



# IDAHO WATER RESOURCE BOARD

## MINUTES OF MEETING

**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

**Lawrence 'Vic' Armacost**  
New Meadows  
At Large

MEETING NO. 02-06 OF THE  
IDAHO WATER RESOURCE BOARD

January 24, 2006, 8:30 a.m. MDT  
Idaho Department of Water Resources  
Conference Rooms C & D, 322 East Front Street, Boise, Idaho

Meeting No. 02-06 of the Idaho Water Resource Board was called to order by Chairman Rigby  
At the Idaho Water Center in Boise Idaho  
(Two Recording Tapes)

### Agenda Item No. 1, Roll Call

#### *Board Members Attending*

Jerry Rigby, Chairman	Bob Graham
Leonard Beck	Dick Wyatt – Secretary
Gary Chamberlain	Vic Armacost
Claude Storer	

*Arriving later*– Terry Uhling – Vice Chairman – 10:00 a.m.

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

Karl Dreher, Director	Hal Anderson, Administrator
Crystal Calais, Admin. Asst. II	Brian Patton, WR Engineer
Bill Graham, Bureau Chief	

### Agenda Item No. 2, Approval of Minutes

Mr. Chamberlain moved to approve the Minutes of 01-06 Teleconference Meeting. Mr. Wyatt seconded

**Voice Vote** – Unanimous approval – Motion Passed.

### Agenda Item No. 3, Public Comment

There was no public comment made.

#### **Agenda Item No. 4, Dworshak Status Report**

Mr. Brian Patton reported on the Dworshak Project stating that the Power Plant has produced 113,707.049 kilowatt hours of power that was delivered to Bonneville Power Administration since coming on line. He noted that on January 1, 2006, the energy sales rate increased 3% to 4.64 per kilowatt-hour. The plant has produced revenue over expenses of about \$103,000 this fiscal year. In addition, \$49,000 has been deposited into the repair and replacement fund. Mr. Patton answered questions for Board members.

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

Mr. Patton presented the Financial Status Report outlining available balances as listed in the Board book. Bond Issuance Fee monies have been received for the Tamarack project. The North Snake Ground Water District has paid its loan in full. The Hawkins Dam Repair project has been essentially completed. Mr. Patton pointed out that Board books contained detailed balance sheets.

#### **Agenda Item No. 5a, Financial Status Report**

Mr. Patton reported to the Board that funding was available for all projects before the Board today.

#### **Agenda Item No. 5b. Annual Report to Governor & Legislature**

A draft Fiscal Year 2005 Annual Report was provided to Board members and Mr. Patton asked for changes by the following week, if any, in order to get it finalized and to the Governor's Office.

#### **Agenda Item No. 5c. City of Hope Loan request**

Mr. Patton presented a request from the City of Hope for \$184,650 to construct a drinking water treatment plant. The project is required through an agreement between the city and DEQ. The City is located on the shore of Lake Pend Oreille between Sandpoint and the Montana state line. The DEQ has determined that their spring is influenced by surface water and therefore, requires treatment. The city's engineer has made recommendations. Staff believes there is repayment ability from the city and recommends approving the loan for \$184,650. Representatives from the city were present to address the Board.

Larry Keith, the Mayor of the City of Hope, addressed the Board. He outlined the need for the project and how it would benefit the city. Board members had questions for Mr. Keith and there was discussion regarding this project and the term of the loan. Mr. Keith said he would have to get the city council to approve the decrease of the term from fifteen to ten years since he did not have that authority as the mayor.

Mr. Wyatt moved that the Board approve a loan in the amount of \$184,650 from the Revolving Development Account at 6% interest with a ten-year payment plan for the City of Hope. Mr. Chamberlain seconded.

**Roll Call Vote:** Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling – Absent; Chairman Rigby, Aye. 7 Ayes, 1 Absent.

#### **Agenda Item No. 5d. Harbor View Estates Water & Sewer District Loan request**

Mr. Brian Patton presented the next project stating that representatives of the Harbor View Estates wanted to be part of the meeting by telephone. The Board took a short break while the parties were telephoned.

After the break, Mr. Patton presented the application of Harbor View for \$400,000 to expand their water treatment plant and \$300,000 for a new water storage tank. Harbor View Estates is on the shore of Lake Coeur d'Alene across from the City of Coeur d'Alene adjacent to Kidd Island Bay. The district provides water to 106 current residential connections that is projected to be 195 connections in the future. The water source is the lake water and is pumped up about 500 feet. Recent demand has caused water restrictions and a reassessment of use. Welch Comer Engineering has determined that to meet their goals they need the two projects. Their financial condition is such that repayment should not be a problem. They will need additional water rights that have already been applied for and are not expected to be a problem. Staff recommends both projects. Two separate loans could be made if that is the Board's desire.

Mike Anderson introduced himself as the Chairman of the Board of Commissioners of the Harbor View Estates. Steve Cortes with Welch Comer and Associates introduced himself as the consulting engineer. Mr. Graham inquired as to future development and the cost and ownership of available lots. There was discussion as to whether one resolution or two were needed.

Mr. Graham moved that the Board approve two separate resolutions: one for \$400,000 and one for \$300,000 on staff recommendations for the Harbor View Estates projects. Mr. Patton explained the district asked for 20 years to repay. The resolution should also say it is contingent upon a new water right. Mr. Wyatt seconded. There was discussion regarding the terms of the loans. Mr. Wyatt recommended a ten-year term for both loans. Mr. Wyatt moved to amend the motion to include a ten-year term for each loan and Mr. Graham agreed.

**Voice Vote:** All in favor. None opposed. The Motion was amended.

Chairman Rigby directed a discussion on terms of the loans and the motion being considered. Chairman Rigby called for a vote on the \$300,000 loan for the storage tank

**Roll Call Vote:** Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling – Absent; Chairman Rigby, Aye. 7, 1 Absent. Motion passed.

Chairman Rigby asked for a roll call vote on the loan for \$400,000 for the expansion of the drinking water treatment plant.

**Roll Call Vote:** Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling – Absent; Chairman Rigby, Aye. 7 Ayes, 1 Absent. Motion passed.

#### **Agenda Item No. 6. Pooled Loan and Dworshak Revenue Bond Refunding**

Mr. Anderson began the presentation on the bond refunding for the pooled loan and Dworshak Revenue Bond refunding. Mr. Wrigley and Mr. Skinner were present to address the Board. Mr. Skinner explained some changes to the resolutions and asked if there were questions. Board members had no questions.

Mr. Chamberlain moved that the Board approve both resolutions for the Pooled Loan and Dworshak Revenue Bond Refunding. Mr. Graham seconded.

Chairman Rigby called for a vote.

**Roll Call Vote:** Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling – Absent; Chairman Rigby, Aye. 7 Ayes, 1 Absent. Motion passed.

### **Agenda Item No. 7. W-Canal Status and CREP Update**

Mr. Anderson asked Mr. Patton to brief the Board on the W-Canal Project Status. He stated that the project was given exemption from Department of Administration oversight approval. Bureau of Reclamation environmental compliance work is underway and is expected by June of 2006. Negotiations are on going on the terms to use the land with the Department of lands. There is a short section of private ground that needs to be crossed and easement cost negotiations are underway with landowners who do not seem to object. The Board has toured this project. There was discussion by Board members.

Mr. Patton updated the Board regarding the \$3 million CREP funds that were appropriated for resolving problems on the Eastern Snake Plain. An agreement between the State and the USDA is being drafted. This money is currently in the Revolving Development Account to be used for one time incentive payments. The remainder of the money that is currently not obligated for rental water loans is in the ESPA sub-account to be used for projects that would change the water budget. Mr. Patton stated that the program might not be in place for 2006 but more likely for 2007.

Director Karl Dreher addressed the group regarding the CREP program to answer questions. He stated that some areas of the state would continue to have water problems even if it is a good water year. There was discussion regarding water supplies for 2006.

### **Agenda Item No. 8 Water Bank Subcommittee Status Update**

Mr. Beck presented this committee's report. Staff has been very helpful with a PowerPoint presentation to the committee. The committee has discussed water bank fees and ways to keep the committee informed using the website. There was discussion regarding assignments to avoid forfeiture of water rights for various reasons. The committee recognized that assignments to the water bank to avoid forfeiture were a reason for the creation of the water bank. Director Dreyer pointed out that water bank transactions are scrutinized not to allow profiteering. There was further discussion regarding requirements for water bank transactions.

Chairman Rigby called for a short break.

### **Agenda Item No. 9 Planning Status Report**

After the break, Mr. Bill Graham began the discussion of the Planning staff workload. Charts had been provided to the Board showing details. Detailed planning schedules would be presented to the Board at the next meeting for the Lower Boise, Upper Salmon and the Rathdrum Prairie. Current planning activities in the Lower Boise include water use studies to develop an analytical model. Mary McGowan is currently wrapping up an analysis of suburban irrigation systems in the Boise Valley. IDWR staff is initiating a plan for the Upper Salmon and is assisting the Water

Management Division with interim water right administration and creating water districts. Mary McGown has been working with Tim Luke on water district creation. Bob Haynes, Manager at Northern Region, has requested assistance with conservation planning on the Rathdrum Prairie. Mary McGown, Susan Backowski and Bob Haynes have met with the Kootenai Water District and the Sierra Club on the conservation plan. They are developing a conservation template for new water right applicants. Groundwater quality study meetings are scheduled.

Chairman Rigby asked for discussion on priorities for the Planning staff. Board members asked for clarification on Mr. Graham's report. The detailed Planning report presented at the next meeting should answer many questions. There will be a discussion at the next meeting regarding the planning process.

#### **Agenda Item No. 10 Lemhi Basin Water Transactions Update**

Mr. Anderson pointed out the resolution in the Board folder. Mr. Graham stated that water transactions to permanently acquire 17 cubic feet per second at the L6 diversion through a series of agreements not to divert are in the process. Planning staff is currently working with the Office of Species Conservation and the Nature Conservancy to finalize the contract. John Homan, the Deputy Attorney General, has been working on the draft and it should be finalized soon. The staff has been working on a resolution to authorize and contract to appraise water rights. Staff is also drafting a contract for purchasing water rights. Mr. Graham noted that this entire package should be ready for the next Board meeting for review. There was some discussion regarding these programs. The resolution for the water right appraisal program was to obtain funds from the Board. The \$2.1 million Pacific Coast Salmon Funds are strictly for water right transactions. The appraisal program would not be part of it. Mr. Graham asked how much was going to be needed for a certified appraiser. Mr. Graham responded approximately \$20,000. Director Dreher noted that the \$2.1 million has to go towards acquisitions not preparatory work. A commitment was made by staff to reconvene the Board before a final decision is made on an appraiser contract.

Mr. Chamberlain moved that the Board approve the resolution authorizing an expenditure of funds to obtain services of a certified appraiser to appraise water rights and that the Board be immediately informed of the cost. Mr. Graham seconded.

**Roll Call Vote:** Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Abstain; Mr. Uhling – Aye; Chairman Rigby, Aye. 7 Ayes, 1 Abstention. Motion passed.

Mr. Bill Graham also noted to the Board that staff had recently undergone a review with the Bonneville Power Administration on the water transactions program and the result was very positive. Currently, there are eight transactions being worked on outside the Lemhi. Pacific Coast Recovery money is in the Lemhi. The water transaction projects are in the Stanley Basin including Beaver Creek, and Pole Creek.

#### **Agenda Item No. 11 Minimum Streamflows**

Mr. Bill Graham briefed the Board on proposed legislation for minimum stream flows including the two Niagara Spring permits from last year and the North Fork of the Clearwater River that was permitted. Minimum stream flows on the North Fork of the Clearwater River downstream from Dworshak will be addressed through an administrative mechanism. He noted that the statutory process did not fit for developing a minimum stream flow below a reservoir. Director Dreyer has asked the department staff to hold action on that issue while he tries to discover a solution to deal

with this problem. Mr. Graham added that two proofs of beneficial use were waiting for signature. These are both submitted for decrees in the SRBA.

### **Agenda Item No. 12 Director's Report**

Director Karl Dreyer addressed the Board with budget issues. Documents provided in the Board book showed how various agencies fared with funding requests as well as what the Governor recommended. He noted that the department requested an increase of 5.1% that is not all new funding. What the department received was a reduction of 3.2%. The Department of Lands and Water Resources both got cut 3.2% whereas Parks and the Department of Ag got general fund increases.

He noted on page 4-76 the department's request for additional funds was to pay operating funds for the Snake River Basin Adjudication. In FY 2006, the operating expense incurred is about \$707,700 about \$200,000 more than was included in the Governor's Budget. The last claims investigations will be filed by the end of June of this year. He stated that even though it's winding down; it's not over. There are still objections and hearings to deal with for two to three more years. These monies pay for Deputy Attorneys General. Given the Governor's Budget the department will be short \$200,000 for FY 2007 and has nothing for 2008. To deal with this problem, the Director stated that certain IDWR positions would not be filled; two in Stream Channel Program and two in Adjudication. In 2007, personnel dollars from the vacant positions will go into operating expenses to keep the adjudication going. The two positions in adjudication that are vacant were targeted to move into water management. The transfer backlog is growing again; licensing backlog is growing. New water districts are being created. All of this takes additional personnel. Half of sixteen adjudication positions were planned to be transferred into water management. Because of the budget problem, two and a half will stay in adjudication.

A new position for water right accounting had been requested for the new water districts. The Governor gave us the position, but took the funding out of the adjudication. There is a backlog of work in water management so the position will not be filled. There are some unresolved issues. There was further discussion regarding the impact of budget appropriations and political difficulties.

Another problem is employee compensation. On Dec. 1<sup>st</sup> the Division of Human Resources submitted their report regarding employee salaries. Last year the department lost two key people over salary issues. The Director requested a pay survey for water resource positions and the result was that overall the Department of Water Resources is 33% behind market, the lowest of state agencies. Generally, the worst are engineering and IT positions. The Governor recommended directing additional monies for juvenile corrections and the State police, but not water resources. The Director said it would take two million more to bring the department close to market based on the survey. This happens when increases are not given year after year and the market does, the agency falls behind. There was further discussion regarding these problems.

### **Agenda Item No. 13 Other Items Board Members May Wish to Present**

Chairman Rigby stated there was a legislative committee meeting at 1:00 p.m. An issue that continues to come up is a limitation in the statute of \$500,000 cap for loans from the Revolving Development Fund and the Board would like to have that removed. He asked if the Director would support that and Mr. Dreher said he would. The department could include that in the legislative packet, but it is too late for this session. The Board could find a legislator that would sponsor that legislation, draft it and get it introduced into this session.

**Agenda Item No. 14 Next Meeting – 2006 Calendar**

Mr. Anderson stated that the next meeting is set for Boise in March on the 16 & 17<sup>th</sup>.

**Agenda Item No. 15 Adjourn**

Mr. Chamberlain moved to adjourn the meeting.  
Mr. Graham seconded.

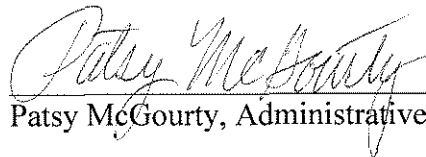
**Voice Vote:** All were in favor. Meeting adjourned.

Dated this 17<sup>th</sup> day of March, 2006.



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D. Richard Wyatt, Secretary



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Patsy McGourty, Administrative Assistant II

**Board Actions**

**1. Motion:** Mr. Chamberlain moved to approve the Minutes of 01-06 Teleconference Meeting.  
Mr. Wyatt seconded.

**Voice vote:** Unanimous approval, none opposed; **Motion passed.**

**2. Motion:** Mr. Wyatt moved that the Board approve a loan in the amount of \$184,650 from the Revolving Development Account at 6% interest with a ten-year payment plan for the City of Hope. Mr. Chamberlain seconded.

**Roll Call Vote:** Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling – Absent; Chairman Rigby, Aye. 7 Ayes, 1 Absent.

**3. Motion:** Mr. Graham moved that the Board approve two separate resolutions: one for \$400,000 and one for \$300,000 on the staff recommendations for the Harbor View Estates projects. Mr. Wyatt seconded. Mr. Wyatt moved for a ten-year term for each loan and Mr. Graham seconded.

Chairman Rigby called for a vote on the \$300,000 loan for the storage tank

**Roll Call Vote:** Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling – Absent; Chairman Rigby, Aye. 7 Ayes, 1 Absent. Motion passed.

Chairman Rigby asked for a roll call vote on the loan for \$400,000 for the expansion of the drinking water treatment plant.

**Roll Call Vote:** Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling – Absent; Chairman Rigby, Aye. 7 Ayes, 1 Absent. Motion passed.

4. Mr. Chamberlain moved that the Board approve both resolutions for the Pooled Loan and Dworshak Revenue Bond Refunding. Mr. Graham seconded.

**Roll Call Vote:** Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling – Absent; Chairman Rigby, Aye. 7 Ayes, 1 Absent. Motion passed.

5. Mr. Chamberlain moved that the Board approve the resolution to appraise water rights and that the Board be immediately informed of the cost. Mr. Graham seconded.

**Roll Call Vote:** Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Abstain; Mr. Uhling – Aye; Chairman Rigby, Aye. 7 Ayes, 1 Abstention. Motion passed.