

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, OCTOBER 17, 2012

The Board of Directors of the Farmers Irrigation District met on Wednesday, October 17, 2012, at the district office for the purpose of conducting its regular monthly and budget committee 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; Water Rights Specialist, Rick Brock; Administrative Assistant, June Brock, and Attorney Jeff Baker. Budget Committee members Bob Benton, Rich Hanners, Randy Franz, and Andy Von Flotow. Also in attendance were Margo Goodman, Shawn Burgman, and Pete Siragusa.

Chairman Benton called the meeting to order at 11:08 a.m.

BUDGET COMMITTEE WORK SESSION

A budget committee work session took place from 11:10 a.m. until 12:08 p.m. At the commencement of the meeting it was moved by Randy Franz and seconded by Bob Benton to elect Andy Von Flotow as Budget Chairman. The motion passed with all in favor. There was much discussion of the 2013 budget regarding the debt service, hydro revenue, efficiencies, payroll, benefits, PERS, and O&M rate increases. Rich Hanners questioned if the District's debt service (secured loans) were general obligation or revenue based. It was explained that the majority of the District's long term debt service using State Revolving Funds are ultimately secured by the land, and general obligation-based, but paid for with net hydro power and O&M annual revenues. Therefore, upon default of such loans, the District could be forced to raise assessments. Much discussion ensued, including a conversation about hydropower production efficiencies, and there was general acceptance and praise of the proposed budget in such a balanced form. It was moved by Bob Benton and seconded by Rich Hanners that the Board adopt the 2013 Budget as presented. The motion passed with all in favor. Andy Von Flotow closed the Budget Committee work session at 12:08 p.m.

It was then moved by Directors Don Chandler and seconded by Tim Annala to adopt the 2013 budget. The motion passed with all in favor. Budget Committee members then excused themselves from the balance of the board meeting and a short break ensued.

Chairman Steve Benton called the regular meeting of the board back to order at 12:15 p.m.

MONTHLY BUSINESS:

The minutes of the September 19, 2012 board meeting were presented and discussed. It was moved by Allan Henderson and seconded by Don Chandler to approve the minutes as presented. The motion passed with all in favor.

The O&M bills for the month of October 2012 were presented and discussed. It was moved by Don Chandler and seconded by Tim Annala to approve the bills in the amount of \$60,010. The motion passed with all in favor.

BUSINESS FROM THE FLOOR: None

CORRESPONDENCE:

- a) The Board of Directors reviewed two Water Right Requests (Lower District) from HPC Properties (see attached). It was moved by Don Chandler and seconded by Tim Annala to approve the applications as presented. The motion passed with all in favor.
- b) The Board of Directors reviewed four Water Right Requests (Middle District) from Palen, Hardman, Bailey and Alley (see attached). It was moved by Don Chandler and seconded by Tim Annala to approve the applications as presented. The motion passed with all in favor.

REPORTS AND DISCUSSION:

- a) A/R Report – Cathy Roberts reported that the district has received \$2,236 in payments since the September board meeting. The A/R balance is at 95% versus 96% last year. A royalty check in the amount of \$1,500 was also received from FCA for the Camp Creek screen installation. The end of month balance for September was projected at \$770,686 with an actual ending balance of \$822,112.
- b) Hydro Production – September’s production was projected at 800,000 kWh. Actual production was 735,483 kWh. Hydro revenue for September was projected at \$52,000. Actual revenue was \$47,454.
- c) Manager’s Report – Jer Camarata reported that the October Shut-Down and Construction went very well. The Low Line Canal is now completely in pipe and flowing water. Jer commented that many people scoffed that the proposition of laying 1,000’ of pipe per day was impossible, but due to a highly skilled crew and diligent mud-on-the-boots project management, we ended up laying close to 2,000’ of pipe per day. During construction, board members were taken up to the job-site to inspect the project and were extremely impressed. With efficiencies resulting from piping Low Line the District will receive approximately \$95,000 in ETO funds this year, with the opportunity of receiving up to \$55,000 next year. Other shut-down activities included the upper and lower reservoir dams being refaced, armored, and rocked, dam faces being scrubbed and grubbed, installation of “no-trespassing” signs on critical infrastructure, the North Green Point choke upgrade, all forebays and the headgate tunnel cleaned out, a full scrubbing and grubbing of Farmers Canal, a completely rebuilt Plant 2 bypass valve, complete plant and turbine maintenance and runner reinstallations, and a new air management system installation on Lower Low Line. The Hood River was steadily flowing around 300+ cfs during the outage, but after a deluge of rain the river rose to approximately 2,400 cfs with massive turbidity right when the District went to turn water back into the lower Farmers Canal system. Once the river clears today or tomorrow we will be able to turn water into Farmers Canal and begin firing up the lower generators. Upon hydro season stabilization,

and prior to colder weather settling in, the crew will begin getting ready for annual irrigation winterization while also handling any spray and frost water needs.

SDAO – The District received a letter from SDAO (see attached) informing the District that its Property Coverage will expire on December 31, 2012. Jer informed the Board that he met with the District’s new insurance broker, Julie Hammond of Beecher- Carlson, on Monday, October 15, 2012. Julie, Jer, and Staff went over the District’s present insurance coverage and existing property with a fine toothed comb, assessing present day-values, exposures and liabilities, etc. so that we could begin searching for and assessing new coverage options and pricing prior to the current coverage’s expiration.

LEGAL:

- a) Election: Division 2 – Erick von Lubken submitted a valid petition for the position of Director for Division 2. No other petitions were received.

Division 5 – Pete Siragusa submitted a valid petition for the position of Director for Division 5. No other petitions were received.

- b) Margo Goodman – Margo Goodman of Double Mountain Ranch introduced herself to the Board. By way of background, in September, the District received a copy of an ODA Ag Water Quality Program Complaint Form from Dayle Harris (a neighbor to Ms. Goodman) revealing that high levels of E. coli were detected on Ms. Goodman’s property. The form was associated with Pyxis lab results showing extremely high levels of E. Coli (770.1/100mL) on September 5, 2012. This test result was accompanied with pictures of Ms. Goodman’s property where numerous horses were contained in and around a natural drainage, as well as a picture of a large manure pile in the same area – adjacent to a single-wide trailer. In conversations with County Environmental Health Department officials it was also discovered that the County was investigating a possible septic system violation on the property associated with the single-wide trailer. A prominent downstream orchardist also called the District to express concerns over the potential contamination to irrigation water that he was currently using to irrigate harvest crops. Though DEQ does not regulate or set standards on irrigation water, the District felt a responsibility to take precautionary water samples at several different locations along the Farmers Canal. Though the District’s tests demonstrated acceptable levels of contamination in the canal, the level of contamination doubled in the test taken downstream from Ms. Goodman’s property. As a result, FID Directors felt compelled to protect the canal from potential contaminants from Ms. Goodman’s property. The District Board instructed its counsel to send a demand letter to Ms. Goodman requiring that she address the above-identified problems on her property. After issuing a warning letter to Ms. Goodman, the irrigation water on Ms Goodman’s property was shut off on Sept. 24th, 6 days before the end of irrigation season.

Ms. Goodman is now seeking compensation from the District in the amount of \$840. Ms. Goodman claims she “does not have E. coli on her property now,” and showed Pyxis lab results dated October 3, 2012 (>5/100mL E. Coli) in support of this contention. She also stated that she is upset that her irrigation water was prematurely shut off and padlocked.

Ms. Goodman states that the requested \$840 compensation includes certain costs associated with relocating her horses away from the drainage, and a \$332 Ice Fountain Domestic water bill that she used for her livestock in place of irrigation water for approximately six days.

Much discussion ensued. Jer presented correspondence from Cheryl Hummon, ODA Water Quality Specialist assigned to the case, who conducted an on-site investigation of the property. It was Ms. Hummon's "professional opinion that the bacteria count of 700 probably was real, and reflected the horses having access to the water. And the low (>5) number reflects the horses be(ing) out of the water." The Board of Directors were in full agreement that it is the District's responsibility to provide non-contaminated irrigation water to District users, and that this sort of situation poses serious and intolerable health, safety, and liability risks. Jer said that he hopes that the ODA follow-up report and continual monitoring efforts of ODA will give the District confidence in turning Ms. Goodman's irrigation water on next irrigation season. District Counsel reiterated that the risks posed by Ms. Goodman's situation required that the District move quickly to prevent further danger to District patrons and consumers as a result of crops that might be sprayed with contaminated irrigation water. Counsel concluded that because no board member had moved to accept her demand for compensation it was deemed denied.

OTHER BUSINESS:

Allan Henderson gave kudos to everyone on their hard work on the budget.

ADJOURNMENT: There being no other business, the meeting was adjourned at 1:25 p.m.

Signed: _____
Tim Annala, Secretary

Attest: _____
Steve Benton, Chairman