

# AGENDA

## IDAHO WATER RESOURCE BOARD

### Joint Committee Meeting NO. 1-16

### Financial Programs & Aquifer Stabilization

May 6, 2016 at 9:00 am

**C.L. "Butch" Otter**  
Governor

Idaho Fish & Game-Jerome  
324 S 417 E Ste #1, Jerome Idaho

**Roger W. Chase**

Chairman  
Pocatello  
District 4

**Jeff Raybould**

Vice-Chairman  
St. Anthony  
At Large

**Vince Alberdi**

Secretary  
Kimberly  
At Large

**Peter Van Der Meulen**

Hailey  
At Large

**Charles "Chuck"**

Cuddy  
Orofino  
At Large

**Albert Barker**

Boise  
District 2

**John "Bert" Stevenson**

Rupert  
District 3

**Dale Van Stone**

Hope  
District 1

- .....
1. Introduction and Attendance
  2. Review of 2015-2016 ESPA Recharge Season
  3. Review of FY16 Secondary Aquifer Fund Expenditures
  4. Consideration of Draft FY17 Secondary Aquifer Fund Budget
  5. Teton Reserve Loan
  6. Adjourn

**Financial Programs Committee Members:** Vince Alberdi (Chairman), Al Barker, Dale Van Stone, and Roger Chase

**Aquifer Stabilization Committee Members:** Bert Stevenson (Chairman), Al Barker, Jeff Raybould, Roger Chase, and Vince Alberdi

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#### Americans with Disabilities

The meeting will be held in facilities that meet the accessibility requirements of the Americans with Disabilities Act. If you require special accommodations to attend, participate in, or understand the meeting, please make advance arrangements by contacting Department staff by email [jennifer.strange@idwr.idaho.gov](mailto:jennifer.strange@idwr.idaho.gov) or by phone at (208) 287-4800.



# ESPA Managed Recharge Update

Idaho Water Resource Board

Wesley Hipke  
May 6, 2016



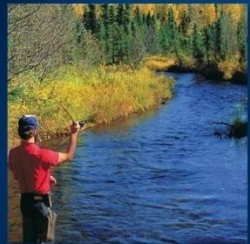


## IWRB ESPA Managed Recharge – Lower Valley

### • Recharge Summary

- Recharge Right in Priority (Oct 23<sup>rd</sup> – Apr 1<sup>st</sup>) : 162 days
- IWRB Recharge = 161 days
- Total Recharged = 66,218 af \*
- Average Daily Recharge Rate = 207 cfs

\*Preliminary Data



# Total IWRB Managed Recharge Rates During 2015 - 2016 Season

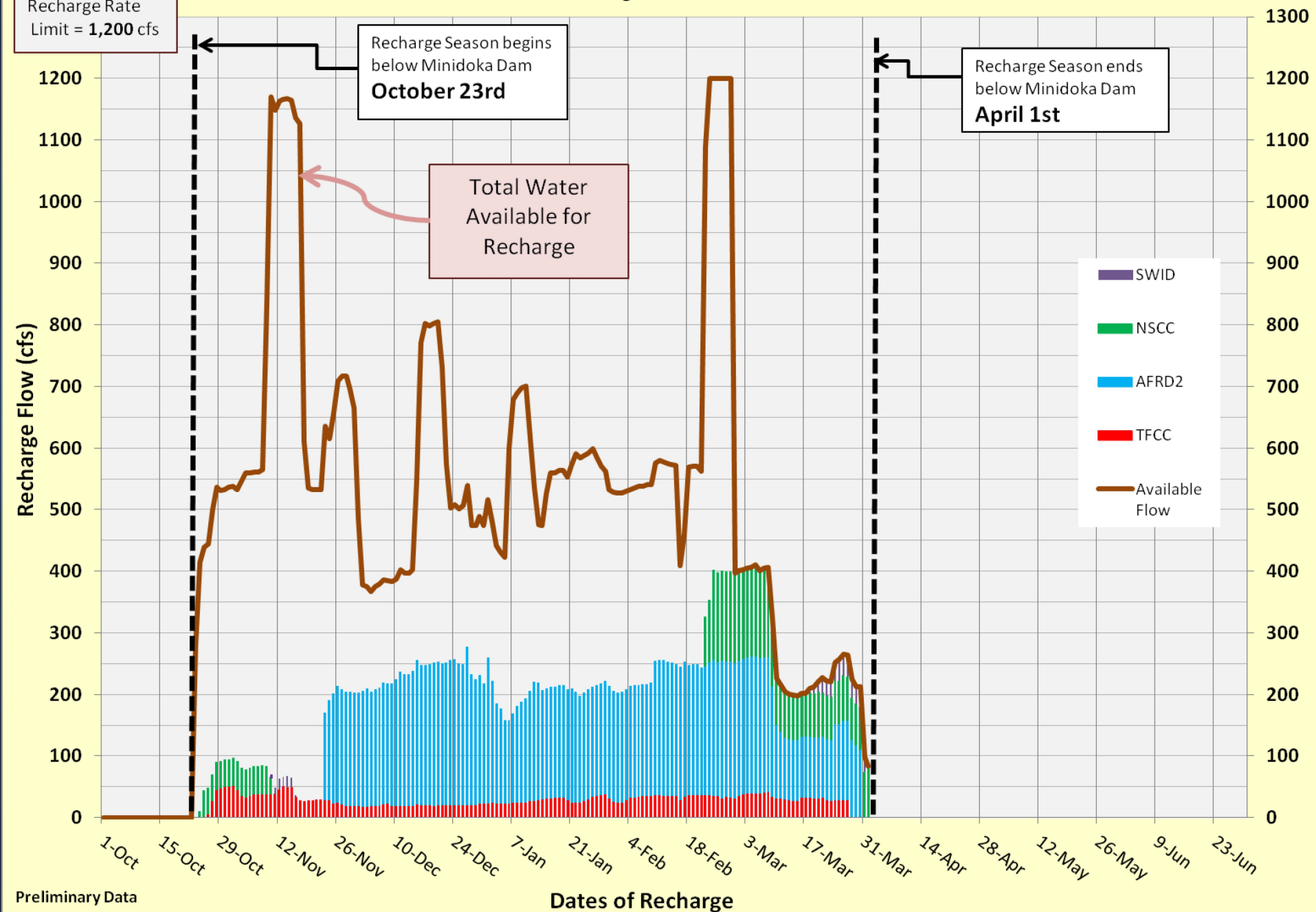
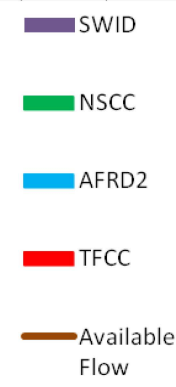
Total Volume of Recharge = **66,218** af as of April 1, 2016

Recharge Rate  
Limit = **1,200** cfs

Recharge Season begins  
below Minidoka Dam  
**October 23rd**

Recharge Season ends  
below Minidoka Dam  
**April 1st**

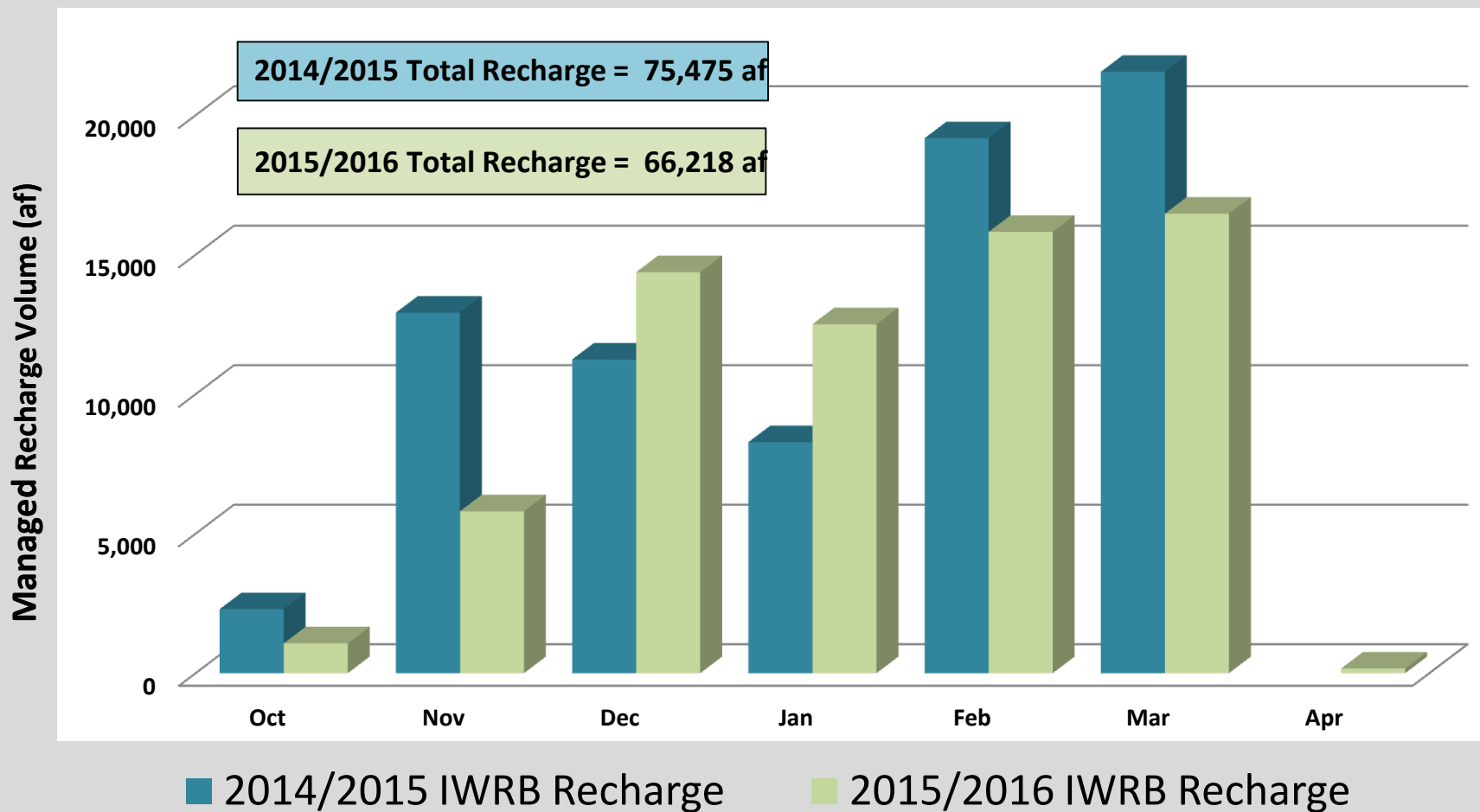
Total Water  
Available for  
Recharge





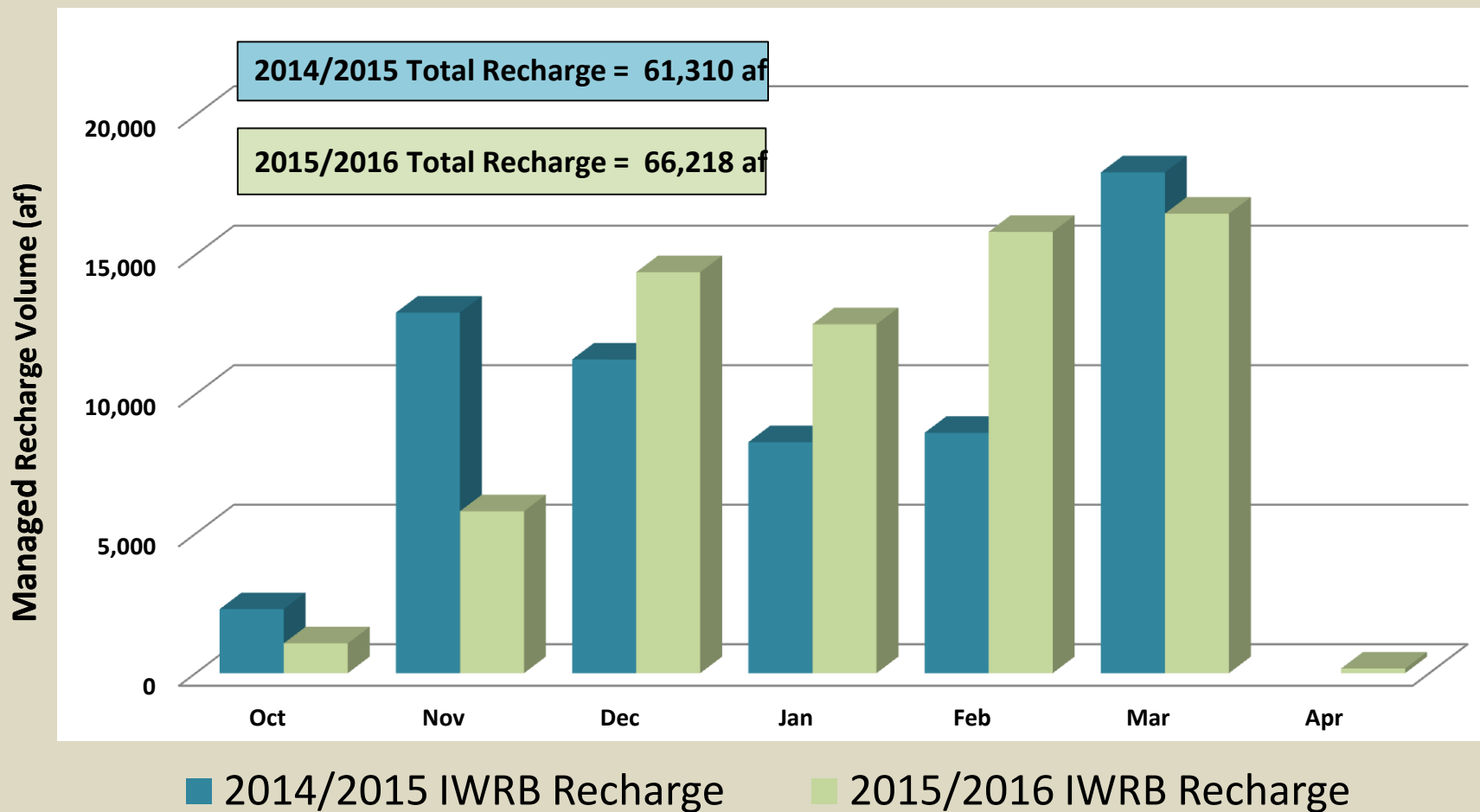
## IWRB Recharge

### Monthly Volume of Recharge



## IWRB Recharge - Lower Valley

### Monthly Volume of Recharge





## IWRB ESPA Managed Recharge PROJECTS

### • **AFRD2**

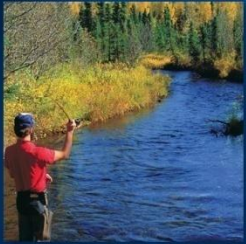
- Expansion of MP 31 Recharge Site
- Dietrich Drop Hydro Plant By-Pass

### • **North Side Canal**

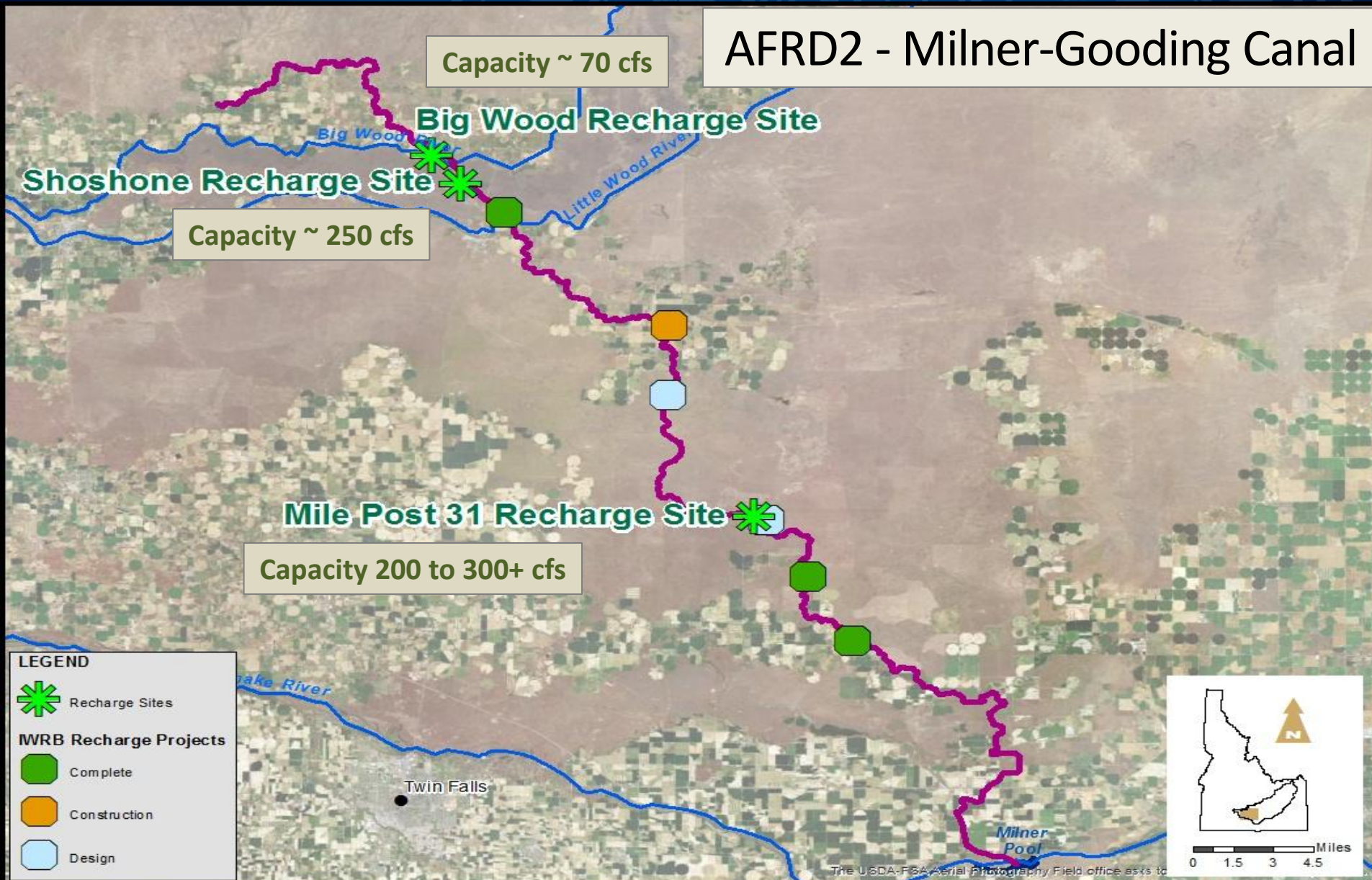
- Infrastructure Improvements to Wilson Lake

## POTENTIAL PROJECTS

- SWID Recharge Pipeline Project
- ASCC Recharge Feasibility
- NSID Recharge Feasibility
- South Fork Recharge Sites
- Egin Lakes Phase II
- Raft River Recharge

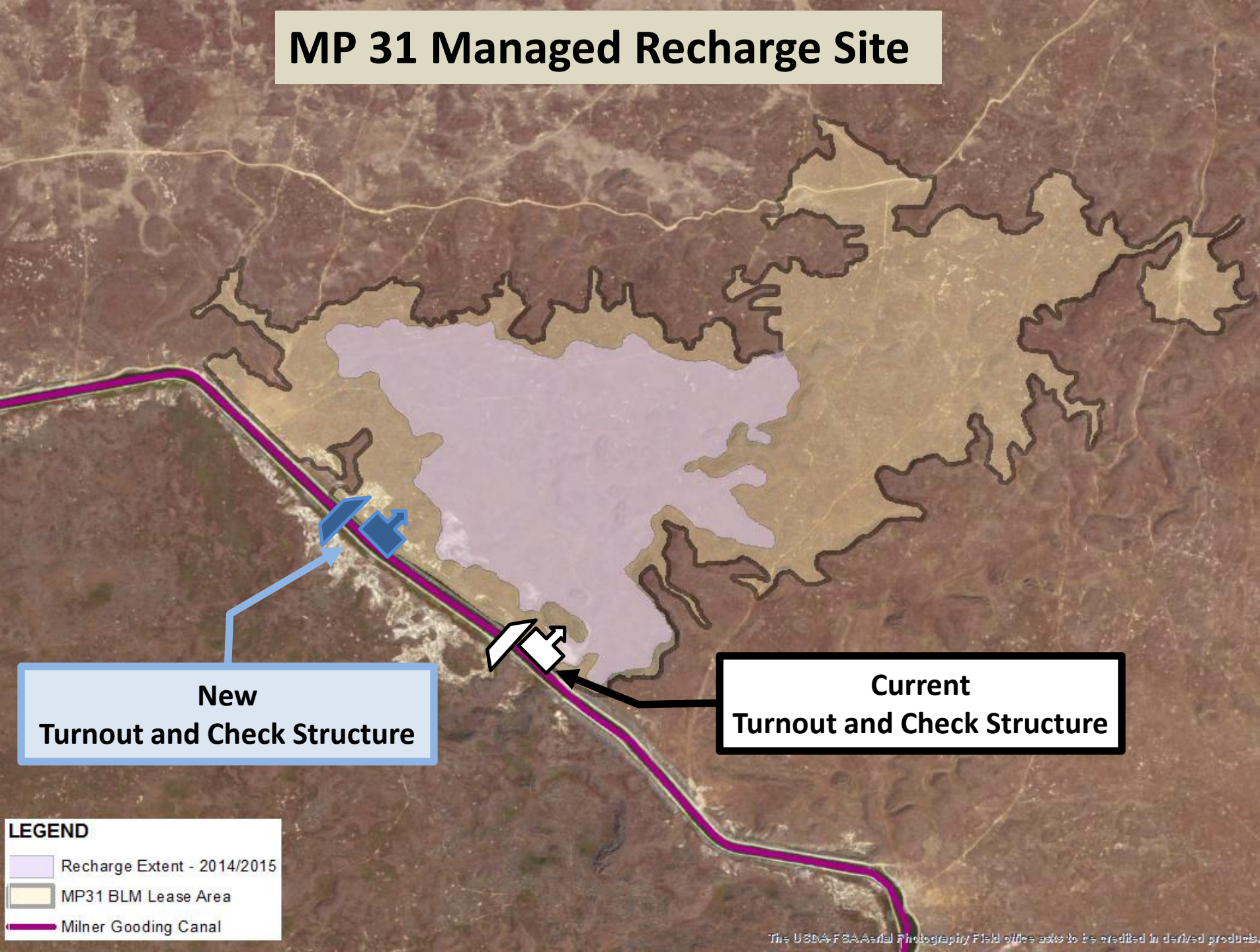


## AFRD2 - Milner-Gooding Canal





# MP 31 Managed Recharge Site



**New  
Turnout and Check Structure**

**Current  
Turnout and Check Structure**

## LEGEND

- Recharge Extent - 2014/2015
- MP31 BLM Lease Area
- Milner Gooding Canal



# Dietrich Drop By-pass

Hydro Plant

By-pass Channel

New  
Check Structure





# Dietrich Drop By-pass

New  
Check Structure

Hydro Plant

Extension to  
By-pass Canal

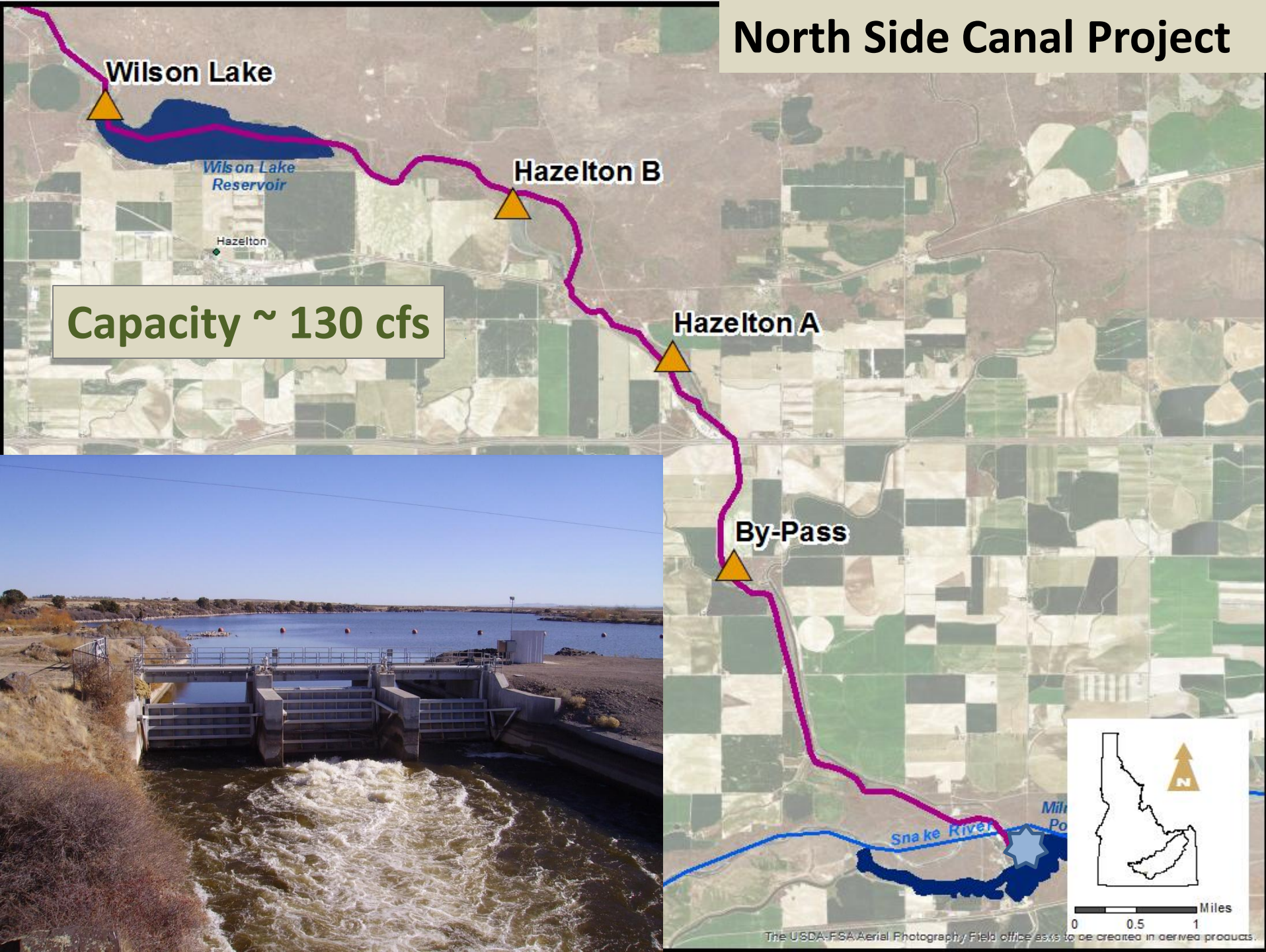
By-pass Channel

New  
Check Structure



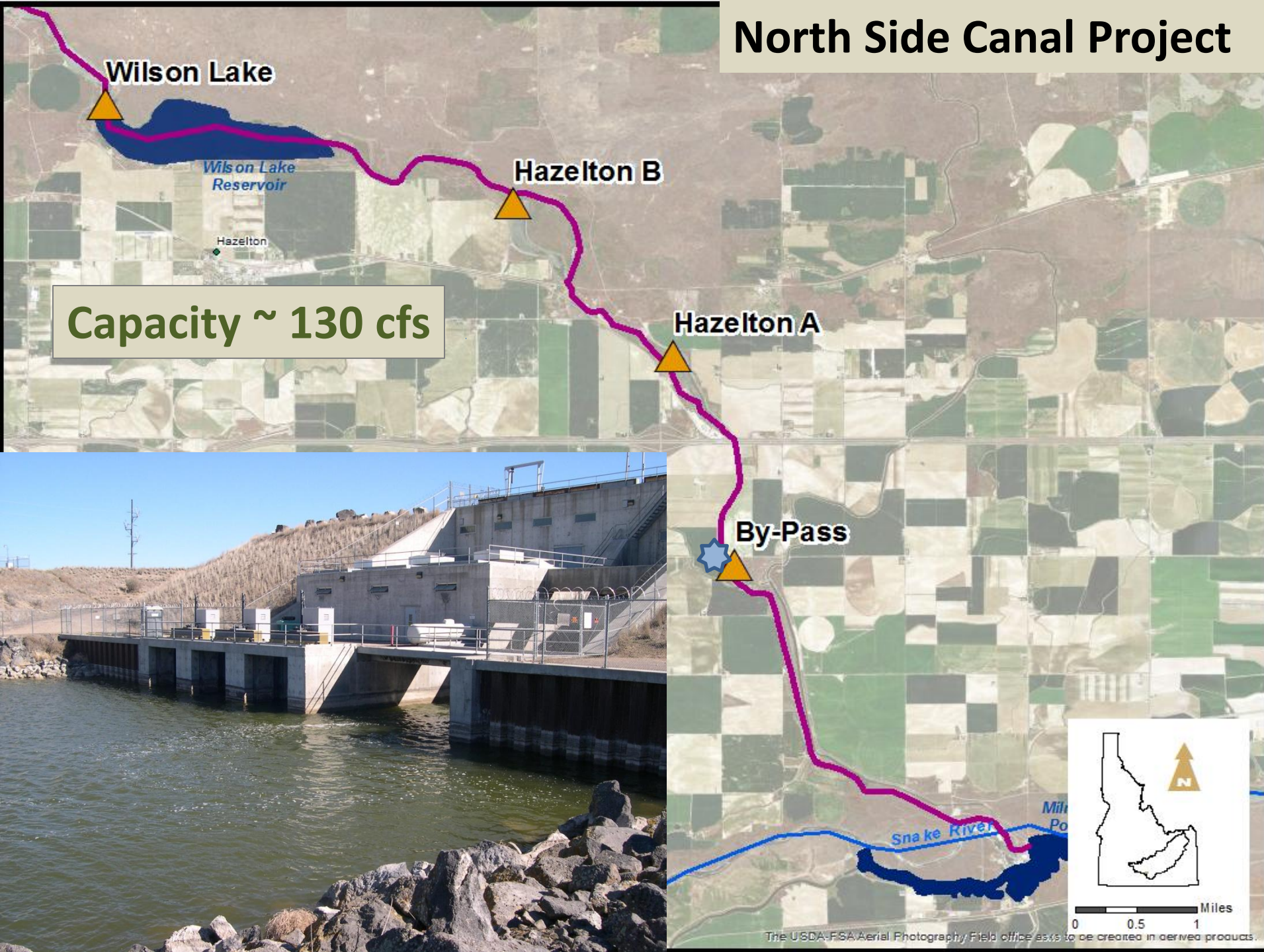


# North Side Canal Project



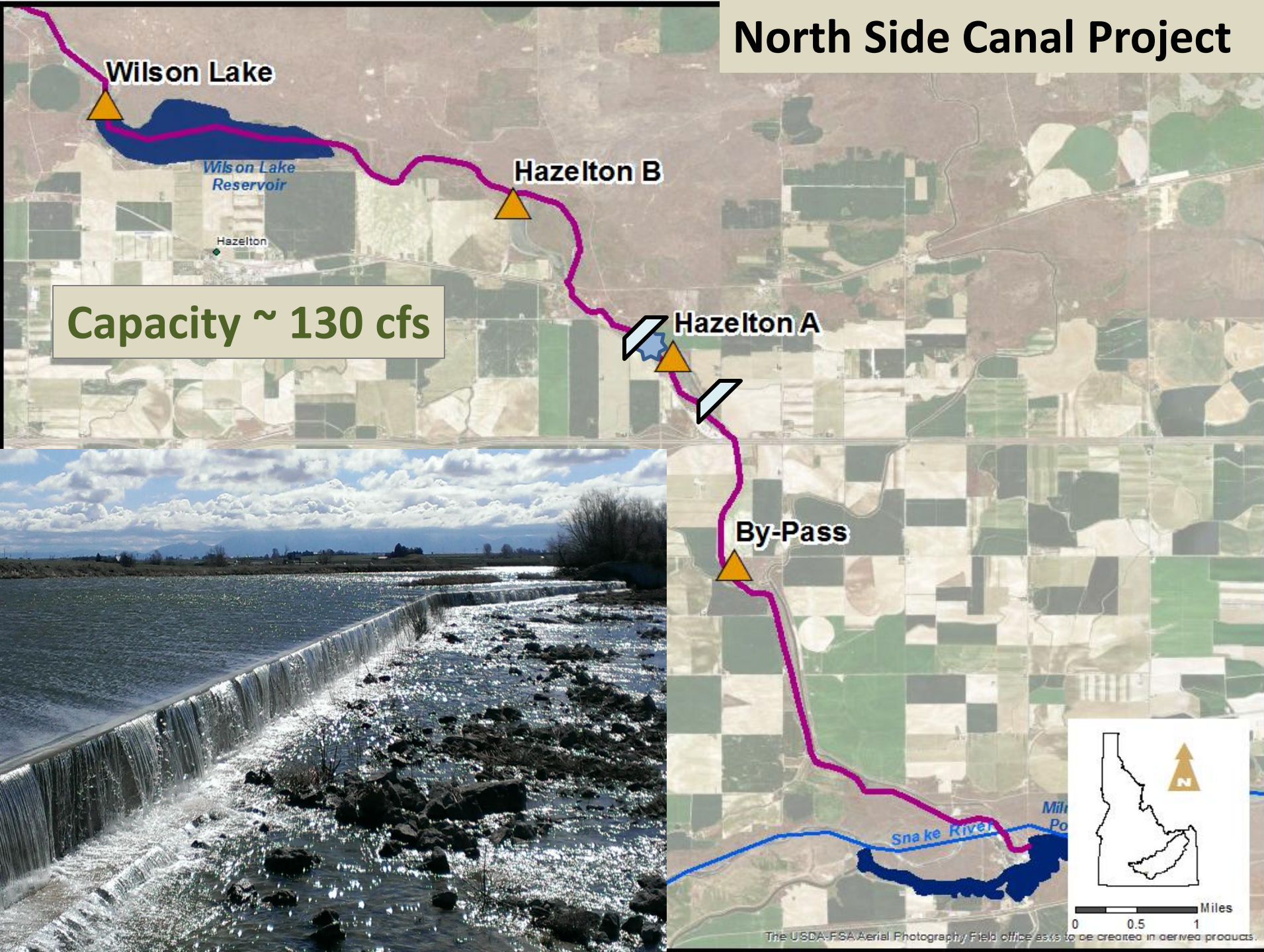


# North Side Canal Project



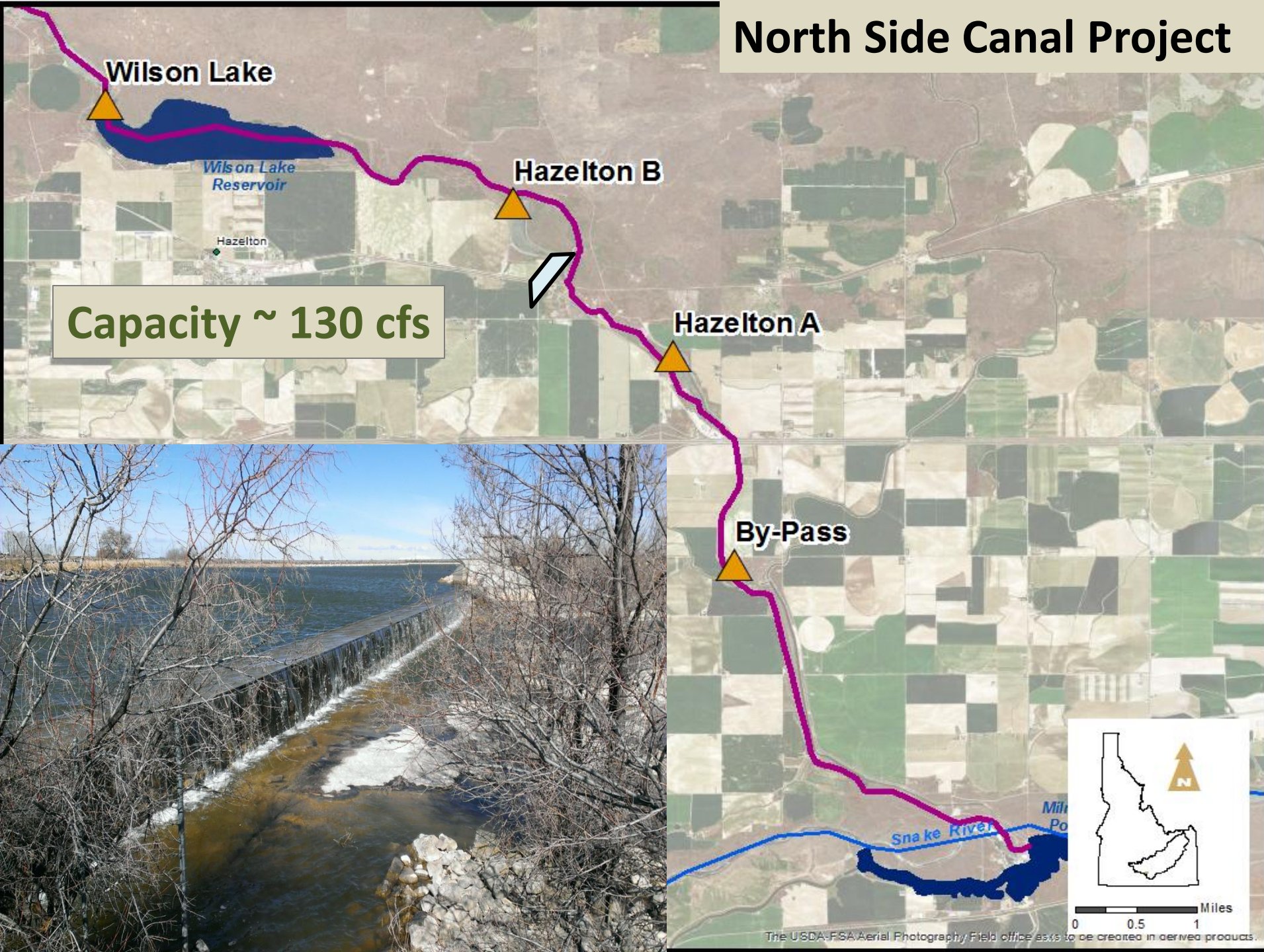


# North Side Canal Project



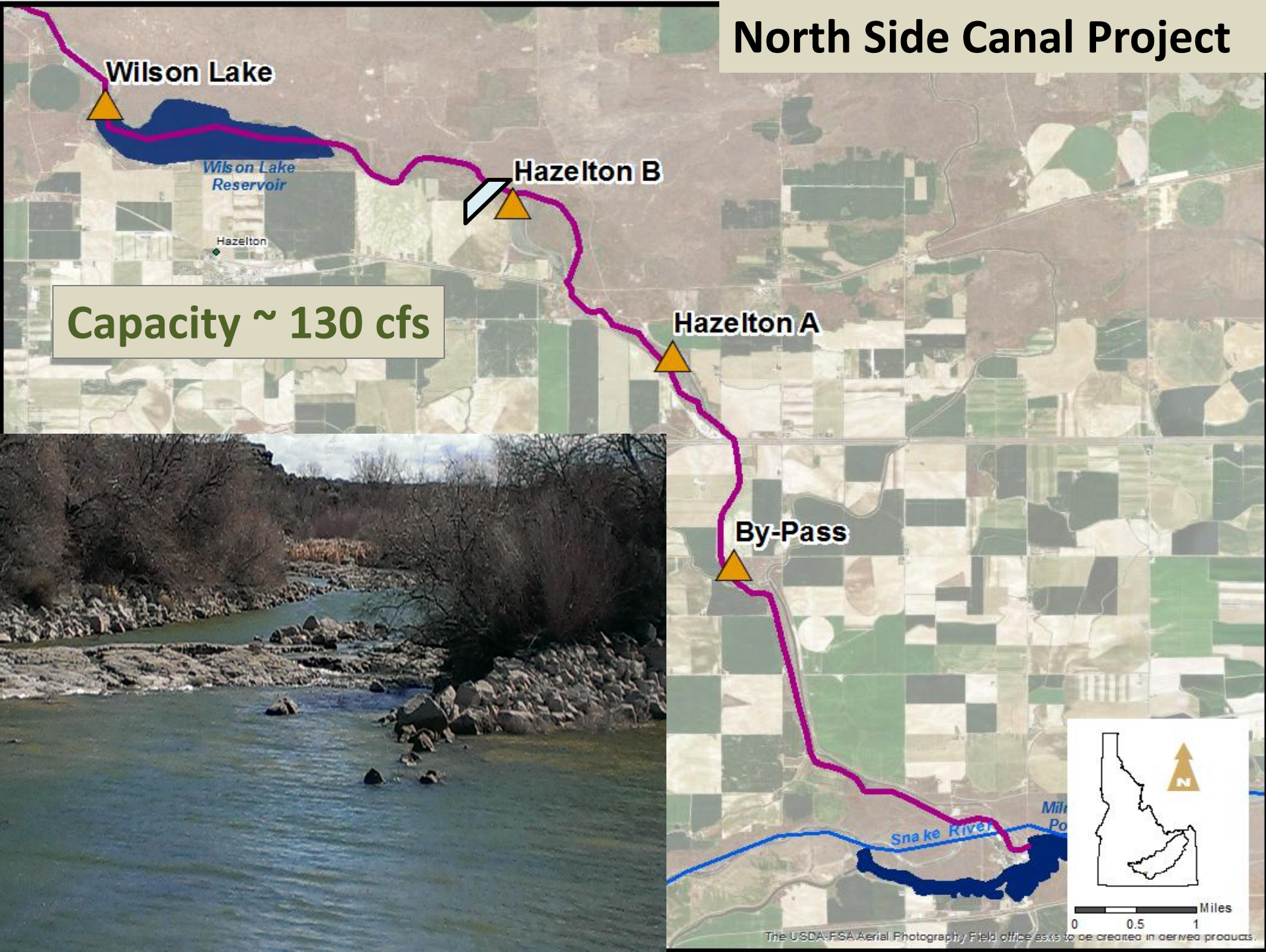


# North Side Canal Project



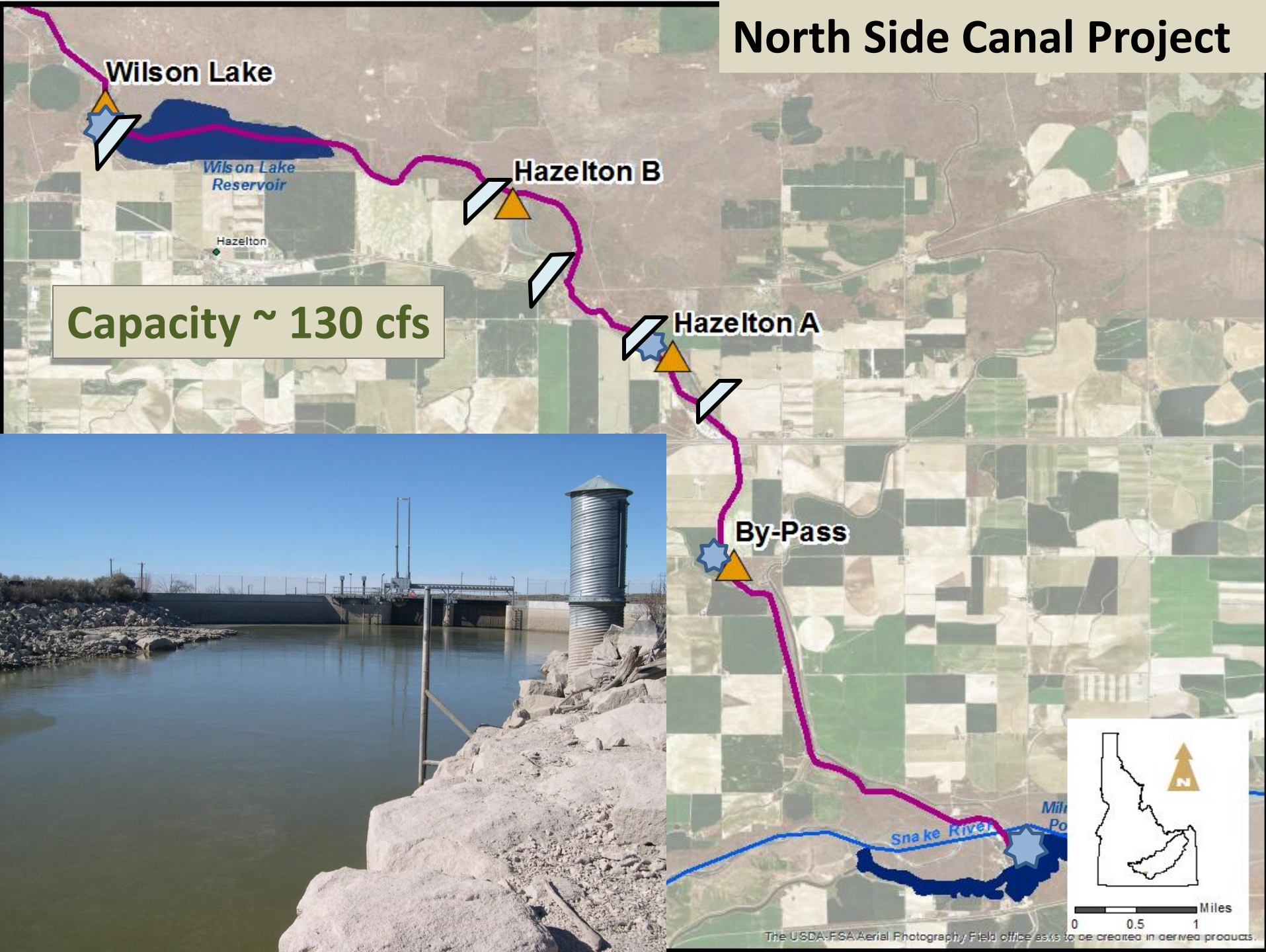


# North Side Canal Project



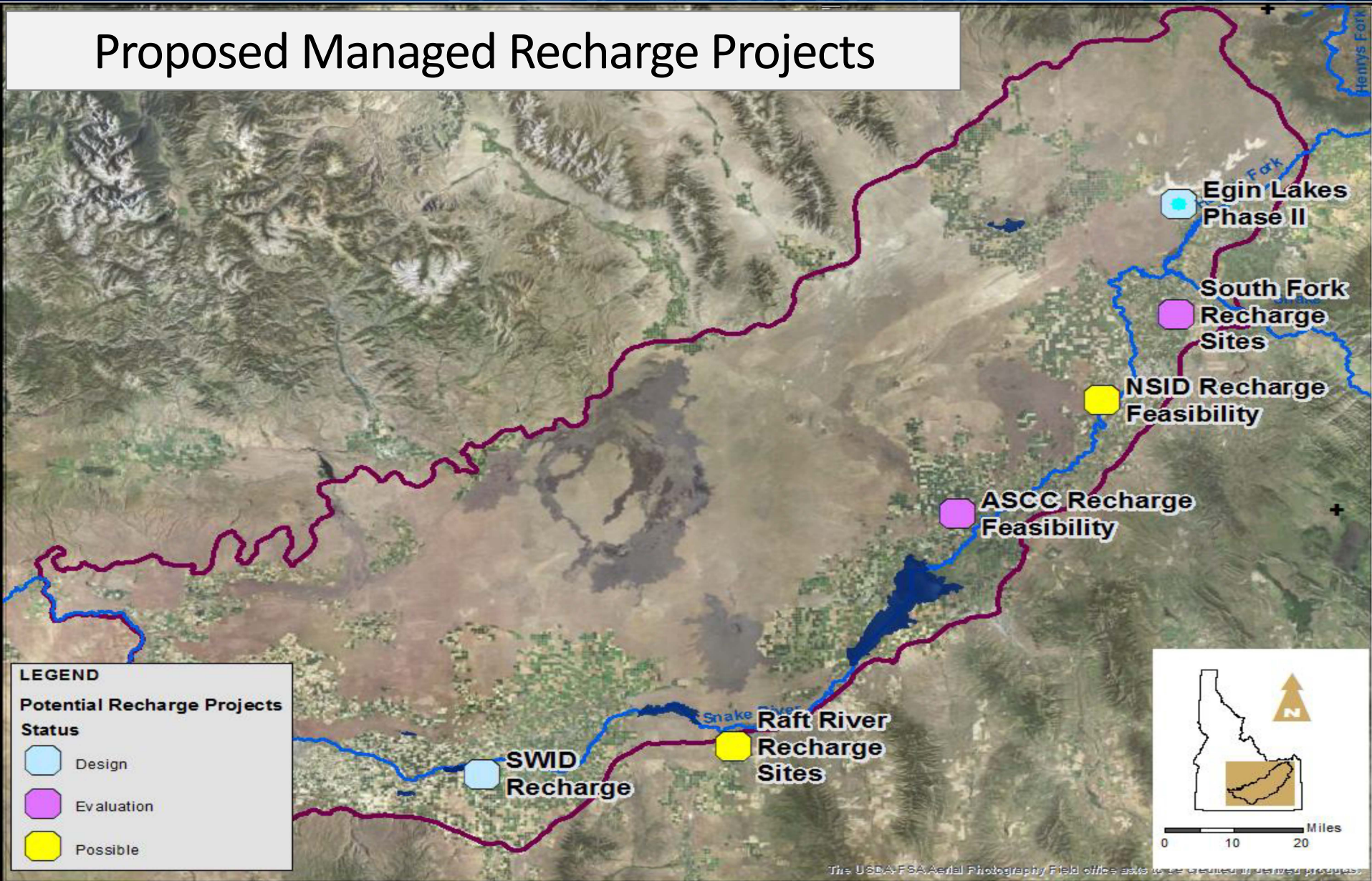


# North Side Canal Project





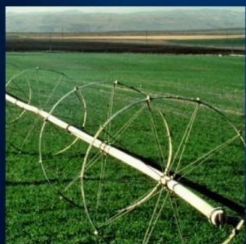
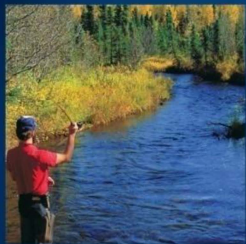
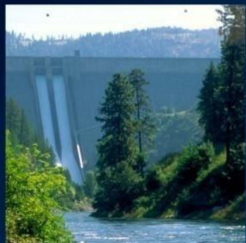
## Proposed Managed Recharge Projects





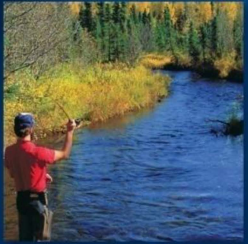
## Egin Lakes Recharge Canal

- **High Aquifer Retention** **~59%** (5-year retention at the Site)
- **Increased Recharge Capacity** **50 to 150 cfs**
- **IWRB Maximum Recharge Volume** **13,000 af**
- **IWRB Long-Term Recharge Volume** **6,500 af/yr**
- **Cost:** **\$1,030,000**





## Questions







# Review of FY16 Secondary Aquifer Fund Expenditures & Draft FY17 Secondary Aquifer Fund Budget

Joint Meeting of the IWRB Finance and Aquifer Stabilization Committees  
Jerome, Idaho



May 6, 2016





## Summary of IWRB Accounts

Revolving Development Account	Water Management Account	Secondary Aquifer Planning Management & Implementation Fund
<ul style="list-style-type: none"> <li>•Loans for water projects</li> <li>•Dworshak</li> <li>•Bell Rapids</li> <li>•Aqualife</li> <li>•Pristine Springs</li> <li>•Upper Salmon Water Transactions</li> <li>•Storage Studies</li> <li>•Priest Lake</li> <li>•Mt. Home</li> </ul>	<ul style="list-style-type: none"> <li>•Grants</li> <li>•Largely inactive at present</li> </ul>	<ul style="list-style-type: none"> <li>•Expenditures for water sustainability &amp; aquifer stabilization projects</li> <li>•ESPA recharge</li> <li>•Projects in other aquifers</li> <li>•A few loans</li> </ul>

(Does not include IDWR funds: General Fund, Indirect Fund, Fee Account, Enforcement Account, NIA Fund, Federal Grant Fund, Misc. Revenue Fund, Aquifer Planning Fund)



## Summary of FY16 Secondary Aquifer Fund Budget & Spending

•IWRB set FY16 Secondary Aquifer Fund budget of \$10,491,589, including projected carry-forward to FY17 of \$1,491,589

Category	Adopted FY16 Budget	Amended FY16 Budget	Projected Expenditure
ESPA Managed Recharge Operations	\$1,200,000	No change	\$1,000,000
Milner-Gooding Flume	\$700,000	No change (yet)	\$750,000
Milner-Gooding Dietrich Drop	\$50,000	\$1,500,000	\$1,500,000
Twin Falls Canal recharge improve.	\$500,000	No change	\$0
North Side Canal recharge impr.	\$2,000,000	No change	\$275,000
Great Feeder Canal	\$500,000	No change	\$500,000
Milner Pool Development	\$2,000,000	\$0	\$0
Egin Lakes Recharge Enlargement	\$500,000	\$1,030,000	\$1,030,000
Milner-Gooding Access Road	\$0	\$150,000	\$150,000
Milner-Gooding MP31 2 <sup>nd</sup> gate	\$0	\$200,000	\$200,000
Jensens Grove	\$0	\$26,527	\$26,527
SRVID Monitoring	\$0	\$5,000	\$5,000
ESPA Recharge Engineering/investigation	\$300,000	No change	\$100,000
<b>ESPA RECHARGE SUBTOTAL</b>	<b>\$7,750,000</b>	<b>\$8,111,527</b>	<b>\$5,536,527</b>

(continued)



## Summary of FY16 Secondary Aquifer Fund Budget & Spending

Category	Adopted FY16 Budget	Amended FY16 Budget	Projected Expenditure
Other			
Administrative	\$50,000	No change	\$50,000
Ground Water Conservation Grants	\$200,000	No change	\$50,000
Amount reserved for work in other priority aquifers	\$1,000,000	No change	\$100,000
Upper Snake Aircraft Cloud Seeding	\$0	\$200,000	\$200,000
Loan to ESPA Ground Water Districts	\$0	\$2,740,000	\$2,740,000
<b>OTHER SUBTOTAL</b>	<b>\$1,250,000</b>	<b>\$4,190,000</b>	<b>\$3,140,000</b>
<b>CARRY FORWARD INTO FUTURE YEARS</b>	<b>\$1,491,589</b>	<b>\$0</b>	<b>\$1,815,062</b>
<b>GRAND TOTAL</b>	<b>\$10,491,589</b> (max available funds)	<b>\$12,301,527</b> (exceeds available funds)	<b>\$10,491,589</b>



## Summary of FY16 Secondary Aquifer Fund Budget & Spending

Ear-marked in Secondary Fund for Northern Idaho (HB479 2014 Legislature, \$500,000)	
<b>Beginning of FY16 Balance</b>	<b>\$299,273</b>
Palouse Basin Water Supply Alternatives Study	\$100,000
Lewiston Deep Regional Aquifer Investigation	\$90,000
<b>Projected Carry-Over to FY17</b>	<b>\$109,273</b>



# Draft FY17 Secondary Aquifer Fund Budget

## FY17 BUDGET AVAILABLE FUNDS

Projected Carry-Over From FY16		\$	1,815,000
SB 1402 funds:	General Fund (ongoing)	\$	5,000,000
	Economic Recovery Reserve Fund (one-time)	\$	2,500,000
HB547 funds - receipt of Cigarette Tax proceeds (through 2019)		\$	5,000,000
HB479 funds - remainder of North Idaho Aquifers earmark		\$	109,273
Estimated interest		\$	20,000
<b>TOTAL PROJECTED TO BE AVAILABLE</b>		<b>\$</b>	<b>14,444,273</b>

## BUDGET

Category		Sub-Category	FY17 Budget
<b>ESPA MANAGED RECHARGE</b>			
ESPA Recharge Operations		Conveyance Cost	\$1,500,000
		Equipment & Supplies	\$87,000
		Site Monitoring	\$114,000
		Regional Monitoring	\$200,000
		<b>TOTAL</b>	<b>\$1,901,000</b>
ESPA Managed Recharge Infrastructure Projects	Budgeted Projects	Northside Canal recharge improvements	\$4,000,000
		SWID Recharge Project	\$1,000,000
		MP31 Check Dam	\$1,000,000
		Egin Lakes Phase II	\$500,000
	Reserved for additional recharge infrastructure projects		\$1,000,000
		<b>TOTAL</b>	<b>\$7,500,000</b>
Managed Recharge Investigations	Budgeted Investigations	ASCC Recharge Feasibility	\$300,000
		South Fork Engineering & Site Evaluation	\$200,000
		NSID Recharge Feasibility	\$200,000
	Reserved for additional investigations and engineering		\$300,000
		<b>TOTAL</b>	<b>\$1,000,000</b>
<b>ESPA MANAGED RECHARGE TOTAL</b>			<b>\$10,401,000</b>

(continued)



## Draft FY17 Secondary Aquifer Fund Budget (continued)

### TREASURE VALLEY

Treasure Valley Aquifer Ground Water Model	\$500,000
Treasure Valley Aquifer Managed Recharge Study	\$200,000
Anderson Ranch Reservoir Enlargement Study	\$100,000
Treasure Valley DCMi Water Conservation Study	\$200,000
<b>TREASURE VALLEY TOTAL</b>	<b>\$1,000,000</b>

### WOOD RIVER VALLEY

Wood River Valley Aquifer Ground Water Model Enhancement	\$200,000
<b>WOOD RIVER VALLEY TOTAL</b>	<b>\$200,000</b>

### WEISER BASIN

Weiser Basin Project	\$200,000
<b>WEISER BASIN TOTAL</b>	<b>\$200,000</b>

### NORTHERN IDAHO AQUIFERS

Reserve for additional investigations related to Northern Idaho Aquifers	\$109,273
<b>NORTHERN IDAHO AQUIFERS TOTAL</b>	<b>\$109,273</b>

### STATE-WIDE

Aquifer monitoring network enhancement in priority aquifers	\$100,000
NRCS Snow Survey contribution	\$100,000
Cooperative Cloud Seeding Program (1/3 of operations costs)	\$600,000
Ground water conservation grants in priority aquifers	\$200,000
Administrative expenses (public information, staff training, etc)	\$75,000
<b>STATE-WIDE TOTAL</b>	<b>\$1,075,000</b>

<b>RESERVE FOR OTHER WORK IN PRIORITY AQUIFERS OR CARRY-FORWARD INTO FUTURE YEARS</b>	<b>\$1,459,000</b>
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<b>GRAND TOTAL</b>	<b>\$14,444,273</b>
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## Review Draft Resolution



DRAFT -- BEFORE THE IDAHO WATER RESOURCE BOARD

IN THE MATTER OF STATEWIDE WATER SUSTAIBILITY ) A RESOLUTION  
AND AQUIFER STABILIZATION, AND THE SECONDARY )  
AQUIFER PLANNING, MANAGEMENT, AND )  
IMPLEMENTATION FUND FISCAL YEAR 2017 BUDGET )  
\_\_\_\_\_ )

WHEREAS, House Bill 547 passed and approved by the 2014 Legislature allocates \$5 million annually through 2019 from the Cigarette Tax to the Idaho Water Resource Board's (IWRB) Secondary Aquifer Planning, Management, and Implementation Fund (Secondary Aquifer Fund) for statewide aquifer stabilization; and

WHEREAS, Senate Bill 1402 passed and approved by the 2016 Legislature allocated \$5 million in ongoing General Fund dollars and \$2.5 million in Economic Recovery Reserve Funds to the IWRB's Secondary Aquifer Fund for statewide water sustainability and aquifer stabilization; and

WHEREAS, un-allocated funds already in the Secondary Aquifer Fund will be carried forward into the Fiscal Year 2017 budget; and

WHEREAS, many aquifers across Idaho are declining or have existing or potential conjunctive administration water use conflicts, including the Eastern Snake Plain Aquifer, the Mountain Home Aquifer, the Wood River Valley Aquifer, the Big Lost Aquifer, the Raft River Aquifer, the Malad Valley Aquifer, the Treasure Valley Aquifer, the Rathdrum Prairie Aquifer, the Palouse Basin Aquifer, the Lewiston Plateau Aquifer, and others; and

WHEREAS, the State of Idaho relies on spring discharge from the Eastern Snake Plain Aquifer (ESPA) through the Thousand Springs to assist in meeting the minimum streamflow water rights at the Murphy Gage established under the Swan Falls Agreement; and

WHEREAS, the ESPA has been losing approximately 216,000 acre-feet annually from aquifer storage since the 1950's resulting in declining ground water levels in the aquifer and declining spring flows from the aquifer; and

WHEREAS, during parts of 2013 and 2014 flows at the Murphy Gage approached the minimum flow, and in 2015 flows at the Murphy Gage went below minimum flows; and

WHEREAS, the ESPA has also been experiencing conjunctive administration water use conflicts over the past two decades that have the potential to significantly impact Idaho's economy; and

WHEREAS, on June 30, 2015 members of the Idaho Ground Water Appropriations entered into an agreement with the Surface Water Coalition whereby the ground water users agreed to reduce their consumptive use from the ESPA by 240,000 acre-feet annually and take other actions, and

WHEREAS, the 2016 Idaho Legislature passed and approved Senate Concurrent Resolution 138 supporting this agreement; and

WHEREAS, the State Water Plan includes a goal to accomplish managed recharge in the ESPA averaging 250,000 acre-feet annually; and

WHEREAS, the 2016 Idaho Legislature passed and approved Senate Concurrent Resolution 136 directing the IWRB to develop the capacity to achieve 250,000 acre-feet of annual average managed recharge to the ESPA by December 31, 2024; and

WHEREAS, the ground water use reduction and managed recharge are together designed to stabilize and then recover the ESPA; and

WHEREAS, a recent study commissioned by the IWRB predicts that approximately a quarter million new acre-feet of water supply may be needed to meet the DCMi needs of the growing Treasure Valley population over the next 50 years; and

WHEREAS, conjunctive administration water delivery calls have been made in the Big and Little Wood River Basins against junior-priority upstream ground water uses; and

WHEREAS, the Mountain Home aquifer is being over-drafted by about 30,000 acre-feet annually;

WHEREAS, the deep aquifer in the Palouse Basin has been declining for decades despite aggressive conservation measures; and

WHEREAS, the Department of Water Resources recently enacted Ground Water management Areas in the Malad Valley Aquifer and the Lewiston Plateau Aquifer in response to declining ground water levels in those aquifers; and

WHEREAS, ground water levels in many aquifers are inadequate to sustain a supply of water for surface and ground water irrigation, hydropower, municipal, industrial, and other uses, the curtailment of which would cause severe economic harm to Idaho's economy; and

WHEREAS, the 2016 Idaho Legislature passed and approved Senate Concurrent Resolution 137 which recognized that stabilizing and enhancing aquifer levels is in the public interest, and directs the IWRB to take actions in aquifers across the state to stabilize and enhance aquifer levels thereby maintaining water supply for consumptive and non-consumptive uses and minimizing harm to Idaho's economy arising from water supply shortages; and

WHEREAS, on May 6, 2016 the IWRB Finance and Aquifer Stabilization Committees met in a joint meeting in Jerome, Idaho, and recommended the approval of a Fiscal Year 2017 Budget for the use of available funds in the Secondary Aquifer Fund for statewide water sustainability and aquifer stabilization purposes; and

NOW THEREFORE BE IT RESOLVED that the IWRB adopts the Fiscal Year 2017 Budget for the continuously-appropriated Secondary Aquifer Planning, Management, and Implementation Fund as shown in Attachment A to this resolution.



BE IT FURTHER RESOLVED that the budget may be adjusted if necessary based on the actual amount of Cigarette Tax funds received, interest income received, or the actual amount of carry-over from Fiscal Year 2016.

BE IT FURTHER RESOLVED that funds for budgeted ESPA managed recharge infrastructure shall be approved by the IWRB by resolution for each individual project in excess of \$20,000, detailing the terms and conditions of approval, and must include conditions maintaining long-term access for recharge by the IWRB in any facilities owned by others.

BE IT FURTHER RESOLVED that expenditures for ESPA managed recharge operations, investigations and engineering for further ESPA managed recharge capacity development may proceed with no further approvals, however, the IWRB shall be kept apprised of such expenditures.

BE IT FURTHER RESOLVED that expenditures for the Treasure Valley Ground Water Model, the Wood River Ground Water Model Enhancements, and for Aquifer Monitoring Network Enhancements in Priority Aquifers, and Administrative Expenses may proceed with no further approvals, however, the IWRB shall be kept apprised of such expenditures.

BE IT FURTHER RESOLVED that expenditures for the NRCS Snow Survey Contribution and the Cooperative Cloud Seeding Program may proceed with no further approvals, however, the IWRB shall be kept apprised of such expenditures regularly by the IWRB's partners in these efforts. Further, it is the IWRB's stated goal that both the state and the water users financially participate with Idaho Power in the Cooperative Cloud Seeding Program.

BE IT FURTHER RESOLVED that all other expenditures from the Secondary Aquifer Fund shall require an additional approval by the IWRB by resolution.

BE IT FURTHER RESOLVED that the IWRB may modify this budget during Fiscal Year 2017 at a properly noticed meeting of the IWRB.

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ROGER CHASE, Chairman

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VINCE ALBERDI, Secretary

**ATTACHMENT A – Fiscal Year 2017 Secondary Aquifer Planning, Management, and  
Implementation Fund Budget**

**FY17 BUDGET AVAILABLE FUNDS**

Projected Carry-Over From FY16	\$	1,815,000
SB 1402 funds: General Fund (ongoing)	\$	5,000,000
Economic Recovery Reserve Fund (one-time)	\$	2,500,000
HB547 funds - receipt of Cigarette Tax proceeds (through 2019)	\$	5,000,000
HB479 funds - remainder of North Idaho Aquifers earmark	\$	109,273
Estimated interest	\$	20,000
<b>TOTAL PROJECTED TO BE AVAILABLE</b>	<b>\$</b>	<b>14,444,273</b>

**BUDGET**

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<b>ESPA Recharge Operations</b>		Conveyance Cost	\$1,500,000
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		<b>TOTAL</b>	<b>\$1,901,000</b>
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		SWID Recharge Project	\$1,000,000
		MP31 Check Dam	\$1,000,000
		Egin Lakes Phase II	\$500,000
	Reserved for additional recharge infrastructure projects		\$1,000,000
		<b>TOTAL</b>	<b>\$7,500,000</b>
<b>Managed Recharge Investigations</b>	<b>Budgeted Investigations</b>	ASCC Recharge Feasibility	\$300,000
		South Fork Engineering & Site Evaluation	\$200,000
		NSID Recharge Feasibility	\$200,000
	Reserved for additional investigations and engineering		\$300,000
		<b>TOTAL</b>	<b>\$1,000,000</b>
<b>ESPA MANAGED RECHARGE TOTAL</b>			<b>\$10,401,000</b>

(Continued)



**Continued - Fiscal Year 2017 Secondary Aquifer Planning,  
Management, and Implementation Fund Budget**

**TREASURE VALLEY**

Treasure Valley Aquifer Ground Water Model	\$500,000
Treasure Valley Aquifer Managed Recharge Study	\$200,000
Anderson Ranch Reservoir Enlargement Study	\$100,000
Treasure Valley DCMI Water Conservation Study	\$200,000
<b>TREASURE VALLEY TOTAL</b>	<b>\$1,000,000</b>

**WOOD RIVER VALLEY**

Wood River Valley Aquifer Ground Water Model Enhancement	\$200,000
<b>WOOD RIVER VALLEY TOTAL</b>	<b>\$200,000</b>

**WEISER BASIN**

Weiser Basin Project	\$200,000
<b>WEISER BASIN TOTAL</b>	<b>\$200,000</b>

**NORTHERN IDAHO AQUIFERS**

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<b>NORTHERN IDAHO AQUIFERS TOTAL</b>	<b>\$109,273</b>

**STATE-WIDE**

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NRCS Snow Survey contribution	\$100,000
Cooperative Cloud Seeding Program (1/3 of operations costs)	\$600,000
Ground water conservation grants in priority aquifers	\$200,000
Administrative expenses (public information, staff training, etc)	\$75,000
<b>STATE-WIDE TOTAL</b>	<b>\$1,075,000</b>

**RESERVE FOR OTHER WORK IN PRIORITY AQUIFERS OR  
CARRY-FORWARD INTO FUTURE YEARS**

**\$1,459,000**

**GRAND TOTAL**

**\$14,444,273**



# IDAHO WATER RESOURCE BOARD

**C.L. "Butch" Otter**  
Governor

May 6, 2016

**Roger W. Chase**  
Chairman  
Pocatello  
District 4

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District 2

**John "Bert" Stevenson**  
Rupert  
District 3

**Dale Van Stone**  
Hope  
District 1

## IWRB Finance Committee

### Re: Teton Reserve Master Association – Loan Request

The Teton Reserve Master Association has submitted a loan request application for \$980,000 to make improvements and upgrades to the existing water system. The following is a summary of the project, application, financing, and staff's review and analysis of the Teton Reserve Master Association loan application.

#### Background:

In May, 2015, the Department was contacted by the Teton Reserve Master Association (TRMA) seeking information on the IWRB (Board) loan program. The TRMA was inquiring on seeking a loan from the Board to fund improvements/upgrades to their community water system. The improvements/upgrades would include the drilling of two (2) new wells, replacing a pump in an existing well, and installation of a back-up fire suppression system. The upgrades are needed to comply with the requirements of the Idaho Rules for Public Drinking Water Systems (IRPDWS). Staff informed the Association President that the Idaho Department of Environmental Quality has a loan program, and provides loans for improvements and upgrades to municipal and community water systems. The Association President indicated that they would contact IDEQ to obtain information on their loan program.

On July 28, 2015, the TRMA submitted a loan application to the Board requesting a loan of \$980,000 for the water system improvements. The Association's goal was to complete the improvements last summer. The existing potable water system is comprised of one (1) well which contains two (2) pumps. The existing well supplies water to 25 homes and one commercial site (golf course club house) located in the 192 lot Phase 1 development. In Phase 2, the TRMA is proposing an additional 100 to 150 lots that would be developed in the next 10 – 20 years.

According to the TRMA, the maximum number of serviceable lots for the current water system is 30. No building or occupancy permits will be issued until the water system improvements and upgrades are completed.



On September 3, 2015, upon review of the submitted loan application, staff submitted a letter to the TRMA to address some loan application deficiencies and lack of information, and clarifications with the loan submittal package. In particular:

- Multiple owners of the property and water rights
- An existing point of diversion transfer application
- Assessment rate inconsistencies
- Incorrect loan amount in the project income and expenditures schedule (\$800,000, not \$980,000)
- \$5,000 water hook-up fee to be used for loan repayment. In the past, the Board has allowed this type of repayment structure, but issues arose such as payments being missed and loans extending beyond the term to collect all the funds loaned
- Final design plans and specifications and facility plan have not been completed and approved by IDEQ

On December 11, 2015, Keller Associates, TRMA's engineer, provided a status report on the TRMA Water System project. The water right transfer was approved in September, and the application inconsistencies were corrected. However, ownership issues still remain, along with final design plans and specifications and facility plan approvals from DEQ.

On January 15, 2016, a copy of the Quit Claim Deed transferring property ownership from TR Golf, LLC, to the TRMA, was received by staff. However, IDEQ had not yet approved the final design plans and specifications and facility plan.

#### Financial:

Currently, the TRMA is financed on \$200 quarterly assessments (\$800/yr) to the 192 lot Phase 1 property owners, or \$153,600 in annual revenue. In 2016, the regular assessment will be increased to \$310 per quarter (\$1,240/yr), and a special assessment of \$360 per lot (\$69,840) to fund the capital reserve account. Of the annual assessment of \$1,240, \$700 per year will be allocated to fund the water system improvements and upgrades.

Financially, staff's main concern is the ability of the TRMA to meet their loan obligation to the Board for the 20-year term. As of January 1, 2016, only 25 of the 192 lots in Phase 1 have been sold and built on in the last 10-years. Only 4 homes have been built since 2009. Several members of the TRMA own multiple lots in the Phase 1 development and are currently paying the quarterly assessments on these unsold lots.

#### Real Estate Development:

A similar golf course and residential development, Teton Springs, is located south of the town of Victor, approximately 4 miles from the Teton Reserve development. The Teton Springs development contains approximately 589 residential lots. According to the TRMA, the value of the Teton Springs homes begins around \$1M and increases from there. The value of the Teton Reserve homes range between \$350K and \$500K. Of the approximate 589 lots in Teton Springs, it appears that 195 homes have been built, leaving approximately 394 lots that have either not been sold and/or have not been built on (See the attached map). Between the two developments, a total of approximately 550 lots remain available for sale and/or have yet to be built on.

### Recommendations:

In past water system improvement and upgrade projects, the Board has provided funding for upgrades to potable water systems for built-out and/or established developments. Although the development of Teton Reserve began 11 – 12 years ago, approximately 167 of the 192 residential lots platted in Phase 1 remain vacant. Based on the existing water system, which is only capable of providing service to a maximum of 30 lots, the TRMA is essentially seeking funding for the design and construction of a new community water system.

Staff is concerned that due to the large number of residential and golf course development lots available in this area, the ability of the Teton Reserve owners to sell the remaining 167 lots in Phase 1, and 100 – 150 lots in Phase 2 within the 20-year term of the loan seems extremely difficult to achieve. Therefore, staff is recommending at this time that the Finance Committee deny the loan request of \$980,000 for the Teton Reserve Master Association.





2015

**TETON RESERVE - RESIDENTIAL & GOLF COURSE DEVELOPMENT**

**TOTAL RESIDENTIAL LOTS - 192 (PHASE 1)**

**TOTAL RESIDENTIAL LOTS BUILT - 25**

**TOTAL RESIDENTIAL LOTS NOT BUILT - 167 (PHASE 1)**

2015

**TETON SPRINGS - RESIDENTIAL & GOLF COURSE DEVELOPMENT**

**TOTAL RESIDENTIAL LOTS ~ 589**

**TOTAL RESIDENTIAL LOTS BUILT ~ 195**

**TOTAL RESIDENTIAL LOTS NOT BUILT ~394**

**VICTOR**



Dear IWRB board members,

Thank you for considering our request for funding the well expansion at our community Teton Reserve. We know that this request is outside of the typical loan that IWRB funds but we have some unique circumstances here that I'd like to address briefly.

We have reached capacity for the existing water system. There is no master developer active in our community. There is only an HOA consisting of 71 different members each with their various views and desires. Idaho DEQ has required that we build out a system large enough to supply all future development within the community rather than allowing us to phase in capacity as finished home demand materializes. Without a water system no homes can be built within the community. We feel demand for the future housing here will be strong.

Planned homes for the community will be priced at less than \$500,000, some starting in the mid-\$300,000 range. The Teton Valley market is sorely under supplied in this price range. Currently there is less than a 3 month supply of homes priced \$500,000 and lower. Other developments within the market, which includes Jackson, WY, are targeted at much more affluent buyers. We believe that much of the demand for Teton Reserve will come from permanent residents of the area.

I would like to thank you for taking the time to consider our request for funding. We may not be a fit for the work that IWRB does and appreciate the time you and the staff have given us.

Sincerely,

Brian Johnson

Vice President Teton Reserve Master Association