated

but not chosen as representatives to the advisory committee. She stated that she had not spoken to either of them. Mr. Graham stated that in regard to what occurred six weeks ago one of the two members was from Spokane. The subcommittee decided that only Idaho residents would be appointed. Both of the two nominations were attorneys. When the subcommittee reviewed that category, someone mentioned that the Governor had asked not to have lawyers, lobbyists and legislators on the committee. Also, some other appointees may have been lawyers. There was argument over this. The subcommittee requested the contractor obtain other names.

The Chairman asked Mr. McMahan and Ms. Harrington if they felt comfortable with the appointees for the two conservation slots. Mr. McMahan stated that he did not know the nominees and he had contacted Mr. Harris about the current nominees and if the committee could move forward. Mr. Harris agreed. Ms. Harrington stated that Mr. Isaacson is also a member of the Kootenai Environmental Alliance as was Mr. Harris who was not appointed.

c. Treasure Valley CAMP Status Report

Mr. McMahan stated that interviews are completed; assessments are finished; and an addendum had been posted on the website. Nominations have been coming in and hopefully recommendations will soon be ready for the Board. He referred to a handout the Board had received about issues brought up by stakeholders. This is the starting point for the Advisory Committee. Mr. McMahan thought there were some additional issues in the Treasure Valley. The goal of the process is for the Advisory Committee to make recommendations to the Board. Category 1 is who should be on the committee. Category 2 is nominations to the committee. Category 3 is any unique entity that ought to be part of this committee like Idaho Power, Boise Project Board of Control, etc. Mr. McMahan said there might be a category of folks who would be at the table but not part of a consensus. He asked for Board guidance on who should be selected.

Mr. McMahan went on to discuss the Ad Hoc committee for technical input from agencies. The nomination process is underway. He brought up the lawyer, lobbyist and legislator issue and how to deal with that. Some nominations could be part of that group. He said he understood the fear that someone would be representing a group or advocating a personal agenda. A different technical hydrology group might be created to provide expertise. There could also be a legal advisory group. He asked the Board for their input on who should be providing consensus. He asked about Category 3.

Chairman Uhling stated he was not worried about the 3L's and wanted to set that aside to get the right people on this committee. On Category 3 he asked staff what their thoughts were. Ms. Harrington stated that Mr. McMahan had mentioned major groups. There might be other agencies that need a seat at the table for discussions but not be part of the consensus. In the ESPA CAMP there was an action taken to appoint certain members in an ex officio capacity. The Chairman asked Mr. Anderson that when the advisory committee is appointed, they will want to discuss this. He was also concerned that other federal agencies be included in good faith with the Board's agreements and MOU's. Mr. Anderson stated that categories were identified to provide technical input for the ESPA and that had worked well. In the Treasure Valley there may be legal issues with development pressures. There is a lot of interest in groups being represented. Mr. Anderson stated that all agency representatives were not voting members. The Chairman suggested that another meeting may be needed to deal with these issues. He suggested that the advisory committee provide suggestions. Ms. Harrington stated suggested agencies and experts are listed

on the handouts. This will be a fluid process as topics come up. The Chairman stated that this is a complicated process because of the population of the valley. Mr. Harrington noted that a Treasure Valley Aquifer Subcommittee will meet to provide nominations to the Board.

Mr. Graham asked about Category 3 if it would be organizations rather than individuals by name. Mr. McMahan stated that certain organizations have such an impact that they would be there and would name a certain individual to participate. The Chairman was concerned about the naming process.

d. State Water Plan

Ms. Harrington stated that after 23 meetings the State Water Plan Subcommittee is still reviewing policies with the Board and expects to be finished by May. Two more meeting in February and March are scheduled and more policies will be reviewed by the Board in March.

e. Minimum Stream Flow Update

Mr. Anderson asked if there was any other information to provide to the Board in addition to the staff memo in the Board folder. Ms. Morgan Case stated that there was. At the last subcommittee meeting six month extensions were requested on minimum stream flow applications 37-8333 on the Malad River and 98-7705 on the Kootenai River. Staff needs direction by the Board to extend those applications for another six months.

Mr. Chamberlain moved that staff file six month extensions on minimum stream flow applications 37-8333 on the Malad River and 98-7705 on the Kootenai River. Mr. Graham seconded. The Chairman called for a voice vote. All were in favor.

f. Storage Update – Minidoka, Teton, Galloway, Boise

Ms. Cynthia Clark updated the Board on two on-going studies. The Army Corps of Engineers is partnering with the Board to perform the Boise River Interim Feasibility Study. This is one of the technical studies for the Treasure Valley Aquifer CAMP to determine future water supply and flood protection. The initial work for the study had been progressing. A contractor is completing a hydrologic model to update flood plain mapping. The COE is developing a conditions inventory. The Board's draft Lower Boise Comprehensive Basin Plan is also being included in this study. Board staff are collecting GIS data on properties in the flood plain to estimate flood damages prevented. This work will be credited to in kind services.

Mr. Alberdi asked when this study would be completed. Ms. Clark responded that March 2012 is the end date. Mr. Chamberlain stated that there was a lot of comment this morning on the Twin Springs dam. Without studies like this, he stated, it would be impossible to decide whether Twin Springs' dam is actually needed. Ms. Clark stated that she was encouraged that the TV CAMP was getting started to coordinate with this storage study and the public can participate in the process.

Ms. Clark discussed the Minidoka Dam Raise Study which will be finalized in February. A draft Executive Summary was in the work books for Board members. The proposed dam raise is feasible and would result in an additional stored 67,115 acre-feet at a cost ranging from \$127 to \$220 million. If the raise is postponed until after the spillway construction is complete, the cost to prepare an estimate of

additional study costs and a timeline to develop a project cost estimate would be \$120,000 to be completed by the end of February. Ms. Clark stated a resolution was before the Board today to authorize an additional \$120,000 along with an agreement with the COE.

Chairman Uhling called for questions. Ms. Clark answered Board member's questions. There was discussion about the actual timeline for the spillway replacement, the dam raise and the EIS study based on COE predictions. Mr. Gregg had stated that the EIS study could be performed within 12 months. Mr. Chase wanted to do this study now in preparation of raising the dam. Chairman Uhling added that he didn't think a parallel track with the spillway replacement was a possibility. However, the EIS study could still be performed in anticipation of the dam raise.

Mr. Chamberlain expressed his disappointment in the Corps of Engineers' projections early on as compared to what their projections are now. He stated that the state economically may not be able to provide more money for this dam raise and he did not favor spending the additional \$120,000 now. Mr. Beck stated that the monies were set aside for the study of the raise and even though it may not happen his year, it is important to complete the study.

Mr. Beck moved that the Board approve the resolution authorizing the expenditure of \$120,000 to project cost estimates for the Minidoka Dam Raise after the spillway is completed. Mr. Chase seconded.

Mr. Cuddy stated that he believed that the COE had reassessed the reality of the raise itself and found a reason to expedite the spillway repairs without the dam raise. Mr. Alberdi stated that the Legislature gave the Board \$1.4 million. The additional \$120,000 is part of that money. Chairman Uhling stated that the total budget is \$825,000 without the additional study and \$945,000 with the project cost estimates which is still under the \$1.4 million. Mr. Alberdi felt it was now or never and should be done.

The Chairman called for a roll call vote.

Roll Call Vote:

Mr. Cuddy: aye; Mr. Alberdi: aye; Mr. Chase: aye; Mr. Beck: aye; Mr. Chamberlain: nay; Mr. Graham: aye; Mr. Rigby: absent; Chairman Uhling: 6 ayes; 1 nay; 1 absent. Motion Passed.

Ms. Clark asked for guidance from the Board. Mr. Beck stated that whatever the Bureau can do to help the Board with the cost for expanding the base of Minidoka Dam would be helpful. He asked staff to work with the Bureau of Reclamation on projected costs. Mr. Chase added that it could take two years to do this. Mr. Beck added that he felt frustration with the Bureau of Reclamation about future hesitation on the Minidoka Dam raise.

Ms. Clark asked the Board if they would like the Bureau to bring staff to make a presentation of the study and review the results at a future Board meeting. Several Board members expressed interest in having that presentation.

Ms. Clark reported on the Teton Basin Storage Appraisal study the start of which had been delayed until February, 2010. Ms. Clark noted that on the Galloway Dam Feasibility Study there had

been no appropriation of funds and staff are seeking private partnerships to finance the study. The Chairman added that Mr. Jack Peterson is working hard on this effort. He asked staff to coordinate a Storage Subcommittee meeting in the next four to six months to discuss progress on all these efforts. Ms. Clark thanked Mr. Peterson for his assistance.

Agenda Item No. 7, Water Supply Bank Lease Application

Mr. Anderson discussed the two applications for long-term leases. Mr. Bruce Smith's application had not been reviewed by the department. The Flying H Farms application had been reviewed by the department. Mr. Anderson asked how the Board wanted to proceed on the application from Mr. Smith. Chairman Uhling asked what staff recommended. Mr. Anderson stated that the application should be sent to Mr. Aaron Marshall for department review and recommendations. Mr. Chase was concerned about this application since there are 72 applications ahead of it in the department review process. Chairman Uhling stated that tight economic resources are limiting the review process.

Mr. Anderson stated that there is a Water Supply Bank Subcommittee and perhaps a meeting should be scheduled to evaluate the review process and the demands and priorities being placed on the Water Supply Bank. The Chairman agreed.

Mr. Anderson presented the Flying H Farms Partnership request to rent water from the water supply bank for seven years. Mr. Anderson stated that if a request is more than five years, the Board must give approval.

Mr. Chamberlain moved to approve the resolution to allow Flying H Farms Partnership to rent water from the water supply bank in accordance with water supply bank rules. Mr. Cuddy seconded. The Chairman called for a voice vote. All were in favor.

Agenda Item No. 8, Interim Director's Report

Interim Director Spackman discussed the department budget for 2010. He thanked the Board for their assistance in contributing one-time money to help the department through the 2010 budget. This contribution provided flexibility for the department to move forward. After the holdback the department was asked to make the 7.5% permanent in the budget for 2011. He stated he would not be asking the Board for additional contributions. The Governor's budget proposal for 2010 asked the department for another \$150,000-\$200,000 which would be six more days of furlough. Through attrition and some funds from operating expense the department will be able to make that. In 2011 one furlough day per month will be asked of employees. He expressed concern that the budget projections for the Legislature predict a \$69 million shortfall in addition to the Governor's projection. This could translate to another 3-5% for 2010. If this happens it will mean an additional \$300,000-400,000 holdback in 2010. The department would struggle to find this money. He's been asked to develop contingency plans. This depends on what happens to the department in this legislative session. Business plans are being suggested. He discussed various ideas that are being tossed around.

Interim Director Spackman discussed the Water Supply Bank Subcommittee meeting. He stated he would like to discuss with the Board priority-setting for processing applications. If this is important to the Board, he thought it should be addressed soon. Chairman Uhling stated that funding for the process was limited and not self-funding. In addition, the Board did not want to consider an application that wasn't part of the general process. The Chairman stated a bigger discussion is the resource constraint.

Interim Director Spackman stated that Aaron Marshall works outside Board staff, but he is also working on water right applications for transfers. For the department transfers are a top priority; however water bank applications are lower in priority on the list. Chairman Uhling stated that the Board recognizes that and is not criticizing the department. But the Board wants to consider alternative funding.

Interim Director Spackman discussed his Director's Award for Morgan Case and the Water Transactions Program. He expressed his amazement in the success of the reconnection of streams for the salmon. Chairman Uhling urged the Director to get the word out to the public.

Agenda Item No. 9, Non-action Items Board Members May Wish to Present

Chairman Uhling presented an award of recognition to Brian Patton for 15 years of service to the department. Mr. Patton thanked the Board and said he looked forward to more good years.

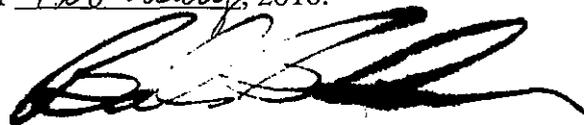
Mr. Cuddy stated that in regard to the ESPA CAMP process closure is nearing and he hoped it would happen.

Agenda Item No. 10, Next Meeting and Adjourn

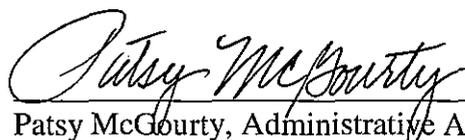
The Chairman thanked Ms. McGourty for her good work on Mr. Storer's luncheon and dinner. Mr. Anderson stated that the teleconference would be on February 5th to discuss the ESPA CAMP. The March meeting is set for the 25th and 26th. The State Water Plan Subcommittee is set for February 9th.

The meeting was adjourned.

Respectfully submitted this 17th day of February, 2010.



Bob Graham, Secretary



Patsy McGourty, Administrative Assistant II

Board Actions:

1. Chairman Uhling called for a motion to approve minutes 10-09 Amended, 11-09, 12-09, and 13-09. Mr. Beck to accept all the minutes as written and Mr. Chamberlain seconded. The Chairman called for a voice vote and all were in favor.
2. Mr. Rigby moved that \$1 million should be committed for matching the Governor's \$1 million recommendation for the ESPA CAMP funding. Mr. Graham seconded. The Chairman called for a roll call vote:

Roll Call Vote:

Mr. Cuddy: aye; Mr. Alberdi: aye; Mr. Chase: aye; Mr. Beck: aye; Mr. Chamberlain: aye; Mr. Graham: aye; Mr. Rigby: aye; Chairman Uhling: aye. 8 ayes. Motion Passed.

3. Mr. Chamberlain moved that the Board approve the 2009 Annual Report and Mr. Chase seconded. Chairman Uhling called for a voice vote and all were in favor.
4. Mr. Chamberlain moved the Board approve the loan request from Lindsey Lateral Water Users Association for \$35,000 for ten years at 6% with the provision that one payment be kept in a reserve fund. Mr. Rigby seconded. The Chairman called for a roll call vote.

Roll Call Vote:

Mr. Cuddy: aye; Mr. Alberdi: aye; Mr. Chase: aye; Mr. Beck: aye; Mr. Chamberlain: aye; Mr. Graham: aye; Mr. Rigby: aye; Chairman Uhling: aye. 8 ayes. Motion Passed.

5. Mr. Cuddy moved that the \$200,000 loan to the City of Genesee with a 3-year repayment plan at 6% be approved. Mr. Beck seconded. Chairman Uhling called for a roll call vote.

Roll Call Vote:

Mr. Cuddy: aye; Mr. Alberdi: aye; Mr. Chase: aye; Mr. Beck: aye; Mr. Chamberlain: aye; Mr. Graham: aye; Mr. Rigby: aye; Chairman Uhling: aye. 8 ayes. Motion Passed.

6. Mr. Chamberlain moved that the resolution authorizing the Chairman to enter into contracts with Leadore Land Partners or subsequent owners for an agreement not to divert out of Big Timber Creek in the amount of \$626,672.49 be approved. Mr. Rigby seconded. The Chairman called for a roll call vote.

Roll Call Vote:

Mr. Cuddy: aye; Mr. Alberdi: aye; Mr. Chase: absent; Mr. Beck: aye; Mr. Chamberlain: aye; Mr. Graham: aye; Mr. Rigby: aye; Chairman Uhling: aye. 7 ayes; 1 absent. Motion Passed

7. Mr. Cuddy moved that Mr. Al Isaacson be appointed to the remaining conservation slot on the Rathdrum Prairie Advisory Committee and that either Mr. Luke Russet or Mr. Paul Grader be appointed as a mining representative. Mr. Chase seconded. Chairman Uhling called for a voice vote. All were in favor.
8. Mr. Chamberlain moved that staff file six month extensions on minimum stream flow applications 37-8333 on the Malad River and 98-7705 on the Kootenai River. Mr. Graham seconded. The Chairman called for a voice vote. All were in favor.
9. Mr. Beck moved that the Board approve the resolution authorizing the expenditure of \$120,000 to project cost estimates for the Minidoka Dam Raise after the spillway is completed. Mr. Chase seconded. The Chairman called for a roll call vote.

Roll Call Vote:

Mr. Cuddy: aye; Mr. Alberdi: aye; Mr. Chase: aye; Mr. Beck: aye; Mr. Chamberlain: nay; Mr. Graham: aye; Mr. Rigby: absent; Chairman Uhling: 6ayes; 1 nay; 1 absent. Motion Passed.