



STATE OF IDAHO

IDAHO WATER RESOURCE BOARD

STATEHOUSE
BOISE, IDAHO 83720

MINUTES OF MEETING NO. 2-85

IDAHO WATER RESOURCE BOARD

BOISE, IDAHO

MARCH 1, 1985

Meeting No. 2-85 of the Idaho Water Resource Board was called to order by Chairman Gene M. Gray at 8:30 a.m., Friday, March 1, 1985 at the Department of Water Resources, Conference Room, Third Floor, State Towers Building, 450 W. State Street, Boise, Idaho
(Sony Recording Tapes #1-3.)

Agenda Item No. 1. Roll Call

PRESENT:

Gene M. Gray, Chairman	
Richard W. Wagner, Vice Chairman	
James Shawver, Secretary	
Donald R. Kramer, Member	J. D. Williams, Member
Franklin Jones, Member	Robert M. Hammes, Member
(arrived 8:35 pm)	F. Dave Rydalch, Member

DEPARTMENT OF WATER RESOURCES STAFF PRESENT:

A. Kenneth Dunn, Director
W. Haas, N. Young, R. Carlson, A. Robertson, F. Sherman, D. Clapp,
R. Mellin and A. Warntjes

OTHERS PRESENT:

Harold C. Miles, Idaho Consumers Affairs, Idaho Wildlife Federation and Golden Eagle Audubon Society; Steve Ellis, Bureau of Land Management; Richard L. Hahn, Idaho Power Company; Robert E. Lewis, U.S. Geological Survey; John Keys, U.S. Bureau of Reclamation; Bill Lloyd, U.S. Bureau of Reclamation; Ed Thomas, U.S. Bureau of Reclamation; Doli Ohee, League of Women Voters; Tom Nelson, Idaho Power Company; Clive Strong, Attorney General's Office; and Dick Anderson, U.S. Bureau of Land Management.

Agenda Item No. 2. Approval of 1-85 Minutes of January 17, 1985 Board Meeting

J. D. Williams, Member, moved Board adoption of 1-85 Minutes of January 17, 1985 Board meeting as circulated to members. F. Dave Rydalch, Member, seconded the motion.

Motion passed by voice vote: 7 Ayes, 0 Nays, Jones, Absent.

Agenda Item No. 4. Federal Reservoir Storage - John Keys, USBR

John Keys, U.S. Bureau of Reclamation (USBR), discussed at the Board's request, some of the constraints that would apply to federal reservoir storage associated with expanding the water bank in the upper Snake River area. Mr. Keys clarified that the USBR did not oppose the changes to Policy 32 I and J, but expressed that there may be a better way of accomplishing the policy. On the whole, the USBR agrees with the changes to Policy 32 and supports the Swan Falls Agreement. The USBR has identified seven constraints (ATTACHMENT 1) to using federal storage in a water bank situation over a long term. The USBR feels that the most difficult constraints for the state to overcome will be amending the existing contracts (item 4 in the handout) and the Reclamation Reform Act (RRA) which applies to rental water on both short term and long term contracts (item 6 in the handout). Mr. Keys suggested a proposal for the USBR to work with the Board to prioritize the constraints, work with the department to relieve those constraints, and report back to the Board the results of the work effort.

Agenda Item No. 5. Review of IDWRB Water Supply Bank

- a. Procurement of Water and Water Rights
- b. Sale or Lease of Water Rights
- c. Use of Funds in the Water Supply Bank
- d. Appointment of Local Committees

Ronald Carlson, IDWR Eastern Region Supervisor and member of the Water District 01 Rental Pool Committee, explained the process for procuring water for the Water Supply Bank is strictly on a voluntary basis. Every year the canal companies review their water supply availability to determine if there is surplus stored water available to assign to the Water Supply Bank. A party signs a written contract assigning his stored water space for the coming year to the Water Supply Bank; and, for a party to acquire water, he must sign a request contract for a determined amount of water and pay for it upfront. One exception for payment upfront is during the accounting of the distribution of water at the end of the year when overages are found in stored water use; those parties are required to pay for the excess use at that time.

Funds for the Water Supply Bank are acquired by a charge of the stored water each to the lessee and the lessor of 25¢ per acre foot. This charge is then deducted from the payback price that goes back to the original space holder.

The funds that are retained within the water district are used for improvements designated by the Committee of Nine, i.e., hydromet platforms on most of the canals and automatic headgates on the Great Feeder Canal.

The rules and regulations of the Water Supply Bank specify that agriculture uses will have first demand for any water that is assigned to the bank. In the past, agriculture users have traditionally been a very small user of stored water; power uses have been the major use of the Water Supply Bank. All parties that have placed stored water into the bank by July 1 will share equally, in proportion to their share of water, in the proceeds from the lease of stored water before parties who place stored water in the bank after July 1.

Agenda Item No. 3. Revisions to the State Water Plan

- a. Policy 32 - Snake River Basin
- b. Ground Water Policy Alternatives

a. Policy 32 - Snake River Basin. Clive Strong, Deputy Attorney General, Attorney General's Office, stated that a meeting was held this morning by some legislators on Policy 32 I, new surface storage. The concerns expressed are: (1) the impact the policy will have on small storage projects, particularly those that are smaller than 10,000 af, (2) whether the proposed study could at some point of time impinge upon projects that are currently being processed or may be processed prior to the completion of the study, and (3) definition of "public interest criteria". Mr. Strong recommended the Board meet with the legislators later in the day to discuss their concerns. The legislators in attendance at the morning meeting were: Senators Peavey, Noh, Crapo, and Ringert and Representatives Chatburn and Al Johnson.

The Board adjourned to attend the signing of the last Swan Falls Agreement bill at 10:00 a.m. in the Governor's Office.

Chairman Gene M. Gray called the meeting back to order at 1:00 p.m.

Donald R. Kramer, Member, moved Board adoption of the resolution (ATTACHMENT 2) in the matter of Policy 32 of the State Water Plan, including Policy 32 I as amended from the draft discussed at the Board's work session on February 28, 1985. Robert M. Hammes, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

A transmittal letter (ATTACHMENT 3) has been prepared for the Chairman's signature to send the approved resolution on Policy 32 to Messrs. Risch, Leroy, Stivers, Noh, Chatburn, Bruce, Attorney General Jones and Governor Evans.

b. Ground Water Policy Alternatives. Wayne T. Haas, Administrator, Resources Analysis Division, indicated the Board may wish to consider the alternatives of scheduling the ground water policy proposals for the public meetings and hearings, and also consider combining these proposals with the process of updating the State Water Plan. Frank Sherman, department staff,

anticipates one ground water policy with several subsets similar to Policy 32. Mr. Haas suggested the Board in updating the State Water Plan review and update the language along with reviewing each present policy similar to the method used in amending Policy 32. Mr. Sherman mentioned the Board may wish to also consider policy statements about water quality, particularly ground water quality.

The Board will hold its information meetings in the fall of 1985 and the public hearings in the spring of 1986 for the ground water policy and update of the State Water Plan. Chairman Gene M. Gray will meet with staff to discuss possible dates for the information meetings and hearings and will report back to the Board at the next meeting the proposed dates for Board discussion and approval.

Agenda Item No. 6. IWRB Financing Programs

- a. Review of Program Costs and Fee Schedule
- b. Bond and Inducement Resolutions

a. Review of Program Costs and Fee Schedule. Bill Eastlake, department staff, commented that in reviewing the fee schedule to bring the program to full self sufficiency, it was found that the application fee and participation fee cover the direct costs involved except for the program manager and secretary. Last July the Board increased the application fee from \$100 to \$250 and placed a minimum \$500 on the one percent participation fee. This increase appears to be very close for the program to achieve self sufficiency. Mr. Eastlake recommends the Board leave the fee schedule as is until July, the anniversary date of the last fee schedule change; and, at that time Mr. Eastlake will provide an update to the Board.

Richard W. Wagner, Vice Chairman, suggested staff review the possibility of restrict the small size projects to help defray the costs of the program.

b. Bond and Inducement Resolutions. Bill Eastlake, department staff, reported that Brundage Water Users Association has requested supplemental financing from the Board of \$50,000 to its \$350,000 Inducement Resolution No. 83-24 for financing a \$1,000,000 project to renovate, repair and enlarge the Brundage Dam and reservoir to deliver irrigation water to 10,096 acres of existing farmland. It now appears the project cost will be higher and the association is requesting the additional amount to assure available funds upon final financial specification. The department has prepared for Board consideration a Supplemental Inducement Resolution No. 83-24A for \$50,000 and a Bond Resolution No. 83-24 for \$400,000 to Brundage Water Users Association.

Robert M. Hammes, Member, moved Board adoption of Supplemental Inducement Resolution No. 83-24A (ATTACHMENT 4) for \$50,000 to Brundage Water Users Association to renovate, repair and enlarge the Brundage Dam and reservoir. Richard W. Wagner, Vice Chairman, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

Donald R. Kramer, Member, moved Board adoption of Bond Resolution No. 83-24 (ATTACHMENT 5) for \$400,000 to Brundage Water Users Association to renovate, repair and enlarge the Brundage Dam and reservoir. James Shawver, Secretary, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On January 14, 1985 the department received an application for Board financing through the bond program from D/I Ranch, c/o LeRay Burke, for \$150,000 to purchase and install a center pivot irrigation system on existing farmlands. The department has prepared for Board consideration a Bond Resolution No. 85-05 to D/I Ranch for \$150,000.

Richard W. Wagner, Vice Chairman, moved Board adoption of Bond Resolution No. 85-05 (ATTACHMENT 6) to D/I Ranch for \$150,000 to purchase and install a center pivot irrigation system on existing farmlands. F. Dave Rydalch, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On January 16, 1985 the department received an application for Board financing through the bond program from Cub River Irrigation Company for \$40,000 to purchase a new D5-C caterpillar tractor to complete the spillway construction and maintain canals. The project cost is estimated at \$80,000. The department has prepared for Board consideration Inducement and Bond Resolutions No. 85-07 to Cub River Irrigation Company for \$40,000.

Donald R. Kramer, Member, moved Board adoption of Inducement Resolution No. 85-07 (ATTACHMENT 7) and Bond Resolution No. 85-07 (ATTACHMENT 8) to Cub River Irrigation Company for \$40,000 to purchase a new D5-C caterpillar tractor to complete the spillway construction and maintain canals. James Shawver, Secretary, seconded the motion.

Motion passed by voice vote: 7 Ayes, 0 Nays, Williams, Abstained.

On February 20, 1985 the department received an application for Board financing through the bond program from Gary Gehring for \$136,044 to purchase and install 14 wheel line irrigation systems, including pumps and mainline for irrigating existing dry farmland. Total project cost is estimated at \$170,055. The department has prepared for Board consideration Inducement and Bond Resolutions No. 85-09 to Gary Gehring for \$136,044.

Richard W. Wagner, Vice Chairman, moved Board adoption of Inducement Resolution No. 85-09 (ATTACHMENT 9) and Bond Resolution No. 85-09 (ATTACHMENT 10) to Gary Gehring for \$136,044 to purchase and install 14 wheel line irrigation system, including pumps and mainline for irrigating existing dry farmland. Robert M. Hammes, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 22, 1985 the department received an application for Board financing through the bond program from Robert Gardner for \$100,000 to purchase and install a center pivot and wheel line irrigation equipment, move pump, connect mainline, install flow control nozzle and grade in open ditches on existing farmlands. The department has prepared for Board consideration an Inducement Resolution No. 85-10 to Robert Gardner for \$100,000.

J. D. Williams, Member, moved Board adoption of Inducement Resolution No. 85-10 (ATTACHMENT 11) to Robert Gardner for \$100,000 to purchase and install a center pivot and wheel line irrigation equipment, move pump, connect mainline, install flow control nozzle and grade in open ditches on existing farmlands. F. Dave Rydalch, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 25, 1985 the department received an application for Board financing through the bond program from Pahl-Ruff Partnership for \$80,742 to purchase and install a center pivot irrigation equipment on existing farmlands. Total project cost is estimated at \$89,714. The department has prepared for Board consideration Inducement and Bond Resolutions No. 85-11 to Pahl-Ruff Partnership for \$80,742.

Robert M. Hammes, Member, moved Board adoption of Inducement Resolution No. 85-11 (ATTACHMENT 12) and Bond Resolution No. 85-11 (ATTACHMENT 13) to Pahl-Ruff Partnership for \$80,742 to purchase and install a center pivot irrigation equipment on existing farmlands. Richard W. Wagner, Vice Chairman, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 25, 1985 the department received an application for Board financing through the bond program from Garth Van Orden Farms for \$60,000 to purchase and install a center pivot irrigation system on existing and new farmlands. Total project cost is estimated at \$87,447. The department has prepared for Board consideration Inducement and Bond Resolutions No. 85-12 to Garth Van Orden Farms for \$60,000.

F. Dave Rydalch, Member, moved Board adoption of Inducement Resolution No. 85-12 (ATTACHMENT 14) and Bond Resolution No. 85-12 (ATTACHMENT 15) to Garth Van Orden Farms for \$60,000 to purchase and install a center pivot irrigation system on existing and new farmlands. Richard W. Wagner, Vice Chairman, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 25, 1985 the department received an application for Board financing through the bond program from Last Chance Water & Sewer District for \$400,000 for construction of collection and treatment facilities. Total

project cost is estimated at \$1,300,000. The department has prepared for Board consideration Inducement Resolution No. 85-13 to the Last Chance Water & Sewer District for \$400,000.

Donald R. Kramer, Member, moved Board adoption of Inducement Resolution No. 85-13 (ATTACHMENT 16) to Last Chance Water & Sewer District for \$400,000 for construction of collection and treatment facilities. F. Dave Rydalch, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 26, 1985 the department received an application for Board financing through the bond program from Reed Ricks for \$90,000 to purchase and install a gravity sprinkler system and pipeline on existing flood irrigated farmlands. Total project cost is estimated at \$120,000. The department has prepared for Board consideration Inducement and Bond Resolutions No. 85-14 to Reed Ricks for \$90,000..

J. D. Williams, Member, moved Board adoption of Inducement Resolution No. 85-14 (ATTACHMENT 17) and Bond Resolution No. 85-14 (ATTACHMENT 18) to Reed Ricks for \$90,000 to purchase and install a gravity sprinkler system and pipeline on existing flood irrigated farmlands. Richard W. Wagner, Vice Chairman, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 26, 1985 the department received an application for Board financing through the bond program from LaVerelle Stecklein for \$50,000 to purchase and install a center pivot irrigation system on existing farmlands. The department has prepared for Board consideration Inducement and Bond Resolutions No. 85-15 to LaVerelle Stecklein for \$50,000.

Richard W. Wagner, Vice Chairman, moved Board adoption of Inducement Resolution No. 85-15 (ATTACHMENT 19) and Bond Resolution No. 85-15 (ATTACHMENT 20) to LaVerelle Stecklein for \$50,000 to purchase and install a center pivot irrigation system on existing farmlands. James Shawver, Secretary, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 26, 1985 the department received an application for Board financing through the bond program from Cedar Mountain Farms for \$36,600 to purchase and install a pump, mainline and handlines on existing farmlands. The department has prepared for Board consideration Inducement Resolution No. 85-16 to Cedar Mountain Farms for \$36,600.

Franklin Jones, Member, moved Board adoption of Inducement Resolution No. 85-16 (ATTACHMENT 21) to Cedar Mountain Farms for \$36,600 to purchase and install a pump, mainline and handlines on existing farmlands. Robert M. Hammes, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 27, 1985 the department received an application for Board financing through the bond program from McClellan Farms, Inc. for \$57,950 to purchase and install a center pivot irrigation system on existing farmlands. Total project cost is estimated at \$70,629. The department has prepared for Board consideration Inducement and Bond Resolutions No. 85-17 to McClellan Farms, Inc. for \$57,950.

Robert M. Hammes, Member, moved Board adoption of Inducement Resolution No. 85-17 (ATTACHMENT 22) and Bond Resolution No. 85-17 (ATTACHMENT 23) to McClellan Farms, Inc. for \$57,950 to purchase and install a center pivot irrigation system on existing farmlands. Franklin Jones, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 27, 1985 the department received an application for Board financing through the bond program from Barry Christensen for \$75,000 to purchase and install a center pivot irrigation system on existing farmlands. The department has prepared for Board consideration Inducement Resolution No. 85-18 to Barry Christensen for \$75,000.

Richard W. Wagner, Vice Chairman, moved Board adoption of Inducement Resolution No. 85-18 (ATTACHMENT 24) to Barry Christensen for \$75,000 to purchase and install a center pivot irrigation system on existing farmlands. Franklin Jones, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 27, 1985 the department received an application for Board financing through the bond program from M & M Farms for \$75,000 to purchase and install a center pivot irrigation system on existing farmlands. The department has prepared for Board consideration Inducement Resolution No. 85-19 to M & M Farms for \$75,000.

F. Dave Rydallch, Member, moved Board adoption of Inducement Resolution No. 85-19 (ATTACHMENT 25) to M & M Farms for \$75,000 to purchase and install a center pivot irrigation system on existing farmlands. Donald R. Kramer, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 27, 1985 the department received an application for Board financing through the bond program from Richard Polatis for \$100,000 to purchase and install a center pivot irrigation equipment on existing farmlands. The department has prepared for Board consideration Inducement Resolution No. 85-20 to Richard Polatis for \$100,000.

Donald R. Kramer, Member, moved Board adoption of Inducement Resolution No. 85-20 (ATTACHMENT 26) to Richard Polatis for \$100,000 to purchase and install a center pivot irrigation equipment on existing farmlands. Franklin Jones, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 27, 1985 the department received an application for Board financing through the bond program from Thompson Farms, c/o Chris Thompson, for \$125,000 to purchase and install a center pivot irrigation system on approximately 256 acres of new farmland. The department has prepared for Board consideration Inducement Resolution No. 85-21 to Thompson Farms for \$125,000.

Franklin Jones, Member, moved Board adoption of Inducement Resolution No. 85-21 (ATTACHMENT 27) to Thompson Farms for \$125,000 to purchase and install a center pivot irrigation system on approximately 256 acres of new farmland. J. D. Williams, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 27, 1985 the department received an application for Board financing through the bond program from Leon Dance for \$29,000 to purchase and install a sprinkler irrigation equipment and rebuild existing pump on existing farmlands. The department has prepared for Board consideration Inducement Resolution No. 85-22 to Leon Dance for \$29,000.

J. D. Williams, Member, moved Board adoption of Inducement Resolution No. 85-22 (ATTACHMENT 28) to Leon Dance for \$29,000 to purchase and install sprinkler irrigation equipment and rebuild an existing pump on existing farmlands. F. Dave Rydalch, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 28, 1985 the department received an application for Board financing through the bond program from Stevecoe Farms, c/o Phil Stevens, for \$250,000 to purchase and install a center pivot irrigation equipment on 560 acres of non-cultivated land. The department has prepared for Board consideration Inducement Resolution No. 85-23 to Stevecoe Farms for \$250,000.

James Shawver, Secretary, moved Board adoption of Inducement Resolution No. 85-23 (ATTACHMENT 29) to Stevecoe Farms for \$250,000 to purchase and install a center pivot irrigation equipment on 560 acres on non-cultivated land. Donald R. Kramer, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

On February 28, 1985 the department received an application for Board financing through the bond program from Flying H Ranch for \$89,000 to

purchase and install a center pivot irrigation equipment on existing farmlands. The department has prepared for Board consideration Inducement Resolution No. 85-24 to Flying H Ranch for \$89,000.

Richard W. Wagner, Vice Chairman, moved Board adoption of Inducement Resolution No. 85-24 (ATTACHMENT 30) to Flying H Ranch for \$89,000 to purchase and install a center pivot irrigation equipment on existing farmlands. Franklin Jones, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

Agenda Item No. 7. Review of Existing IWRB Rules and Regulations

- a. Well Construction Standards - Sec. 42-238(1), Idaho Code
- b. Water Well Driller's License - Sec. 42-238(2), Idaho Code
- c. Drilling for Geothermal Resources - Sec. 42-4010, Idaho Code
- d. Safety of Dams - Sec. 42-1714, Idaho Code
- e. Mine Tailing Impoundment Structures - Sec. 42-1714, Idaho Code
- f. Stream Channel Alteration - Sec. 42-3803, Idaho Code

Wayne T. Haas, Administrator, Resources Analysis Division, reminded the Board of its authority and responsibility for the adoption and implementation of the rules and regulations for the department's regulatory programs. The Idaho Code requires that the rules and regulations be supplemented or revised at least every two years. The department has prepared a resolution for the Board's consideration listing six regulatory programs which were last reviewed by the Board in 1982. Since that time, no matters on the rules and regulations have been appealed to the Board for hearing. The department recommends to the Board that the following rules, regulations and minimum standards meet existing needed regulation without revision: (1) Well Construction Standards, (2) Water Well Driller's License, (3) Drilling for Geothermal Resources, (4) Safety of Dams, (5) Mine Tailing Impoundment Structures and (6) Stream Channel Alteration.

Franklin Jones, Member, moved Board adoption of a resolution (ATTACHMENT 31) in the matter of review of existing rules and regulations; resolving that the rules, regulations and minimum standards as listed in the resolution do not need to be revised. Donald R. Kramer, Member, seconded the motion.

Motion passed by voice vote: 8 Ayes, 0 Nays.

Agenda Item No. 8. Director's Report

A. Kenneth Dunn, Director, reported that the litigation between Montana Power Company and the department on Mesa Falls (Board is an applicant for a minimum stream flow in the river.) was set for hearing before the Supreme Court, but Montana Power Company has asked for a delay pending the outcome of negotiations for a settlement with Department of Parks and the Forest Service for the government to own Mesa Falls on a trade basis. Phil Barber, Board's legal counsel, concurs with a motion to vacate the oral argument. The attorney for Montana Power Company in his motion provides that if the oral argument is

vacated and a trade is completed, the power company will terminate its lawsuit against the state. Based on Mr. Barber's recommendation, the department agreed to vacate and the hearing will not take place.

Agenda Item No. 9. Items Board Members May Wish to Present

Chairman Gene M. Gray requested staff compile one book of Board resolutions to retain at the department, index the resolutions and mail a copy of the index to each Board member.

Chairman Gene M. Gray appointed F. Dave Rydalch, Member, as the Board's Minimum Stream Flow Committee chairman.

The next Board meeting will be April 25-26, 1985 in Boise.

Meeting adjourned at 2:05 p.m.


JAMES SHAWVER
Secretary

BOARD ACTIONS:

1. Approval of 1-85 Minutes of January 17, 1985 Board meeting. (Page 2)
2. Adopted a resolution in the matter of Policy 32 of the State Water Plan, including Policy 32 I as amended from the draft discussed at the Board's work session on February 28, 1985. (Page 3)
3. Adopted a Supplemental Inducement Resolution No. 83-24A for \$50,000 to Brundage Water Users Association. (Page 4)
4. Adopted a Bond Resolution No. 84-24 for \$400,000 to Brundage Water Users Association. (Page 5)
5. Adopted Bond Resolution No. 85-05 to D/1 Ranch for \$150,000. (Page 5)
6. Adopted Inducement and Bond Resolutions No. 85-07 to Cub River Irrigation Company for \$40,000. (Page 5)
7. Adopted Inducement and Bond Resolutions No. 85-09 to Gary Gehring for \$136,044. (Page 5)
8. Adopted Inducement Resolution No. 85-10 to Robert Gardner for \$100,000. (Page 6)

9. Adopted Inducement and Bond Resolutions No. 85-11 to Pahl-Ruff Partnership for \$80,742. (Page 6)
10. Adopted Inducement and Bond Resolutions No. 85-12 to Garth Van Orden Farms for \$60,000. (Page 6)
11. Adopted Inducement Resolution No. 85-13 to Last Chance Water & Sewer District for \$400,000. (Page 7)
12. Adopted Inducement and Bond Resolutions No. 85-14 to Reed Ricks for \$90,000. (Page 7)
13. Adopted Inducement and Bond Resolutions No. 85-15 to LaVerelle Stecklein for \$50,000. (Page 7)
14. Adopted Inducement Resolution No. 85-16 to Cedar Mountain Farms for \$36,600. (Page 7 & 8)
15. Adopted Inducement Resolution and Bond Resolution No. 85-17 to McClellan Farms, Inc. for \$57,950. (Page 8)
16. Adopted Inducement Resolution No. 85-18 to Barry Christensen for \$75,000. (Page 8)
17. Adopted Inducement Resolution No. 85-19 to M & M Farms for \$75,000. (Page 8)
18. Adopted Inducement Resolution No. 85-20 to Richard Polatis for \$100,000. (Page 9)
19. Adopted Inducement Resolution No. 85-21 to Thompson Farms for \$125,000. (Page 9)
20. Adopted Inducement Resolution No. 85-22 to Leon Dance for \$29,000. (Page 9)
21. Adopted Inducement Resolution No. 85-23 to Stevecoe Farms for \$250,000. (Page 9)
22. Adopted Inducement Resolution No. 85-24 to Flying H Ranch for \$89,000. (Page 10)
23. Adopted a resolution in the matter of review of existing rules and regulations; resolving that the rules, regulations and minimum standards as listed in the resolution do not need to be revised. (Page 10)

BOARD ATTACHMENTS:

1. Seven constraints identified by USBR to using federal storage in a water bank situation over a long term. (Page 2)
2. Resolution in the matter of Policy 32 of the State Water Plan, including Policy 32 as amended from the draft discussed at the Board's work session on February 28, 1985. (Page 3)
3. Transmittal letter from the Chairman sending the approved resolution on Policy 32 to Messrs. Risch, Leroy, Stivers, Noh, Chatburn, Bruce, Attorney General Jones and Governor Evans. (Page 3)
4. Supplemental Inducement Resolution No. 83-24A for \$50,000 to Brundage Water Users Association. (Page 4)
5. Bond Resolution No. 84-24 for \$400,000 to Brundage Water Users Association. (Page 5)
6. Bond Resolution No. 85-05 to D/I Ranch for \$150,000. (Page 5)
7. Inducement Resolution No. 85-07 to Cub River Irrigation Company for \$40,000. (Page 5)
8. Bond Resolution No. 85-07 to Cub River Irrigation Company for \$40,000. (Page 6)
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13. Bond Resolution No. 85-11 to Pahl-Ruff Partnership for \$80,742. (Page 6)
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16. Inducement Resolution No. 85-13 to Last Chance Water & Sewer District for \$400,000. (Page 7)
17. Inducement Resolution No. 85-14 to Reed Ricks for \$90,000. (Page 7)
18. Bond Resolution No. 85-14 to Reed Ricks for \$90,000. (Page 7)
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21. Inducement Resolution No. 85-16 to Cedar Mountain Farms for \$36,600. (Page 7)
22. Inducement Resolution No. 85-17 to McClellan Farms, Inc. for \$57,950. (Page 8)
23. Bond Resolution No. 85-17 to McClellan Farms, Inc. for \$57,950. (Page 8)
24. Inducement Resolution No. 85-18 to Barry Christensen for \$75,000. (Page 8)
25. Inducement Resolution No. 85-19 to M & M Farms for \$75,000. (Page 8)
26. Inducement Resolution No. 85-20 to Richard Polatis for \$100,000. (Page 9)
27. Inducement Resolution No. 85-21 to Thompson Farms for \$125,000. (Page 9)
28. Inducement Resolution No. 85-22 to Leon Dance for \$29,000. (Page 9)
29. Inducement Resolution No. 85-23 to Stevecoc Farms for \$250,000. (Page 9)
30. Inducement Resolution No. 85-24 to Flying H Ranch for \$89,000. (Page 10)
31. Resolution in the matter of review of existing rules and regulations; resolving that the rules, regulations and minimum standards as listed in the resolution do not need to be revised. (Page 10)

HANDOUT
for
Idaho Water Resources Board

March 1, 1985

The following are potential Federal constraints associated with expanding the water bank in the upper Snake River area:

1. The repayment contracts covering the water available from Palisades Reservoir provide that the contractors may rent their stored water to others at approved rates which "... shall not exceed the annual costs under the [Contractor's] obligations to the United States which are properly apportionable to such water, plus an amount sufficient to cover the annual costs of the [Contractor] which are properly apportionable thereto." The rates approved for 1985 in accordance with this provision are approximately \$2.50 per acre-foot. While some irrigators believe these rates are excessive, potential sellers may feel that a rate in this range is not high enough to offset the risks associated with putting the water up for rental. This results in less water available for marketing than would be available under a rate that could fluctuate to meet market conditions.
2. The Palisades repayment contracts also provide that water may be rented only for periods of 1 year. This provision fails to meet the needs of potential renters who need the security of a long-term commitment.
3. Under the terms of the repayment contract, rental rates, as well as permanent transfers of space, must be approved by the United States. However minor, this requirement represents an additional process that owners and renters must follow.
4. In order to remove or lessen the above constraints it will be necessary to amend the existing repayment contracts. This means that negotiations of contract amendments could involve discussion of issues that are in the interests of the United States which others may not necessarily deem advantageous. For example, if surplus funds result from enhanced water marketing arrangements, the Federal Government may require the sharing of such surplus revenues. This possibility is mentioned as information and not to scare water users away from negotiating contract amendments.
5. The Congressional Rauthorization of Palisades Dam and Reservoir (the Act of September 30, 1950, 64 Stat. 1083) provides that the Dam and Reservoir are to be operated and maintained substantially in accordance

with the report approved by the Secretary of the Interior on July 1, 1949. That report titled, "Supplemental Report, Palisades Dam and Reservoir Project, Idaho," provides in part that "the project will provide supplemental irrigation water for about 650,000 acres in the Snake River Valley, defined herein as the watershed of the Snake River above Milner Dam, together with the irrigated area served by canals diverting at the Dam." It appears the Bureau has other legislative authority to serve other purposes and to serve lands outside the project boundary, as well as full service lands, but it will be necessary to first determine that the specified supplemental service lands are adequately served before service to other lands can be permitted. It also appears that an amendment of the Bureau's State water right to change the service area would be required.

6. The acreage limitations of Reclamation law apply to Palisades Reservoir water which is rented. The limitations apply even though the rental is only for 1 year. The RRA regulations provide that acreage limitations do not apply to some temporary water supplies. They are water supplies defined as "temporary water supplies which are not storable for project purposes." The key phrase is "which are not storable." The secretary then can authorize the delivery of such water to excess lands for less than 1 year. An analogy of this situation would be the delivery of flood water through the Falls Irrigation District facilities to some excess land for a period of time during the spring runoff, then cutting off delivery when the district goes on regulation.

The water obtained through the waterbank is water which is stored for project use. The interpretation that this is surplus or not storable water cannot be defended by the law or regulations. The water may be surplus to an individual, but the water would not meet the requirements of 43 CFR 426.13. The acreage limitations apply even though the Palisades water is only part of a given renter's water supply. The RRA regulations provide that acreage limitation applies to all land receiving some project water unless the repayment contracts contain special provisions to the contrary. The Palisades contracts do not contain such provisions.



STATE OF IDAHO

IDAHO WATER RESOURCE BOARD

STATEHOUSE
BOISE, IDAHO 83720

March 1, 1985

Governor John V. Evans
Office of the Governor
Statehouse
Boise, ID 83720

Dear Governor Evans:

On March 1, 1985, the Idaho Water Resource Board amended Policy 32, Snake River Basin, of the State Water Plan. Since any change in the State Water Plan is subject to review by the Idaho Legislature, I am supplying you a certified copy of the Board's resolution.

All changes to Policy 32 are in the best interest of the citizens of Idaho. The Water Resource Board held 12 formal hearings on amending Policy 32 at six communities in the Snake River basin. The language adopted by the Board is in accord with the Agreement entered into by the Governor, the Attorney General, and Idaho Power Company. The policy addresses many of the comments received by the Board during its public involvement process.

Sincerely,


Gene M. Gray
Chairman

GMG:cjk

Encl.

Similar letter to: Lieutenant Governor Leroy
Attorney General Jones
Senator Risch
Chief Executive Officer Bruce
Senator Noh
Representative Stivers
Representative Chatburn

ATTACHMENT NO. 3 TO MINUTES OF 2-85 MEETING OF
IDAHO WATER RESOURCE BOARD, March 1, 1985

BEFORE THE IDAHO WATER RESOURCE BOARD

IN THE MATTER OF)
POLICY 32 OF THE)
STATE WATER PLAN)
_____)

A RESOLUTION

WHEREAS, pursuant to Chapter 17, Title 42, Idaho Code, the Idaho Water Resource Board (Board) has the power and duty to adopt a comprehensive State Water Plan; and,

WHEREAS, portions of the Snake River Water Rights Agreement (Agreement) entered into by the Governor, the Attorney General, and the Idaho Power Company on October 25, 1984 are not in accord with the State Water Plan; and,

WHEREAS, the Board has conducted 12 formal hearings in affected areas of the state on proposed changes to Policy 32 of the State Water Plan;

NOW, THEREFORE, BE IT RESOLVED that, the Idaho Water Resource Board under its authority to establish water policy amends Policy 32 of the State Water Plan to read as follows:

Policy 32 - Snake River Basin

It is the policy of Idaho that the ground water and surface water of the basin be managed to meet or exceed a minimum average daily flow of zero measured at the Milner gaging station, 3900 cfs from April 1 to October 31 and 5600 cfs from November 1 to March 31 measured at the Murphy gaging station, and 4750 cfs measured at the Weiser gaging station. A minimum average daily flow of 5,000 cfs at Johnson's Bar shall be maintained and an average daily flow of 13,000 cfs shall be maintained at Lime Point (river mile 172) a minimum of 95 percent of the time. Lower flows may be permitted at Lime Point only during the months of July, August, and September.

Waters not held in trust by the State in accordance with Policy 32A shall be allocated according to the criteria established by Idaho Code 42-203A.

The minimum flows established for the Snake River at the Murphy and Weiser gaging stations are management constraints; they further insure that minimum flow levels of Snake River water will be available for hydropower, fish, wildlife, and recreational purposes. The establishment of a zero minimum flow at the Milner gaging station allows for existing uses to be continued and for some new uses above Milner. The zero flow established at Milner means that river flows downstream from that point to Swan Falls Dam may consist almost entirely of ground-water discharge during portions of low-water years. The Snake River Plain aquifer which provides this water must therefore be managed as an integral part of the river system.

The minimum flows established for Johnson's Bar and Lime Point are contained in the original Federal Power Commission license for the Hells Canyon hydropower complex. By adopting these flows, the Idaho Water Resource Board recognizes the importance of minimum flows to downstream uses and makes their maintenance a matter of state water policy. Article 43 of the power license provides that:

"The project shall be operated in the interest of navigation to maintain 13,000 cfs flow in the Snake River at Lime Point (river mile 172) a minimum of 95 percent of the time, when determined by the Chief of Engineers to be necessary for navigation. Regulated flows of less than 13,000 cfs will be limited to the months of July, August, and September, during which time operation of the project would be in the best interest of power and navigation, as mutually agreed to by the Licensee and the Corps of Engineers. The minimum flow during periods of low flow or normal minimum plant operations will be 5,000 cfs at Johnson's Bar"

Snake River flows above the hydropower right at any Idaho Power facility are considered unappropriated and therefore are not held in trust by the state. This distinction is further addressed in Policy 32A.

Policy 32A - Water Held in Trust by the State

It is the policy of Idaho that water held in trust by the state pursuant to Idaho Code 42-203B be reallocated to new uses in accordance with the criteria established by Idaho Code 42-203A and 42-203C.

The agreement between the state of Idaho and Idaho Power Company dated October 25, 1984 provides that Idaho Power's

claimed water right of 8400 cfs at the Swan Falls dam may be reduced to 3900 cfs. The claimed water right of 8400 cfs is deemed appropriated and the amount above the minimum flow established in Policy 32 up to the 8400 cfs is held in trust by the state. The agreement further provides that Idaho Power's claimed water rights at facilities upstream from Swan Falls shall be considered satisfied when the company receives the minimum flow specified in Policy 32 at the Murphy gaging station. The 8400 cfs claim of the power company has not historically been available during summer months.

The 8400 cfs claimed right is reduced by the agreement to that flow available after satisfying all applications or claims that demonstrate water was beneficially used prior to October 1, 1984 even if such uses would violate the minimum flows established in Policy 32. Any remaining water above these minimum flows may be reallocated to new uses by the state providing such use satisfies existing Idaho law plus criteria the Legislature is requested by the agreement to establish as Idaho Code 42-203C. These additional criteria supplement Policy 1 of the Water Plan which urges that conformance with the State Water Plan be considered evidence of the public interest. The Idaho Water Resource Board recognizes that the specific criteria for defining public interest established by Idaho Code 42-203C are to be used in addition to the criteria set forth in Policy 1 for the reallocation of of hydropower rights.

Policy 32B - Domestic, Commercial, Municipal and Industrial (DCMI)

It is the policy of Idaho that 150 cfs of water for consumptive purposes held in trust by the state pursuant to Policy 32A be reallocated to meet future DCMI uses in accordance with state law.

While most DCMI uses are nonconsumptive or only partially consumptive, future growth in Idaho's population and commercial and industrial expansion will require an assured supply of water.

A continuous flow of 150 cfs provides approximately 108,600 acre-feet of water per year. This volume of water is assigned to consumptive uses within the basin for domestic, commercial, municipal, and other industrial purposes. Industrial purposes include processing, manufacturing, research and development, and cooling.

Adequate records should be kept and reviewed so that this reallocation can be modified as necessary. Increases in the

DCMI allocation, if necessary, will reduce the amount of water available for agricultural uses. The allocation will be reviewed as part of every Water Plan update.

Policy 32C - Agriculture

It is the policy of Idaho that appropriated water held in trust by the state pursuant to Policy 32A, less the amount of water necessary to provide for present and future DCMI uses as set forth in Policy 32B, shall be available for reallocation to meet new and supplemental irrigation requirements which conform to Idaho Code 42-203A, 203B, 203C, and 203D.

The policy allows for new and supplemental agricultural development through the reallocation of water held in trust by the state. The 1982 State Water Plan allocated water for a minimum level of new irrigation development of 850,000 acres plus supplemental water for 225,000 acres by the year 2020 over that which existed in 1975. This policy rescinds the 1982 allocations since there are no acres specified in that the type, location, and amount of use is unknown as is the effect of the evaluation called for in Policy 32A.

During the 8 year period from 1975 to 1983, about 140,000 acres of new development occurred within the basin. While the amount of new acreage varied significantly from year to year, the average was approximately 17,500 acres. Data are not available to estimate the number of acres that received supplemental water during this period. Idaho Code Section 42-203C limits the rate of new development in the basin above Murphy gaging station to 80,000 acres in any four year period. Therefore, the maximum development to the year 2020 above Murphy gaging station assuming no water supply constraint is 700,000 acres. Criteria placed on the reallocation of hydropower rights, limits on the rate of new development, plus the requirement that approval of new storage projects that divert water between November 1 and April 1 from the Snake River between Milner Dam and Murphy gaging station must mitigate the impact of diversions on hydropower generation (Policy 32I), will undoubtedly limit development to less than 700,000 acres.

Policy 32D - Hydropower

It is the policy of Idaho that hydropower use be recognized as a beneficial use of water, and that depletion of flows below the minimum average daily flows set forth in Policy 32 is not in the public interest.

The 1982 State Water Plan allocated 170,000 acre-feet for consumptive use in cooling thermal power plants. By establishing a minimum daily flow of 3300 cfs at Murphy and 4750 cfs at Weiser, stabilized flows were guaranteed for hydropower generation. The minimum daily flows for hydropower generation are now increased as stated in Policy 32. In addition, this policy specifically recognizes hydropower generation as a beneficial use of water and acknowledges the public interest in maintaining the minimum river flow at key points. Any water depletion for thermal power generation would now come from the block of water allocated to DCMI uses.

Policy 32E - Navigation

It is the policy of Idaho that water sufficient for commercial and recreational navigation is provided by the minimum flows established for the Snake River.

Commercial navigation enroute to Lewiston via the Columbia River and Lower Snake River can be accommodated with the flows leaving Idaho in the Snake River at Lewiston. Above Lewiston, commercial and recreational navigation should be accommodated within the protected flows on the Snake River and tributary streams.

Policy 32F - Aquaculture

It is the policy of Idaho that water necessary to process aquaculture products be included as a component of DCMI as provided in Policy 32B. The minimum flows established for the Murphy gaging station should provide an adequate water supply for aquaculture. It must be recognized that while existing water rights are protected, it may be necessary to construct different diversion facilities than presently exist.

Aquaculture can expand when and where water supplies are available and where such uses do not conflict with other beneficial uses. It is recognized, however, that future management and development of the Snake River Plain aquifer may reduce the present flow of springs tributary to the Snake River, necessitating changes in diversion facilities.

Policy 32G - Fish, Wildlife, and Recreation

It is the policy of Idaho that the minimum flows established under Policy 32 are sufficient and necessary to meet the minimum requirements for aquatic life, fish, and wildlife, and to provide water for recreation in the Snake River below Milner Dam. Streamflow depletion below the minimum flows is not in the public interest.

The policy reiterates the view that the minimum flows established in Policy 32 will protect fish, wildlife, aquatic life and recreation within the Snake River Basin at acceptable levels and that this is in the public interest. State law provides for the Water Resource Board to apply for a water right for unappropriated water for minimum flows necessary "for the protection of fish and wildlife habitat, aquatic life, recreation, aesthetic beauty, transportation and navigation values, and water quality." The minimum stream flow legislation, where appropriate, can be used on the Snake River and tributary streams to enhance these values. Tributary streams in the Snake River Basin which the Board has identified as key river segments needing protection are identified in Policy 7.

Policy 32H - Water Quality and Pollution Control

It is the policy of Idaho that the use of water to provide pollution dilution is not a beneficial use of water.

Existing state and federal water quality programs should be sufficient to protect the current high water quality associated with streams within the basin. Any allocation of water for minimum streamflow is directed towards meeting fish, wildlife, and recreational needs, not to the dilution of pollution.

Policy 32I - New Surface Storage

It is the policy of Idaho that applications for large surface storage projects upstream from the Murphy gage be approved when it is determined that those projects are needed to meet new uses after consideration of then existing public interest criteria. Approval of new storage projects that would divert water from the mainstem of the Snake River between Milner and the Murphy Gaging station during the period November 1 to March 31 should be coupled with provisions that mitigate the impact such depletions would have on the generation of hydropower.

This policy addresses the approval of new surface storage in the basin but does not apply to already approved projects. A study of all existing social, legal and economic constraints on allocation and use of water in existing storage facilities will be made to determine whether new storage projects are needed. An attempt will be made to modify those constraints that are found to prevent reasonably full use of existing storage. Such study shall not delay applications for new storage projects. In addition, permits for these new projects may be issued during the study period, if they are found to be in the public interest. Public interest as used within this policy does not include the provisions of § 42-203 (c) Idaho Code.

"Large surface storage projects" are those which have the potential for significantly impacting existing uses. Projects for which approval is required under § 42-1737, Idaho Code, would be such projects. Smaller projects could also have significant impacts, but stock water ponds, and waste water re-pumping ponds would not be included, for example.

New storage projects that would divert water from the Snake River between the Milner and Murphy gaging stations during the November 1 to April 1 period are subject to the requirement that the impact such depletions have on hydropower generation is mitigated. Mitigate is defined as causing to become less harsh or hostile, and is used here rather than compensate which connotes equivalence. Methodology will be developed by the Water Resource Board for use in calculating impacts on hydropower generation.

Policy 32J - Stored Water For Management Purposes

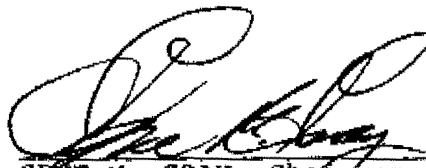
It is the policy of Idaho that reservoir storage be acquired in the name of the Idaho Water Resource Board to provide management flexibility in assuring the minimum flows designated for the Snake River.

The Department of Water Resources is expected to allocate the unappropriated waters and the power rights held in trust by the state in such a manner as to assure minimum flows at designated key points on the Snake River. The impacts of groundwater use within the basin on the timing of aquifer discharge to the river is such that at some time stored surface water may be necessary to maintain the designated minimum flows.

At this time there is unallocated reservoir storage within the basin which could be acquired by the state. These waters would provide flexibility for management decisions and provide assurance that the established minimum flows can be maintained.


The state should act to acquire sufficient reservoir storage for this purpose. In the future no unallocated stored water will be available and it may be impossible to acquire sufficient water to satisfy river demands. Until such time as these waters are needed for management purposes, they shall be credited to the Water Supply Bank and funds obtained from their lease or sale shall accrue to the Water Management Account.

PASSED AND APPROVED this 1st of March, 1985.



GENE M. GRAY, Chairman

ATTEST:



JAMES SHAWVER, Secretary