

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

December 22, 2009

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on December 22, 2009, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:00 a.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Dan Tschida	Jerry Nagaki
Bruce Corn	Frank Ausman

Also present were: Rick Uhlman, OID Foreman; Jay Chamberlin, District Manager; Michael W. Horton, General Counsel; Tom Zittercob, Hydro Electric Manager; Harvey Manser, Assistant Manager; Linda Rowe, SWCD; Adena Green, Owyhee Watershed; and Eric White, Director Elect.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on December 8, 2009.

MINUTES. The minutes of the October and November meetings of the Board of Directors were given to the Directors prior to the meeting. A motion was made by Director Nagaki, seconded by Director Tschida, and unanimously carried approving the October 27, 2009 and November 17, 2009 minutes.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Mr. Chamberlin handed out a list of accounts payable for the District. The Directors reviewed the accounts payable. Director Nagaki asked Mr. Chamberlin if the questions the Board had on the Nichols Accounting bill had been answered. Mr. Chamberlin said that they had and that the charges were for the budget. The AllTel phone bill was questioned. Mr. Manser said that it looks like it doubled up for the month. The Board of Directors directed Mr. Chamberlin to investigate the details of the Nichols Accounting budget billing. Mr. Chamberlin said that he will check into it. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried approving payment of the accounts payable subject to Mr. Chamberlin's investigation of the Nichols Accounting bill and the AllTel phone bill.

SWCD AND OWYHEE WATERSHED PROJECTS. Mr. Chamberlin said that SWCD and Owyhee Watershed have been working on projects that affect the District. Adena Green said that the potential pipeline projects for Fletcher and Newell drains had grants turned down because the granting agency does not want to pay for all of the installation. She said that they are now

looking at Bureau of Reclamation 20/25 grants of up to \$300,000 as a possible funding source. She said that this source can be used for materials or installation. She said that the BOR grant must go through the District. Linda Rowe and Adena Green said that they are both willing to work with the District on applying for the BOR grants. Ms. Green warned the Board of future TMDL issues. She said that Owyhee Watershed is looking at lower Owyhee River restoration. She said that she is asking if the District will cooperate with them. She said that in actuality, the District would be the one applying for the BOR grant. She said that she is not sure if the District or a contractor would do the work.

Mr. Chamberlin said that he would like to look at the numbers and feasibility before going forward. Adena Green said that on the Newell project, they are also looking at the installation of sediment ponds. She warned that once DEQ/EPA begins enforcing TMDLs, farmers and the District will not be able to get grants.

At 10:43 a.m., Linda Rowe and Adena Green left the meeting.

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Owyhee Dam Power Project prepared by Nichols Accounting Group. The Directors reviewed the report.

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

AT&T	\$40.63
Oregon Idaho Utilities	162.33
U.S. Cellular	49.23
Northwest Hydroelectric	530.00
Nichols Accounting	<u>303.00</u>
Total	\$1,085.19

A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried authorizing payment of the Owyhee Dam Power Project accounts payable.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Tunnel #1 Power Project prepared by Nichols Accounting Group. The Directors reviewed the report. Mr. Chamberlin said that the Oregon Department of Energy called him and it looks like the project will start to go into the red the first of February.

Accounts Payable. Mr. Chamberlin presented the following schedule of accounts payable for the Tunnel #1 Power Project:

AT&T	\$141.07
Oregon Idaho Utilities	108.22
Dam Maintenance	4,690.00
Nichols Accounting	<u>383.00</u>
Total	\$5,322.29

A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried authorizing payment of the Tunnel #1 Power Project accounts payable.

MITCHELL BUTTE POWER PROJECT.

Generation Report. Mr. Chamberlin noted that the generation report is in the Directors' packets. President Corn said that the income from the project appears to be similar to last year's.

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

AT&T	\$118.66
Malheur Bell	122.46
Nichols Accounting Group	75.00
Dominick's	<u>15.40</u>
Total	\$331.52

A motion was made by Director Tschida and was seconded by Director Nagaki that the accounts payable for the month for the Mitchell Butte Power Plant, as listed in the agenda, be paid. The motion passed unanimously.

HYDRO REPORT. Tom Zittercob reported that Unit #1 at Mitchell Butte Power Plant had problems in its gear box. He said that the gear box is being rebuilt. He said that there is also a wobble in Unit #2. He said that some bolts had worked loose and that it is being repaired. He said that there is still a lot of work to do at the plant. He said that next year Unit #1 will need to be pulled at an estimated cost of \$50,000. He said that he got quotes on new turbines and generators and the cost is between 1.5 million and 2.5 million. He said that there is the possibility that just the turbines could be replaced and the existing generators used. He said that he is analyzing that possibility and costs. He said that he is also looking at potential funding sources.

Mr. Zittercob reported that on the Tunnel #1 Power Plant, the crane was pulled off and serviced. He said that it had been sitting there for 20 years. He said that he will do standard preventive maintenance for the power plant over the winter.

Mr. Zittercob said that on the Dam Power Plant, it is fine and it could be turned on tomorrow. He said that he estimates the cost of repairs at the Mitchell Butte Plant to be between \$25,000 and \$30,000.

PUMP-BACK STORAGE. Mr. Zittercob said that he has been looking at the possibility of touring other pump-back storage facilities. He said that he has contacted Grand Coulee Dam and they have a possible tour set up for the District Board the week of January 11th. He said that the project is an irrigation based project. A discussion on a potential tour was had. After discussion, it was the consensus of the Board to leave on the 12th and tour the facility on the 13th of January.

At 11:10 a.m., Tom Zittercob left the meeting.

RING GATE REPAIRS. Mr. Chamberlin said that the repairs at the ring gate are pretty much complete and that Dam Maintenance Company has a few extra expenses above their original estimates. He reminded the Directors that the original agreement was to pay half of the costs this year and half next year. A motion was made by Director Tschida, seconded by Director Nagaki, and unanimously carried authorizing payment of half of the Dam Maintenance Company billing, including the extra expenses.

SDAO DIRECTORS' TRAINING. Mr. Chamberlin reminded the Directors that they are all registered for the SDAO Directors' Training to be held January 29.

B2H UPDATE. President Corn said that the routes of the proposed power line are on the table and that the process is still progressing. He said that the committee should be narrowing down the choices to a couple of routes in January.

2010 BUDGET. Director Ausman reminded the Board that there was a special assessment for the ring gate in last year's budget and this year's budget. He said that in 2011, that special assessment will need to be taken out. The potential for an increase in PERS was discussed.

CANAL LINER INSPECTIONS. Harvey Manser presented a slide show on North Canal liners. He said that given time constraints, he thought that having the Directors view the slide show would be easier than trying to have the Directors tour the North Canal. Mr. Manser went through the slide show showing photos of liner concerns on the North Canal. He focused on seven areas of concern and those areas are as follows:

1. Kingman Liner - a portion will be cemented in the spring of 2010, approximately 1,000 feet.
2. Snively Siphon Liner - rocks are an issue here with difficult access.
3. Black Willow Liner - rocks are an issue.
4. China Wall - 4,000 to 5,000 feet of the center of the canal in this area is being worn down with rebar showing in some areas.

5. Tunnel Canyon Outlet - the concrete is showing some cracking. This is a sensitive sight.
6. North Canal 35.0 - the side is heaving and cracking.
7. North Canal 43.2 - liner is cracking and heaving. The liner is in pretty bad shape. This is a top priority for repairs. Propose a fabric liner.

Photographs of repair work done on the North Canal at 36.7 a couple of years ago were shown. Mr. Uhlman said that the repairs which were done on the North Canal 36.7 liner turned out really well. Mr. Manser said that the District can make similar repairs throughout the District, but that the Board needs to budget for a portion of the repairs each year. President Corn said that the Board needs to get a prioritized list from staff, along with cost estimates for each proposed repair.

RING GATE REPAIRS (Continued). Mr. Manser presented a slide show on the repairs on the Ring Gate. He said that USBR staff are happy with the results of the repairs and did their own report on them. President Corn asked how often the ring gate should be looked at. Mr. Chamberlin said that staff will check it out every time it is de-watered. He said that the key will be to have work done when a problem is noticed. Mr. Manser said that there is some cracking and spalling on the outer ring. He said that will be the next step for repairs. He said that there will also need to be some concrete repair work done and that these repairs are still being analyzed. The use of Dam Maintenance Company in the future was discussed. The Board expressed their satisfaction with the work which Dam Maintenance Company did.

BACKHOE. Mr. Chamberlin said that a request for bids was put out on a backhoe. He said that new machines are actually cheaper than used ones at this point in time. The bids were opened prior to the meeting. The Volvo machine came in at \$27,000, but it is a used machine and the specifications called for a new machine. The CASE machine was the second low bid, but it did not meet the horsepower specifications, along with five or six other specifications. The John Deere machine was the third lowest bid and the lowest bid that appears to meet specifications. The bid is \$48,268. The possibility of obtaining an extended warranty and the costs of that warranty were discussed. A motion was made by Director Tschida, seconded by Director Nagaki, and unanimously carried rejecting the Volvo and CASE bids and awarding the contract to John Deere if all specifications are met and authorizing District staff to look into obtaining an extended warranty and reporting back to the Board. The motion passed unanimously.

At 12:25 p.m., Rick Uhlman left the meeting.

WEED CONTROL CHEMICAL. Mr. Manser said that the Cascade product should be okayed for use in February. He said that on Magnacide, the Company sent out a second proposed contract which is still being looked at.

DISTRICT ANNUAL MEETING. President Corn said that he would like to have an annual meeting in February and would like slides of the liner issues to be shown.

EMPLOYEE EVALUATIONS. Mr. Chamberlin said that the employee evaluations went really well. He said that he has hired a new ditchrider for ride ten.

SWCD AND OWYHEE WATERSHED PROPOSED PIPELINE PROJECTS

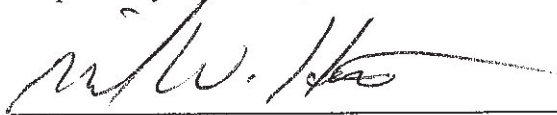
(Continued). Mr. Manser said that on the Newell drain, the old lateral would have to remain as a drain and the District would have to continue to clean it. President Corn said that District staff will have to do their homework before the District can sign on regarding applying for the BOR grant. Director Ausman said that he does not feel that the Board has enough details to get in at this time. He said that he is afraid that it is similar to the Cow Hollow Project, only bigger. He said that the labor would have to be subbed out and yet some District staff would still have to be out there full-time supervising. Director Nagaki said that the District cannot spare District employees. President Corn asked if the District engineer would have time to supervise the projects.

Mr. Chamberlin said that the projects are both doable, but it comes down to where the Board wants to prioritize. He said that having patrons move towards sprinklers helps the District. President Corn said that the District needs to keep staff working on ongoing maintenance items. Director Ausman said that the District cannot have crews work on these proposed projects. Mr. Chamberlin recommended that he meet again with Linda Rowe and Adena Green and then come back with good, solid numbers. The Board agreed that the concept is good, but they do not have enough details yet to make a decision. President Corn said that the Directors now have a priority list of canal work that needs done. The consensus of the Board is that they are not opposed to the project, but more information is needed. Mr. Chamberlin was authorized to gather more information.

CURT SISSON. Mr. Chamberlin said that Mr. Sisson asked him to thank the Board for the opportunity to serve on the Board.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 12:54 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____