

FARMERS IRRIGATION DISTRICT  
BOARD MEETING MINUTES  
WEDNESDAY, DECEMBER 17, 2008

The Board of Directors of the Farmers Irrigation District met on Wednesday, December 17, 2008, at the district office for the purpose of conducting its regular monthly business. Those in attendance were directors Steve Benton, Don Chandler, Tim Annala, Bob Nickelsen and Allan Henderson; District Manager, Mike Kleinsmith; Financial Administrator, Cathy Roberts; Water Rights Specialist, Rick Brock; Attorney, Jeff Baker and Administrative Assistant June Brock. Mark Malland, Insurance Broker for Terril, Lewis & Wilke, was also in attendance.

Chairman Steve Benton called the meeting to order at 11:04 a.m.

**MONTHLY BUSINESS:**

The minutes of the November 19, 2008 board meeting were presented and discussed. It was moved by Allan Henderson and seconded by Don Chandler to approve the minutes as corrected. The motion passed with all in favor.

The O&M bills for the month of December 2008 were presented and discussed. It was moved by Allan Henderson and seconded by Don Chandler to approve the bills in the amount of \$232,550.13. The motion passed with all in favor.

**BUSINESS FROM THE FLOOR:**

- a) Insurance Renewal – Mark Malland of Terril, Lewis & Wilke gave an overview of the District's 2009 insurance renewal which included a total annual premium cost raise of \$3,500, re-insurance costs, property insurance, insurance stability with SDAO, mechanical/boiler insurance and general liabilities. Mark also pointed out that the District does not have flood insurance. Allan Henderson asked if the District had earthquake insurance. Mike Kleinsmith will work with Mark Malland regarding earthquake coverage especially for the bridge downstream of the fish screen.
- b) LDPP – Jerry Bryan, Project Manager gave an update of the Lower District Pressurization Project. The project has been accelerated with the feasibility of completion by summer of 2009. This is due to the ability to start payments earlier than anticipated because of success with the Energy Trust of Oregon and Business Energy Tax Credits. Phases 1, 2, 4 and 5 are virtually complete. Phase 3, which is the pump station at Plant #3, will be installed this winter. Easements were obtained by land owners which enabled Kerr Contractors to re-route the pipe north on Dillon Road to Hanners Orchard then east to Tucker via Guignard Road, eliminating conflicts with utilities and removing the necessity to obtain multiple easements along Tucker Road. Jerry also informed that Board that Farmers Canal has been surveyed and now needs to be sized for pipe.

## CORRESPONDENCE:

- a) The Board of Directors reviewed a frost water application from Richard Hanners (see attached). It was moved by Bob Nickelsen and seconded by Don Chandler to approve the application. The motion passed with all in favor.

## REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the district has received \$55,111.78 in payments since the November board meeting. The A/R balance is at 27% versus 29% last year.

- b) Foreclosure Status -

Donald & Kristy Buchanan  
Jessie & Michelle Coefield

Donald and Kristy Buchanan contacted Rick Brock about giving up their water rights. Historically, the District has written off the full account balance when owners remove the water right off of their properties. When the Buchanan's asked Rick about applying for water rights on the property in the future, there was concern that current policy would encourage owners to use the removal-of-water-rights process as a way of skipping payment of past due amounts and possibly several years of annual billings. There was discussion. The Board directed staff to write off the Buchanan account balance in full when the appropriate paperwork is completed. In the future, if any customer with a delinquent account plans to sign off District water rights the delinquent amount will continue to be written off in full. However, new language will be incorporated into the Power-of -Attorney form, which authorizes removal of the water right, stating that if the customer later wishes to re-apply for water rights on the same property the written-off amount must be paid in full **prior** to application for water rights. The application would then be submitted for regular processing.

Jessie and Michelle Coefield have made arrangements to pay their account in full by December 31<sup>st</sup>, 2008.

- c) Hydro production for November was projected at 2.5 million kWh. Actual production was 2,033,238 kWh. The budgeted end-of-the-month balance was projected at \$423,659.31; the actual ending balance was \$880,697.92.
- d) Manager's Report - Mike Kleinsmith reported that we currently have 19 cfs flowing through plant #2 and 14 cfs through plant #3. Due to the cold, dry weather there has been a build up of frazzle ice on the Farmers Screen causing a decrease in hydro production. Lowline canal was also off due abnormally low temperatures. The upper and lower reservoirs are empty at this time.

- e) Power Sales Contracts – Mike informed that Board that he has been in contact with Peter Richardson regarding the power sales contracts. Peter felt that it was in the District’s best interest to wait and see the outcome of the ACR (Avoided Cost Rates) coming out in early 2009. Steve Benton made a motion to rescind the Boards decision to enter both plants into contracts using the current ACR, and go with Peter’s suggestion to wait and see what the prices look like in 2009 after the new president elect takes office. It was moved by Tim Annala and seconded by Don Chandler to wait and see the new rate table for the Power Sales Contracts for the New Year. The motion passed with all in favor.

**LEGAL:**

The board reviewed the updated Personnel Policy (revised April 08). It was moved by Don Chandler and seconded by Tim Annala to adopt the Personnel Policy as presented. The motion passed with all in favor.

It was moved by Don Chandler and seconded by Tim Annala to move into Contract Review Board session to review Resolution 11-08. The motion passed with all in favor.

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**CONTRACT REVIEW BOARD**

Resolution 11-08 – Change Order for Lower District Pressurization Project between the Contract Review Board and Kerr Contractors.

It was moved by Allan Henderson and seconded by Bob Nickelsen to recommend that the FID Board adopt Resolution 11-08 (see attached). 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.

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It was moved by Don Chandler and seconded by Tim Annala to accept the Contract Review Board recommendations. The motion passed with all in favor.

**OTHER BUSINESS:**

- a) Bob Nickelsen asked about the service hook-ups for Eliot Road. Mike informed him that the service hook-up would be in the same location as their service is presently.
- b) Steve Benton inquired as to the reason for the accelerated LDPP and completion of all FID projects. Mike informed the Board that only the LDPP was being accelerated in order to provide long awaited pressurized irrigation water to the lower district patrons and to eliminate 6 cfs of end spill which will benefit hydro production during the summer

months. The Farmers Canal, Lowline, Country Club, Markham, etc. will be completed when funds become available.

**ADJOURNMENT:**

There being no further business, the meeting was adjourned at 12:40 p.m.

Signed: \_\_\_\_\_  
Tim Annala, Secretary

Attest: \_\_\_\_\_  
Steve Benton, Chairman