

**MINUTES OF MEETING OF JOINT COMMITTEE
OF THE OWYHEE PROJECT**

December 22, 2014

A meeting of the Joint Committee of the Owyhee Project was held at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, on December 22, 2014, at 1:11 p.m. Frank Ausman, Chairman, presiding.

The following members of the Joint Committee were present:

Frank Ausman	Jerry Nagaki
Eric White	Chris Landa
Bruce Corn	

Also present were: Jay Chamberlin Manager of the Hydro Projects; Harvey Manser, OID Assistant Manger; Michael W. Horton, Attorney; Dan Tschida (OID Alternate); and Jerry Gregg, USBR Area Manager.

MEETING NOTICE. The meeting agenda showed that public notice of the meeting was given on December 11, 2014.

MINUTES. The minutes of the meeting of the Joint Committee held on November 18, 2014, were mailed to the Committee members prior to the meeting. A motion was made by Mr. Corn, seconded by Mr. White, and unanimously carried approving the minutes as mailed.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Tunnel Power Project for the month of November. The Committee Members reviewed the report. Mr. Horton stated that there may be some contacts within the Bureau of Reclamation with regard to Bonneville Power Administration's potential interest in the hydro facilities' generation. Jerry Gregg said that Terry Kent with the Bureau meets with Bonneville Power Administration staff on a weekly basis. He said that he may be able to have some Owyhee Project representatives attend one of those meetings. Mr. Chamberlin asked Mr. Gregg what the possibility is for the hydro facilities to switch from being regulated by FERC to USBR. Mr. Gregg said that could be looked into and suggested a later meeting with Mr. Chamberlin and Mr. Horton perhaps at next month's Northwest Irrigators' meeting.

TUNNEL #1 POWER PROJECT ACCOUNTS PAYABLE. The Committee members reviewed the accounts payable for the Tunnel #1 Power Project. A motion was made by Mr. White, seconded by Mr. Nagaki, and unanimously carried approving payment of the following accounts payable:

Oregon Idaho Utilities	\$223.08
AT&T	41.16
Nichols Accounting	<u>325.00</u>
Total	\$589.24

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Owyhee Dam Power Project for the month of November. The Committee Members reviewed the report.

OWYHEE DAM ACCOUNTS PAYABLE. The Committee members reviewed the accounts payable for the Owyhee Dam Power Project. A motion was made by Mr. Nagaki, seconded by Mr. Corn, and unanimously carried approving payment of the following accounts payable:

AT&T	\$21.36
Verizon	55.90
Oregon Idaho Utilities	336.34
SDIS	905.00
SDAO	125.00
Stunz, Fonda, Kiyuna & Horton	2,476.27
Nichols Accounting	<u>325.00</u>
Total	\$4,244.87

PENSTOCK COATING UPDATE. Mr. Chamberlin said that the coatings on the penstocks are going well. He said that they are moving on to the second penstock and he expects completion of the third penstock by mid January. Mr. Chamberlin then explained the work involved in the Penstock coating process.

GUARD GATE #8 FOR TUNNEL #1. Mr. Chamberlin said that staff will continue work on guard gate #8 for Tunnel #1 after the first of the year.

POWER COST ALLOCATION. Mr. Gregg said that historically the Joint Committee has gone through a process of the distribution of power and energy charges at the end of each irrigation season. He said that currently staff from his office calculates the total costs and sends a letter to Kris Ward at the OID office who then works with the OID and South Board manager in doing the allocation and then sending the information back to USBR. He said that the finance department in his office then sends out a billing to the Districts for the power costs. Mr. Gregg said that the flow chart which his office provided earlier has one correction in it which he noted. He said that it appears as if the flowchart has historically been followed, but that he would like to see a meeting with South Board, OID, and Old Owyhee in explaining and going

through the flowchart and how the power cost allocation is made. He said his fear is that these allocations are being done by people who may eventually retire and he would like to see some standard operating procedures written down for future staff to be able to follow.

MOU WITH OLD OWYHEE DITCH COMPANY. Mr. Gregg said that his office has been reviewing the MOU between the Joint Committee and Old Owyhee Ditch Company. He said his office is supposed to calculate evaporation and losses according to some of the older contracts and that they have not been doing this. He said they are working through some processes as to how this will be done. Mr. Gregg said that there also needs to be accurate measurements at the head end of all of the systems and that the exact number of pump acres needs to be verified.

Mr. Chamberlin said that the Joint Committee will be sending out a billing to Old Owyhee on their share of the costs set out in the current MOU.

Having a meeting on the MOU in January was discussed. After discussion, a motion was made by Mr. Corn, seconded by Mr. Nagaki, and unanimously carried adopting the following resolution:

RESOLVED, that the Joint Committee continue to move forward with the MOU process with Old Owyhee and USBR and have a meeting next month.

USBR COMMISSIONER. Mr. Gregg said that the USBR Commissioner has now been confirmed.

POWER FOR PUMPING RATE INCREASE FOR 2015. Mr. Gregg explained why the cost of wholesale power to the Districts are going up in 2015.

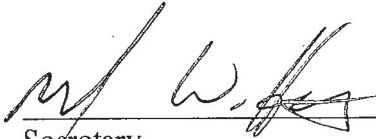
WATER FORECAST. Mr. Chamberlin handed out documents on water inflow and storage. Mr. Chamberlin explained that both inflow and storage are way below average. He said that the long-range forecasts are that the watershed will get normal precipitation, but that precipitation is forecasted to come as rain instead of snow. He said that the current Snowtel sites show the snow pack below normal. Mr. Gregg asked what his agency could do to help the Districts with the drought situation. He explained the resources the Bureau has available in the event of a drought. Mr. Horton said that the question always raised is how to obtain access to the 400,000 acre feet of water in dead storage. Mr. Chamberlin said that looking at raising the dam to capture more storage is always something asked about. He said that Oregon Water Resource Department has made a reservation for the Owyhee Project to capture additional storage and that reservation will need to be renewed before it expires in a couple of years.

Mr. Gregg suggested the Districts look at having a basin study done. He said that having the study in place can help to get grants for these types of projects and that grants for the basin study itself are available. Mr. Chamberlin suggested having USBR staff do a presentation at OID's annual users' meeting. Possible grants were discussed.

SOUTH BOARD MANAGER. Chris Landa said that South Board has hired a new manager. He said the new manager is scheduled to start January 19.

ADJOURNMENT. There being no further business, the meeting was adjourned at 2:24 p.m.

Respectfully submitted,



Secretary

APPROVED: _____

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

December 22, 2014

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on December 22, 2014, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:00 a.m. Jerry Nagaki, President of the District, presiding.

The following Directors were present:

Jerry Nagaki	Bruce Corn
Eric White	Frank Ausman (who joined the meeting at 2:25 p.m.)
Dan Tschida	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; Harvey Manser, OID Assistant Manager; Jerry Gregg, USBR Manager; and Tyler Sweet, CPA.

MEETING NOTICE. The meeting agenda showed that public notice as to the meeting was given on December 11, 2014.

MINUTES. The minutes of the meeting of the Board of Directors held on November 18, 2014, were mailed to the Directors prior to the meeting. A motion was made by Director White, seconded by Director Corn, and unanimously carried approving the minutes as mailed.

OWYHEE IRRIGATION DISTRICT FINANCIAL REPORT. Mr. Chamberlin handed out a financial report for the month which was prepared by Nichols Accounting. The report was reviewed and discussed by the Directors. Mr. Chamberlin said that he feels as if the District is doing okay financially in getting through the year. He said there is sufficient cash carryover. He said the crew has been working during this off season, but that they will be shutting down between Christmas and New Year.

Employee Vacation use was discussed.

Director White asked about fuel tanks. Mr. Chamberlin said that he will check into possible fuel purchases. Director Corn pointed out that the District has used most of the gopher budget.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Two lists of the District's accounts payable for the month were included in the Directors' packets. The Directors reviewed, discussed, and asked questions about specific items on the lists which Mr. Chamberlin answered. A motion was made by Director Corn, seconded by Director Tschida, and unanimously carried approving payment of the accounts payable.

MITCHELL BUTTE POWER PROJECT.

Financial Report. The regular monthly financial report for the Mitchell Butte Power Project was included in the Directors' packets. The Directors reviewed the report.

Accounts Payable. The agenda for the meeting listed accounts payable for the Mitchell Butte Power Project. The Directors reviewed the listed accounts payable. A motion was made by Director Tschida, seconded by Director White, and unanimously carried approving payment of the following accounts payable:

AT&T	\$139.94
Verizon	49.35
Century Link	262.55
Nichols Accounting	<u>110.00</u>
Total	\$561.84

NEW ACRES/HB3111. Mr. Chamberlin said that the plan is to get the extension application submitted before the first of the year. The House Bill 3111 process was discussed.

GRAVITY WATER USE VERSUS PUMPED WATER USE. Mr. Chamberlin said that District staff is continuing to investigate supplemental versus primary water rights as those rights relate to gravity versus pumped water. The matter was discussed. Mr. Horton read from old Irrigation District meeting minutes that relate to gravity and pumped water.

2015 BUDGET. Tyler Sweet handed out a draft budget for the 2015 year. As he went through the proposed budget, he said that the proposed budget includes a \$70,000 equipment purchase, along with money being added to reserves. He said that the proposed budget has a zero increase. Potential impact of PERS increases was discussed. Mr. Chamberlin noted that this is a bare bones budget and that it has a low dollar amount for chemical. He said that if the project gets a full water supply, then the chemical bill will have to be paid from reserves.

The costs of power for pumping were discussed. Mr. Chamberlin and Mr. Gregg explained the reasons for the upcoming increases. Mr. Manser then explained the planned chemical purchases.

The Board then went through the proposed budget line item by line item and discussed estimated costs on various line items. Director White expressed his opinion that the District will get further behind if there is not an increase in the budget, particularly in the chemical budget. He said that he would like to see the Board explore a one dollar increase in assessments over last year. He noted that there was no increase last year. The idea was discussed. Director Tschida expressed his opinion that he would like to see measurement between the North and South Boards of Control done by a third party. The Board discussed the idea of getting unspent equipment amounts into the reserves. Mr. Horton and Mr. Sweet explained that the budget is an estimate of what will be spent in the upcoming year and is not a transfer of assets into funds.

Mr. Horton explained that at the end of the year, the Board can specifically direct that any amounts that were allocated in the budget for equipment purchases and were not spent be placed in the equipment reserve account.

PUMPING COST ALLOCATION. Mr. Gregg gave a presentation on the process which his office goes through in allocating power costs for pumping among the Districts. He said that he would like to see a meeting held after the first of the year between the Districts and his staff, along with Old Owyhee, to walk through the power cost process. He said that the MOU with Old Owyhee could also be discussed at that time.

BUILDING MAINTENANCE REQUIREMENTS. Mr. Gregg gave a short presentation on USBR building maintenance requirements.

MEETING RECESS. At 12:05 p.m., the meeting was recessed to reconvene following lunch and the Joint Committee meeting.

MEETING RECONVENED. At 2:25 p.m., the Owyhee Irrigation District Board of Directors' meeting was reconvened.

2015 BUDGET. The Board of Directors updated Director Ausman on earlier discussions on the budget. The Board discussed the proposed budget and the impact the adopted budget will have on annual water charges. After discussion, a motion was made by Director Corn to adopt a budget which includes a seventy cent per acre increase over last year's water charges with the increase being allocated to chemical purchases. The motion was seconded by Director White. The Directors discussed the proposed motion. After discussion, President Nagaki called for a vote. Directors Corn and White voted in favor of the motion. Directors Ausman and Tschida voted against. President Nagaki then cast the deciding vote voting in favor of the motion, which passed on a vote of three to two. Passage of the motion will result in a per acre water charge of \$56.50.

DITCH RIDE CONSOLIDATION AND EMPLOYEE ISSUES. Mr. Chamberlin explained that he has consolidated some ditch rides and eliminated one ride. He said that there are some employees who are declining a 2% wage increase in order to make the budget work. He noted that cutting back on vehicle use is causing some issues with staff. He said that he would like the Board to reconsider the decision made last month in limiting vehicle use. The matter was discussed by the Directors and after discussion, it was their consensus not to change the decision made last month. The Board will revisit the matter after the upcoming irrigation season.

OWRC ANNUAL MEETING. Mr. Chamberlin and Mr. Horton gave a report on the OWRC annual meeting which they recently attended.

COUNTY BOAT RAMP AT OWYHEE RESERVOIR. Mr. Gregg updated the Board on USBR options relating to the county boat ramp at the reservoir. The Directors again expressed their support that the boat ramp remain open except during low water events.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 3:07 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____