

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, SEPTEMBER 19, 2012

The Board of Directors of the Farmers Irrigation District met on Wednesday, September 19, 2012 at the District office for the purpose of conducting its regular monthly business. Those in attendance were Directors Don Chandler, Steve Benton, Tim Annala, Bob Nickelsen and Allan Henderson; District Manager, Jer Camarata; Financial Administrator, Cathy Roberts; Administrative Assistant, June Brock, and Attorney Jeff Baker. Also in attendance was Julie O'Shea of FCA.

Chairman Steve Benton called the meeting to order at 12:00 p.m.

MONTHLY BUSINESS:

The minutes of the August 15, 2012 board meeting were presented and discussed. It was moved by Allan Henderson and seconded by Bob Nickelsen to approve the minutes as presented. The motion passed with all in favor.

The O&M bills for the month of September 2012 were presented and discussed. It was moved by Don Chandler and seconded by Tim Annala to approve the bills in the amount of \$257,182.72. The motion passed with all in favor.

BUSINESS FROM THE FLOOR:

FCA - Julie O'Shea gave a status update to the Board. FCA has been receiving approximately one call a week regarding new screen installations. Completed screens for this year include Camp Creek 6 cfs, Badger Creek 30 cfs, Scott Ditch 26 cfs in Washington. Next fall a 20 cfs screen will be installed at Three Mile Creek funded by an OWEB grant. Future screen installations include Cherry Creek 6cfs, Suncadia 6 cfs, Horse Heaven Hill 2 cfs, and in southern Oregon the installation of a 20 cfs screen in the Rogue Basin. Currently there is a Fish Screen Conference being held in Hood River with tours to the Coe Creek screen. Julie informed the Board that FCA has received a grant from ETO to do a case study on Farmers Irrigation District, Middle Fork Irrigation District, and East Fork Irrigation District focusing on efficiencies and conservation efforts relating to hydropower. FCA will be providing approximately \$13,450 in royalties for 2012 and Julie hopes to provide approximately \$29,000 for 2013.

CORRESPONDENCE:

Four (4) Middle District Water Right Applications were rescheduled for the October board meeting, to be presented by Rick Brock.

REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the District has received \$2,895.38 in payments since the August board meeting. Accounts receivable stands at 95% this

year versus 96% last year. Four liens were paid off, Jensen, Lehman, Nikolas LLC and Oak Street Hotel.

Hydro production for the month of August was projected at 470,000 kWh, with an actual production of 704,577 kWh. Hydro revenue was projected at \$30,550.00 with actual revenue of \$45,999.47. The District's end of month balance for August was projected at \$743,564.24 with an actual balance of \$1,085,812.27.

b) Manager's Report –

Irrigation - Jer Camarata reported that irrigation is still running smoothly; there was however an 8" break in the Country Club main line last week. Staff isolated the break and outage to the old golf course and repaired the line in a very timely fashion. The reservoirs have an ample supply of water to get us through the remainder of the season, despite warm, lingering, summer-like temperatures. Staff are currently working on armoring and re-rocking the dams due to wind, wave, and pedestrian erosion. The Hood River is currently flowing around 330 cfs.

HydroPower - Jer reported that as of the end of August the District has produced approximately 16.9 million kWh and has reached approximately 107.35% of our 2012 projected trending annual hydro revenue (see attached). September has been extremely warm and irrigation demand is high, we have also been scaled back due to some large rocks finding their way into the Farmers Flume thereby causing sluggish hydro production. Jer predicts that we will not likely make the projected 800,000 kWh for September unless demand drops off and we get another unit online.

ETO – Jer informed the Board that the District's ETO Low Line application has been accepted. Though the final paperwork has not arrived, Jer's understanding is that we'll get an initial payment of \$95,000 upon LL piping project completion. Then, for any generation beyond the newly projected P3 baseline production, there will be a bonus incentive at a rate of \$798/MWh, up to a max of \$55,000. The ETO attorney is taking one last look at the contract this week, so we should have a definitive answer very soon for budgeting purposes.

LFPF – Large Pipe Facilities Project Status – Jer informed the Board that the Low Line phase of the project is on schedule and pipe is currently being staged at the Windmaster corner and at various areas along the canal. The contractors are beginning to mobilize. The pipe for Farmers Canal Phase#1 has also been purchased via resolution supported change order. However, staff recommends postponing actual Farmers Canal Phase#1 pipe installation to the Fall of 2013 due to a number of issues and concerns. It is anticipated that we will be able to pipe multiple phases of Farmers Canal in 2013 if pricing remains competitive. A motion was made by Tim Annala and seconded by Don Chandler to rescind Resolution 13-12 to nix FC pipe installation this year. The motion passed with all in favor. It is anticipated that in January of 2013 the LFPF - Farmers Canal multi-phase piping project will go out to RFP process.

Water Quality Testing – The District received notice that a formal Oregon Department of Agriculture (ODA) complaint (see attached) was filed against one of its patrons who happens to live on a parcel that naturally drains into the Farmers Canal. In short, Mr. Harris ordered a water sample from a natural irrigation drainage stream running through his property that is fed from neighboring properties to the west. The water sample contained high levels of E.coli. Another sample taken further downstream in the drainage showed safe levels of the coliform. The neighboring property to the west of Mr. Harris is owned by Ms. Margo Goodman, property address 3995 Portland Drive. Currently, Ms. Goodman keeps about 15 horses at this site in direct contact with the drainage water. Also on the property is a single-wide trailer that County Environmental Health officials are questioning whether or not a septic system is properly permitted and installed. County Environmental Health is investigating the property. ODA will be investigating the property as well. As a precautionary measure, on Tuesday, September 18th, District Staff took three Farmers Canal water samples from the following locations, Riverdale, Portland Dr. and Forebay 2. These samples were taken to the local water testing facility for processing. Though DEQ does not regulate irrigation water in these matters, the results of District tests show extremely safe levels of indicator bacteria, by conservative Canadian standards. Though all levels are safe, such levels do double in the area where the drainage in question connects with the canal. Further District testing will commence. After much discussion, FID Directors not only felt compelled to protect the canal from potential contaminants, but had no interest in becoming a party to polluting the waters of the State. It was moved by Tim Annala and seconded by Bob Nickelsen to have legal counsel write a letter to Ms. Goodman stating that this situation is intolerable, and poses serious liability issues. Consequently, Ms. Goodman will be advised to take immediate action to control and/or remove the contamination coming from her property so that it no longer has the potential to adversely affect Farmers irrigation water, or the District will be forced to discontinue irrigation service to the property early next week. The motion passed with all in favor.

LEGAL:

Hood River Supply - Attorney Jeff Baker presented the Board with a Quitclaim Deed and Release of Easement (see attached). It was moved by Allan Henderson and seconded by Don Chandler to accept the Quitclaim and Release of Easement as presented. The motion passed with all in favor. Furthermore, Hood River Supply is to pay the legal and recording fees for this easement.

Insurance Agent of Record - Jeff Baker informed the Board that a letter was sent to Rodney Lewis of Terril, Lewis and Wilke (see attached) informing Mr. Lewis that the District will no longer be using his company due to lack of coverage, misinformation, negligence, and inaction. Mr. Lewis will also be receiving notification of the District's new Agent of Record, Beecher-Carlson.

2011 Audit – It was moved by Allan Henderson and seconded by Don Chandler to adopt the 2011 audit. The motion passed with all in favor.

OTHER BUSINESS:

A budget workshop took place with Management and all Directors. Many ideas were exchanged.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 2:30 p.m.

Signed: _____
Tim Annala, Secretary

Attest: _____
Steve Benton, Chairman