



• 1985 Country Club Road, Hood River, OR 97031 Phone (541)-386-3115 Fax (541)-386-9103 www.fidhr.org •

BOARD MEETING MINUTES

WEDNESDAY, FEBRUARY 19, 2014

The Board of Directors of the Farmers Irrigation District met on Wednesday, February 19, 2014, at the district office for the purpose of conducting its regular monthly business. Those in attendance were directors Don Chandler, Tim Annala, Bill Munk and Erick von Lubken; District Manager, Jer Camarata; Project Manager, Jerry Bryan; Office Manager, June Brock and Attorney, Jeff Baker. Also in attendance was Niklas Christensen, PE

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

MONTHLY BUSINESS:

The minutes of the January 15, 2014 board meeting were presented and discussed. It was moved by Erick von Lubken and seconded by Bill Munk to approve the minutes as presented. The motion passed with all in favor.

The O&M bills for the month of February 2014 were presented and discussed. It was moved by Erick von Lubken and seconded by Tim Annala to approve the bills in the amount of \$201,756.60. The motion passed with all in favor.

BUSINESS FROM THE FLOOR: None

CORRESPONDENCE:

A letter was received from Crestline Construction dated February 5, 2014 detailing a "Statement of Enhancement Work" (see attached). The letter enforces that the dual 48" pipe and fittings for the Large Pipe Facilities Project (LPFP) along 'Schedule E' is leak free and notes the presence of groundwater and surface water in the area. Project Manager, Jerry Bryan stated that Schedule E's geology and topography of basalt layers, cobbled loam, aquifers, and springs mapped on USGS quadrangles all contribute to water surface overflows across the districts' easement. Attorney, Jeff Baker advised that the district not involve itself regarding the incidental effects of ground or surface water on private property in this area, and went on to state that the District has not sought authority to act as a drainage district so this problem is outside the scope of current District authority. The board concluded that no further studies on Schedule E were necessary and that the letter from Crestline and the District's position statement be sent to landowners who have made inquiries and or requests.



REPORTS AND DISCUSSION:

a) A/R Report – Jer reported that the 2013 End of Year balance was projected at ~\$1.07 million, with an actual End of Year balance of ~\$1.29 million. Jer also reported that the district has received \$34,028.54 in payments since the January board meeting. Projected EOM for January was \$1,381,828.30 with an *actual balance of \$1,460,723.88. The A/R collection rate is at 61% versus 57% last year. Jer also conducted a cash flow forecast and trend analysis from 1986 to 2013 for the board’s review (see attached).

b) Hydro Production – January’s production was projected at 3,000,000 kWh. Actual production was 2,707,363 kWh (see attached). Hydro revenue for January was projected at \$205,560. Actual revenue was \$188,533.40.

c) Manager’s Report – Jer reported that due to the snow/ice storm that started February 5th, the Farmers Canal was shut down for about a week. Once thawing took place (February 10th and 11th), Farmers Canal was tapered back in slowly. The shutdown caused an ~70% reduction of production over 6.5 days. Currently, we are back up and running at 100%. Low Line ran at capacity throughout the entire storm, a first time ever, due to the canal being fully enclosed in pipe.

The reservoir valves were closed on January 22nd; this is the earliest recorded closing date in the district’s history. The upper reservoir is now at 3.5’ below spill and the lower is at 18.5’. Both reservoirs are being filled and balanced slowly.

Jer provided the board with a 2014 updated Sustainability Plan (see attached).

Jer attended SDAO’s annual meeting in Seaside, February 6th – 9th. Jer had the opportunity to speak at the SDAO Irrigation Caucus and asked if “Business Interruption” (BI) coverage would ever be added/reinstated under SDAO’s insurance policy. Jer explained that BI liability has been greatly reduced for FID now that the majority of the District’s large canals have been placed in pipe, and asked for consideration of the matter, and further theorized that as other Irrigation Districts enter the hydro market, this could also be a business opportunity for SDAO. SDAO’s CEO Frank Stratton stated that he was open to reviewing the idea.....stay tuned.

Identify Theft – The district has identity theft coverage up to \$100,000 per incident through PCI (Elavon) the district’s Visa Merchant. This compliance is validated in October on an annual basis. Furthermore, the District further protects itself and its patrons by intentionally not storing any private credit card data.

A check in the amount of \$6,305 was received for 5 acres of timber harvesting/cleanup operations at the district’s Headgate property. One load has not yet been paid for and Jer said that those final funds of



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~\$500-600 should be arriving soon. Jer stated that the property was damaged in the ice storm and cleaning the property up to mitigate against fire hazard and beetle infestation was the responsible thing to do. Jer consulted with local foresters on the matter. The property was cleaned up in the lightest possible manner, leaving all live, undamaged trees. Slash piles will be burned by the contractor as conditions allow.

Jer is currently working on revising the district's Personnel Policy. Jer hopes that he will have a draft revision to the board members this Spring.

Low Impact Hydro Institute – LIHI, the district's LIHI re-certification application has been accepted for review and is currently within a public review period until March 28, 2014. Jer has met with ODFW, DEQ, and the CTWS representatives on the matter.

Engineer of Record – tabled from the January board meeting. Niklas Christensen, PE – Niklas introduced himself to the board as a local, Hood River-based civil engineer that specializes in water resources. Niklas has been working with staff on the replacement of Plant 3's Willamette and Spherical valves, the Turgo engineering, dam replacement value estimates, and investigating the Schedule E ground and surface water issues over the last seven months. Jer, Jerry, and Rick have also been working with Niklas over the last few years on the HR Basin Water Planning Study and gotten to know Niklas and his work fairly well. Niklas is well versed in FID projects and excited for the opportunity to continue working on projects for The District.

In December, Jer and Jerry met with Anderson-Perry's (AP) president Brad Baird and Senior Technician, Lyle Umpleby about the future of FID engineering support. Jer said that the district was very pleased to have worked with AP over the years, but that the district is finally at a point where its large capital improvement projects are tapering off and a larger firm such as AP may not be the right fit for its future projects. Brad and Lyle were very gracious at the meeting and offered to assist the District at any time. Both Jerry and Jer praised Lyle's work on the recent LPFP project. At this juncture, Jer recommended to the board that the district engage Niklas Christensen as the district's new Engineer of Record, and expressed his intent to continue working with Nik on many of the District's day-to-day engineering and special project needs. It was moved by Erick von Lubken and seconded by Tim Annala to engage Niklas Christensen, PE as the district's Engineer of Record. The motion passed with all in favor.

LEGAL:

Attorney Jeff Baker has been working on the sole-source contract for the Gilkes Turgo. As a component of reviewing the contract and documents received from Gilkes, there is a boilerplate terms and conditions document prepared by the Federation of British Electrotechnical Allied Manufacturers Associations ("BEAMA"). It is intended that these BEAMA terms and conditions will be part of the



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purchase order agreement between Farmers and Gilkes. Jeff would like clarification from Gilkes as to some of the wording and terms in the contract. There was much discussion regarding liquidated damages, delays, lost revenue, repairs, performance and optimization testing.

Jerry Bryan reiterated to the board that Gilkes is a reputable company and has spoken with other Gilkes turbine owners that have nothing but praise for the Gilkes. At this juncture the conversation switched to the funding for the Gilkes Turgo. In late December the district submitted a Renewable Energy Development (RED) Grant Application through the Oregon Department of Energy. On February 1st the district received a letter from ODOE announcing that the application passed the completeness review. If the application is successful, the grant monies could be worth \$250,000.00 towards the Gilkes Turgo. Incentive monies from ETO have been secured in the amount of \$825,000. The district is also applying for a state taxable bond with interest rates between 0% to 3% to finance the balance of the project. Funding must be secured soon due to the urgency of having the Turgo unit built in a timely fashion and to not lose any grant dollars. The board unanimously agreed that Chairman Chandler is to sign the Gilkes contract as soon as district management and the District's financial advisor, David Ulbricht have secured financing.

OTHER BUSINESS: None

ADJOURNMENT: There being no other business, the meeting was adjourned at 1:50 p.m.

Signed: _____ Don Chandler, Chairman

Attest: _____ Pete Siragusa, Secretary