

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE OWYHEE IRRIGATION DISTRICT

April 19, 2005

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on April 19, 2005, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 7:00 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Jerry Nagaki	Fred Schilling
Bruce Corn	Frank Ausman
Larry White	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Secretary and General Counsel; and Mike Clark and Darrel Stafford, OID Patrons.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on March 15, 2005.

MINUTES. The minutes of the special meeting of Directors held on March 10, 2005, and the regular meeting of Directors held March 22, 2005, were mailed to the Directors prior to the meeting. Director White noted that he, Director Corn, and Director Ausman were present at the March 10, 2005, meeting and that Director Nagaki and Schilling were not present. The minutes of the March 10, 2005, meeting were corrected and after correction, a motion was made by Director Ausman, seconded by Director Schilling, and unanimously carried approving the March 10, 2005, minutes as corrected and the March 22, 2005, minutes as mailed.

SMALL ACREAGE SURCHARGE. Mike Clark said that he is at the meeting with regard to the \$100 small account surcharge. He drew a map for the Board illustrating the layout of the acreage which he farms. He said that the acreage is divided up into three accounts, all of which are owned by different family members. He said that even though the land is owned by three different families, he still farms it as one field. He said that all three of the acreages use one headgate. The total acreage is 24 acres but each account is less than 10 acres and so he will have to pay a \$300 surcharge on the acreages and he does not think that is fair. He said that it does not take the ditchrider very long to change the water for the field.

President Corn explained that most small acres within the District take much more ditchrider time than the larger acreages. Director White explained another situation within the District where there are three parcels which are all contiguous and owned by one owner. Mr. Chamberlin said that he has also been contacted by a landowner who owns a number of parcels

which are less than 10 acres but when added together exceed the 10-acre limit. He said that those acres are all spread out and have different accounts. President Corn said that there may need to be some exceptions to the small account surcharge. Mr. Horton stated that if the Board decides to make exceptions, then those exceptions need to be carefully spelled out so that loopholes are not created.

Darrel Stafford said that he owns seven acres of land within the District. He said that it does not take the ditchrider very long to turn his water on and off. President Corn said that this acreage change is new this year and the Board will revisit it next year. Director Ausman said that the Board needs to be careful if it gets away from imposing fees by accounts and moves to imposing them by ownership. He said that this exception may spill over to the water transfer issues. President Corn expressed his appreciation of feedback from the water users and he thanked them for attending. Mr. Chamberlin explained the difficulties the District is facing with these small acreages and said that many of these acreages will need headgates.

A 7:24 p.m., Ray Waldo joined the meeting.

President Corn said that one of the reasons for the increased surcharge is that the pump on the Advancement acreage needs to be moved. Mr. Chamberlin explained that the Bend-Redmond area irrigation districts have a \$250 initial account fee. President Corn reminded the District patrons that they are not buying water but they are paying for the delivery system. Mr. Chamberlin said that the District has close to 1,200 accounts which office staff has to administer. Mr. Clark asked if the Board will make a decision on the account surcharge tonight. Mr. Chamberlin said that it will.

At 7:33 p.m., Mike Clark and Darrel Stafford left the meeting.

EMPLOYEE HEALTH INSURANCE. Ray Waldo, the Owyhee Irrigation District Insurance Agent of Record said that he had a list of five issues concerning the health insurance and HRA accounts which he took with him when he left the last OID board meeting he attended. He said that he sat down with Mike Ward and went through these issues. He said that Mr. Ward did provide each employee with a packet of information on the insurance benefits. Mr. Waldo said that Mr. Ward may not have stressed the changes in the coverages. Mr. Waldo said that he has visited with Kris Ward a number of times since the meeting and things seem to be getting straightened out. He said that the company administering the HRA plan is still struggling but that things are getting better.

At 7:40 p.m., Rex Barrie, Rod Price, Dan Felty, and Tom Zittercob joined the meeting.

Mr. Horton explained to Mr. Waldo that one of the main concerns which the Board of Directors has is the misinformation it was provided with regard to the HRA account. Specifically, the \$400 which the Board was told that the employees could carryover in their accounts. A discussion was had on how to handle the \$400 per year carryover. Mr. Waldo said that it is now

his understanding that the money in the HRA account can be used for nonprescription medical items. The Board consensus was that if that is in fact the case, the matter should be easily resolved. Mr. Waldo said that he will research the matter further and send Mr. Chamberlin a list of the items which the HRA account can be used for.

At 7:50 p.m., Ray Waldo left the meeting.

RECESS. At 7:51 p.m., President Corn declared the meeting in recess.

MEETING RECONVENED. At 8:23 p.m., President Corn declared the meeting reconvened. All of the Board members were present. Also present were Jay Chamberlin, Michael W. Horton, Tom Zittercob, and Mr. and Mrs. James Stephens, and Brian McKinney, District Patrons.

SMALL ACCOUNT ACREAGE SURCHARGE. Mrs. Stephens said that she feels that the \$100 surcharge is excessive. She said that she feels the small acreage owners are bearing the brunt of the District's costs. She said that they have their own weir and she does not feel that their parcel is causing additional costs for the District. She said that she believes the additional costs are caused by the subdivisions within the District.

Mr. McKinney said that he also has his own weir and that he has gone ahead and paid his \$100 surcharge. Mr. Chamberlin explained the reasons why the Board imposed the surcharge and the costs associated with the small acreages. Mr. McKinney asked if there is a way to tell a difference between the small acreages which create the increased costs and those that do not. Mr. Chamberlin explained that the size of the District would make that difficult.

At 8:40 p.m., Mr. and Mrs. Stephens left the meeting.

Mr. McKinney said that he has read the book which Mr. Stunz wrote on the Hydro Project. He said that the book should be required reading for all of the water users within the District. He said that it enlightened him with regard to the magnitude of the system and the difficulties which the Board of Directors face.

At 8:43 p.m., Mr. McKinney left the meeting.

MITCHELL BUTTE HYDRO REPORT. Tom Zittercob, Hydro Electric Manager, reported that the Mitchell Butte Power Plant should be running by tomorrow afternoon. Mr. Chamberlin said that he did receive some inquiries about the District just watering up to Locket Gulch. Director Schilling said that he noticed a substantial amount of water went through the laterals as the area was being watered up. Mr. Chamberlin said that it was done to help flush out some of the laterals and worked quite well. Mr. Chamberlin said that the District will begin watering up the rest of the system. He said that one of the pumps at Dunaway will also be turned

on tomorrow. He said that it looks as if weeds will be a problem this year because of the weather. Director Ausman said that the canals around his place are as clean as he has ever seen them.

At 8:53 p.m., Tom Zittercob left the meeting.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Jay Chamberlin handed out a financial report prepared by Peter Nichols on the Mitchell Butte Power Project for the period ending March 31, 2005. The Directors reviewed the report.

Accounts Payable. Mr. Chamberlin presented the following schedule of accounts payable for the Mitchell Butte Power Project:

Nichols Accounting Group	\$233.00
AT&T	46.84
Malheur Bell	214.66
Riverside Inc.	175.30
Fastenal	4.88
Owyhee Irrigation District	48,676.37
TML, LLC	<u>117.66</u>
Total	\$49,468.71

A motion was made by Director Schilling and was seconded by Director Nagaki that the accounts payable for the month, as listed in the agenda, be paid. The motion passed unanimously.

RADKE-CLEAVER PIPELINE PROJECT. Mr. Chamberlin said that he and Mr. Horton went out and viewed the site where the District will be installing a turnout on the Rock Creek siphon. Mr. Horton said that there was a stake in the ground which appears to be marking where the pipeline will tie in and it appears as if it will be within the District right-of-way. Mr. Horton said that it did not appear to be a surveyor's stake and it was he and Mr. Chamberlin's impression that the surveyor was to mark out the pipe location and right-of-way boundaries prior to he and Mr. Chamberlin going out to view the layout. Mr. Chamberlin said that he will inform Mr. Radke that the surveyor still needs to mark out the locations.

SMALL ACCOUNT SURCHARGE. Director Schilling said that he hates to see exceptions made to the surcharge. He said that he can appreciate the concerns of some of the patrons but a line has to be drawn somewhere. Director White said that out of all of the calls which he received on the account surcharge, most were from people who are not part of a small subdivision but from people who happen to own their own weir. A discussion on the account

surcharge was had and after discussion, the consensus of the Board was to leave the surcharge as adopted earlier this year.

NEW ACRES ISSUE. Mr. Chamberlin said that it was noted at last month's meeting that the acres within the District which came in under the House Bill 3111 remapping process were not to get water because of the priority date on their water rights. Mr. Chamberlin said that he checked with South Board, the State Water Master, and the U.S. Bureau of Reclamation and has learned that it is up to the Board as to whether or not to deliver water to those acres. Mr. Chamberlin said that it would be very difficult to keep track of those acres which are not to receive water and then to actually enforce it. Many of the acres are in the middle of larger parcels. Mr. Chamberlin said that in 2003, those acres ended up getting water because of the inability of the District staff to not deliver the water. President Corn said that this is not as the Board intended. He said that it appears now as if precedent has been set. Director Ausman made a motion which was seconded by Director Schilling that those acres brought in under House Bill 3111 receive the same water allotment as the other acres within the District this year. The motion passed unanimously.

LEGISLATIVE UPDATE. Mr. Horton reported that the check signing legislation appears to be moving through the Oregon Legislature. He said that he wrote emails to Senator Ferrioli and Representative Butler requesting their support of the legislation. He said that Senator Ferrioli responded saying that he will support the bill.

LEE/CHUICKSHANK BUBBLER. Mr. Chamberlin said that he has talked to Mr. Lee and Mr. Chuickshank with regard to the bubbler which Mr. Chuickshank installed within District right-of-way going through Mr. Lee's property. Mr. Chamberlin said that the District needs to respond to the letter which it received from Mr. Lee's attorney. Mr. Chamberlin said that the District did not install the bubbler and does not own the bubbler. Mr. Chamberlin said that the District did install some of the pipe. He said that Mr. Lee has informed him that the location of the bubbler presents a potential safety issue as it is located near a stop sign. A discussion was had. After discussion, the consensus of the Board was to have Mr. Horton write a letter to Mr. Lee's attorney explaining the fact that the District does not own nor did it install the bubbler and that the issue is between Mr. Lee and Mr. Chuickshank.

MANAGER'S REPORT. Mr. Chamberlin gave an update on a lateral which is being straightened. He said that another control gate needs to be installed up by the Keslers. He reported on the Tunnel Canyon automation and said that all of the equipment is there. He said that the gate is operating but that the computers are not on line yet.

Mr. Chamberlin said that the trailer which was discussed at last month's meeting was purchased. He said that the trailer has been repaired and is now being painted. He said that the cost of the trailer was \$14,500. He said that Mr. Martin said that the bill for rehabing the trailer will not be bad.

Mr. Chamberlin said that the District is still having trouble with the Nyssa backhoe. He also reported that the weedbeater probably won't last out the year. He said that the weather is hampering the weed control program.

Mr. Chamberlin then updated the Board on OID to Hydro transfers. He said that it looks like Mitchell Butte may generate enough income to make its final bond payments.

RECOMMENDATIONS OF THE JOINT COMMITTEE. President Corn stated that the actions of the Joint Committee need to be ratified. A motion was made by Director Nagaki, seconded by Director White, and carried unanimously that the recommendations adopted by the Joint Committee at its meeting on April 19, 2005, pertaining to the following items, be approved and the officers of the Owyhee Irrigation District be directed to execute the documents necessary to carry out the recommendations of the Joint Committee, and further, that the staff, including the project manager of the Hydro Project, be directed to carry out the steps necessary to perform under the motions adopted by the Joint Committee:

1. Authorizing and ratifying the payment of accounts payable.
2. Setting the water allotment at 3 acre feet.

OWYHEE IRRIGATION DISTRICT BILLS. Mr. Chamberlin handed out a check register report showing the Owyhee Irrigation District bills. The Directors reviewed the report. A motion was made by Director Schilling, seconded by Director Nagaki, and unanimously carried ratifying and authorizing payment of the bills as presented.

SURPLUS PROPERTY. Mr. Chamberlin gave a report on the recent auction of District surplus property.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 9:59 p.m.

Respectfully submitted,


Secretary

APPROVED: _____