



IDAHO WATER RESOURCE BOARD

C.L. "Butch" Otter
Governor

MINUTES OF MEETING NO. 08-07

Jerry R. Rigby
Chairman
Rexburg
At Large

Idaho Department of Water Resources
Red Lion Hotel
Lewiston, Idaho
July 13, 2007

Terry T. Uhling
Vice Chairman
Boise
District 2

Chairman Jerry Rigby called meeting 08-07 to order at 8:30 a.m. and requested roll call.

Bob Graham
Secretary
Bonners Ferry
At Large

Agenda Item No. 1, Roll Call

Board Members

Charles "Chuck" Cuddy
Orofino
District 1

Jerry Rigby, Chairman
Vic Armacost
Claude Storer
Bob Graham

Leonard Beck
Gary Chamberlain
Chuck Cuddy
Terry Uhling

Leonard Beck
Burley
District 3

Staff Members

Hal Anderson, Administrator
Brian Patton, Bureau Chief

Patsy McGourty, Admin. Asst. II
Dave Tuthill, Director

L. Claude Storer
Idaho Falls
District 4

Guests

Gary M. Chamberlain
Challis
At Large

John Williams, Bonneville Power
Barney Metz
Jim Rehder, Idaho County
Clair Bosen, Twin Lakes Irrigation
Vern Talbot, Winder Lateral

Kevin Lewis, Idaho Rivers United
Don Ebert, Clearwater County
Dick Wyatt, Clearwater Water District
Allan Swainston, Winder Lateral
George Ford, Harbor View

Lawrence "Vic" Armacost
New Meadows
At Large

Agenda Item No. 2, Agenda and Approval of Minutes

Mr. Chamberlain moved to accept minutes from meetings 06-07 and 07-07 as written. Mr. Uhling seconded and all were in favor.

Agenda Item No. 3, Public Comment

Mr. John Williams, Bonneville Power Administration, updated the Board on the Residential Exchange Program. A lawsuit filed in 2001 by privately owned utilities was appealed to the Ninth Circuit Court and a decision was recently handed down that suspends credits to rate payers. BPA is seeking a rehearing in this matter through the Department of Justice.

Mr. Williams outlined the history of the Residential Exchange Program that started in the late 60's with the Power Act that outlined priorities for power distribution with the public being the number one priority. The Bonneville Power Administration was created in the 1980's to allocate the power to public and private customers. Mr. Williams stated that BPA does not receive any congressional monies, but is supported only by their customers.

Mr. Williams went on to discuss the various influences through the 1990's that affected power rates for the Northwest including political, environmental and regional issues. He explained BPA's methodology for dealing with all the customer demands and issues involved in the last few years including fluctuations in market rates in California. On August 1, 2007 a public meeting will be held in Portland to create a framework for the Residential Exchange Program to issue credit payments potentially before the next irrigation season. Mr. Williams answered Board members' questions. Chairman Rigby noted that the Board had outstanding loans to entities that were expecting these payments from BPA.

Mr. Don Ebert from Clearwater County addressed the Board and congratulated Mr. Cuddy on his appointment. He expressed total opposition to Lolo Creek being included in the Federal Wild and Scenic Rivers request through BLM. Mr. Ebert stated that Lolo Creek is largely bordered by private land. He noted that the economy in Clearwater County is weak and Commissioners were working to diversify and preserve their economy. He encouraged Board members to exercise their full authority in the collaboration with BLM. Mr. Anderson responded that this would be dealt with in Agenda Item No. 6. There was discussion about the decrease in the timber industry affecting small communities in Central Idaho.

Mr. Jim Rehder, Idaho County Commissioner from Grangeville, thanked the Board for coming to the area for its meeting. He stated that Idaho County is a large county with a small population and economy. The county has many rivers, streams and parks with high recreation use that is good for business but does not provide monies for government support. He stressed that any high profile decisions for unfunded mandates made by federal and state government affect his county are very important to the County Commissioners. Mr. Rehder asked for timely communication on water matters and requested the Board to come to the county commission meetings any time to discuss issues in their county. He thanked the Board for the opportunity to speak. Chairman Rigby thanked him for coming and addressing his concerns.

Agenda Item No. 4, Dworshak Status Report

Mr. Patton presented the Dworshak Hydropower Project Status Report. He noted the numbers in the report were from June 27 instead of July 1. During May a repair was required to fix a shaft seal leak on the small turbine. As of June 1st the plant has produced about 150 million kWh of power for sale to BPA. Revenues over expenses as of June 1st of about \$164,000 were deposited into the Revolving Development Account. Other monthly budget and cash flow status reports were provided. Mr. Patton answered Board members questions.

Agenda Item No. 5, IWRB Financial Program

a. Status Report

Mr. Patton presented the status report as of June 14th after the Lower Payette diversion dam project loan disbursement. He noted that on July 1st House Bill 320 passed in 2007 deposited \$850,000 into the Water Management Account. Those monies do not show on the current report. About \$2.9 million is available for loans; sixteen million committed to current loans and requests for about \$680,000 were before the Board today.

The Cub River \$2.4 million pipeline project has been completed, of which \$1 million was provided by an IWRB loan. The Harbor View Water & Sewer District's slow sand filter plant expansion project is nearing completion. Contract amendments have been completed for the Lower Payette diversion dam project. The Bonnie Laura project for a new well is also complete. A number of loans have been repaid in full including Fish Creek Reservoir.

Mr. Uhling requested that loan requests b, e, and f be taken under consensus consideration for a one-time vote.

b. Clearwater Water District, Harbor View Estates Water & Sewer District and Twin Lakes Canal Company Loan Requests

Mr. Patton presented the request for an \$80,000 loan with a 10-year repayment from the Clearwater Water District near Kooskia. He noted that financing for the final project would change the rates and financial picture for the future. Staff recommended this loan for approval.

Mr. Patton presented the loan request from Harbor View Estates Water & Sewer District for an increase in their current loan in the amount of \$300,000 to \$400,000 for increased construction costs for the new storage tank. Staff believes that the district has the ability to repay the additional amount and recommended this increase.

Mr. Patton presented a loan request for \$500,000 for the Winder Lateral Pipeline Project. This project will also use a Bureau of Reclamation 2025 grant of \$300,000. The project covers about 1500 acres near Preston. The gravity pressurized pipeline system would lower power costs for water delivery and would benefit users. Staff recommended this loan

request be approved. Mr. Patton noted that Twin Lakes Canal Company is also involved in a reservoir project and desires to only obligate for security on this loan, the facilities associated with this project.

Mr. Patton introduced Mr. Dick Wyatt, representing Clearwater Water District, to discuss their loan request for \$80,000. Mr. Wyatt stated that a pilot engineering study is needed and that is the basis of this loan. This study will determine the solution to their water system problems. Mr. Wyatt also stated that water users realize that their rates will go up to pay for this loan but since their system is not in compliance with DEQ and there is an injunction against them, they have no choice. Assets are available for liquidation to repay if the project fails.

Mr. Patton introduced Mr. George Ford, the primary Service Manager for the Harbor View Estates Water & Sewer District and he outlined their request for additional monies. Delays in the bidding process have increased the cost of the steel tank and that is the basis for the increase of \$100,000 to their current loan. Mr. Ford expressed appreciation for the Board's consideration.

Mr. Patton introduced Mr. Clair Bosen, President, Twin Lakes Irrigation Company who was accompanied by Mr. Swainston and Mr. Talbot, major stockholders of the Winder Lateral Canal Company. He spoke about the water that would be saved by this system. He noted that this was the first year that water has been cut in April and that if this project were in place, they would have the water they needed. He answered questions for Board members.

Mr. Uhling moved that the loan requests for Clearwater Water District, Harbor View Estates Water and Sewer District and Twin Lakes Canal Company be approved as outlined in the resolutions in the Board folder with the addition of a term of 15 years for repayment of the Twin Lakes Canal Company loan. Mr. Chamberlain seconded. Chairman Rigby called for a roll call vote.

Roll Call: Mr. Cuddy, Yes; Mr. Storer, Yes; Mr. Chamberlain, Yes; Mr. Armacost, Yes; Mr. Beck, Yes; Mr. Graham, Yes; Mr. Uhling, Yes; Chairman Rigby, Yes. 8 Yes. Motion passed.

Mr. Dick Wyatt thanked the Board for the dinner held the previous evening in his honor.

Chairman Rigby called for a ten-minute break.

c. W-Canal Update

Mr. Patton noted that Brown and Caldwell Engineers have completed all the pre-design fieldwork, geo-technical, soils and sub-surface bedrock investigations. Currently, a report is being written containing all this information. Staff are meeting with the consultant to determine design services on this contract. Staff have met with the Bureau of Reclamation to close out the 2025 grant. The process is quite involved to get out of this grant including forms to fill out and providing a report. Mr. Patton answered Board members' questions. He

noted that there would be a cost owed to Bureau of Reclamation at the end for work on the Environmental Assessment. Discussion followed on this issue.

Mr. Anderson noted that two staff members have been hired that will be completing duties associated with this project. Mr. Bill Quinn, a new engineer, has a lot of experience in managed recharge. Mr. Neal Farmer, a hydrogeologist, will also be working on this project. Mr. Chamberlain would like to see what the cost of getting this 2025 grant and giving it back has cost the department.

d. CREP Update

Mr. Patton updated the Board on the CREP project noting the numbers were as of June 22nd. About 44,627 acres have been offered under the program. Staff have authorized 29,327 acres. 18,765 acres have made it all the way through the process. Of the 40,714 acres reviewed, 9,343 acres applications have been returned. 23 contracts totaling 2,043 acres have been determined ineligible. Mr. Patton answered Board members' questions.

Director Tuthill explained that some owners want to transfer water rights to enable them to be in the CREP program. After meeting with staff, a decision was made to expedite water right transfers with CREP applications. There was further discussion on the CREP program and other issues. Director Tuthill answered Board members' questions on curtailment issues and their affect on the CREP program.

Agenda Item No. 6, BLM Board Collaborative Planning

Mr. Anderson discussed the meeting he attended with Director Tuthill, Mr. Uhling and the State BLM Director. A copy of a 1991 Memorandum of Agreement was presented to the BLM Director that outlined the collaboration required between BLM and the department. Director Tuthill stated that the meeting was very worthwhile. The BLM Director was very accommodating and things are back on track. Mr. Uhling also stated that BLM wants to recognize the MOU.

Mr. Anderson noted the most problematic issues were in the Coeur d'Alene Field Office since they had already submitted recommendations to Congress. After the meeting, the BLM Director stated that all those recommendations were withdrawn from recommendation. Mr. Patton stated that these rivers are included in the state system. BLM will now proceed in cooperation with the Water Resource Board. Some of the rivers are already included in the State Water Plan Natural and Recreational Designations. There was further discussion on this issue.

Agenda Item No. 7, Update of ESPA Comprehensive Aquifer Management Plan

Mr. Anderson noted two documents from CDR Associates summarizing the progress of the Advisory Committee and a future schedule. He also stated that a contract has been signed with CDR for Phase 2 of the ESPA Plan development. Advisory Committee meetings are making progress and the next meeting is set for July 26th in Idaho Falls. Mr. Anderson stated that approved guidelines for the Advisory Committee would be provided to Board members at the next meeting.

The Eastern Snake Plain Hydrologic Modeling Committee will be meeting on July 23rd and a topic of discussion will be coordinating with the Advisory Committee. CDR associates will be present at that meeting and make a presentation. There is a lot of debate about the model with the Modeling Committee. There was discussion about funding for the model and conversion to the next calibration version. It will take between one to two years to convert the model from version one to version two. This is part of a 10-year ongoing upgrade plan for the model.

Mr. Anderson discussed the future meeting schedule of the Advisory Committee and requested Board members to send in comments or questions directly to him or CDR Associates. A number of things are proposed including a Water 101 workshop to educate committee members who are unfamiliar with water resource issues. Others are unfamiliar with the ESPA Framework Plan and CDR Associates will also go over that with committee members. CDR Associates will propose creating a sub-committee to set quantitative goals to adjust water supply and demand. There will also be interest group caucuses with the facilitators. These are breakout groups of different interests and CDR Associates will be aiding them in discussions.

Chairman Rigby reminded the Board to follow the process closely and if directions need to be changed, members need to speak up. Mr. Anderson and Mr. Patton answered Board members questions.

Agenda Item No. 8, Director's Report

Director Tuthill discussed the latest stream flow report stating he had never seen such a low report largely due to zero rain in May. Reservoirs did not fill. This lack of water is raising curtailment issues for the calls that are already before the department: Thousand Springs, Surface Water Coalition and A and B Irrigation. In the Surface Water Call a hearing has been held and a Mitigation Plan for IGUA has been approved. The Director explained the methodology for determining the amount of water needed. A status conference will be held to make sure parties are in agreement about this process. The Order is out for the Thousand Springs water call approving the Dairymen's Mitigation Plan. A hearing is set on October 10.

In the North Idaho Adjudication, a meeting was set in Sandpoint and the attendance was double the expectations and could not be held in the small meeting room. The meeting has been reset to July 16th to explain and answer questions for the public. Director Tuthill explained the adjudication process and the next step is the stakeholder part sharing information and reviewing conjunctive administration to make recommendations for a phased implementation. The research process involves universities from Idaho and Washington.

Director Tuthill showed a graph of the Snake River Flows since the early 1900's. There was discussion about the trend line decrease and a change in the hydrography. Storage reservoirs have not been built for many years and this system might not be adequate for the future considering the changing hydrology. He noted that it is rare to have the Governor, the Legislature, the Courts and the public all in support of dealing with the water crisis. The drought and the climate change have everyone engaged and this is a crisis time. The Director noted that conservation and twenty-first century planning are needed. The Board's plan to aggressively address the planning process is extremely important at this time. In the department strategic planning is ongoing and very important. The Director expressed a desire to create a proposal for the Legislature in 2008. Director Tuthill stated the department would support the Board's efforts in determining short-term, mid-term and long-term goals. Mr. Uhling agreed that a vision for long-term goals is really needed at this time.

The Director noted guests that were present and are interested in these issues. He also said that other states are investing more than Idaho and are a jump ahead of our state. Chairman Rigby agreed that a proposal for the Legislature is critical. Board members discussed ideas to accomplish this. Mr. Cuddy suggested that the Director's graph told the whole story and could be a good tool. The Director noted that in the 60's when California wanted the State's water, the state was motivated to action and created the Board. Mr. Uhling suggested using what other states have created as a prototype for planning for the future. The Director agreed and noted that the Western State's Water Council had been very informative about what other states are doing. Mr. Anderson noted that \$100,000 had been appropriated in Idaho for weather modification studies while other states are using millions.

Agenda Item No. 9, Wood River Legacy Project

Mr. Patton briefed Board members on actions that would be required under the Wood River Legacy Project legislation passed by the Legislature. He noted the project is to allow water users to donate their rights into the Wood River to enhance stream flows in the upper basin and benefit the Big Wood Canal System in the lower basin. The first organizational meeting was held last week. Specific actions required of the Board include: 1) appoint a local committee to facilitate donations of eligible water rights and to adopt local procedures; 2) appropriate minimum stream flow water rights; and 3) accept the donations by gift, grant or bequest of water rights and to place eligible portions into the water supply bank to satisfy the Board's minimum stream flow water rights and to satisfy existing minimum stream flow water rights previously appropriated by the Board on Silver Creek and the Big Wood River. These are future actions for the Board's consideration. Mr. Chamberlain asked for a brief history of members nominated for the local committee. Mr. Patton stated that the local committee would be members of Water District 37/37M. The Advisory Committee will make recommendations to the Board. There was further discussion about this project.

Agenda Item No. 10, Other Items Board Members May Wish to Present

Members expressed appreciation for Mr. Wyatt's dinner the previous evening. Mr. Cuddy expressed appreciation for the Director's support of long-term planning.

Agenda Item No. 11, Next Meeting and Adjourn

Mr. Anderson noted that the next meeting is in Stanley on September 6 and 7. Board and staff will be staying at the Mountain Village Resort with a dinner at the Redfish Lodge. A tour of Water Transaction Projects is scheduled the afternoon of the 6th.

Mr. Chamberlain moved that the meeting be adjourned. Mr. Storer seconded. All were in favor.

Dated this 7th day of Sept., 2007.



Secretary



Patsy McGourty, Administrative Assistant II

Board Actions:

1. Mr. Chamberlain moved to accept minutes from meetings 06-07 and 07-07 as written. Mr. Uhling seconded and all were in favor.
2. Mr. Uhling moved that the loan requests for Clearwater Water District, Harbor View Estates Water and Sewer District and Twin Lakes Canal Company be approved as outlined in the resolutions in the Board folder with the addition of a term of 15 years for repayment of the Twin Lakes Canal Company loan. Mr. Chamberlain seconded. Chairman Rigby called for a roll call vote.

Roll Call: Mr. Cuddy, Yes; Mr. Storer, Yes; Mr. Chamberlain, Yes; Mr. Armacost, Yes; Mr. Beck, Yes; Mr. Graham, Yes; Mr. Uhling, Yes; Chairman Rigby, Yes. 8 Yes. Motion passed.