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MAY 19 2006

DEPARTMENT OF  
WATER RESOURCES

Payette River Basin, State of Idaho  
Water District No. 65

Chairman: Michael McEvoy  
Vice Chairman: George McClelland  
Secretary: Dean Charters

102 North Main Street  
Payette, Idaho 83661

Phone: 208-624-4465  
Fax: 208-642-1042

E-Mail: [waterdist65@srvinet.com](mailto:waterdist65@srvinet.com)  
Watermaster: Ron Shurtleff

2006 Annual Meeting  
Water District No. 65

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WATER RESOURCES  
WESTERN REGION

Date: January 12, 2006  
Time: 1:00 p.m.  
Location: USDA Service Center, Emmett, Idaho

Attending: Ken Mineard, Norman Collinsworth, Ricky York, Robert Henggeler, Dick Hamilton, Scott King, Jim Standley, Johnson Smith, Chuck Pollock, Tim Shelton, C. Eugene Parks, Michael McEvoy, Marcia Herr, Katherine Vogel, George McClelland, Ed Klinker, Ron Mio, Marc Shigeta, Dan Surmeier, Dennis Lammey, Dan Marchbank, Dennis Heaps, Robert Mink, Joy Sisler, Dean Charters, Leanne Strickland, Lon McConnel, Recording Secretary, Jamie White and Watermaster, Ron Shurtleff.

Guests: Chairman, Michael McEvoy welcomed those in attendance and introduced guests: Liz Robbins, Idaho Department of Water Resources, Steve Burrell, Idaho Department of Water Resources, Jerrold Gregg, Area Manager U.S. Bureau of Reclamation, Brian Sauer, U.S. Bureau of Reclamation and Timothy S. Folke, CPA.. CMA. P.C.

Minutes: The 2005 Annual Meeting minutes were presented in written form to all persons in attendance by Watermaster, Ron Shurtleff. Chairman McEvoy asked if there were any additions or corrections to be made to the minutes. **Dan Surmeier moved and Dennis Lammey seconded to approve the minutes as corrected, Motion Carried.**

Financial: Chairman McEvoy introduced Mr. Timothy Folke, CPA to present the Audited Financial Statements for Water District No. 65. Mr. Folke reviewed the financial statement and said that they accurately represent the financial position of the water district. Mr. Folke supplied a Statement of Net Assets as of December 31, 2005 showing the total liabilities and net assets as \$1,063,446. He also supplied a statement of activities and noted an interest income of \$18,529 with a total net asset for the end of the year of \$316,095. Mr. Folke said that the district should be commended for their good financial performance and is fortunate to have a Watermaster who is highly competent in accounting skills, as well as having modern office facilities that allow it to conduct its affairs in a professional and businesslike manner. Mr. Folke mentioned that the State of Idaho Investment pool is offering investment opportunities with enhanced return rates. Tim said that the district may wish to investigate the option to see if there is a plan that could earn a better rate on the reserve funds. He then asked if there were any questions. Hearing none, **Dennis Lammey moved to accept the audit report as presented. The motion was seconded by Jim Standley and the Motion Carried.**

USBR Report: Chairman McEvoy Introduced Mr. Jerrold Gregg from the Bureau of Reclamation. Mr. Gregg reported on the recently adopted Biological Opinions that the Bureau of Reclamation must follow to operate the twelve storage reservoirs up stream of Hells Canyon. Mr. Gregg explained that the U.S. Fish and Wildlife Service, as well as NOAA Fisheries must agree upon Biological Opinions and plans for alternative action if it is determined that jeopardy to an endangered species exists. The biological opinion describes the operating actions of the Bureau. He stated that the Fish and Wildlife accepted the BiOp last year but it is being challenged once again by environmental activists. The Activists claim that the Biological Opinion does not live up to the requirements of the Endangered Species Act. They also claim that the segmentation of the Upper Snake River BiOp, from the Federal Columbia River Power System Biological Opinion, is an unlawful separation, and claim that the two should be combined into one single Biological Opinion. Mr.

Gregg reported that a 60-day notice to sue has been filed by the environmentalists and the case will go to court sometime in 2007.

Mr. Gregg also reported on the Boise/Payette Basin Storage Assessment that is being conducted to study and prioritize new storage opportunities within the two basins. The study is being performed at the request of Congressman Butch Otter. The study should provide more information concerning storage opportunities that will be needed in the two basins, to meet the future water demands. Ron asked Mr. Gregg with regard to this study for additional storage capacity, will the Bureau ever find itself in the dam building business again? Mr. Gregg said that the possibility could exist, however not to the extent that we have seen in the past. He thought that projects with State and local funding sources might be combined, where the Bureau of Reclamation could also be a partner.

Mr. Gregg reported that currently there is considerable pressure to reduce the size of the Bureau of Reclamation's and budget and there is a possibility that the Denver office may be downsized.

**USBR Water  
supply outlook:**

Chairman McEvoy introduced Brian Sauer, Water Conservation Engineer P.E. Brian reported on the 2006 water year outlook and briefly discussed the USBR Water Conservation Program. Mr. Sauer stated that the Boise and Payette River Basins have a good carryover when compared to prior years. Cascade is currently at 53% capacity, which is better than the 2005 water season and Deadwood stands at 45% capacity, which is slightly less than 2005. Brian reported that the snow pack is above average and looks good for the upcoming season. The USBR will likely begin water release for flood control, from Cascade some time in February-March. Brian then reported on the Water Conservation Program, he stated that new applications should be turned in as soon as possible because they are on a first come, first serve basis. He also reported that next year there will be the opportunity to submit online applications. Mr. Sauer explained they there will be no 20/25 Challenge Grants Applications taken for the 2006 year. This funding has been earmarked for special projects. Brian emphasized that due to declining program budgets, competition for all Water Conservation Assistance programs will become greater as funding levels decline.

**2005 Year  
in Review:**

Chairman McEvoy introduced Liz Robbins, Technical Hydrologist for the IDWR. Miss. Robbins reported on the 2005 water year. She stated that the snowpack was well below average however this was followed by a record amount of precipitation during the month of May. Liz also pointed out that irrigation demands for May and June were below average due to the cooler temperatures and increased precipitation. Miss Robbins presented a chart indicating the snow levels for that past five years at the Brundage Reservoir Snotel Site. Liz pointed out that in comparison the 2004 water year represented a near normal snowpack however it melted earlier than typical. She displayed a chart indicating the natural flow at the Horseshoe Bend gage for the years 1971 through the 2005 season. The chart indicated that 2005 was well below the average but not nearly as low as many of the drought years that have occurred during this period. Liz also showed a chart depicting the evaporation losses comparing years from 1994 through 2005. This past year's evaporation losses were slightly above the average, however 2005 was an efficient operating year and operational losses were below the average.

Miss Robbins also talked about the reconciliation that is performed monthly in the Payette Basin Water Accounting Model. She reported that the reconciliation double checks the computer model to the actual physical operation of the River. Liz said that the actual contents of the reservoirs are compared to the computed content expressed in the model and that the error is considered acceptable if it is between 0 and 7,000 acre-feet. Liz showed that the total reservoir fill for 2005 was 890,698.6 acre-feet and she then showed the accounting for all the various usages that computed to a total of 432,181.6 acre-feet. This amount when subtracted from the starting figure results in a content of 458,517.0 acre-feet reported by the model. This is then compared to the actual content of 463,851.0 in the reservoirs, resulting in an averaging error of 5,334.0 acre-feet. Liz also showed how the carryover storage in the reservoirs is accounted to each contract owner within the storage system.

**Watermaster  
Report:**

Chairman McEvoy asked Ron Shurtleff to give the Watermaster Report for the 2005 water season. Ron continued from Liz Robbins report and explained the responsibilities of the water district. He explained that the district is challenged to do the best possible job of accounting for the water that is diverted from the river. Ron also explained how the district plans to work with the Idaho Power Company to achieve a better

accounting for pumped diversions. Real time data can be retrieved via the transmission lines to a central location and converted to water consumption on a daily basis.

Ron reported in detail the operation of the district for the 2005 season. He pointed out how the seriously poor outlook for the season was revised by the unusually wet spring months. Ron further showed the severe variation of water yield that can be experienced in the basin with a record yield of 3,500,000 acre-feet to a minimum yield of 770,000 acre-feet of flow passing the Horseshoe Bend river gage.

Ron reported on the District' Cost Share Incentive program by showing the list of approved and completed projects, including pictures of some of the structures. He also reported that the District funds an incentive program for water quality purposes. The program is to help companies and individuals monitor water quality or implement practices that will directly provide improvement to water before it returns to the streams.

**Nominations  
Committee:**

Chairman McEvoy introduced Joy Sisler, Chairman of the Nominations Committee. Joy stated that the Nominations Committee had conducted a meeting in December and had agreed to present the following names as candidates for the officers of the Water District; for Chairman, George McClelland, for Vice Chairman, Dean Charters, for Secretary, Dan Surmeier and for Treasurer, George McClelland. Mr. McEvoy thanked Ms. Sisler, and asked if there were any further nominations to come from the floor. **Mr. Jim Standley moved that the nominations cease, and that the names submitted by the nominations committee be accepted and presented in Resolution No. 6. , Dan Surmeier seconded the motion and the motion carried.**

**Budget  
Committee:**

Chairman McEvoy, also Chairman of the budget Committee, reported that the committee had conducted a meeting and prepared a proposed budget. The budget was then presented to the advisory board during the December meeting. The Advisory Board also worked on the product and agreed to present this proposed budget as submitted as attachment A to the Resolutions. Mr. McEvoy read through each item in the proposed budget and pointed out any significant change and the reasons justifying the changes. Chairman McEvoy then asked if there were any questions or suggested alterations to the budget. **Dean Charters moved to accept the budget as presented by the Budget Committee and submit this budget as Attachment A to Resolution No. 2. Dennis Lammey seconded the motion and the motion Carried.**

**Resolutions:**

Chairman McEvoy directed everyone's attention to the Resolutions portion of the meeting packets. He then asked Watermaster, Ron Shurtleff to read the resolutions and point out any additions or changes to the resolutions as they were accepted at the last Annual Meeting. Ron reported that there had been no changes to the resolutions other than the new proposed budget that was presented in the Budget Report and submitted as Attachment A. to Resolution No. 2 and the new slate of officers that was addressed in the Nominations Report and submitted as Attachment B to Resolution No. 6. Ron also pointed out that his name appears in Resolution No. 3, to be elected to serve as Watermaster for Water District No. 65 during 2006. Ron Asked if there were any questions to the Resolutions as presented. Mr. Johnson Smith asked Ron about Resolution #4 where non-irrigation water user's fee is set at \$200. Mr. Johnson wanted to know what type of use would qualify for that fee. Ron answered that power generation facilities are good examples that fall in the category where the use is usually non-consumptive but diversion occurs.

**Robert Henggeler moved and Dan Surmeier seconded to accept all Resolutions No. 1 through No. 14 for the upcoming 2006 season.**

Mr. Johnson Smith objected to the motion. Chairman McEvoy acknowledged and accepted the objection, ruling there would be a vote on each individual resolution.

**Bob Henggeler appealed the decision of the chair, Dan Surmeier seconded, and the appeal was sustained by a vote of the members.**

The original motion to accept Resolutions No. 1 through 14 for the 2006 year was then debated at length and with the resulting vote the Motion Carried.

**Adjournment:** Chairman Michael McEvoy asked if there was any further business that should be considered at this annual meeting. Seeing no further business Mr. McEvoy thanked everyone for attending and invited everyone to stay for the Payette River Water Users Association meeting that will be convened after a short break. Mr. McEvoy declared the meeting adjourned.

Respectfully Submitted



Ron Shurtleff, Watermaster

Water District No 65 Annual Meeting  
January 12, 2006

**RESOLUTION #1**

RESOLVED, that the water users of Water District No. 65 do hereby agree to vote by acclamation the resolutions to be adopted in this meeting, unless a request is made by a qualified voter to vote on any resolution by casting a roll call vote counting the numbers of voting shares: each share representing one irrigable acre assessed by the District, total of which based on the total acres assessed by Water District No. 65 this past year.

**RESOLUTION #2**

A motion, to be made and seconded, that the 2006 Budget (Attachment A) be adopted as read and that the items of salary and other expenses be fixed as contained therein.

**RESOLUTION #3**

A motion, to be made and seconded, that Ron Shurtleff be elected to serve as Watermaster for Water District No. 65, at the prescribed salary fixed in the 2006 Budget (Attachment A), until the next annual meeting of the District.

**RESOLUTION #4**

A motion, to be made and seconded, that Water District No. 65 assess each water user \$0.40 per acre irrigated, to be based on irrigable acres listed on their water right, and that the Watermaster for Water District No. 65 be authorized to collect the assessment directly from the water users of the District. For non-irrigation water users, a fee of \$200 shall be assessed by the District.

**RESOLUTION #5**

A motion, to be made and seconded, that the amounts payable by each ditch, canal company, irrigation district, or other water user, as shown by the approved budget, shall become due and payable on June 1, 2006, and said amounts shall, if not paid by the due date, bear interest from that date until paid at a rate of 8.0 % per annum, and that the Watermaster of Water District No. 65 be authorized to withhold or suspend water deliveries from water users who have not paid said assessment.

Water District No 65 Annual Meeting  
January 12, 2006

**RESOLUTION #6**

A motion, to be made and seconded, that the following persons nominated for Chairman, Vice Chairman, Secretary, Treasurer be elected by the water users to serve for the ensuing year until the next annual meeting of the District.

<u>George McClelland</u>	Chairman
<u>Dean Charters</u>	Vice-Chairman
<u>Dan Surmeier</u>	Secretary
<u>George McClelland</u>	Treasurer

Be it further resolved, that the persons nominated for the 2006 Water District No. 65 Advisory Board (Attachment B) be elected by the water users to serve for the ensuing year until the next annual meeting of the District.

**RESOLUTION #7**

A motion, to be made and seconded, that the water users of Water District No. 65 pay the necessary expense, as listed in the approved budget, to send the Watermaster to the Idaho Water Users Association State Convention as the voting delegate for the District, and any other workshops, meetings or conventions deemed necessary by the Advisory Board of Water District No. 65.

**RESOLUTION #8**

A motion, to be made and seconded, that the persons duly nominated by the water users of Water District No. 65 (Attachment B) be appointed to serve as the Nominating Committee for the ensuing year until the next annual meeting of the District.

**RESOLUTION #9**

A motion, to be made and seconded, that the Advisory Board approve any and all expenditures from the "Facility Improvement Incentive Program - 50% Cost Share" category, limiting individual 50% cost share expenditures for improvements to measuring devices, head structures, or facilities constructed for improved water management within the District to \$ 50,000 per request for the 2006 budget year, except as modified by the terms defined in Resolution #14.

**RESOLUTION #10**

A motion, to be made and seconded, that the Advisory Board approve any and all expenditures from the "Water Quality Incentive Program - 50% Cost Share" category, limiting individual 50% cost share expenditures for water quality monitoring or water treatment projects designed to ultimately improve the water quality entering the Payette, Boise, and Snake Rivers and, in doing so, protecting the ability of water right to use water from the District to \$ 10,000 per request for the 2006 budget year.

**RESOLUTION #11**

A motion, to be made and seconded, that the Watermaster is authorized to reimburse the Chairman, Vice Chairman, and Secretary of Water District #65 for any necessary mileage to and from District meetings, at a rate of \$.30 per mile, as well as any other necessary expenses incurred by these Officers deemed appropriate for reimbursement by the Advisory Board.

**RESOLUTION #12**

A motion, to be made and seconded, to authorize the Watermaster, with the consent of the Advisory Board, to acquire, hold and disburse of real and personal property, equipment and facilities in the name of Water District No. 65 as necessary for the proper distribution of water.

**RESOLUTION #13**

A motion, to be made and seconded, that the water users of Water District No. 65 hereby adopt the following policy for the operation of the 2006 Water District No. 65 Advisory Board:

The Advisory Board should foster open communications and participation within Water District No. 65 in a cooperative manner in order to strengthen the positions of the water users of the District. The Advisory Board will operate and vote on issues by consensus or agreement of all members in attendance. If an issue is unresolved through consensus or becomes too divisive, the issue will be tabled until a future meeting when consensus is reached. Otherwise, the issue may be voted on at the next Annual or Special Meeting of the District, if necessary.

**Resolution #14**

A motion to be made and seconded, that the Advisory Board shall determine during the regular October meeting if all funds within the Facility Improvement Incentive Program Budget will be utilized during that budget year. Funding determined to be uncommitted or released from other projects may become eligible for reapplication by large projects previously funded at a level below 50 % (as determined by Resolution #9). At the discretion of the Advisory Board these uncommitted funds may be directed to one or more project, limiting the total combined cost share expenditures to a level not to exceed 50% of the project cost.



**WATER DISTRICT #65  
BUDGET WORKSHEET**

**Approved 1/12/2006  
BUDGET  
2006**

**INFLOW OF FUNDS:**

Interest Income	\$ 15,000.00
Cash Inflows - Assessments	\$ 59,000.00
Water Rental Administrative Fees	\$ 145,000.00
<b>Total Inflows of Funds</b>	<b>\$ 219,000.00</b>

**OUTFLOW OF FUNDS:**

Watermaster Salary	\$ 49,172.71
Deputy Salary	\$ 1,650.00
Assistant Wage	\$ 5,000.00
Payroll Taxes	\$ 4,676.00
Retirement	\$ 4,917.27
Bank Charges	\$ 100.00
Office Rent	\$ 6,900.00
Postage	\$ 1,200.00
Office Supplies	\$ 2,500.00
Telephone Expense	\$ 3,000.00
Medical Insurance	\$ 8,300.00
Accounting Fees	\$ 2,350.00
O&M River Gauge	\$ 13,500.00
Automobile Expense	\$ 5,000.00
Dues and Subscriptions	\$ 1,200.00
Water Education	\$ 3,000.00
Computer Services	\$ 300.00
Professional Fees	\$ 500.00
Internet Service	\$ 400.00
IWUA/NWRA Conventions	\$ 2,500.00
Meals & Lodging	\$ 1,000.00
Travel Expense	\$ 1,500.00
Printing Expense	\$ 1,400.00
IWUA Coalition Dues	\$ 7,500.00
Repairs & Maintenance	\$ 500.00
Workman's Compensation	\$ 600.00
Property Insurance	\$ 600.00
Miscellaneous	\$ 100.00
Annual Meeting Expense	\$ 200.00
Office & Field Equipment Purchases	\$ 3,000.00
<b>Outflow of Funds from Operations</b>	<b>\$ 132,565.98</b>
<b>Net Inflow (Outflow) from Operations</b>	<b>\$ 86,434.02</b>
Pickup Truck Trade-in	\$ 18,000.00
Water Quality 50% Cost-Share	\$ 10,000.00
Facility Improvement-50% Costshare	\$ 150,000.00
<b>Total Non-Operating Expenditures</b>	<b>\$ 178,000.00</b>
<b>Total Expenditures</b>	<b>\$ 310,565.98</b>
<b>NET GAIN OR LOSS OF FUNDS</b>	<b>\$ (91,565.98)</b>

Water District No. 65 Annual Meeting  
January 12, 2006

**2006 Advisory Board and Water District No. 65 Officers**

<u>Name</u>	<u>Position</u>	<u>Representing</u>
George McClelland	Chairman/Treasure	Independent
Dean Charters	Vice-Chairman	Last Chance Ditch Co.
Dan Surmeier	Secretary	Black Canyon Irrigation District
Michael McEvoy	Member (Past Chairman)	Independent
Dennis Lammey	Member	Black Canyon Irrigation District
C. Eugene Parks	Member	Emmett Irrigation District
Jim Standley	Member	Emmett Irrigation District
Robert Henggeler	Member	Farmers Co-op Irrigation Co.
Dick Hamilton	Member	Farmers Co-op Irrigation Co.
Maynard Potter	Member	Reed Ditch Co.
Maynard Potter	Member	Enterprise Ditch Co.
Marc Shigeta	Member	Noble Ditch Co.
Ron Mio	Alternate	Noble Ditch Co.
Chuck Pollock	Member	Lower Payette Ditch Co.
Jim Robertson	Member	Lower Payette Ditch Co.
Joy Sisler	Member	Independent
Marcia Herr	Member	Letha Irrigation & Water Co.
George Colwell	Member	Johnson Colwell Ditch
Zeke Hanbrich	Member	Bilbrey Ditch Co.
Duane Pancheri	Member	Independent
Steve Dobson	Member	Independent
Mike Fry	Member	Independent
Jackie Maki	Member	Letha Irrigation / Woods Ditch
Fred Coburn	Member	Stewart Ditch

**Proposed 2006 Nominating Committee Members**

Joy Sisler, Chairman  
C. Eugene Parks  
Robert Henggeler

Dan Surmeier  
Ron Mio  
George McClelland