



# IDAHO WATER RESOURCE BOARD

**L. "Butch" Otter**  
Governor

## **MINUTES OF TELEPHONIC MEETING NO. 11-07**

**Jerry R. Rigby**  
Chairman  
Rexburg  
At Large

**Idaho Department of Water Resources**  
Idaho Water Center, Boise Idaho  
October 18, 2007

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

Chairman Rigby called meeting 11-07 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 By Phone*

**Charles "Chuck"  
Cuddy**  
Orofino  
District 1

Jerry Rigby, Chairman  
Vic Armacost  
Claude Storer, absent  
Bob Graham

Leonard Beck, absent  
Gary Chamberlain  
Chuck Cuddy  
Terry Uhling,

**Leonard Beck**  
Burley  
District 3

#### *Staff Members and Guests Attending*

Hal Anderson, Administrator  
Patsy McGourty, Admin. Asst. II  
Jim Yost, Office of the Governor

Brian Patton, Bureau Chief  
Bob McLaughlin, PIO  
John Homan, Deputy Attorney General

**L. Claude Storer**  
Idaho Falls  
District 4

#### *Staff and Guests by Telephone*

**Gary M.  
Chamberlain**  
Challis  
At Large

Dave Tuthill, Director  
Chuck McDevitt, Black Canyon  
Dan Surmeyer, Black Canyon

Dave Blew, Idaho Power  
Dennis Heaps, Black Canyon

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

### Agenda Item No. 2, Public Comment

There was no public comment.

### **Agenda Item No. 3, Black Canyon Exchange Project**

Mr. Anderson outlined the history of the Black Canyon Exchange Project. The project involves replacing a high-water loss canal with pipeline. The Black Canyon Irrigation District has obtained a Federal 2025 Grant through the Bureau of Reclamation. Staff has been working with Dennis Heaps of the Black Canyon Irrigation District and Jim Yost from the Governor's Office on this project. The irrigation district needs \$100,000 as an initial payment from their Board for their project in addition to the Federal Grant.

Mr. Graham asked if staff sees any problems putting water below Milner rather than above Milner. Mr. Patton replied no since this is a one-for-one exchange at the Brownlee Reservoir on the Snake River. Idaho Power may have some issues. The Bureau of Reclamation would release water for salmon flow augmentation from the upper Snake River and the Board would use it on the Snake River Plain and replace it with Payette water in the lower Snake River.

Mr. Patton summarized the financial figures for the project. Black Canyon Irrigation Company would agree to lease 2800 acre-feet of water in the Payette Basin that would be exchanged with salmon flow augmentation water released by Bureau of Reclamation from Milner Dam. The concept is that the Board would provide \$100,000 to pipe a section of canal that has high water losses. Black Canyon would provide 2800 acre-feet of water that would be leased by the Board at the out of basin rental rate. This would allow the diversion of 2800 acre feet from the salmon flow water to be diverted above Milner for use on the Eastern Snake Plain Aquifer or exchanged for flow augmentation from the Boise. The process requires agreements with Black Canyon Irrigation District, Bureau of Reclamation and it would also require a change to the Payette River Basin Rental Pool Procedures.

The Nez Perce Agreement sets the price of the water for the yearly payment by the Board for the 2800 acre-feet. Mr. Heaps added that the 2025 BOR grant is for \$300,000 and the total cost of the project is over \$700,000. This project eliminates an eight-mile open canal with a 40% loss of their water.

Chairman Rigby asked about the last to fill issue. In Water District 01 the loss of recharge water is a significant issue. Mr. Heaps stated that in Water District 65 they have the same issue. Black Canyon has converted 67,000 feet of canal into pipeline. Chairman Rigby added that every district has the same issues. Mr. Heaps had not heard any objections. Mr. Surmeyer stated that Black Canyon is dependent on storage water. Water going out of the basin causes them to lose their first to fill clause.

Mr. Armacost asked why they needed \$100,000 as a first payment. Mr. Patton stated that is the amount that was agreed upon. Mr. Heaps replied that bids were taken about three years ago and because of the increased cost in materials while the Federal government was approving the grant, the cost of the project has gone up. Black Canyon needed matching funds for the 2025 grant. Mr. Armacost asked if the 2025 grant was already awarded. Mr. Heaps replied that it had been granted.

Mr. Armacost asked if the Board was required to have any contact with the Nez Perce Tribe. Mr. Anderson responded no and he explained that in the Black Canyon rental pool procedures were changed to match the Nez Perce Agreement.

Mr. Armacost asked if the unavailability of the water in two years out of ten would affect the price of this water and Mr. Patton responded that this issue would be apart of any exchange. Mr. Armacost asked if there would be some mechanism in the agreement about how Black Canyon would notify the Board which year they needed to keep that water. Mr. Patton said this point would be negotiated before the Board signs an agreement.

Chairman Rigby stated that this is a precedent-setting exchange project and the negotiation points are very important and will be discussed in executive session by the Board. Mr. Patton stated that staff are working on all these issues for the Board's discussion. There was discussion about going into executive session today.

Mr. Patton presented the payment plan for the cost of the water over a 30-year term. The total dollar value is \$1,669,960 or \$596 per acre-feet. A net present valuation is \$1,066,951 or about \$381.05 per acre-feet. This is nearly similar to the cost of the Bell Rapids water right purchase. The Board actually gets 10% of the rental fee back. Staff believes this is a good project. Mr. Graham noted that the 10% surcharge had been subtracted from the net figures since this was a payment back to the Board.

Chairman Rigby asked for Mr. Yost's input to the Board. Mr. Yost stated that the Governor has been briefed on the project and is very supportive. The Governor has offered to fund the \$100,000 if not from Water Resources then from some other funding. On the 26<sup>th</sup> the Governor will be announcing several water projects like this. Mr. Anderson added that Mr. Yost has been appointed to the Power Planning Council and board members congratulated him.

Mr. Anderson noted that this is a complicated and new endeavor for the Board and is being given great consideration to lay groundwork for future projects. Mr. Homan discussed the agreements being developed. A letter of intent between the Board and Black Canyon has been drafted to bridge to the final agreement before the end of the year. It is contingent upon an agreement between IDWR and the Bureau of Reclamation and approval of water exchange from IDWR. Water District 65 Rental Pool procedures for last to fill will need to be revised. He discussed other issues being considered. Substantial progress has been made already.

Chairman Rigby asked if an executive session was needed today to discuss important details. Mr. Homan said it might be helpful. There are points that need to be discussed. Mr. Armacost asked that staff put together a summary report for another conference call. Chairman Rigby did not want to cause a delay. Mr. Anderson noted that in about one week the Governor would be having a press conference to announce the Federal Grant. He thought the Board should go ahead today.

Mr. Chamberlain moved for an executive session to discuss the Black Canyon negotiations. Mr. Cuddy seconded. Chairman Rigby asked for a voice vote. All were in favor.

Mr. Chamberlain moved for the Board to move out of executive session. Mr. Armacost seconded. All were in favor. During the executive session the Board took no action.

**Agenda Item No. 4, Other Items Board Members May Wish to Present**

There were no other items presented.

**Agenda Item No. 5, Adjourn**

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

Dated this 27<sup>th</sup> day of November, 2007.



Secretary



Patsy McGourty, Administrative Assistant II