

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

June 22, 2004

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on June 22, 2004, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 7:32 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Larry White	Fred Schilling
Bruce Corn	Jerry Nagaki

Also present were: J.L. Eldred, District Water Master; Carl Morton, Curt Acree, Kris Ward, and Cliff Sebasto, representing District Employees; Jay Chamberlin, District Manager, and Michael W. Horton, Secretary and General Counsel.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on June 15, 2004.

EMPLOYEE GROUP. Carl Morton passed around a handout which sets out the District employees' proposal for the next three years. He went through the handout item by item. A discussion was had as to when the Board will meet with the employee group again. President Corn stated that the Board will review the employee proposal and discuss it at the Board's next meeting and then get back to the employee group. Mr. Morton said that another backhoe is needed especially when water is first turned on. President Corn said that the Board of Directors has strived to provide the District employees with the equipment and tools necessary to do their jobs and the Board expects the employees to continue to further their skills and qualifications.

At 7:44 p.m., the employee group left the meeting and President Corn declared the meeting in recess.

MEETING RECONVENED. At 9:04 p.m., President Corn declared the meeting reconvened. Directors present:

Larry White	Fred Schilling
Bruce Corn	Jerry Nagaki
Frank Ausman	

Also present were: J.L. Eldred, District Water Master; Jay Chamberlin, District Manager, Tom Zittercob, Hydro-Electric Supervisor; and Michael W. Horton, Secretary and General Counsel.

MINUTES. Minutes of the meeting of Directors held on May 18, 2004, had been mailed to each Director prior to the meeting. A motion was made by Director Schilling, seconded by Director White, and unanimously carried approving the minutes as mailed.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Jay Chamberlin handed out a financial report prepared by Nichols Accounting Group for the Mitchell Butte Power Project for the period ending May 31, 2004. The Directors reviewed the report. Mr. Zittercob said that he is currently running one unit at the power plant and it is running max out. President Corn asked Mr. Chamberlin if he thinks there will be enough money to make the December bond payment. Mr. Chamberlin said that he thinks there will be enough money but that it will be close.

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

Nichols Accounting Group	\$233.00
Malheur Bell	142.50
AT&T	16.71
Granger Engineering	<u>3,132.67</u>
Total	\$ 3,524.88

President Corn asked about the Granger Engineering bill. Mr. Zittercob said that it is for a service contract on the computer systems for the plant. A motion was made by Director Nagaki and seconded by Director White that the accounts payable for the month of June, as listed in the agenda, be paid. The motion passed unanimously.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Jay Chamberlin handed out a list of accounts payable for the District which were recently paid. The Directors reviewed the list. Director Schilling asked Mr. Chamberlin how close the maintenance costs are tracking with the budget. Mr. Chamberlin said that the computer program which will be used to track that information is not quite yet fully implemented. A motion was made by Director Schilling, seconded by Director Ausman, and unanimously carried that the payment of the accounts, as listed, be approved and ratified.

BLACK FLY MEETING. Mr. Chamberlin said that he recently attended a meeting with the County on the black fly infestation. He said that he learned that the flies are native to the area and that the experts are not sure why the flies go through these cycles. He said that the flies hatch

from moving water and can travel eight to twelve miles from where they hatch. He said that insecticide treatments do not seem to work well because of the short life span of the flies. He said that the fly larva can be chemically treated while the larva are still in the water but that environmental laws limit the government's ability to apply such chemicals. Mr. Chamberlin said that the County is attempting to assess the economic impact from the infestation. Mr. Chamberlin said that he volunteered to have District employees do surveys on the canals as to insect numbers. He said that that canals may be good habitat for the insects because of the fast moving water.

MANAGER'S REPORT. Mr. Chamberlin reported on the North Pump situation in Ontario which he discussed at last month's meeting. He said that the City of Ontario is reconfiguring North Verde and pipeline has been relocated and buried. Mr. Eldred reported that work to reroute the pipe was started yesterday. Mr. Chamberlin said that Mr. Eldred has done a good job of mediating the situation in the affected subdivision. Mr. Eldred said that the new pipe should also help with the silting problem which has affected the pump. Mr. Eldred said that he has come up with some potential solutions to ease tensions in the subdivision and he is planning on visiting with subdivision residents later this summer or early this fall to work out a solution. Director Ausman expressed his frustration with the fact that District personnel have to spend a tremendous amount of time with regard to the subdivision and pump which only services 25 acres of land. Mr. Ausman said that the District needs to adopt policies to limit the District's involvement in subdivisions as the reason for the District's formation was to provide water for agriculture.

DUNAWAY TURNON DATE. J.L. Eldred stated that the Dunaway Pumping Plant was turned on last week. Mr. Chamberlin asked the Board that if there is excess water at the end of the season, if the Board wants to hold the water for next year or sell excess water. Mr. Eldred noted that the Snake River has dropped eight inches since last week. He said that the pump seems to be running fine. He reported that Dead Ox is running well also. He said that a new brush configuration on one of the pumps seems to be working well. Mr. Chamberlin said that the Snake River will be much lower than it was last year. He said that the upper Snake River water supply is really low. President Corn asked if the District should be considering an early shutoff for the pumps. A discussion on whether or not to sell excess water was had. After discussion, the Board consensus was not to sell excess water other than on the Shoestring or Dead Ox. President Corn said that he would like to see the District hold over around 50,000 acre feet of water after the allotment is met. A discussion was had with regard to the need for District policy changes because of the installation of pivots and sprinklers throughout the District. Water spillage into laterals was discussed. Mr. Chamberlin said that automation is needed to alleviate these problems. Mr. Eldred explained how automation works. He said that those sites which are automated are working out quite well. Mr. Chamberlin said that one area he is looking into is the possibility of installing solar-powered overshots.

BACKHOE BID. Mr. Chamberlin reported that he sent out bid packets for a backhoe and that they should be in for opening at July's meeting.

DISTRICT HOUSING. Mr. Chamberlin said that the District owns a small house on Morgan Avenue where a ditch rider lives. He said that the ditch rider has proposed remodeling the house with him providing the labor. Mr. Chamberlin said that the fuel costs do not make sense for that ditch rider to be living in that particular house. He said that the ditch riders do pay rent for housing. A discussion on the remodeling proposal was had. Mr. Chamberlin said that he will discuss the situation further with the ditch rider and come back to the Board with a detailed proposal.

BACKHOE TRAILER. President Corn said that he thought that the trailer which was recently purchased would be used to carry the backhoe and he has continued to see the backhoe driven on the road rather than being carried on the trailer. Mr. Chamberlin said that the trailer has been used to carry the excavator. He said that the current backhoe operator does not have a chauffeur's license in order to be able to pull the trailer. He said that when a new backhoe operator is hired, he will require that operator to use the trailer. Mr. Eldred said that a truck is needed at the north end in order to haul the trailer. President Corn said that internal changes are needed to be able to allow the District to do more with fewer employees. Director Schilling noted that the employee proposal would cost District water users an additional \$.75 per acre. Mr. Chamberlin said that a new weed mower is needed. Director Nagaki asked if it would be cheaper to spray weeds rather than mow. Mr. Chamberlin said that he does not have enough staffing for spraying. He said that there are some days that District employees cannot spray and it is kind of hit and miss. Director Ausman asked if ditch riders could spray weeds on their rides. He said that the District needs ditch riders who are willing and able to spray weeds. Mr. Chamberlin said that at one time, all ditch riders had a spray rig in their vehicles. Many of these spray rigs have been cannibalized in order to have one or two functioning spray rigs.

RATIFICATION OF JOINT COMMITTEE ACTION. President Corn stated that the actions of the Joint Committee need to be ratified. A motion was made by Director White, seconded by Director Nagaki, and carried unanimously that the recommendations adopted by the Joint Committee at its meeting on June 22, 2004, 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 the payment of accounts payable.

MANAGER CONTRACT. Mr. Horton said that Mr. Chamberlin's contract will be up in September. President Corn suggested having an executive session at next month's meeting in order to do an evaluation of Mr. Chamberlin's performance and consider his contract. Mr. Chamberlin said that he will bring a contract proposal to the meeting.

LOCKETT GULCH. Director Ausman said that Boyd Esplin confronted him about the District dumping more water than necessary down Lockett Gulch. Mr. Chamberlin volunteered to

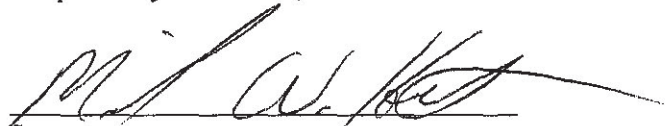
take Mr. Esplin for a ride of the system so that he can understand the hydraulics and the reason for the spills. Mr. Eldred said that because of the recent ditch break and storms, there is more water than normal going down Lockett Gulch.

Mr. Ausman said that Van Schulthies confronted him and said that he though the District was dumping more water down the river than it did last year. Mr. Chamberlin said that the District is only putting water into the river which is requested by Owyhee Ditch Company. He noted that Owyhee Ditch Company is requesting more water than last year, as last year, extra pumps were being run earlier than normal because of the low water year.

EMPLOYEE INTERVIEWS. Mr. Chamberlin said that employee interviews went well. The Board expectations for employees were discussed. Director White said that he would like to see ditch riders working seven days a week. A discussion on ditch rider hours and when they should take orders for water was had. Mr. Eldred said that the canal system needs one day without changes or the situation arises where there is a wave affect throughout the system. Potential District policies for water deliveries was discussed. Mr. Chamberlin noted that approximately 15% of the water users throughout the District do not have measuring devices.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned by President Corn at 11:32 p.m.

Respectfully submitted,


Secretary

APPROVED: _____