



# AGENDA

## IDAHO WATER RESOURCE BOARD

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**Finance Committee Meeting No. 2-23**

**Thursday, March 23, 2023**

**1:00 p.m. (MT)**

**Brad Little**

*Governor*

**Jeff Raybould**

*Chairman*

St. Anthony

At Large

**Jo Ann Cole-Hansen**

*Secretary*

Lewiston

At Large

**Dale Van Stone**

Hope

District 1

**Albert Barker**

Boise

District 2

**Dean Stevenson**

Paul

District 3

**Brian Olmstead**

Twin Falls

At Large

**Marcus Gibbs**

Grace

District 4

**Patrick McMahon**

Sun Valley

At Large

Water Center  
Conference Rooms 602 C&D / Online Zoom Meeting  
322 E. Front St.  
BOISE

**Board Members & the Public may participate via Zoom**

[Click here to join our Zoom Meeting](#)

Dial in Option: 1(253) 215-8782

Meeting ID: 811 8024 3510 Passcode: 805022

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1. Introductions and Attendance
2. IDWR FY 24 Proposed Budget
3. House Concurrent Resolution No. 7
4. Regional Water Sustainability Priority List\*
5. Flood Management Grant Criteria\*
6. Loans
  - a. Lost Valley Reservoir Company\*
  - b. Boise City Canal Company\*
7. Other Items
8. Adjourn

Committee Members: Chair Jo Ann Cole-Hansen, Jeff Raybould, Dean Stevenson, and Dale Van Stone.

\* Action Item: A vote regarding this item may be made this meeting. Identifying an item as an action item on the agenda does not require a vote to be taken on the item.

#### **Americans with Disabilities**

The meeting will be held in person and online. 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.

# FY 2024 IDWR Budget Appropriation

IWRB Finance Committee  
March 23, 2023

# FY 2024 Budget Appropriation - SB 1181

Fund	Personnel Cost	Operating Expense	Capital Outlay	Trustee/ Benefit	Total
0001	12,305,400	4,294,800		6,936,500	23,536,700
0001 OT		22,700	376,000		398,700
0125	179,100	365,500			544,600
0129	1,130,600	457,400			1,588,000
0229-21	1,579,400	255,900			1,835,300
0337-01		38,700			38,700
0337-01 OT			9,000		9,000
0334-30				50,000,000	50,000,000
0348	631,600	1,206,500			1,838,100
0349	1,024,100	655,900			1,680,000
<b>Total</b>	<b>16,850,200</b>	<b>7,297,400</b>	<b>385,000</b>	<b>56,936,500</b>	<b>81,469,100</b>

# Decision Units Approved

- ▶ **1. Aquifer Monitoring, Measurement, & Modeling Funds Transfer**
  - ▶ One-time - \$716,000 (Revolving Development Fund)
- ▶ **2. Bear River Basin Adjudication**
  - ▶ Add 3 FTP's
  - ▶ Ongoing - \$220,300 (General Fund)
  - ▶ One-time - \$112,200 (General Fund)
- ▶ **Human Resource Consolidation**
  - ▶ Minus 1 FTP
  - ▶ **(\$22,300)** Reduction

# FY 2023 Supplemental Appropriation

- ▶ \$150,000,000 - Transfer from the General Fund to the IWRB's Water Management Fund
  - ▶ Effective when bill has been passed and approved.

# QUESTIONS

IN THE HOUSE OF REPRESENTATIVES

HOUSE CONCURRENT RESOLUTION NO. 7

BY WAYS AND MEANS COMMITTEE

A CONCURRENT RESOLUTION

STATING FINDINGS OF THE LEGISLATURE AND ENCOURAGING THE GOVERNOR OF THE STATE OF IDAHO, THE IDAHO WATER RESOURCE BOARD, AND THE IDAHO DEPARTMENT OF WATER RESOURCES TO CONTINUE, IN CONJUNCTION WITH THE LEGISLATURE, PURSUING ONGOING INVESTMENTS IN THE STATE'S WATER INFRASTRUCTURE AND TO ESTABLISH A LONG-TERM PLAN THAT IDENTIFIES FUTURE PROJECTS INTENDED TO PROTECT, IMPROVE, AND SECURE THE STATE'S WATER RESOURCES FOR THE BENEFIT OF THE CITIZENS OF THE STATE AND FOR FUTURE GENERATIONS.

Be It Resolved by the Legislature of the State of Idaho:

WHEREAS, the entire State of Idaho is reliant on its water resources; and

WHEREAS, Idaho's water resources include rivers, streams, lakes, reservoirs, and aquifers; and

WHEREAS, water within Idaho's borders is owned by the state as a public trust resource; and

WHEREAS, Idaho's water resources are vital to support its cities, agriculture, industry, and overall economy throughout the state; and

WHEREAS, currently there are water-related projects ongoing throughout the state with regional, basinwide, and statewide benefits, including but not limited to the Anderson Ranch Reservoir enlargement project, the Mountain Home Air Force Base sustainable water project, the Northern Idaho adjudication, the Priest Lake water management project, the Bear River Basin adjudication, and the Lemhi River Basin project; and

WHEREAS, a commitment to ongoing planning and investment in water infrastructure in every region of the state is critical to protect the use of this valuable resource; and

WHEREAS, ongoing investment in aquifer recharge, sustainable water supplies, increased water supply through storage, cloud seeding, and other efforts, and meeting or improving water quality is necessary for long-term stability and economic success; and

WHEREAS, a healthy and sustainable water supply is necessary for all Idahoans and for future generations.

NOW, THEREFORE, BE IT RESOLVED by the members of the First Regular Session of the Sixty-seventh Idaho Legislature, the House of Representatives and the Senate concurring therein, that we encourage the Governor of the State of Idaho, the Idaho Water Resource Board, and the Idaho Department of Water Resources to continue, in conjunction with the Legislature, pursuing ongoing investments in the state's water infrastructure and to establish a long-term plan that identifies future projects intended to protect, improve, and secure the state's water resources for the benefit of the citizens of the state and for future generations.

# Memorandum



To: Idaho Water Resource Board  
From: Neeley Miller, Planning & Projects Bureau  
Date: March 23, 2023  
Re: Regional Water Sustainability Priority List

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Action: Consider staff proposal for addressing the Regional Water Sustainability Priority List

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## Background

In July 2021 the IWRB adopted an initial Regional Water Sustainability Priority List to help guide the Idaho Water Resource Board's (IWRB's) spending for large, regional water sustainability projects from ARPA funds, state general funds, or other applicable sources. The IWRB also, in January 2022, adopted a threshold criteria indicating that for a project to be included on the Regional Water Sustainability Priority List it must "help achieve water supply sustainability on a regional, basin-wide, or state wide basis."

On October 26<sup>th</sup> 2022 the IWRB adopted criteria for the inclusion of projects on the Regional Water Sustainability Priority List. The criteria include a process for how projects can be added, types of information required to be submitted in requests, considerations for inclusion, and a process for removing projects from the list. At the October 26<sup>th</sup> meeting the IWRB also set a deadline of December 1 for requests to be submitted.

The IWRB received 15 requests to remain on or be added to the list. At the January IWRB meeting the IWRB updated the List.

## Process for Addressing the Region Water Sustainability Priority List

Staff is proposing that the Finance Committee will solicit presentations from project sponsors that have a project on the list. Presentations could take place at a Finance Committee scheduled for late-spring/early summer.

Project Sponsors will be invited to make a 30-minute presentation clarifying the type of assistance the entity is seeking from the IWRB. Presentation will also cover the following information:

- Project background
- Project Sponsor description
- Project description
- Cost estimate and budget
- Project funding sources
- Project implementation schedule
- Type of assistance needed from the IWRB



Staff is requesting permission from the IWRB to solicit additional information from project sponsors that have a project on the list. Staff is particularly interested in getting more specific information about readiness to proceed towards 1) planning process, or 2) construction. Additionally, staff is also interested in getting more information related to permitting questions that may apply to each project on the list. This information will help staff and the IWRB to solicit presentations.

**Attachment(s):**

Updated Regional Water Sustainability Priority List (Jan 2023)

**IDAHO WATER RESOURCE BOARD**  
**REGIONAL WATER SUSTAINABILITY PRIORITY LIST (updated 1/23)**

Project	Project Cost	Project Description	Project Information
American Falls Spillway Rehabilitation	\$23,170,000	Maintenance and Rehabilitation of Spillway and Dam Structures at American Falls Dam – Minidoka Project, Power County, Idaho and scheduled repairs through 2029, critical to the on-going operations.	<i>IWRB District 4</i>
Bear Lake Additional Storage	\$15,000,000	Various projects and easement acquisitions to increase Bear River channel capacity to carry flood flows downstream of Bear Lake and allow more water storage in Bear Lake.	<i>IWRB District 4</i>
Cloud seeding infrastructure in additional basins	\$8,000,000	Install cloud seeding generators and other equipment in basins IWRB selects without current program, potentially including the Bear, Raft, Goose Creek, Lemhi, Lost and others. Operations to be paid through Secondary Fund.	<i>IWRB Districts 2, 3</i>
Copper River Storage Project	\$5,520,000	To construct an irrigation storage pond along Roosevelt Ave., capturing water reserves from NMID system flows	<i>IWRB District 2</i>
Dworshak Pipeline	\$80, 000,000	New water supply pipeline from Dworshak Dam to optimize hatchery production. Also includes hydropower plant on pipeline that would feed money back into WMA over time. Includes infrastructure & habitat improvements in Salmon and Clearwater Basins.	<i>IWRB District 1</i>
Gooding Flood Control Project	\$12,500,000	Replace 5 bridges that are part of flood control structure; seeking \$100K for a scoping a design grant.	<i>IWRB District 3</i>
Lemhi Basin Aquifer Recharge	\$5,000,000	Construct infrastructure needed to develop aquifer recharge program in Lemhi Basin as called for in settlement agreement. Operations to be paid through secondary Fund	<i>IWRB District 2</i>
Lewiston Orchards Exchange Project	\$60,000,000	Construct remaining infrastructure to fully enact water exchange between Lewiston Orchards Irrigation District and Nez Perce Tribe.	<i>IWRB District 1</i>

Project	Project Cost	Project Description	Project Information
Lost Valley Reservoir Enlargement	\$50,000,000	Enlarge Lost Valley Reservoir by 20,000 AF. IWRB to own new reservoir space and allocate it out to various uses in Weiser River Basin.	<i>IWRB District 2</i>
Mackay Dam Repair	\$10,000,000	Repairs to the outlet tower works and the spillway.	<i>IWRB District 3</i>
Mountain Home Aquifer Water Supply	\$50,000,000	Offset use of declining Mountain Home Aquifer	<i>IWRB District 2</i>
Nampa WWTP Reuse Pipeline	\$12,000,000	To provide recycled water for the Phyliss canal	<i>IWRB District 2</i> Received \$3M from BOR WaterSMART; seeking up to additional \$9M from IWRB
New York Canal Lining	\$50,000,000	Line New York canal through Boise for public safety and water conservation	<i>IWRB District 2</i> a) IWRB Res. 31-2022 (9/16/22) awarded \$2,418,900 Aging Infrastructure grant b) ISWCC awarded \$514,000 WQPA grant (2022) c) BPBOC has applied for fed. funding
North Fremont Canal Systems Phase 5 Pipeline Project	\$19,769,000	Convert ditch to pipeline	<i>IWRB District 4</i>
Palouse Basin Aquifer Water Supply	\$73,000,000	Construct new water supply and pipeline to bring water into the Moscow area and reduce use of declining Palouse Basin Aquifer – Water Supply Project – Alternative 5. May need interstate agreement with Washington and City of Pullman.	<i>IWRB District 1</i>
Raft River Pipeline	\$49,000,000	Pipeline from Snake River to offset GW pumping in Raft River Basin – water right permit is issued.	<i>IWRB District 3</i>
System Improvements to Pioneer System	\$2,000,000	To improve water resource systems to be able to handle the variation of flow between night and day from the WWTP	<i>IWRB District 2</i>
Treasure Valley Water Supply Assessment Project	\$150,000	Assessment of tributary drains and shallow aquifer to address low flows near Middleton during the irrigation season	<i>IWRB District 2</i> \$50K per year
<b>GRAND TOTAL REQUESTED</b>	<b>\$525,309,000</b>		

\*Projects are listed alphabetically

Projects Authorized & Underway			
Project	Project Cost	Project Description	Project Information
Mountain Home Air Force Base Water Supply	\$30,000,000	<ul style="list-style-type: none"> <li>a) Provide a reliable long-term water supply for the Base from the Snake River to replace the Base's use of declining Mountain Home Aquifer.</li> <li>b) State to build pump station and pipeline at estimated cost of \$28M</li> <li>c) Federal Government to build water treatment plant at estimated cost of \$49M.</li> </ul>	<p><i>IWRB District 2</i></p> <ul style="list-style-type: none"> <li>a) IWRB Res. 28-2022 (9/16/22) authorized \$5M from ARPA SFR Fund for initial design and contracting costs</li> <li>b) IWRB executed MOA w/ U.S. Air Force (Res. 27-2022, 9/16/22)</li> <li>c) IWRB will retain Snake River water rights to supply base</li> <li>d) IWRB will give the infrastructure to the Air Force</li> <li>e) Target completion date is January 2026</li> </ul>
Anderson Ranch Reservoir Enlargement	\$83,300,000	<ul style="list-style-type: none"> <li>a) Anticipated total cost of \$90 million (\$80 million non-federal).</li> <li>b) Goal: Full payment without reliance on bonding authority.</li> <li>c) Limitation: WIIN Act funds allow only up to 50% funding from federal sources.</li> <li>d) Utilize funds in Water Management Account for \$45 million of total funding (non-federal source).</li> <li>e) \$10 million (Federal WIIN Act) + \$35 million (COVID) + \$45 million (WMA current assets) = \$90M.</li> <li>f) Requires modified allocation of WMA funds.</li> <li>g) IWRB to allocate new reservoir space to various uses in Treasure Valley – water users to repay their proportionate share over time.</li> </ul>	<p><i>IWRB District 2</i></p> <p>IWRB Res. 26-2022 (9/16/22) authorized \$72.9M from ARPA SFR Fund for state share (in addition to \$1.2M IWRB contribution)</p>
Upper Valley ESPA Aquifer Enhancement	\$75,000,000	<ul style="list-style-type: none"> <li>a) Goyne Sump injection well near Lake Walcott, recharge capacity 100 cfs</li> <li>b) Hamer Road 291-acre recharge basin near Egin Bench recharge site, potential recharge capacity 200 cfs</li> </ul>	<p><i>IWRB District 4</i></p> <ul style="list-style-type: none"> <li>a) Goyne Sump: IWRB Res. 29-2022 (9/16/22) authorized \$3.38M from ARPA SFR Fund</li> <li>b) Hamer Rd.: IWRB Res. 30-2022 (9/16/22) authorized \$5M from ARPA SFR Fund</li> </ul>
Priest Lake Water Management Project	\$5,000,000		<p><i>IWRB District 1</i></p> <p>Thorofare Completed in 2021; Outlet Dam to be completed 2024</p>
<b>GRAND TOTAL UNDERWAY</b>	<b>\$193,000,000</b>		

# Memorandum

To: Idaho Water Resource Board  
From: Neeley Miller, Planning & Projects Bureau  
Date: March 22, 2023  
Re: Flood Management Grant Criteria



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Action: Make recommendation to the IWRB

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Staff will discuss the proposed update to the Flood Management Grant Criteria with the Finance Committee.

**Attachment(s):**  
Proposed Criteria

# IWRB Flood Management Grant Program Criteria

The Idaho Water Resource Board (IWRB) Flood Management Grant Funding Program provides financial assistance on a competitive statewide basis to Flood Control Districts, Drainage Districts, Irrigation Districts, Canal Companies, Municipalities, Counties and other public entities interested in pursuing flood damaged stream channel repair, stream channel improvement, flood risk reduction, and flood prevention projects

Pursuing flood damage repair and improvement projects can help prevent or reduce flood damage in Idaho's streams and rivers. To be considered for grant funding, entities must be able to provide evidence of flood damage, or evidence of conditions that create the risk of flooding in a stream channel and submit a funding request document outlining the proposed repairs and/or improvements to the stream channel.

**Eligible Entities:** Flood Control Districts, Drainage Districts, Irrigation Districts, Canal Companies, Municipalities, and Counties. Other public entities are eligible to apply.

**Eligible Geographic Area:** Statewide

## **Program Budget:**

- No more than 50% of the total budget may be spent within a single IWRB district. This limit may be waived if there are no competing funding demands.

**Funding Amount:** up to \$200,000 per project; one project per application

- Funding awards may be reallocated unless Flood Management work begins prior to November 1 following funding award.
- Funding will not be distributed unless the project is fully permitted. Sponsor is responsible for providing permit documentation to IWRB staff.

## **Matching Funds for Projects:**

- Entities requesting funding for flood management grant projects must provide at least 50% matching cost-share funding with non-state dollars. Projects that include higher cost share amounts will receive a higher ranking during project evaluations
- In-kind services can be used for 30% of the total projects costs. Legal/Administrative in-kind services are limited to 5% of total project costs.
- EXAMPLE: For a \$100K project, sponsor would have to provide at least \$50K in matching cost share funding. Of the \$50K, the sponsor could provide up to \$30K in in-kind services of which \$5,000 could be in legal/administrative costs and \$20K in cash to meet the matching cost-share requirement)

**Evaluation Criteria:** Projects that are determined to not be flood-related by staff will be declared ineligible and not scored. To maximize the effective and efficient use of available funds, the applications will be evaluated, scored (*135-point scale*), and ranked according to the following criteria:

### Effectiveness of Project (65 points)

- First time applicant (*5 points*)
- What is the urgency of the project and anticipated costs? (*30 points*)
- What are the benefits of the project and how will success be measured? (*20 points*)
- Is the proposed budget and schedule realistic and is the budget appropriate for the scope of work provided? Has the applicant provided detailed construction expenses documenting how money will be spent to complete the project? (*10 points*)

### Readiness of Project (70 points)

- Lead sponsor of project is identified and there is a description of other affected stakeholders and jurisdictions. *(10 points)*
- Project sponsors will provide documentation that affected local stakeholders and jurisdictions have been consulted. If the project is located within a Flood Control District, the sponsor must provide documentation showing the Flood Control District supports the project, otherwise the project will be declared ineligible. *(20 points)*
- Specify cash matching funds that will be provided for the project, including any in-kind services. Indicate what funding sources are secured or pending. The applicant must provide at least 50% matching cost share funding with non-state dollars. In-kind services can be used for 30% of the total projects costs. Legal/Administrative in-kind services are limited to 5% of total project costs. *(20 points)*
- Projects that propose matching cost-share amounts above 50% will receive additional points in the ranking *(1 point for each additional 1% increase up to 70% to receive up to 20 additional points)*.

#### **Application Process:**

Application Deadline: Due on the first Friday of June

Project Funding Recommendations: June/July Finance Committee

Funding Awarded: July Board meeting

#### **Payment Process:**

- Funds will be distributed upon sponsor submitting funding reimbursement requests to the IWRB.
- Sponsor funding requests shall include a cover letter which shall include a description of the project activities, dates for performing the project activities, and contractor or supplier invoices.
- Invoices should be sent to [IdwrPayable@idwr.idaho.gov](mailto:IdwrPayable@idwr.idaho.gov)

#### **IWRB Districts are as follows:**

District No. 1: Boundary, Bonner, Kootenai, Shoshone, Benewah, Latah, Clearwater, Nez Perce, Lewis and Idaho counties.

District No. 2: Adams, Valley, Washington, Payette, Gem, Boise, Canyon, Ada, Elmore and Owyhee counties.

District No. 3: Camas, Gooding, Jerome, Twin Falls, Cassia, Blaine, Lincoln, Minidoka, Lemhi, Custer and Butte counties.

District No. 4: Clark, Fremont, Jefferson, Madison, Teton, Bingham, Bonneville, Power, Bannock, Caribou, Oneida, Franklin and Bear Lake counties.

*\* No more than 50% of the total budget may be spent within a single IWRB district. This limit may be waived if there are no competing funding demands.*

# MEMO



**To:** Idaho Water Resource Board  
**From:** Justin Ferguson  
**Date:** January 30, 2023  
**Subject:** Lost Valley Reservoir Company – New Water Project Loan Application

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**REQUESTED ACTION:** Review loan request of \$9,183,000

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## 1.0 INTRODUCTION

Lost Valley Reservoir Company (LVRC) is requesting a new loan in the amount of \$9,183,000 from the Idaho Water Resource Board (IWRB) to repair and expand the existing Lost Valley Reservoir Dam (Project).

## 2.0 BACKGROUND

Lost Valley Reservoir, constructed in approximately 1910, provides storage of an average 10,000 acre-feet of water used across LVRC canals and laterals. Studies done in the early 1990's to raise the dam and enlarge the reservoir determined the area was also home to the threatened Northern Idaho Ground Squirrel (NIDGS) putting the Project on hold temporarily while mitigation strategies were explored.

The project was taken up again around 2018 with various infrastructure improvements and analyses including installation of automated flow control equipment and outflow monitoring devices and a study of potential measures to mitigate for impacts to the NIDGS. The mitigation strategies identified in the study will need to be reviewed through the National Environmental Policy Act (NEPA) and the Environmental Site Assessment (ESA) Section 7 processes. The monitoring and automation project and the NIDGS mitigation study were both partially funded by the Board.

## 3.0 PRIOR LOANS

The Lost Valley Reservoir Company has not held a loan with the IWRB before.

## 4.0 PROPOSED PROJECT

The Project proposes to repair and enlarge the existing 100-year-old dam, increasing the 10,000 acre-feet storage capacity to 30,000 acre-feet.

## 5.0 BENEFITS

The Project documentation outlines several benefits repairing and enlarging the dam would provide to both water users in the area and throughout the state. Specifically, being able to



provide more water for recreation and re-diversion downstream while also providing flood protection for the area. LVRC states the biggest benefit provided is an improvement to the safety of the 100-year-old dam structure.

## 6.0 FINANCIAL ANALYSIS

The Project costs are estimated to be \$13,600,000 with a proposed contingency of \$1,000,000 for a total Project cost of \$14,600,000. LVRC has proposed a contribution of \$550,000 in initial Shareholder funds to be provided toward Project costs and has requested an IWRB loan of \$9,138,000 with a term of 20 years. The remaining \$4,912,000 are to be made up with external funding secured by the applicant.

Revenue is assessed to the 9,582 shareholders by class with 6,950 Class A shares, 1,798 Class B shares, 834 Class C shares. LVRC intends to create Class D shares from the additional storage generated by the dam raise. The majority of Project costs are to be offset by the sale of Class D shares projected at \$29 per share, per year, with a 30-year term. These shares are defined in the application as 1 acre-foot of the additional 20,000 af storage space created during the reservoir enlargement. The shares are to be offered initially to existing Class A shareholders through Class C, then made available for purchase to parties throughout the basin, then made available for purchase for parties outside the basin.

As of the date of this memo staff are unaware of any further limitations on the shares other than the area headgate and consumptive use standards for the area. On average it appears a user would need approximately 3 acre-feet of water for each acre to be irrigated.

As of the date of application, LVRC has a holding account with approximately \$30,000 in reserve and does not have any outstanding debit.

### Payment Analysis

Term (Years)	3-Year Average Annual Revenue	3-Year Average Expenditures	Estimated Annual Payment	Estimated Class D Share Income
20	\$11,670	\$6,9193	\$700,000	\$464,000

Using \$29 per share, per year, and a total of 16,000 Class D shares to be sold, the applicant would not be able to cover the estimated annual loan payment.

## 7.0 WATER RIGHTS

Water Right	Source	Priority Date	Rate	Volume	Acreage	Beneficial Use
67-14566	Lost Creek	05/27/1910	-	6,950	-	Irrigation Storage
67-14567	Lost Creek	06/01/1929	-	1,798	-	Irrigation Storage
67-14568	Lost Creek	06/01/1938	-	835	-	Irrigation Storage
67-7938*	Lost Creek	TBD	-	20,000	-	Irrigation Storage

*\*Application for Permit*

## 8.0 SECURITY

The sale and repayment of Class D shares has been offered as security for the loan

repayment. The enlargement of the existing infrastructure, from 10,000 AF to 30,000 AF, will cover the new entitlements for the Class D shareholders and are to be sold at \$29 per acre-foot, per year, for a 30-year term. At this time, because the shares have not been sold and funds not guaranteed, the securities offered are insufficient per Idaho Code 42-1756.

## **9.0 CONCLUSION AND RECOMMENDATION**

This loan will be used to repair and raise the Lost Valley Dam owned and operated by the Lost Valley Reservoir Company, improving the safety of the dam while creating an opportunity to increase storage capacity in the State.

As the shares used as security remain unsold and funds not guaranteed, the application is not in compliance with I.C 42-1756. Specifically, sub-section e which states "...there is reasonable assurance that the borrower can repay the loan". Should the applicant not sell the shares, based on the financial information provided, it does not appear they will be able to repay the loan.

Further, sub-section 5 states that the Board "...may hold a lien against real property, including water rights, from the borrower and may file a statement of the loan, its amount, terms, and a description of the security with the county recorder". Based on this section, the collateral used to secure the loan must be a tangible and verifiable asset which could be used to recover the loan in case of default. The Class D shares being used to secure the loan cannot be secured or verified as the water they guarantee remains intangible until the construction is complete. As such, the Board would not be able to file the lien required under I.C 42-1756(5) during the entirety of the construction period and could not meet its legal obligations.

Because the application fails to meet the criteria in I.C 42-1756, statutorily, staff is unable to recommend the application for approval.



# IDAHO WATER RESOURCE BOARD

March 13, 2023

Dale Barton  
Lost Valley Reservoir Company  
P.O. Box 408  
Cambridge, Idaho 83610

**Brad Little**  
Governor

**Jeff Raybould**  
Chairman  
St. Anthony  
At Large

**Jo Ann Cole-Hansen**  
Secretary  
Lewiston  
At Large

**Dale Van Stone**  
Hope  
District 1

**Albert Barker**  
Boise  
District 2

**Dean Stevenson**  
Paul  
District 3

**Brian Olmstead**  
Twin Falls  
At Large

**Marcus Gibbs**  
Grace  
District 4

**Patrick McMahon**  
Sun Valley  
At Large

Mr. Barton,

Thank you for your interest in pursuing a loan with the Idaho Water Resource Board (IWRB). After a review of the information provided in the application package, staff have determined that we are not able to recommend the loan for approval.

The main issue is related to the Lost Valley Reservoir Company demonstrating the ability to repay the loan. Specifically, per Idaho Code 42-1756(3)(e), the IWRB must consider whether “...*there is a reasonable assurance that the borrower can repay the loan*”. The Class D shares are the only asset that has been offered for security to the applied for loan. To date, IWRB staff does not have information that affirms the Class D shares used to fund the project have all been sold. Based on the financial information provided in the application package, that income would be critical in being able to repay the loan. Additionally, at the price per share provided and the number of shares to be sold, the income would not sufficiently cover the estimated annual loan payment for the amount requested.

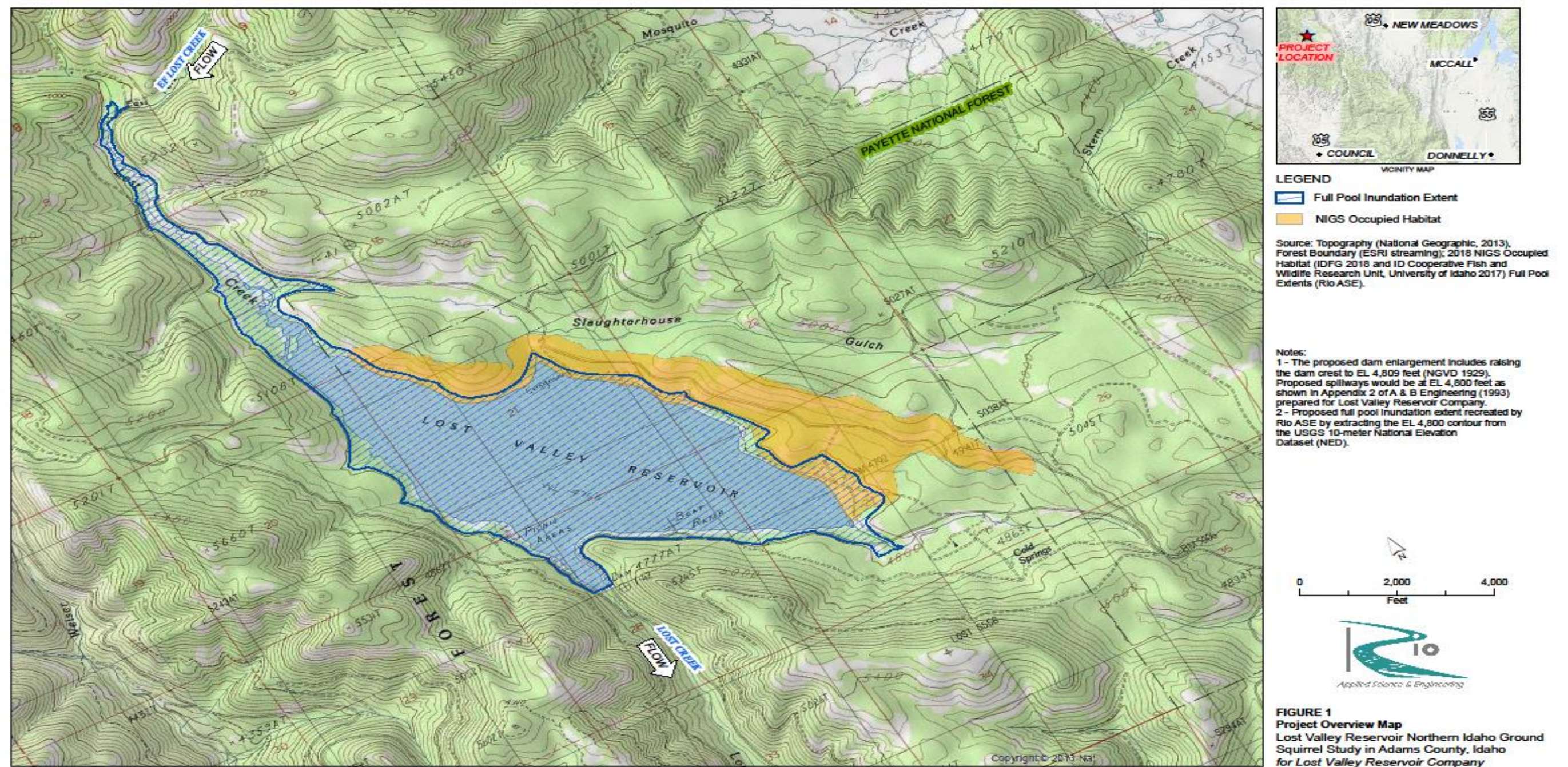
Secondly, per Idaho Code 42-1756(5), the IWRB “...*may hold a lien against real property, including water rights, from the borrower and may file a statement of the loan, its amount, terms, and a description of the security with the county recorder*”. The Class D shares being used to secure the loan cannot be secured or verified as the water they guarantee remains intangible until the construction is complete. As such, the IWRB would not be able to meet its legal obligations as it would not be able to file the lien required under I.C 42-1756(5) during the entirety of the construction period.

Attached is the staff memo providing more detail to the review of your loan application. This recommendation and presentation of your loan application will be provided to the IWRB Finance Committee on March 23, 2023. The Finance Committee will make the decision to deny or approve your loan application. We highly recommend having members from your Board at the meeting as the committee may have questions best answered by your members.

Sincerely,

Justin Ferguson  
Idaho Department of Water Resources







# MEMO



**To:** Idaho Water Resource Board  
**From:** Justin Ferguson  
**Date:** March 23, 2023  
**Subject:** Boise City Canal Company – New Water Project Loan Application

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**REQUESTED ACTION:** Approve loan request of \$200,000

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## 1.0 INTRODUCTION

Boise City Canal Company (BCCC) is requesting a new loan in the amount of \$200,000 from the Idaho Water Resource Board (IWRB) to lower the existing headgate by 16” to improve water availability throughout the season. In addition, BCCC will install communication equipment to report real-time water usage data to water district 63.

## 2.0 BACKGROUND

Established in 1869, the Boise City Canal Company historically provided irrigation via canal, and then via pipe beginning in 1949, for some of Boise’s oldest institutions. Today the Company continues to provide irrigation for 632 shareholders, flows at both CW Moore & Julia Davis Parks, and is a major contributor to the Veolia drinking water plant.

The elevation of the current headgate used by BCCC is high enough such that, during periods of low flow, water cannot enter the system. In August of 2021, BCCC was forced to end their irrigation season approximately two months early because they were physically unable to divert enough water from the Boise River.

## 3.0 PRIOR LOANS

Boise City Canal Company held a \$15,000 loan with the IWRB in 2011 with a 5-year term for the rehabilitation of an enclosed section of the canal infrastructure. BCCC had also held two loans with the IWRB in 2003 to repair a portion of the buried system for a combined total of \$201,812, all of BCCC’s loans have been paid off in a timely manner.

## 4.0 PROPOSED PROJECT

The Project proposes to lower 300 feet of existing canal beginning at the headgate of Goodwin Dam. After excavation the existing weir, culvert, and automated infrastructure will either be repaired or replaced depending on their condition and a new floor poured. In addition to the repairs, new communication equipment is going to be installed allowing water district 63 access to real-time water use data.

## 5.0 BENEFITS

The proposed Project would ensure reliable access to water for the 632 shareholders along with maintaining flows through the CW Moore & Julia Davis parks. In addition, restructuring the canal and lowering the elevation would allow BCCC to access their storage at Lucky Peak Reservoir.

## 6.0 FINANCIAL ANALYSIS

The total project costs are estimated at \$304,890 with a proposed contingency of \$117,110 for a total of \$422,000. Of that total, BCCC has secured an Aging Infrastructure grant from the IWRB for \$122,000 and plans to provide \$100,000 in case leaving a remaining \$200,000 as the requested loan amount. The term requested is 5 years and the interest rate will be set at 7.5%

The 632 shareholders are assessed at \$105 per one-acre share across nearly 750 acres. As listed in the application package, the 3-year average revenue was approximately \$192,000 while expenses totaled an average of \$165,000 with an average cash balance of \$179,000.

The company has not listed any outstanding balances or debits owed by the company.

### Payment Analysis

Term (Years)	3-Year Average Annual Revenue	3-Year Average Expenditures	3-Year Average Cash on Hand	Estimated Annual Payment
5	\$192,000	\$165,000	\$179,000	\$52,000

## 7.0 WATER RIGHTS

Water Right	Source	Priority Date	Rate	Acreage	Beneficial Use
63-20041	Boise River	06/01/1866	36.37	1,467	Irrigation, Stockwater, Municipal, Aesthetic, Diversion to Storage

## 8.0 SECURITY

As collateral for the loan, the Board is authorized to hold lien against shareholder assessments along with the cash balance in BCCC's reserve account.

## 9.0 CONCLUSION AND RECOMMENDATION

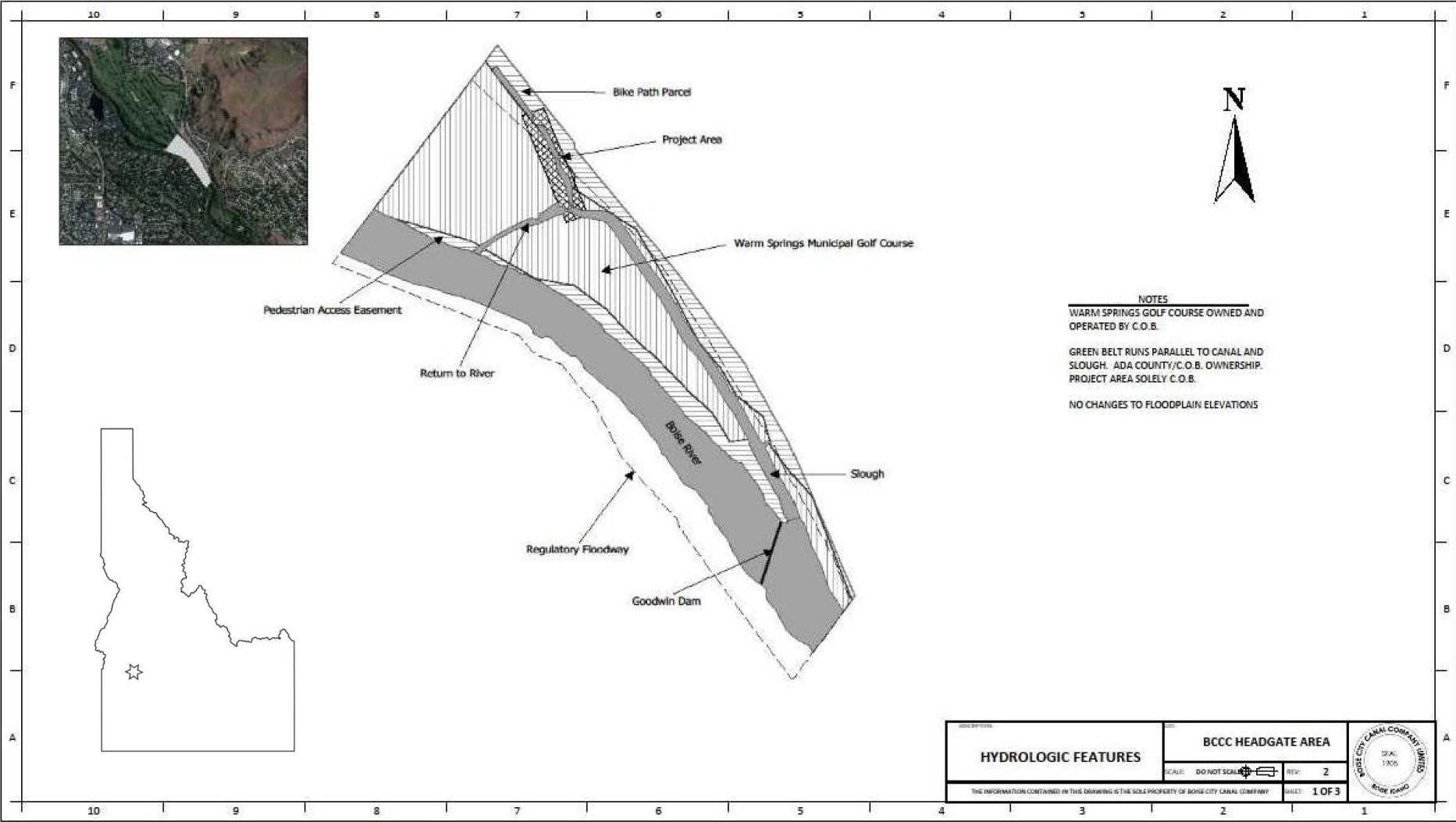
This loan will be used to improve the reliability of the Boise Canal Company's infrastructure and improve access to water throughout the season for all 632 members and public works served by the canal.

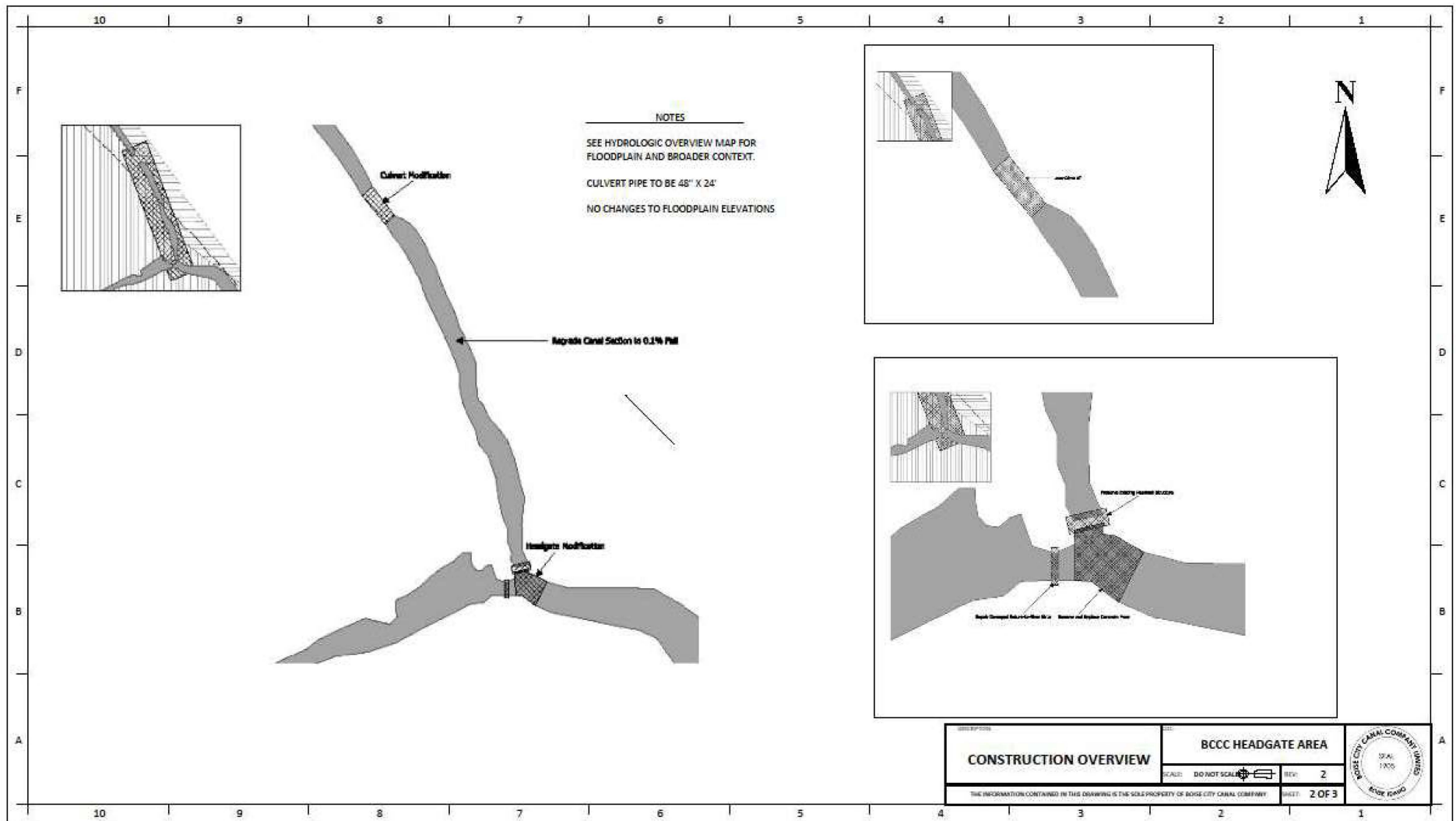
The applicant meets the qualification criteria, and the proposed project is consistent with the goals established by the Board in the Idaho State Water Plan. Staff recommend approval of the loan request, for the total amount of \$200,000.00.

**Attachments:** BCCC Map

Supporting Documents

Appendix A: Maps









**BEFORE THE IDAHO WATER RESOURCE BOARD**

IN THE MATTER OF THE BOISE CITY CANAL  
COMPANY LOAN REQUEST

RESOLUTION TO AUTHORIZE LOAN FUNDING  
FOR COSTS RELATED TO DELIVERY SYSTEM  
INFRASTRUCTURE REPAIRS AND  
IMPROVEMENTS

1 WHEREAS, Boise City Canal Company (Company) submitted a loan application to the Idaho  
2 Water Resource Board (IWRB) in the amount of \$200,000.00 to cover costs associated with the repair  
3 and improvement of existing delivery infrastructure; and  
4

5 WHEREAS, the Company was established in 1869 during the consolidation of several existing  
6 irrigation companies within Ada county; and  
7

8 WHEREAS, the Company delivers water for approximately 750 small-acreage urban shareholders  
9 along with various other public works within Ada county; and  
10

11 WHEREAS, to remain sustainable for future use and mitigate for seasons with below average  
12 flows, the Company will need to make improvements to existing infrastructure; and  
13

14 WHEREAS, the total estimated cost for the Project is approximately \$422,000, and the Company  
15 has secured additional funding in the amount of \$122,000 from the Board's Aging Infrastructure grant  
16 program; and  
17

18 WHEREAS, the Company is a qualified applicant, and the proposed Project is eligible for a loan  
19 from the Board's Revolving Development Account; and  
20

21 WHEREAS, the proposed Project is in the public interest and is in compliance with the State  
22 Water Plan.  
23

24 NOW THEREFORE BE IT RESOLVED that the IWRB approves a loan not to exceed \$200,000 from  
25 the Revolving Development Account at 7.5 % interest with a 5-year repayment term.  
26

27 NOW THEREFORE BE IT FURTHER RESOLVED that the IWRB provides authority to the Chairman  
28 of the Idaho Water Resource Board, or his designee, to enter into contracts, to effectuate the loan, with  
29 the District on behalf of the IWRB.  
30

31 NOW THEREFORE BE IT FURTHER RESOLVED that this resolution and the approval of the loan are  
32 subject to the following conditions:  
33

- 34 1) The Company shall comply with all applicable rules and regulations that apply to the  
35 proposed Project.

- 36 2) Prior to the disbursement of any funds, the Company shall comply with all statutory  
37 requirements for incurring debt.  
38 3) Prior to the disbursement of any funds, the Company will provide acceptable security for the  
39 loan to the IWRB, including its assessment income which the Company collects from its  
40 members.  
41

DATED this 31<sup>st</sup> day of March, 2023.

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JEFF RAYBOULD, Chairman  
Idaho Water Resource Board

ATTEST \_\_\_\_\_  
JO ANN COLE-HANSEN, Secretary