

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, AUGUST 19, 2009

The Board of Directors of the Farmers Irrigation District met on Wednesday, August 19, 2009, 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; Administrative Assistant, June Brock and Attorney Jeff Baker.

Chairman Steve Benton called the meeting to order at 11:05 a.m.

MONTHLY BUSINESS:

The minutes of the July 15, 2009 board meeting were presented and discussed. It was moved by Bob Nickelsen 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 2009 were presented and discussed. It was moved by Tim Annala and seconded by Don Chandler to approve the bills in the amount of \$189,423.49. The motion passed with all in favor.

BUSINESS FROM THE FLOOR: None

CORRESPONDENCE:

- a) The Board of Directors reviewed a MOU from the Westside Cemetery Group (see attached). It was moved by Bob Nickelsen and seconded by Don Chandler to approve the application as presented. The motion passed with all in favor.
- b) The Board of Directors reviewed a MOU from the Eliot Woods Users (see attached). It was moved by Bob Nickelsen and seconded by Don Chandler to approve the application as presented. The motion passed with all in favor.

REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the district has received \$6,628.23 in payments since the July board meeting. Six liens and two foreclosures have been paid in full. Rick Ward (foreclosure) requested a payment plan that would allow him to pay \$200.00 due on September 15, 2009, and then pay the remaining balance with payments of \$50.00 on the 15th of every month until paid in full. It was moved by Tim Annala and seconded by Allan Henderson to accept the proposed payment plan. The motion passed with all in favor.

The budgeted end-of-month balance was \$1,019,611.27. The actual end-of-month balance was \$1,067,662.29. Hydro generation for July was projected at 650,000 kWh.

Actual production was 817,408 kWh; producing an additional 167,408 kWh. Hydro revenue was projected at \$89,727.92 for July with actual revenue of \$109,163.89.

Cathy informed the board that copies of the 2008 audit were now available.

- b) Manager's report - Mike Kleinsmith informed the board that the upper reservoir is down 5.75 feet and the lower reservoir is down 11 feet. Currently there are 3,986 gpm flowing through Methodist Road Pump Station, 2,166 gpm flowing through Peters Road Pump Station and 1,692 gpm flowing in the 24" gravity pipe. There are 48 cfs flowing through Plant 2, and 0 cfs flowing through Plant 3.

Mike has been in close communication with the District's power purchase attorney, Peter Richardson, regarding the District's Power Purchase Agreements (PPAs) with PacifiCorp. The Avoided Cost Rates (ACRs) that were proposed in July 2009 by PacifiCorp are much lower than the ACRs in place at the time of the District's application for new PPAs. If the newly proposed rates were enforced, the District could lose as much as \$1,000,000 in hydro revenue over the first three years of the new PPA. Peter contacted PacifiCorp to inform them that our PPA request was submitted in a timely fashion and that PacifiCorp is obligated to pay the ACRs in place at the time of the District's application.

Mike also informed the board that he is working with John Lowe, a private consultant, who previously negotiated PPA's for PacifiCorp and who is now working for small-scale renewable power producers. John is also working with other irrigation districts that are being stonewalled by PacifiCorp regarding new PPA pricing. A coalition including Central Oregon, Swalley, North Unit, and Farmers irrigation districts, among others, is being assembled with the intent of working directly with the Oregon Public Utilities Commission to obtain proper rates for small-scale energy producers. Mike presented a Service Agreement (see attached) between Farmers Irrigation District and John Lowe at the cost of \$1500 per month, for a maximum of three months, to assist the District in obtaining the properly priced PPA with PacifiCorp. It was moved by Allan Henderson and seconded by Bob Nickelsen to enter into the agreement. The motion passed with all in favor.

Public Notice for the Indian Creek Corridor (ICC) Pressurization Project has been advertised. The District will be receiving Request for Proposals (RFP's) on September 18th. There will be no public opening of bids. The District has been awarded \$4 million in ARRA funds and the engineers projected cost for this project at \$3,929,000.00.

LEGAL:

Attorney Jeff Baker received a subpoena from Ryan Juice Company requesting public records and any materials related to Von Flotow orchards. Jeff informed Mr. Ryan's lawyer that it would cost at least \$5,000 - \$10,000 in copying alone, to provide the requested documentation. Jeff will keep the board apprised.

Ryan Juice Company filed an insurance claim against Farmers Irrigation District and Hood River

County for damages incurred when a Ryan Juice truck driver parked his fully loaded truck on the east shoulder of Country Club Road and overturned. Special Districts of Oregon (SDAO) has denied the notice of subrogation.

Jeff informed the Board that the District, in addition to soliciting Electrical Services proposals, will also be seeking electrical materials procurement pricing for the Indian Creek Corridor project. Because the estimated cost for electrical materials is below the CRB-prescribed threshold, a formal bid or proposal process is not required, but a minimum of three prices will be sought.

Furthermore, a similar procurement process will be utilized to obtain the necessary materials, equipment, and labor required to replace all the existing bridges with steel bridges along the MRPS ditch. The old bridges must be removed for pipe construction, and replacing these old bridges with steel bridges is the less expensive alternative. Because the estimated cost for steel bridges is below the CRB-prescribed threshold, a minimum of three prices will be sought. Based on preliminary research by staff, however, it appears the bridges will be out-sourced to a sole contractor as no one else seems to be able to compete with the sole provider in the Hood River area. That being said, additional prices will be sought to ensure the best value for the District as per the CRB Rules.

Rich Hanners contacted the District with concerns regarding an easement on his property. Hood River County wants to put an access trail in the vicinity of Mr. Hanners orchard. After much discussion, the County later decided to build their access trail between the Blackburn and Skakel properties.

OTHER BUSINESS: None

ADJOURNMENT:

There being no further business, Chairman Steve Benton adjourned the meeting at 12:00 p.m.

Signed: _____
Tim Annala, Secretary

Attest: _____
Steve Benton, Chairman