

# **IDAHO WATER RESOURCE BOARD**

#### **MINUTES OF MEETING NO 08-06**

## **Idaho Department of Water Resources**

James E. Risch Governor Holiday Inn, Pocatello September 22, 2006, 8:37 a.m.

Jerry R. Rigby Chairman Rexburg

At Large

Chairman Rigby called meeting No. 08-06 of the Idaho Water Resource Board to order.

**Terry T. Uhling** Vice Chairman Boise *District 2* 

Chairman Rigby asked if there were any changes to the agenda. Mr. Anderson requested the Director's Report be moved up to just before Item No. 3.

## Agenda Item No. 1, Roll Call

Dick Wyatt

Secretary Lewiston

Board Members Attending

**Leonard Beck** Burley

District 3

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

Bob Graham

Bonners Ferry *At Large* 

L. Claude Storer
Idaho Falls

Department of Water Resources Staff and Guests Present

Karl Dreher, Director Bill Graham, Bureau Chief Patsy McGourty, Admin. Asst. II Mike Keckler, Public Info. Hal Anderson, Administrator Brian Patton, Engineer Neeley Miller, Planner Harriett Hensley, Deputy AG

Gary M. Chamberlain

Challis *At Large* 

District 4

# Agenda Item No. 2, Approval of Minutes 07-06

Dick Wyatt moved that the minutes from the last meeting be accepted as written. Mr. Storer seconded. All were in favor.

Lawrence 'Vic' Armacost New Meadows At Large

## Agenda Item No. 3, Public Comment

Chairman Rigby offered a 30-minute opportunity for guests to address the board. John Williams from the Bonneville Power Administration in Boise spoke about the Residence Exchange Program. He noted that correspondence had been received from governors, federal representatives and others regarding the program. The deadline for comments has been extended into October to gain acceptance in the region.

Mr. Jeff Seamons, Franklin County Fish and Game Association, was the next person to address the Board on the proposed Twin Lakes Canal Company dam. He was requesting protected river status from the Board for the Bear River within the Oneida Narrows Canyon in the public interest although he knew this needed to come from a state agency. He provided copies of the Preliminary Permit awarded the Twin Lakes Canal Company, the 1990 decision of R. Keith Higginson denying the water right appropriation, and a map of the protected streams in the area. He noted that the Oneida Narrows Canyon is located in the Northwest Power and Conservation Counsel protected areas program. The Bonneville Power Administration service area has a policy that it will not buy any power that comes from a protected area in its service area.

Chairman Rigby clarified that Mr. Seamons represented a private association and that the basin is not protected under the State Water Plan. He also noted that there is a current loan outstanding to the Twin Lakes Canal Company for the feasibility study for this dam. Mr. Seamons informed the Board that the Twin Lakes Canal Company had given the Federal Energy Regulatory Commission 60 days notice that they were applying for a license. The feasibility study report has not been completed. Chairman Rigby asked staff to put together a map of the area in question. Mr. Anderson pointed out that the department has intervener status in the FERC process as the State of Idaho. An agency can request the Board to provide interim protection for the Bear River. Mr. Chamberlain suggested the Board tour the area and Mr. Wyatt stated that the Board should get back to State Water planning.

Mr. Rob Pearce from Preston Idaho addressed the Board as President of the Franklin County Fish and Game Association. He stated that their group had obtained 900 signatures on a petition against this project that was submitted to FERC. He provided a copy of an essay written about the issue to the Board.

## Agenda Item No. 4, Dworshak Status Report

Mr. Patton presented the Dworshak Report. He noted that the power plant has produced 126 million kilowatt hours of energy to BPA. The end of FY 2006 on June 30 the project had produced \$303,000 in revenue over expenses. Another \$98,000 was deposited in the repair and replacement fund. He stated that for FY 2007 the debt service would go up due to bond refunding a one-time increase. The letter of credit is no longer required, and has been removed from the new budget. Mr. Patton answered Board members questions.

## Agenda Item No. 5, IWRB Financial Program

#### a. Status Report

Mr. Patton presented the report that reflects September 1 balances: Main Fund (Revolving Development Account) - \$1,787,783; ESPA Sub account - \$1,590,618; Water Management

Account - \$31,296 totaling about \$3.4 million. Requests before the Board today include the CREP funding of \$3 million. Also, a \$5 million appropriation for retiring water rights is not included in these balances. The Legislature also appropriated \$300,000 for the ESPA Management Plan, which is earmarked and not shown in available balance.

Mr. Patton provided an update for the Cub River Irrigation pipeline project that has been expanded for additional acreage. An agreement between Utah and Idaho is being drafted for this. Cub River will be requesting an increase from \$500,000 to \$1 million from the Board. Utah has increased their loan from \$680,000 to \$1.28 million. He noted the Hoyt Bluff Water Association Rathdrum Prairie well project has been completed and a pipeline is being constructed. Regarding other projects, the Mores Creek Rim Ranches arsenic project was completed this week and the Enterprise Irrigation Project work will begin next week.

## b. Ranch Subdivision Property Owners Application

Mr. Patton stated that the Ranch Subdivision Property Owners were requesting a loan of \$26,000 to install a point-of-use filtering system for the removal of arsenic from their water. This subdivision is located 25 miles East of Boise and five miles from the Mores Creek Subdivision. DEQ is requiring this system upgrade. ERO has been selected as their engineers. One caution staff makes is that operation and maintenance costs occur at five-year intervals and thus, the terms of the loan should be five years. Mr. Uhling moved that the Ranch Subdivision Property Owners Application for a \$26,000 loan over five-years at 6% interest be approved. Mr. Wyatt seconded.

Roll Call Vote: Wyatt, Aye; Armacost, Aye; Storer, Aye; Beck, Aye; Chamberlain, Aye; Graham, Aye; Uhling, Aye; Chairman Rigby, Aye. 8 Ayes. Motion passed.

#### b. CREP Loan Program

Mr. Anderson presented the request from the Idaho Ground Water Appropriators (IGWA) on behalf of several ground water districts for a \$3 million loan to finance the CREP Program. Mr. Patton explained to the Board the program enacted last spring involves 100,000 acres in the Upper Snake River Basin. An initial payment of \$30 per acre would be given for acreage removed from irrigation that qualifies under the program. The Legislature appropriated \$3 million dollars and the ground water districts have agreed to bear the Idaho incentive payment cost utilizing these monies. As previously discussed, the Board has discretion in setting the terms of the loan. Mr. Patton suggested that the term be set at 15 years. Mr. Lynn Tominaga was representing the ground water users.

Mr. Tominaga stated that IGWA was addressing the issue of the administrative cost of producing the checks. Department of Agriculture is proposing 3% to administer these funds. A meeting is needed with Farm Service Association to see if another method could be found that was less expensive.

Mr. Chamberlain moved that the resolution to the ground water districts at a 4% interest rate for a term of 15 years in the amount of \$3 million be approved. Mr. Wyatt seconded.

Roll Call Vote: Wyatt, Aye; Armacost, Aye; Storer, Aye; Beck, Aye; Chamberlain, Aye; Graham, Aye; Uhling, Aye; Chairman Rigby, Aye. 8 Ayes. Motion passed.

Mr. Tominaga thanked the Board for all their assistance. He addressed the settlement described by John Williams from BPA and stated that increases in power costs are ahead for irrigators. The

growth of utility companies will have a negative affect on the irrigators and others. There was discussion regarding terms of the proposed settlement.

#### c. W-Canal Update

Mr. Patton informed the Board that Brown and Caldwell has been selected as technical consultants and will begin drilling next week for the recharge project. A permit has been secured from the Department of Lands to conduct geo-technical studies on the site and negotiations for a long-term lease are ongoing. The lands are part of the state endowment system and there will need to be compensation. Also, compensation may need to be made to a party who has a grazing lease on this property. Staff has been working with the Bureau of Reclamation on an environmental impact assessment required for the 20-25 grant funds provided to the Board. The North Side Canal Company Agreement to deliver the recharge water is drafted and before their Board for consideration. A pipeline needs to be routed over private lands. One piece has been purchased and an easement secured for the other piece. Mr. Patton answered Board member questions.

## Agenda Item No. 6, Planning Status Report

#### a. ESPA

Mr. Graham introduced CDR Associates, Diane Tate and Jonathan Bartsch, to make a presentation to the Board.

CDR Associates provided a Power Point presentation outlining the timeline, outreach, results of interviews with stakeholders to identify issues and the public involvement plan to create a framework to be presented to the Legislature in 2007. The facilitation team will bring options to the Board for their consideration. The framework document will include issues and goals with an executive summary. The area of focus will be the Board's authority to set policy.

The timeline that started in August will include public meetings in mid October with a progress report to the Board near the end of October. CDR Associates will be working with stakeholders to develop goals and strategies in November. A presentation to the Board of the final framework and the Legislative Interim Committee will probably take place in December. CDR Associates answered questions for Board members. Chairman Rigby requested that only procedure and process be included in the video and information about issues and parties be edited out. The Board took questions and comments from guests in the audience.

Mr. Anderson asked the Board if their intent was to put the video that was made of the summary presentation today on the new website. Discussion followed on what should be on the website that department staff will create in the next ten days. Board members agreed that the video should be put on the new web site.

#### b. Upper Salmon

Mr. Graham noted that Mary McGown is working with groups in the Upper Salmon. A list of priority issues was provided to the Board. Mr. Chamberlain had been contacted to come to Boise to meet with planners.

#### c. Lower Boise

Mr. Graham stated that all elements of the Boise Valley Water Use Study have been submitted for payment and a future presentation to the Board will be made. The Green Lidar Project is going forward. NASA will fly the valley doing the Green Lidar analysis in October. Department GIS staff will be analyzing their data. The Corps of Engineers will be conducting a flood tabletop exercise in January 2007 for the Boise River. Hal Anderson is on the steering committee. BOR has provided an assessment report on the Boise-Payette Water Storage outlining storage options.

#### d. Other

A letter to the Panhandle Forest Supervisor referencing Wild and Scenic Rivers from the Board and their response was provided. The Forest Service stated they would continue to study river designations and would involve staff in accordance with the 1991 Planning MOU. Chairman Rigby stated that this should be monitored in the future by staff.

#### Agenda Item No. 7, Water Transactions

Mr. Graham stated that the contract had been signed with the Office of Species Conservation (OSC) after the July Board meeting, and Henry LeMoyne has been hired to appraise water rights in the Lower Lemhi Basin. Staff obtained information on appraisal rates and felt the contract with Mr. LeMoyne was reasonable. Meetings have been held with water users. Results of appraisals should be available in October for permanent agreements not to divert.

A work group including the Forest Service is attempting to get the Busterback water rights into the water bank for in stream flow in the Upper Salmon. Mr. Chamberlain questioned the need to get these water rights into the water bank when there are no diversions on the stream. Mr. Graham explained that the Offices of Species Conservation would like to make this formal on paper to protect the water against future development.

Staff is also working on BPA funding for 2007 to convert annual leases and agreements not to divert into long-term agreements. Mr. Chamberlain moved that Chairman Rigby be authorized through resolution to sign water bank rental agreements for submittal under the Idaho Water Transaction Program. Mr. Wyatt seconded. All were in favor. Mr. Uhling suggested that staff prepare a standard resolution for the Chairman to sign other water bank agreements associated with the OSC project in the future.

## Agenda Item No. 8, Director's Report

Director Dreher notified the Board that the Supreme Court is intending to expedite it's hearing of the appeal of Judge Wood's decision. The case will be argued before the Court on December 8, 2006.

The Director discussed climate conditions for the upcoming year. Another El Nino is setting up. The Director provided copies of the budget request for FY2008 including salary requests for crucial engineering and technical positions that is causing recruitment problems. He noted that salaries at Water Resources are about 33% behind market survey and the worst of all state agencies. The Director discussed several incidents where the department has lost staff because of this inequity. The Director reported that the SRBA is winding down and positions will still be needed to deal with

administration of decreed water rights. Staff from adjudication will move to water management to clean up back log and work with water districts. Also, a position for water rights accounting has been requested in the new budget to provide services for the new water districts.

The Director noted that the department is funded half from general fund, 30-40% from fees and the rest from federal funds largely for the Energy Division and some technical GIS positions for contract work. Funds are being reduced next year for energy issues when these topics are even more critical. A couple of positions in energy and technical services will be shifted to general fund monies. He pointed out that water and energy are inextricably related in Idaho.

The Director informed the board that he had exercised the first right of refusal on the Idaho Water Center Lease to acquire space for additional North Idaho Adjudication staff. The Director discussed the new North Idaho Adjudication and the issues that are on the table between Idaho and Washington. The last budget issue presented by the Director was a placeholder in the request to fund the ESPA Comprehensive Management Plan. The total additional budget request for all decision units is close to \$2 million.

Mr. Chamberlain questioned the director about the loss of the water master and the water district progress in the Salmon area. A water district has been created and the Director assured him that progress is still being made and will continue on water administration in the district with Tim Luke working with the Advisory Committee.

Mr. Bob Graham commented that the Human Resources survey that found State employees salaries were 33% low and nothing was being done is very disillusioning to staff.

# Agenda Item No. 9, Other Items Board Members May Wish to Present

Mr. Graham discussed the recent flooding on the Kootenai and Moyie Rivers in North Idaho. Mr. Wyatt congratulated CDR Associates on doing a good job.

# Agenda Item No. 10, Next Meeting

The next meeting will be a telephonic meeting near the end of October. Board members have been invited to attend the statewide department meeting on October 24<sup>th</sup> and 25<sup>th</sup>.

## Agenda Item No. 11, Adjourn

Mr. Chamberlain moved to adjourn the meeting. Mr. Storer seconded. All were in favor. Meeting adjourned.

Dated this day /4th of November 2006.

D. Richard Wyatt, Secretary

Patsy McGourty, Administrative Assistant II

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## **Board Actions**

1. Mr. Uhling moved that the Ranch Subdivision Property Owners Application for a \$26,000 loan over five-years at 6% interest. Mr. Wyatt seconded.

Roll Call Vote: Wyatt, aye; Armacost, aye; Storer, aye; Beck, aye; Chamberlain, Aye; Graham, aye; Uhling, Aye; Chairman Rigby, Aye. 8 ayes. Motion passed.

2. Mr. Chamberlain moved that the resolution to the ground water districts at a 4% interest rate for a term of 15 years in the amount of \$3 million be approved. Mr. Wyatt seconded.

Roll Call Vote: Wyatt, Aye; Armacost, Aye; Storer, Aye; Beck, Aye; Chamberlain, Aye; Graham, Aye; Uhling, Aye; Chairman Rigby, Aye. 8 Ayes. Motion passed.

3. Mr. Chamberlain moved that Chairman Rigby be authorized through resolution to sign water bank rental agreements for submittal under the Idaho Water Transaction Program. Mr. Wyatt seconded. All were in favor.