

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

The Board of Directors of the Farmers Irrigation District met on Wednesday, December 19, 2012 at the district office for the purpose of conducting its regular monthly business. Those in attendance were directors Don Chandler, Tim Annala, Steve Benton, 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. Also in attendance were Insurance Agent, Julie Hammond; FCA's Executive Director, Julie O'Shea, and FID Budget Committee member and grower, Rich Hanners.

Chairman Steve Benton called the meeting to order at 12:04 p.m.

MONTHLY BUSINESS:

The minutes of the November 20, 2012 board meeting were presented and discussed. It was moved by Don Chandler 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 December 2012 were presented and discussed. It was moved by Allan Henderson and seconded by Tim Annala to approve the bills in the amount of \$185,755.29. The motion passed with all in favor.

The LPFP-Disbursement #4 was presented and discussed (see attached). It was moved by Allan Henderson and seconded by Don Chandler to approve disbursement #4 in the amount of \$259,895.06 and hold a payment in the amount of \$14,620.00 until management saw it fit for release. The motion passed with all in favor.

BUSINESS FROM THE FLOOR:

FCA – Julie O'Shea gave an update to the board. FCA's newest goal is to raise \$1.5 million in funding by July 2013, \$375,000 of which has been secured. This year four screen projects have been paid for, with possibly 8 – 12 more anticipated for the 2013 season (ranging in size from 2.5 – 20 cfs in Oregon, Washington and Montana (see attached)). Many new screen inquiries have been for hydroelectric facilities as well as municipal water districts for storm water/debris removal screens. The District received a royalty check in the amount of \$5,200 for the Scott Ditch screen in Naches, WA. Julie was asked if the screens are able to handle large amounts of sediment. Presently, FID's Davenport and MFID's Coe Creek screens have been the poster children for sediment management. Julie thanked the Board for their continued support of FCA.

Insurance Update - Insurance Agent, Julie Hammond of Beecher Carlson provided the Board with four insurance options for the District (see attached). Julie has been working diligently to find the best possible coverage for the District. Julie suggested that the District keep its property (office and shop), crime, public entity liability, auto and excess liability with SDAO. Business Interruption, Plant 2, Plant 3, switchyard, transmission lines, penstock and major pipelines affecting hydro are to be covered under a separate insurance carrier, GCube. Much discussion ensued regarding premiums, deductibles, exclusions and natural disasters. Legal Council requested clarification regarding “open type generators” and “debris flow,” Julie will look into these definitions for us and report her findings. After much review a motion was made by Don Chandler and seconded by Tim Annala to accept insurance option #3. The motion passed with all in favor.

CORRESPONDENCE:

The Board of Directors reviewed a Water Right Request from Ethan Beck et al Trust (see attached). It was moved by Bob Nickelsen and seconded by Don Chandler to approve the application as presented. The motion passed with all in favor.

REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the district has received \$94,047.02 in payments since the November board meeting. The A/R collection rate is at 26% versus 28% last year. The end-of- month balance for November was projected at \$848,249.27 with an actual ending balance of \$978,281.40.

Hydro production – November’s production was projected at 3,200,000 kWh. Actual production was 2,603,623 kWh. Hydro revenue for November was projected at \$208,000. Actual revenue was \$168,509.65.

- b) Manager’s Report – Jer Camarata reported that the Hood River is currently flowing around 1,000 cfs and finally clearing up after many weeks of heavy rain and consequent sediment and debris flows. Hydro production (see attached); Jer predicts that we will likely not meet our goal of 3.2 million kWh in December due to early December’s weather pattern and the multiple dredgings of the Headgate flume that were required. Jer says that 3.0 million is a very likely target, and is shooting for that. Greenpoint snowpack is at approximately 25” which is slightly above historical average. The crew is still working on final winterization projects as well as repairing a few small leaks that have popped up. A few minor leaks have also popped up on the new Low Line Pipeline now that we have hit maximum hydraulic pressure. Kerr has been contacted and will be repairing the leaks under warranty. This was an anticipated occurrence.

Jer was happy to inform the Board that he has sold a total of \$20,800 worth of 2011 and 2012 RECs to the City of Pasadena and NextEra. Jer also informed the Board that as of 2020 (under current legislation) there will be no REC market in California. Jer and staff are working on alternative programs to expand the REC market, including but not limited to an FID Carbon Offset Fund that Jer has already created, sold, and retired RECs into.

LPFP Update – To date the District has spent \$2.3 million on the conversion of Low Line Canal and the purchase of schedule A pipe for the Farmers Canal conversion project. Due to the dip in pipe prices it was advantageous for the District to purchase pipe while the market price was low. The Farmers Canal conversion will be done in schedules, A through G, and the District will be seeking pricing for the total project. Schedule A will consist of pipe from Plant 3 up past McCurdy's to draw #2, Schedule E is a section on Reed Rd. above the Nickerson property. If funds allow it may be possible to pipe Schedule G (see attached map). Farmers Canal will be shut down for approximately one month during October 2013 construction, and crews will continue running water through Low Line for hydro generation. Jamie has been informed that advance plant maintenance needs to be completed to accommodate this schedule. The engineering plans for Farmers Canal are approximately 95% complete. Jer met with Hood River County regarding the storm water drainage issues on Portland Drive and other upstream draws. This meeting was successful in that it was finally agreed that the newly piped Farmers Canal will accept and handle incidental storm water through piped inlets. The District's engineers, Anderson-Perry provided staff with 50 and 100 year stormwater flows and analyses which Jer included in the District's rationale for the Farmers Canal Pipeline Stormwater Analysis Decision (see attached) to accept incidental stormwater. It is a win-win situation/solution for the District and Hood River County. Hood River County also agreed to cost share and provide a crossing permit for the new Portland Dr. drainage system. Additional funding for potential stormwater bioswales and inlets may also be sought if deemed necessary. The board approved of the overall solution and outcome.

It was moved by Don Chandler and seconded by Tim Annala to move into Contract Review Board session. The motion passed with all in favor.

CONTRACT REVIEW BOARD

Resolution 15-12. A Joint Resolution of the Board of Directors and Local Public Contract Review Board opting to exempt the Large Pipe Facilities Project Farmers Canal Phases from Competitive Bidding requirements was presented. The Resolution is attached.

It was moved by Bob Nickelsen and seconded by Allan Henderson to recommend that Farmers Irrigation District adopt Resolution 15-12 as presented. The motion passed with all in favor.

It was moved by Allan Henderson and seconded by Don Chandler to move out of Contract Review Board session. The motion passed with all in favor.

It was moved by Allan Henderson and seconded by Bob Nickelsen to accept the Contract Review Board recommendation to adopt Resolution 15-12 as presented. The motion passed with all in favor.

Rich Hanners inquired about the RFP process. Jer explained that many criteria are set forth for the selection of a contractor/proposer. The contractor/proposer must meet and exceed all qualifications/requirements described in the contract documents and the District is under no obligation to accept the lowest price proposal. To date it has been in the District's best interest to use the RFP process. In almost all historic scenarios, the RFP process has enabled District projects to not only be of high quality, but to come in on time, within budget.

OTHER BUSINESS:

Oak Grove Domestic Water – On November 28, 2012 the District was informed that it's domestic water supply lines (Oak Grove) had been contaminated with E. coli and subsequently all drinking water is to be boiled. Jer will be moving forward on converting over to the Ice Fountain System for the District's potable water supply to mitigate against any future associated liabilities. The cost will be approximately \$3,600, with the possibility of that cost being waived or reduced.

Director Allan Henderson announced his resignation as Director of Division 1 due to familial necessities and made a concurrent motion to appoint Rich Hanners to serve out the remainder of his term until November of 2013. Don Chandler seconded the motion. The motion passed with all in favor. The Board and staff thanked Allan for his many years of service and dedication to the District. The board welcomed Rich Hanners.

User Group Rates – Carryover discussion from budget workshops and previous board meetings ensued regarding enhancing the user group rates to reflect the general increasing costs of delivering water while also attempting to better balance urban and agricultural rates via the district's pressurized system. It was generally agreed that a \$100-150 annual User Group Membership Fee "per member per year for the right to be in an User Group" would be applied in addition to the already implemented \$200 Account Fee charge to each User Group entity. For example, if an User Group has five members, such an User Group will get a bill for \$200 plus five user group membership fees (totaling \$500-750) plus their normal water right acreage assessment. The User Group Membership Fee will commence under the 2014 annual billing cycle pending a public hearing regarding the new fee. The hearing will provide members of the public with an opportunity to comment prior to implementation. The public hearing will be set for March 20, 2013.

ADJOURNMENT: There being no further business, the meeting was adjourned at 2:14 p.m.

Signed: _____
Tim Annala, Secretary

Attest: _____
Steve Benton, Chairman