

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
FRIDAY, FEBRUARY 22, 2013

The Board of Directors of the Farmers Irrigation District met on Friday, February 22, 2013, at the District office for the purpose of conducting its regular monthly business. Those in attendance were Directors Don Chandler, Tim Annala, Rich Hanners, Pete Siragusa and Erick von Lubken; District Manager, Jer Camarata; Project Manager, Jerry Bryan; Financial Administrator, Cathy Roberts; Administrative Assistant, June Brock and Attorney Jeff Baker. Guest Gordon Cook was also in attendance.

Chairman Don Chandler called the meeting to order at 12:00 p.m.

Due to a lack of quorum on February 21, 2013 the regular monthly Board meeting had a time certain extension to Friday, February 22, 2013 at noon.

MONTHLY BUSINESS:

The minutes of the January 16, 2013 Board meeting were presented and discussed. It was moved by Rich Hanners and seconded by Erick von Lubken to approve the minutes as presented.

The motion passed with all in favor.

The O&M bills for the month of February 2013 were presented and discussed. It was moved by Erick von Lubken and seconded by Pete Siragusa to approve the bills in the amount of \$203,724.26. The motion passed with all in favor.

The LPFP-Disbursements #5 was presented and discussed (see attached). It was moved by Erick von Lubken and seconded by Pete Siragusa to approve the payment in the amount of \$264,473.41. The motion passed with all in favor.

BUSINESS FROM THE FLOOR: None

CORRESPONDENCE: None

REPORTS AND DISCUSSION:

The 2013 in-stream lease was presented, discussed, and approved. Such action will protect Lower District water rights for future use (see attached).

A/R Report – Cathy Roberts reported that the District has received \$15,567.48 in payments since the January Board meeting. The district has collected 57% in accounts receivable versus 55% last year.

Hydro production for the month of January was projected at 3 million kWh with an actual production of 3,092,928 kWh. Hydro revenue was projected at \$191,430.00 with actual revenue of \$200,770.66. The District's end of month balance for January was \$1,294,605.17.

Manager's Report - Jer reported that the Hood River is flowing approximately 710 cfs. Both reservoir valves were closed on Monday, February 18th due to the below average winter conditions, historic average precipitation and snow water equivalent values (see attached report).

Spray water has been and will be available for Country Club, Kenwood, Riverdale and Tucker Road areas by March 1st, per request from patrons.

January's hydro production made a solid exit out of the gates at 3.09 million kWh. With a January estimated projection of 3 million kWh, we are at 103.1% of our annual projection. Dry and warm weather patterns similar to 1999 imply that February production might be a touch low.

Large Pipe Facilities Project – Low Line. Due to efficiencies obtained from piping Low Line Canal, the district is eligible for receiving up to \$55,000 from the Energy Trust of Oregon (ETO) for exceeding pre-Low Line piping-Plant 3 (P3) base line production. Current P3 production has successfully met 44% of contract baseline conditions.

Large Pipe Facilities Project – Farmers Canal. Project Manager Jerry Bryan informed the Board that the District has received three proposals from contractors for the project. The proposers were Crestline Construction, Emery and Sons Construction, and IMCO General Construction.

A timeline and funding rationale document for the Farmers Canal Project was provided to the Board for their review (see attached). The Farmers Canal project is divided into schedules A- G. This October it is anticipated that the winning contractor will pipe/construct schedules A, C, D, E and G. Depending on the final bid amount for the supply of pipe for these schedules, the total cost to complete the schedules is estimated at around \$3.434 million. The engineer's estimate for construction of these schedules was \$4.430 million. With this nearly \$1 million gain/difference, the District is considering installing an additional 3,500 feet of pipe on schedule C. However, piping this reach of Farmers Canal would require sediment management facilities adding additional cost. As such, the District is now considering borrowing additional funds above the original \$5M authorization. Much discussion ensued. Additional topics covered for the Farmers Canal schedules included permitting status, agency involvement, hydro revenue, pumping costs, the sediment management facilities component, and stormwater management system along the new pipeline.

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

CONTRACT REVIEW BOARD SESSION

It was moved by Rich Hanners and seconded by Tim Annala to recommend to the board that the Large Pipe Facilities Project - Farmers Canal Schedules A, C, D, E and G bid be awarded to Crestline Construction at the proposed price, subject to concurrence with the Department of Environmental Quality (DEQ). The motion passed with all in favor.

It was moved by Erick von Lubken and seconded by Pete Siragusa to move out of Contract Review Board session. The motion passed with all in favor.

It was moved by Tim Annala and seconded by Pete Siragusa to accept the Contract Review Board findings and recommendations for the Large Pipe Facilities Project - Farmers Canal Schedules A, C, D, E and G. The motion passed with all in favor. Staff will continue working on the sediment management facility designs with engineering as well as go out to bid for pipe in the coming weeks.

Shifting gears, Jer provided the Board with a draft proposal for stabilizing the cost of delivering water to large and small patrons (see attached). The proposal addresses some of the District's financial shortfalls vis a vis years of User Group subsidization and not directly charging for pressurization. Much discussion ensued. Commenting on the draft proposal from the floor, Mr. Gordon Cook posed the question if user group members would be agreeable to the proposed taxlot fee. His concerns revolved about "fairness" compared to what other district patrons pay. Mr. Cook said that under the draft proposal, it would only be cost effective to be in a User Group if your group had five or more members. His feelings were that all patrons should be on an even playing field and rates should be fair to all users, stating that, "other irrigation districts in the Hood River valley charge a per taxlot fee and a per acre fee," "but under the proposed way, it might not make sense, and might add complication." Much discussion ensued and it was agreed that management and staff should readdress the draft proposal, continue to crunch numbers, work on the concept, and run more scenarios for the Board's consideration. Legal counsel advised that a public hearing would be advantageous once proposed details and options have been further ironed out.

Jer informed the Board that the District was in partnership to receiving the "SOLVE" award for the work done on Indian Creek (see attached). Also, the District was recently honored in a very nice two page article in the January 2013 edition of Irrigation Leader magazine (see attached).

Jer also informed the Board that he recently put in a bid for \$11,500 worth of RECS to the US Navy via Shell.

LEGAL:

Jeff Baker is currently working with Jerry Bryan on sole source procurement.

OTHER BUSINESS:

It was moved by Tim Annala and seconded by Pete Siragusa to move into Executive Session at 2:04 p.m. The motion passed with all in favor.

It was moved by Tim Annala and seconded by Pete Siragusa to move out of Executive Session and back into regular session at 2:24 p.m. The motion passed with all in favor.

At 2:29 p.m. the Board resumed its regular session. It was moved by Tim Annala and seconded by Peter Siragusa to increase manager Jer Camarata's salary as discussed in executive session. The Board commended Jer for his work and expressed gratitude for his service. The motion passed with all in favor.

ADJOURNMENT: There being no further business, the meeting was adjourned at 2:35 p.m.

Signed: _____
Rich Hanners, Secretary

Attest: _____
Don Chandler, Chairman