



BOARD MEETING MINUTES

WEDNESDAY, OCTOBER 21, 2020

The Board of Directors of the Farmers Irrigation District met on Wednesday, October 21, 2020, at the district office and via zoom for the purpose of conducting its regular monthly and annual budget committee business. Those in attendance were directors Erick von Lubken, Tim Annala, Don Chandler, Bill Munk and Pete Siragusa; District Manager, Les Perkins; Office Manager, June Brock; Watershed Manager, Megan Saunders; Attorney, Don Hull and District Engineer, Niklas Christensen. Budget Committee members Bob Benton, Randy Franz and Andy von Flotow were also in attendance.

Budget Committee Chairman Randy Franz called the Budget Committee meeting to order at 11:05 a.m.

BUDGET COMMITTEE WORK SESSION

A budget committee work session took place from 11:05 a.m. until 11:45 a.m. At the commencement of the meeting Randy Franz was re-elected Budget Committee Chairman. Mr. Franz, and the board thanked the District Manager, Les Perkins for the well written and extremely informative narrative that was provided with the budget spreadsheet. The board members and budget committee collectively reviewed the draft 2021 budget presented by Les, and discussed the facets of debt service, insurance increases of ~20-24%, hydro-revenue, operational efficiencies, payroll, benefits, O&M rates, budget vs actual on income, overages on materials, etc. Mr. Franz raised the question of the Account Fee and Water Right Acreage increases. Les informed the members that due to low hydro revenue this year and possibly in the coming years due to low river and stream flows, that we could not maintain reserves at an acceptable level without an increase in both account fees and per acre assessments. Les further stated that, even with the increases, the budget shows use of reserves for operations which is unsustainable. The expectation is that the revenue was budgeted conservatively and the expenses were budgeted on the high side and so the reality will likely result in less use of reserves than what is shown on the budget spreadsheet. There was general acceptance and understanding of the proposed budget and planned pro-forma. It was moved by Andy von Flotow and seconded by Bob Benton to recommend to the Farmers Irrigation District Board that the draft 2021 Budget be adopted as presented. The motion on the floor passed with those in favor, Mr. Franz was a Nay vote, and the budget committee work-session was adjourned.



During the budget narrative Les also covered the topics of alternate insurance options (primary, secondary and self-insurance), 5-year vs 10- year hydro revenue projections, royalties, debt service payoff, payroll, retirement, intergovernmental agreements between other irrigation district and Hood River Co. The need for a trackhoe and truck due to aging equipment, pipeline and valve replacement in the lower district due to silt. Also, the final patent payment of the Farmers Screen has been made and the final loan payment to US Bank will be paid in the last month of 2020.

Chairman Erick von Lubken called the regular meeting of the board to order at 12:00 p.m.

The board opened the regular board session.

MONTHLY BUSINESS:

The minutes of the August 19, 2020 board meeting were presented and discussed, (there was no September board meeting). It was moved by Don Chandler and seconded by Tim Annala to approve the minutes as presented. The motion passed with all in favor.

The O&M bills for the months of September and October 2020 were presented and discussed. It was moved by Don Chandler and seconded by Tim Annala to approve the bills in the amount of \$287,072.26 for September and \$106,309.02 for October. The motion passed with all in favor.

BUSINESS FROM THE FLOOR: None

CORRESPONDENCE: None

2021 BUDGET: It was moved by Don Chandler and seconded by Tim Annala to accept the budget committee's recommendation to adopt the draft 2021 budget as presented. The motion passed with all in favor.

REPORTS AND DISCUSSION:

a) A/R Report – Les reported that the district has received \$1,071,008.03 to date representing 100% of total 2020 assessments vs 100% last year.

b) Hydro Production – September's production was projected at 1,200,000 kWh. Actual production was 642,206 kWh. Hydro revenue for September was projected at \$98,736.00. Actual revenue was \$53,657.34, (really low river flows and adhering to ODFW & DEQ agreements, Plant 3 was offline all of September). End of Month balance including reserves as of October 15th was \$1,131,651.98.

c) Manager's Report –



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Fall Shutdown: Shutdown took place from October 5th through 8th. The shutdown included Davenport screen cleaning, cleaning open ditch stretches of the Farmers Canal, fish screen inspections, inspection the tunnel below the main diversion (did not require any cleaning), fish/lamprey salvage at the screen and diversion, all necessary mechanical and electrical maintenance for Plant 2 (HPU hydraulic leak), (Plant 3 and switchyard were maintained in August). Forebay 2 was cleaned out by McCafferty NW Land Development. Forebay 3 was inspected but clean out was not necessary. Any additionally identified maintenance was addressed during this time.

Irrigation System: Winterization is underway with the crew closing valves and opening drain lines.

Reservoir Enhancement: The timber sale contract was finalized on September 6th between Farmers Irrigation District and SDS Lumber Company with a bid value of \$285,859.00. The logs have been removed for milling. The District received its first payment in the amount of \$130,834.51.

The reservoir project ran into several setbacks due to Covid19, air quality, wildfires and rain. Crestline is now winterizing the project which includes grinding of tree stumps, logs, and other woody debris to use for erosion control on the dam face. The new spill way will be installed in the next two weeks; however, the wetland mitigation project will not be completed until 2021.

Permitting: Megan is working on NEPA and other necessary permitting for the Gate and Cabin Creek screens, we are looking at an install date of ~July 15, 2021.

Telemetry/SCADA – The staff have been working on installation and upgrading telemetry (both new and to our existing sites). Antennae will be relocated on either the ODOT or US Cellular tower located at Middle Mountain. Stream monitoring and data collection at mainstem Green Point Creek and Gate Creek sites are being upgraded/and or established to meet USGS standards.

Funding – Les and Niklas are negotiating several change orders from Crestline regarding time and materials, quantity of materials, rock crushing cost per yard and other items outside of the original bid. Due to the extension/timeline of the reservoir project additional funding will be necessary. DEQ is willing to provide additional funding at 1.5% interest to our original loan without applying for an additional/separate loan. Les, Niklas, Megan, and June will determine funding needs in the next month prior to submitting a request to the Board and DEQ.

LEGAL:

Easement Crossing – Les is working with attorney Don Hull and our engineer Niklas Christensen on Easement Crossing language and policy, as two district citizens are planning building a solar panel near our Penstock on Reed Road and a new home construction close to our overflow 54” pipes near Hays Drive.



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Election 2020 - Division 3 – Don Chandler and Division 5 – Pete Siragusa submitted valid petitions for the position of Director for Division 3 and Division 5. No other petitions were received.

EXECUTIVE SESSION: None

OTHER BUSINESS: An 18-lot subdivision application for new home construction located at 30th and May streets was denied. The board instructed Megan to pull the water rights from that location.

ADJOURNMENT: There being no other business, the meeting was adjourned at 12:44 p.m.

Signed: _____ Bill Munk, Secretary

Attest: _____ Erick von Lubken, Chairman