



IDAHO WATER RESOURCE BOARD

MINUTES OF MEETING NO 01-07

C.L. "Butch" Otter
Governor

Idaho Department of Water Resources
Idaho Water Center, Boise Idaho
January 23, 2007

Jerry R. Rigby
Chairman
Rexburg
At Large

Chairman Rigby called meeting 01-07 to order at 8:30 a.m.

Terry T. Uhling
Vice Chairman
Boise
District 2

Agenda Item No. 1, Roll Call

Board Members Attending

D. Richard Wyatt
Secretary
Lewiston
District 1

Jerry Rigby, Chairman
Leonard Beck
Bob Graham
Gary Chamberlain
Claude Storer was absent due to surgery.

Terry Uhling, Vice-Chairman
Dick Wyatt – Secretary
Vic Armacost

Leonard Beck
Burley
District 3

Staff Members Attending

Bob Graham
Bonners Ferry
At Large

David Tuthill, Interim Director
Brian Patton, Engineer
Mary McGown, Planner
David Blew, Special Projects

Hal Anderson, Administrator
Patsy McGourty, Admin. Asst. II
Morgan Case, Aquatic Biologist

L. Claude Storer
Idaho Falls
District 4

Guests

Gary M. Chamberlain
Challis
At Large

Harriett Hensley, Deputy AG
Clive Strong, Deputy AG
Bryan Kenworthy
Linda Lemmon
Jeff Keck

Jon Bowling, Idaho Power
John Simpson
Kevin Lewis
Lynn Tominaga
Kathleen Carr

Lawrence "Vic" Armacost
New Meadows
At Large

Chairman Rigby asked if there were any changes to the agenda. Mr. Anderson requested that the meeting schedule for 2007 needed to be adopted at the end of the meeting.

Agenda Item No. 2, Public Comment

There was no public comment.

Agenda Item No. 3, Approval of Minutes

Mr. Wyatt moved that minutes 09-06, 10-06, 11-06 and 12-06 be approved. Mr. Chamberlain seconded. Chairman Rigby called for a voice vote.

Voice Vote: All were in favor.

Agenda Item No. 4, Dworshak Status Report

Mr. Patton noted that the plant had produced 133,082,033 kWh hours since it has come on line. Revenue over expenses of \$46,538 has been deposited into the repair and replacement fund. Total Reserve Funds are now \$880,808. The energy sales rate has increased 3% to 47.8 mills per kWh hour on January 1, 2007. Mr. Patton answered Board members questions.

Mr. Armacost expressed concern about the lack of planning. He noted that the State Water Plan says the Board is supposed to be doing planning. He suggested using reserve funds from the Dworshak account for planning projects. The Boise River and the State Water Plan would be two projects that need to be addressed right away. Chairman Rigby asked Interim Director Tuthill what the budget prognosis was for the department. Mr. Tuthill responded that the department had lost four positions. The Governor has eliminated 53 statewide positions. Mr. Tuthill thought that the Governor's office was in favor of contracting positions. He noted that the economist and hydrologist positions were still vacant due to low pay.

Chairman Rigby agreed that planning needed to be done. There was discussion about funds available from Dworshak. Board members felt it was not a good idea to fund staff for the department from these funds. Staff funding should come from the Legislature for work that needs to be done. Mr. Patton researched the original legislation and found that the money could be used for projects. The Water Management Account money also could be used for studies and projects. There was not a clear definition about funding staff. Board members were still in agreement that Dworshak funds should not be used for department staffing. A point was made that the Board operates through funds from the Legislature and Mr. Chamberlain suggested that a letter from the Board be sent to them explaining our staff funding problems. There was further discussion about the Board addressing this issue in writing to the Director or the Governor. Chairman Rigby asked that Mr. Armacost and Mr. Anderson work together to write a letter to the Governor with a copy to the Director describing the planning staffing needs for the State Water Plan followed up by a request for funding. Mr. Tuthill stated that this should be done by August.

Board members supported salary increases to support necessary staff. Mr. Uhling explained that contract employees are often used in business for special projects to eliminate permanent employee costs. Chairman Rigby directed Mr. Anderson and Mr. Armacost to prepare the letter for the Governor. Mr. Anderson agreed to get that done as soon as possible. Board members asked more questions about the Dworshak project. Mr. Uhling asked Mr. Patton to prepare a 5-year spreadsheet projection.

Agenda Item No. 5, IWRB Financial Program Status Report

Mr. Patton outlined the funding report. As of January 1, 2007, the Revolving Development Account totaled \$1,873,504; the ESPA Sub-Account totaled \$2,043,576 and the Water Management Account had \$3,468 available. He reported payments from Upper Snake Rental Pool of \$202,092 and the Boise River Rental Pool of \$11,199. He provided updates on the Cub River Pipeline Project and the Harbor View Water Treatment Plant Expansion Project. Board members complimented Mr. Patton on the presentation.

Agenda Item 5b, Annual Report

Mr. Patton presented the Annual Report prepared for the Governor as required by statute and bonding agreements. Mr. Chamberlain moved and Mr. Uhling seconded that this report be sent to the Governor and the bonding companies as required. There was discussion as to whether planning needs should be addressed in this report. Board members did not think this would provide the needed impact that a separate letter to the Governor would. Mr. Patton noted that the report is actually only posted on the web with the letter being actually mailed to the parties. Mr. Beck noted an error on Page 19 on the Hoyt Bluff figures. Mr. Patton explained the discrepancy and stated it would be corrected. Further discussion ensued about this report and what it should contain in future years. Board members noted how much department time has been devoted to the Snake River Adjudication and how much time board members have devoted to the current ESPA Comprehensive Management Plan.

Chairman Rigby asked for a vote on Mr. Chamberlain's motion and Mr. Uhling's second that the Annual Report be sent to the Governor and the bonding companies.

Voice Vote: All were in favor

Agenda Item 5c, Sourdough Point Owners Association Loan Request

Mr. Patton presented their request for a \$400,000 loan for the construction of a new surface water treatment plant and water intake from Lake Pend Oreille. The system would serve 58 residences and is needed to replace wells whose production is decreasing. This system has existed since mid-1960 and usage is up and water levels are down. The association is in good financial standing and staff recommends this loan.

Mr. Keck from the association addressed the Board and described the water situation and the difficulties experienced in the area. Board members asked questions and there was discussion regarding the project and the terms of the loan. Board members suggested a 20-year repayment. Mr. Keck asked for 15 years.

Mr. Chamberlain moved that the loan be approved for a term of 10 years. Mr. Wyatt seconded.

Mr. Armacost asked if the association had to have a 2/3 vote to approve the loan request. Mr. Keck stated that the vote would be taken after the Board's approval and was required for the loan. Mr. Patton noted that the resolution states that all association legal requirements must be met before the loan is made. Mr. Wyatt asked if there would be a reserve fund for one year. Mr. Patton said staff felt that there was sufficient financial strength that a reserve fund was not needed. There was further discussion about loan terms.

Mr. Graham asked the current motion be amended to 12 years at 6%. Chairman Rigby asked for a second. Mr. Uhling seconded.

Discussion followed with Mr. Wyatt noting the costs of water in North Idaho and felt that the 10-year rate at 6% was very fair. Mr. Armacost felt the fact that the association had not voted on the loan was a concern. He wanted assurance that they would vote for it. Chairman Rigby explained that his caution was well taken. Mr. Keck stated there was no way they could take on the debt without a positive vote.

Mr. Graham withdrew his motion.

Mr. Chamberlain restated his motion that the \$400,000 loan be approved for a term of 10 years at 6%. Mr. Wyatt seconded.

Roll Call Vote:

Wyatt, Aye; Armacost, Aye; Storer, Absent; Beck, Aye; Chamberlain, Aye; Graham, Aye; Uhling, Aye; Chairman Rigby, Aye. Seven Ayes, One Absent. Motion passed.

Agenda Item 5d, 2007 Spring Recharge

Mr. Anderson introduced David Blew who updated the Board on recharge efforts in the Upper Snake Basin. Recharge last year of 40,000 acre-feet was accomplished through the good will of canal companies and irrigation districts. Mr. Blew stated that for this year canal companies and irrigation companies want to be reimbursed for their costs. Mr. Blew said staff thought the best way to address this was with an RFP; therefore, staff is requesting \$150,000 for this effort. There will be requirements in the bidding process.

Mr. Beck asked if the recharge would be beneficial after the irrigation season started. Mr. Blew agreed, but there was no way to quantify losses in the canals before water goes through or what will happen to water left in the canals after the season. There was discussion about how quantifying can be done. Mr. Blew stated the bidders would have an opportunity to make the best proposition. Mr. Chamberlain asked if IDWR should measure losses. Mr. Blew stated most sites do not lose water. He noted it would cost quite a bit of money up front to create monitoring wells to measure losses. There was further discussion about recharge.

Mr. Beck moved that the resolution for \$150,000 for the Spring Recharge RFP be approved. Mr. Armacost seconded.

Roll Call Vote:

Wyatt, Aye; Armacost, Aye; Storer, Absent; Beck, Aye; Chamberlain, Aye; Graham, Aye; Uhling, Aye; Chairman Rigby, Aye. Seven Ayes, One Absent. Motion passed.

Mr. Blew stated that when the proposals come in he would like a Board member to assist. Mr. Chamberlain said he would enjoy assisting.

Agenda Item 5e, CREP Update

Mr. Blew updated the Board on the CREP Program. Staff has reviewed over two hundred applications totaling 19,551.6 acres. This represents about 145 contracts. About 1900 acres were ineligible. Most contracts are 50-acre size. Eleven hundred hours have been spent by staff almost another full time position. About one-third of the applications have been reviewed. Mr. Blew answered Board members' questions. If a curtailment order is issued, Mr. Blew thought the program would reach the total 100,000 acres. Without the curtailment order, probably the program would serve 50,000 acres. There was further discussion about the program.

Mr. Beck asked what the process was. Mr. Blew stated that Access and GIS databases are used to help evaluate the applications. Staff screens the water rights for the particular land to make sure they are valid and compare the place of use by quarter-quarter. Some go quickly; others take more time. More effort is needed for applications returned to layout the problems for the Soil Conservation Commission. A lot of phone calls come in on returned applications. Organizational time with Federal agencies has taken a lot of time. More discussion ensued about the process.

Agenda Item 5f, W-Canal Update

Mr. Blew stated the draft site study was submitted to IDWR. Staff made revisions, returned to the engineers and the final copy should be back to IDWR by the end of January. Brown and Caldwell are studying the sub-surface geology and have completed fieldwork. Task 4 Preliminary Designs should be done by March 1. Mr. Blew asked that they be included in the March meeting. Mr. Blew stated it would be difficult to get environmental assessments done by the Bureau of Reclamation due to NOAA fisheries requirements of 50 cfs for salmon recovery. Mr. Anderson noted that the EA might not be back in time to make the property acquisition for the delivery canal. Discussion followed about this problem.

Chairman Rigby called for a ten-minute break.

Agenda Item 6, Planning Status Report

Mary McGown presented the Planning Status Report for the Upper Salmon and Lower Boise. IDWR staff is waiting for the Nez Perce Agreement to be certified. The Green Lidar Project in the Boise Basin has been delayed because of federal funding constraints. Late February or early March is

the new target date for the fly over. IDWR flood plain staff will use the data from this project for a case study to develop new flood risk modeling for the FEMA grant. Other entities are excited to get this data.

Ms. McGown stated that the department has been trying to fill vacancies for a hydrologist and an economist. Both positions have been unfilled because of low starting salaries.

Mr. Uhling asked when planning priorities would be presented to the Board. Mr. Anderson answered that the Bureau Chief position would be filled as soon as possible and then planning priorities would be addressed.

Agenda Item 6a, ESPA Management Plan

Mr. Anderson asked CDR Associates to present their update. Mr. Jonathan Bartsch began a summary of work done to date. A series of management alternative group meetings were held on December 4, 13, 14, and January 10th to outline the issues, opportunities and strategies. Goals and objectives and funding measures were also discussed. Comments from stakeholders have been incorporated into the Draft Framework presented today. A series of public meetings were held on January 16 in Idaho Falls, January 17 in Pocatello and January 18 in Twin Falls. Idaho Falls participants totaled 110; Pocatello 30 and Twin Falls 60. Mr. Bartsch presented the Executive Summary to the Board that outlines the broader input received at these meetings.

Mr. Bartsch discussed the input received about the management plan goals. Stakeholders asked for more management emphasis in the objectives and curtailment needed to be one of the management alternatives. Recharge was discussed at the public meetings as to what can be accomplished and what are the obstacles. The CREP program was discussed as well as the funding for the planning process. Stakeholders offered funding suggestions that are in the report that is posted on the website.

Interim measures were discussed along with the management process. An Advisory Committee was suggested with one stakeholder from each group. Municipalities and developers wanted to be a part of that process. Stakeholders felt this should be the main process for State government to manage the aquifer.

Ms. Diane Tate addressed the Draft Framework document that covers all the goals, objectives, funding strategies and CDR's recommendations. She stated that it was time for the Board's feedback on this report so that can be finalized for the Legislative presentation in mid February. Ms. Tate stated that stakeholders would support a plan they are involved in creating. For the future process, stakeholders should be involved. CDR proposes an Advisory Committee to continue to develop the plan with significant public involvement. A Technical Working Group, if one were needed, would report to the Advisory Committee. Chairman Rigby stated that the work session from yesterday would continue at 1:00 p.m. after lunch to address the Draft Framework. He asked CDR for a soft number of the cost of continuing to use CDR associates as facilitators. Ms. Tate thought it would take six months at a cost of about \$300,000-\$500,000 for facilitation. Mr. Bartsch noted that this number would include travel and all administrative costs for public meetings.

Agenda Item 7, Water Transactions Status Report

Mr. Anderson introduced Morgan Case to present the Water Transactions update. She recently met with lower Lemhi landowners and Mark Davidson to present water appraisals for long-term contracts and to discuss conservation easements. During the second week of February, meetings will be held with the same landowners to finalize agreements not to divert for 2007 and get commitment to accept the appraised value of the permanent water transactions for 17 cfs. Staff is also working on three big projects – two in the Upper Lemhi River, one on the Pahsimeroi River. One project is to connect Big Timber Creek by moving the point of diversion downstream to the Lemhi River. Another project is to eliminate the Whitefish Ditch, which cuts off flow and fish passage on several tributary streams. The Pahsimeroi project would eliminate the P-9 diversion and reconnect several tributary streams. Funding has been approved from the Pacific Coast Salmon Recovery Fund for all non-water transaction related activities on those projects. Staff is continuing to renew transactions from last year, while focusing on changing those into long-term agreements.

Last November Ms. Case presented a Power Point presentation about the Water Transactions Program to the IWRRI Research Symposia. Ms. Case and Mr. Bill Graham attended a QLE meeting in Portland focusing on self-evaluation and the limiting factors of the program. Ms. Case answered some questions from Board members.

Agenda Item 8, Director's Report

Chairman Rigby welcomed the new department Interim Director, David Tuthill who made a presentation on issues for which the department needs assistance. He noted that the SRBA is wrapping up for the Snake River. The last Director's Report is for Basin 37 Part III, the Upper Big Wood River. Objections will come back throughout 2007. The process is highly regarded and moving along well.

The Legislature determined last year that the department would move forward with the North Idaho Adjudication. This does not complete the state since the Bear River has not been adjudicated. The Spokane Rathdrum Basin will be started first in North Idaho. The Palouse Basin will be next and then the rest of the North Idaho Panhandle. Legislation has been submitted to remove the notary from the claim form that would allow for on-line applications. Video teleconferencing is being set up to connect North and South Idaho parties.

Director Tuthill discussed the snow level report that is a cause for concern in the Owyhee Basin, the Salmon area and the Bear River area. The springs in American Falls will probably require mitigation as well as the Thousand Springs area.

The three major issues facing the department this year are: implementation of conjunctive administration in most basins of the state; secondly, recharge is critical especially in the Eastern Snake Plain Aquifer; and thirdly, pay for personnel. He discussed the number of groups dealing in water creating much complexity. Each entity has a different perspective creating a big problem. The ESPA Comprehensive Management Plan is to create a joint perspective. Ultimately, if everyone

works together, we'll end up working in the same direction. However, the conjunctive management and recharge stakeholders are numerous and not in agreement.

The Governor has made it clear that the agencies work for the Governor.

Regarding staffing issues, the last engineer hired was in 2006. The department can advertise, recruit and interview but candidates will not accept the starting salary. Many technical positions are not getting filled. The department budget requests additional salary money.

Well construction rules are being developed and the process has been going smoothly until recently when the Idaho Ground Water Users have backed out of the process but will attend the next meeting. There is a difference between negotiation and consensus. Well sealing is the issue.

Director Tuthill stated he was looking forward to working with the Board closely. Mr. Wyatt noted that the Governor has never been to a Board meeting. He wanted to invite Governor Otter to a Board meeting. Director Tuthill agreed.

Agenda Item 9, Executive Session- Potential Acquisition of Real Property

Mr. Anderson noted that Clive Strong was present to address the Board in Executive Session. Mr. Armacost moved to go into Executive Session and Mr. Chamberlain seconded.

Voice Vote: All were in favor.

During the Executive Session the Board took no actions. Mr. Chamberlain moved to go out of Executive Session and Mr. Armacost seconded.

Voice Vote: All were in favor.

Agenda Item 10, Other Items Board Members May Wish to Present

Mr. Wyatt requested the Chairman write a letter to Bill Graham for all Board members' signatures thanking him and wishing him well in his retirement. Mr. Wyatt requested the recording secretary to write the letter and submit to Board members for their changes and have ready to be signed at the March meeting. Mr. Beck thanked the Board members for being a great group to work with. Patsy apologized for the poor quality of the photograph given to Board members. Mr. Wyatt asked that the pictures be sent to him by e-mail and he will make better copies for each member.

Chairman Rigby thanked staff for their efforts during the transition. He expressed condolences to Mr. Anderson for his loss of his father. He also thanked Patsy for her efforts with Bill's retirement and Claude's surgery.

Mr. Anderson asked everyone to look at 2007 calendar dates even though there may be new board members and emergency meetings.

Mr. Beck moved to adopt the calendar and Mr. Chamberlain seconded.
Voice Vote: All were in favor.

Mr. Anderson stated that it would be in board folders for every meeting.

Agenda Item 11, Adjournment

Mr. Uhling moved to adjourn; Mr. Armacost seconded.

Voice Vote: All were in favor.

Dated this day 9th of March 2007.


Secretary

Patsy McGourty, Administrative Assistant II

Board Actions:

1. Mr. Wyatt moved that minutes 09-06, 10-06, 11-06 and 12-06 be approved. Mr. Chamberlain seconded. Chairman Rigby called for a voice vote.

Voice Vote: All were in favor.

2. Chairman Rigby asked for a vote on Mr. Chamberlain's motion and Mr. Uhling's second that the Annual Report be sent to the Governor and the bonding companies.

Voice Vote: All were in favor

3. Mr. Chamberlain restated his motion that the \$400,000 loan be approved for a term of 10 years at 6%. Mr. Wyatt seconded.

Roll Call Vote:

Wyatt, Aye; Armacost, Aye; Storer, Absent; Beck, Aye; Chamberlain, Aye; Graham, Aye; Uhling, Aye; Chairman Rigby, Aye. Seven Ayes, One Absent. Motion passed.

4. Mr. Beck moved that the resolution for \$150,000 for the Spring Recharge RFP be approved. Mr. Armacost seconded.

Roll Call Vote:

Wyatt, Aye; Armacost, Aye; Storer, Absent; Beck, Aye; Chamberlain, Aye; Graham, Aye; Uhling, Aye; Chairman Rigby, Aye. Seven Ayes, One Absent. Motion passed.

5. Mr. Armacost moved to go into Executive Session and Mr. Chamberlain seconded.

Voice Vote: All were in favor.

6. Mr. Chamberlain moved to go out of Executive Session and Mr. Armacost seconded.

Voice Vote: All were in favor.

7. Mr. Beck moved to adopt the calendar and Mr. Chamberlain seconded.

Voice Vote: All were in favor.

8. Mr. Uhling moved to adjourn; Mr. Armacost seconded.

Voice Vote: All were in favor.