

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, AUGUST 21, 2013

The Board of Directors of the Farmers Irrigation District met on Wednesday, August 21, 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; Administrative Assistant, June Brock and Attorney Jeff Baker. Also in attendance were Cindy Thieman and Anne Saxby of the Hood River Watershed Group. Patrons Bill Munk, Art Carroll, Meri Stratton, Rick Ragan, Leigh Stratton, Forrest Hubler, and other representatives from district user groups were also in attendance.

Chairman Don Chandler called the meeting to order at 4:00 p.m.

MONTHLY BUSINESS:

The minutes of the July 17, 2013 board meeting were presented and discussed. It was moved by Erick von Lubken and seconded by Tim Annala to approve the minutes as presented. The motion passed with all in favor.

The O&M bills for the month of August 2013 were presented and reviewed. It was moved by Rich Hanners and seconded by Pete Siragusa to approve the bills in the amount of \$194,457.51. The motion passed with all in favor.

BUSINESS FROM THE FLOOR:

Hood River Watershed Group – Cindy Thieman introduced herself and Anne Saxby to the board and provided them with an annual report (see attached). Cindy gave the board an overview of the watershed group’s activities, action plans, grant funding, interaction with local and basin wide agencies, partnership with local irrigation districts and past and present projects (see attached). The board thanked Cindy for her presentation.

Chairman Chandler asked the attending patrons and representatives from User Groups if they would like to speak. Beginning with Art Carroll, those that spoke generally expressed “shock and being surprised,” with the District’s handling of the change in policy to the Account Fee. Currently, residents within User Groups split / pay a fraction of the Account Fee, while patrons who are not in such groups pay the full amount of this assessment, and Art Carroll, Leigh Stratton, and Rick Ragan expressed frustration with the lack of outreach from the District prior to the notice of policy change being sent out. Other concerns were “how to manage users wanting to opt out of user groups,” “how users on a fixed incomes may be affected”, “process for giving up water rights and capping off individual taps within private lines”, “verification that the District would bill all User Group members individually”. There was discussion of the formation of a User Group sub-committee consisting of volunteers that could help with outreach to patrons, or even the District possibly hiring a public relations person. The Board listened to the concerns and informed User Group representatives that the district’s attorney, management, and board are

continuing to iron out specifics of a Q & A sheet addressing the concerns. Chairman Chandler reiterated that FID assesses the Account Fee to primarily pay for capital improvement projects and modernizations of district facilities such as large pipe and pressurization projects and that such costs used to be paid for by higher hydropower rates. Jer pointed out that hydropower income still covers the vast majority of these project costs and debt services. Jer also said that the District was making efforts to communicate with patrons in a more sophisticated manner, including email, newsletters to residential customers, the District website, and is also building a new water accounting program and working on pay-by credit card options. It was also noted that operational cuts and efficiency gains netted over \$400,000 last year and the District is doing a lot to cut costs and keep services up. The board agreed that communication and the announcement of such policy change could have been better and softer. The board thanked patrons for coming in and expressing their concerns and instructed legal counsel and management to continue preparing the Q & A sheet to address the various concerns on the matter.

CORRESPONDENCE:

The Board of Directors accepted a revised 2013 MOU from Multnomah Water Works User Group.

The Bell-Williams User Group dissolved as of 8-16-2013 and members will now be billed individually.

REPORTS AND DISCUSSION:

- a) A/R report – Jer Camarata reported that the District has received \$7,257 in payments since the July board meeting. Accounts receivable stands at 92% this year versus 95% last year. Four liens were paid off by patrons with outstanding bills.

Hydro production for the month of July was projected at 800,000 kWh, with an actual production of 927,091 kWh. Hydro revenue was projected at \$51,048 with actual revenue of \$60,203. The District's end of month balance for July was projected at \$1,529,849 with an actual balance of \$1,557,377.

Jer requested authorization from the Board to make interim payments to Crestline Construction once expenditures have been approved and transferred from DEQ prior to the next board meeting. Such action will help ensure pre-construction activities and logistics, and also help proactively mitigate against potential construction delay overruns. It was moved by Erick von Lubken and seconded by Rich Hanners to authorize interim payments in the amount of \$163,391.75 for the Large Pipe Facility Project - Farmers Canal. The motion passed with all in favor.

- b) Manager's Report –

Irrigation- Jer Camarata provided the Board with a reservoir status update (see

attached). Irrigation demand has been very high and at the current burn rate there is ~34 days of reservoir water available which may limit/short the upper district in the final week or two of September. The Hood River is currently flowing around 300 cfs and all other tributaries are low as well. District staff are working diligently managing pressure and flow throughout the district to conserve as much as possible during low-demand hours. Jer and staff are grateful to all the upper and middle district users that have voluntarily taken conservation measures and cut-back. With only 41 days left in the irrigation season staff are hoping that cooler temperatures, rain, and harvest activities will allow us to make it through the season without any last-minute rotations.

Hydropower- Jer reported that as of the end of July the District has produced approximately 16.3 million KWh for the year. Trending percentage of actual to projected KWh for the year is at 95.5% (see attached).

Plant and Switchyard Electrical update – From August 12th - 15th major electrical testing on relays, arrestors, breakers, coils, transformers, and various other electrical components was performed by Emerson at the FID Switchyard, Plant #2, and Plant #3. Considering the age of the plants, the testing went well and about \$1,500 in parts will probably need to be purchased to get Unit #1 safely back online. Until the parts arrive and are installed, Unit#2 will be online and making minimum nameplate. As a result, August production will likely be short of its projection. The results and recommendations of the extensive electrical testing are forthcoming. Oil samples from the primary transformer were also sent in for analysis. A line item in the district budget will be set aside for future testing and retention of Emerson as an emergency backup and support team.

On Wednesday August 14th a Magnitude 2.9 earthquake registered east south easterly 11 miles from Mt. Hood/Parkdale. District staff immediately inspected and monitored the dams with piezometer readings (typically done weekly when the reservoirs are full) as well as monitored canal integrity. The dams are old, 100% earthen, and susceptible to fracture and liquefaction; ironically, management has been looking for insurance coverage for the dams over the last three months, and Julie Hammond, the district's insurance agent of record will be attending the September board meeting with insurance updates and liability options for 2014. Thus far, no damage from the quake has been identified.

The district received partial payment for the damage incurred by the logging company working above the Low Line Pipeline. The remaining balance is promised to be paid to the District by the end of August.

On Friday August 23rd Jer will have his final meeting with Auditor, Bill Parker to review the 2012 final draft audit and management analysis. The audit will be completed by the end of the month and copies will be sent to board members in advance of the normal board packet. Jer also provided the board with a draft 2014 budget and hypothetical 2015-2016 proforma for their review.

LEGAL:

Attorney Jeff Baker has been working on the amendment to the FCA license agreement and resolution as well as the User Group Q&A sheet with management. Legal counsel suggested that we get our Project Manager involved with the Q&A sheet. It was moved by Rich Hanners and seconded by Tim Annala that a second draft Q&A sheet be emailed to board members for review as soon as possible. The motion passed with all in favor.

Adoption of Resolution 05-13 A resolution of the board of directors approving amendment to License Agreement with Farmers Conservation Alliance and Acceptance of Payment of Debt (see attached). It was moved by Tim Annala and seconded by Erick von Lubken to adopt Resolution 05-13 as presented. The motion passed with all in favor.

Adoption of Resolution 06-13 Mail-In Vote (see attached). It was moved by Tim Annala and seconded by Erick von Lubken to adopt Resolution 06-13 specifying that the November 12, 2013 election for Division 1 and Division 4 be conducted by mail-in vote. The motion passed with all in favor.

OTHER BUSINESS:

ADJOURNMENT:

There being no further business, the meeting was adjourned at 5:53 p.m.

Signed: _____
Don Chandler, Chairman

Attest: _____
Rich Hanners, Secretary