

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

November 26, 2002

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on November 6, 2002, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:32 a.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Fred Schilling	Duane L. Drydale
Bruce Corn	Larry White

Also present were: Jay Chamberlin, District Manager; J.L. Eldred, OID Water Master; Frank Ausman, Director Elect; Jessie Melvin, District Employee; and Michael W. Horton, Secretary and General Counsel.

RESERVOIR STORAGE. Mr. Chamberlin reported that the reservoir storage as of November 26, 2002 is 91,818 acre feet and the storage as of November 26, 2001 was 81,200 acre feet.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on November 19, 2002.

MINUTES. Minutes of the meeting of Directors held on October 22, 2002, had been mailed to each Director prior to the meeting. A motion was made by Director Schilling and seconded by Director Nagaki that the minutes be approved as submitted. The motion passed unanimously.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Mr. Chamberlin stated that he has not received the financial report for the Mitchell Butte Power Project from Nichols Accounting Group yet.

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

Nichols Accounting Group	228.00
Water Resources Dept.	792.00
Talk America	15.12
AT&T	17.56
Malheur Bell	<u>131.71</u>

Total \$ 1,184.39

Director Drydale asked about the check to Water Resources Department. Mr. Chamberlin said that it was payment of a hydro-licensing fee. A motion was made by Director Drydale and seconded by Director White that the accounts payable for the month of November, as listed in the agenda be paid. The motion passed unanimously.

B&M EQUIPMENT BUILDING UPDATE. Mr. Chamberlin said that the B&M Equipment building purchase appears to be dead. He said that one of the lien holders has refused to go through with the sale and intends on refurbishing the property herself. Director Schilling said that he is still optimistic that the deal may go through. He discussed the situation with the lien holder and her potential plans and his feeling that such plans are not economically feasible for the site. Potential locations for the District offices and shops were discussed.

2003 BUDGET. Mr. Chamberlin presented a proposed budget for 2003. He said a few of the figures were changed from the draft budget he presented last month. He went through the budget item by item. President Corn asked if the budget reflects the employee wage increases and Mr. Chamberlin said that it does. Director Schilling asked how much the charge to water users would increase if the budget is adopted. Mr. Chamberlin said it would be \$0.50 per acre. A discussion was had with regard to increasing charges for water. Mr. Chamberlin noted that excess water revenue was limited this year. He said that pumping costs will most likely increase. Director White asked about proposed equipment purchases. The possible sale of the rubber-tired CAT was discussed. A motion was made by Director Schilling, seconded by Director Nagaki, and unanimously carried that the budget be approved as proposed.

WATER MASTER REPORT. J.L. Eldred, District Water Master gave his report. He thanked the Board on behalf of himself and the other District employees for the money that they received to purchase turkeys. He then reported on pipeline projects throughout the District. He said that the Warren/Myers situation has been potentially worked out. He said that the Holmes/Bennett project will be started in the near future. He explained the layout of that project. He said that it should resolve the issues and disputes which have been occurring at the site. Mr. Eldred went through the other proposed pipeline projects in the District. He said that the Stricklands and Rod Schiemer are both wanting to install pivots. He explained that on the Schiemer property a weir will be the only item which will need to be installed. Mr. Chamberlin said that the District is doing special use permits as part of the delivery system will be going under Mitchell Butte and ditches.

Mr. Eldred said that the ditching is going good. Jesse Melvin explained the installation of a pipeline on property belonging to Dr. John Phillips and Elzacars. He said that the

Elzacars

pipeline has to go under the gas company's right of way which means the pipeline is being buried 8-feet deep and complicating the project.

Director White asked about Mr. Haueter's situation. A discussion on that situation was had and it was the Board's consensus that the work must be done before spring deliveries. Mr. Horton stated that Mr. Chamberlin needs to notify Mr. Haueter of the Board's decision. He said that if Mr. Haueter can't or won't begin the repair process, then a letter should be written to Mr. Haueter notifying him that the District will make the repairs itself and send him the bill.

Mr. Eldred explained that a new weir and measuring device are being put in on the Robbins place. Mr. Chamberlin said that he and Mr. Horton will be working on policies for the District which will then go out to water users and lay out the District's rules.

Mr. Eldred reported on maintenance work being done at the pumping plants. He said that the sleeves at the Dunaway Plant have been repacked. He is doing a bid request for work on one of the motors at Dead Ox Pumping Plant. The work would involve a dip and bake in order to get through two more years with the motor without doing a rewind.

APPRAISAL OF HYDROS FOR INSURANCE. Mr. Chamberlin reminded the Directors that Ray Waldo had advised them to have the hydro projects appraised for insurance purposes. Mr. Chamberlin said that he located a man in Boise who does such appraisals and has done an appraisal on a small Oregon hydroelectric facility. He said the gentleman will do a walk through of the project and then submit a proposal on the cost of doing the appraisal.

RRA TRAINING. Mr. Chamberlin reported that Kris Ward attended RRA training which was beneficial for her. It is also beneficial for the District to show the Bureau that it is acting in good faith. He said that one of the areas which she told him that the District needs to watch out for is that the land leases within the District need to be in writing.

At 11:37 p.m., Tom Zittercob joined the meeting.

OREGON WATER RESOURCES CONGRESS MEETING. Mr. Chamberlin said that the Oregon Water Resources Congress annual meeting is being held in Seaside, Oregon on December 4-6. He said that he and Mr. Horton will be attending and he invited other Board members to attend.

STATE WATER RIGHT APPLICATION. Mr. Chamberlin said that he spoke with Mr. Gregg and the status of negotiations with NMFS has not changed since the last Board meeting.

BUREAU OF RECLAMATION DAM SAFETY AND MAINTENANCE WORKSHOP.

Mr. Chamberlin said that he and Mr. Zittercob will be attending the workshop. President Corn asked if the Bureau has finalized the safety requirements for the Dam. Mr. Chamberlin said that he has a draft report which has been submitted to the Bureau and the Bureau is currently working on it. He said that the draft has items which are to be completed within 30 days once the report is adopted. He said that most of the 30-day items include lighting, doors, fencing, and limiting access to the Dam.

UPDATING OFFICE. Mr. Chamberlin said that since it appears that the purchase of the B&M Equipment building has fallen through, he would like to install new carpet and repaint the interior of the District office. He said that he needs to get a cost estimate but that he would like to have the work done over the winter months when District employees are available. President Corn suggested waiting and seeing what happens with the B&M Equipment building. He said that the painting could be done now and recarpeting could be discussed at a later meeting. Mr. Chamberlin said that he would like to do all of the work at once as he has in mind rearranging the counters and layout of the office. Mr. Chamberlin said that he will wait awhile on that project.

RECESS. At 12:00 p.m., President Corn declared the meeting in recess.

MEETING RECONVENED. At 2:00 p.m., President Corn declared the meeting reconvened. All of the Board members were present. Also present was Jay Chamberlin, Michael W. Horton, and Frank Ausman.

MITCHELL BUTTE BOND PAYMENT TO DISTRICT. Mr. Chamberlin said that since Mitchell Butte will be coming up short on revenue this year that he will hold off making the bond payment to the District.

EQUIPMENT PURCHASES. Mr. Chamberlin said that he is still looking for a service truck. He has looked around the state in his travels and has not had much luck. Director Drydale said that he knows of a low-mileage truck which meets the District's specs which may be coming up for sale. Mr. Chamberlin asked the Board if it is prepared to spend upwards of \$20,000 to purchase a truck. The Board consensus was that it is but that other vehicle purchases will have to be postponed.

Mr. Chamberlin said that he checked with CAT on the differences between a 320 track machine and a 318 wheeled excavator. The track machine costs approximately \$161,000 while the wheeled excavator costs approximately \$175,000. The trade-in on the District's rubber-tired machine appears to be fairly low and a discussion was had with regard to keeping the machine to

use for weed cleaning. After discussion, the Board consensus was to keep the rubber-tired machine.

Mr. Chamberlin mentioned that there is a backhoe trailer available for \$5,500. Equipment usage and potential future replacement of the equipment was discussed. Mr. Chamberlin said that there are good financing rates right now on large equipment purchases. Director Drydale mentioned a ditch by his place that needs fixed as it is sloughing off.

EMPLOYEE SITUATION. Mr. Chamberlin said that Jesse Melvin is retiring and that he has hired internally to replace him. The employee situation at the District was discussed. Mr. Chamberlin said that he is not replacing all of the retiring employees as a way to cut costs. Mr. Chamberlin explained the current employee situation and where the various employees are working.

EQUIPMENT PURCHASES CONTINUED. Director Schilling asked about the purchase of a lowboy trailer. Mr. Chamberlin said that he is still looking. President Corn asked about the purchase of a belly dump and Mr. Chamberlin acknowledged that such a piece of equipment could work out well for the District. Mr. Chamberlin said that more employees need to have their commercial driver's licenses so that more of them can drive heavy equipment. Director White expressed his concern that District equipment is being used for patron projects rather than District projects which in turn wears the equipment out faster and increases equipment replacement costs. Director White said that he would like to see the District policies address the use of District equipment. Mr. Chamberlin agreed and said that he is now trying to have work plans and schedules in place so that when District patrons ask to use District equipment, he can let them know if there are any projects ahead of them.

A motion was made by Director Schilling, seconded by Director Drydale, and unanimously carried authorizing Mr. Chamberlin to purchase a service pickup for an amount not to exceed \$25,000, a beaver tail trailer for an amount not to exceed \$5,500, and authorizing Mr. Chamberlin to obtain competitive quotes on an excavator.

President Corn said that once the Board adopts new policies, notice of those policies need to get out to water users. He suggested town hall meetings for that purpose.

RECOMMENDATIONS OF THE JOINT COMMITTEE. Mr. Horton stated that the actions of the Joint Committee need to be ratified. A motion was made by Director Drydale, seconded by Director Nagaki, and carried unanimously that the recommendations adopted by the Joint Committee at its meeting on November 26, 2002 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

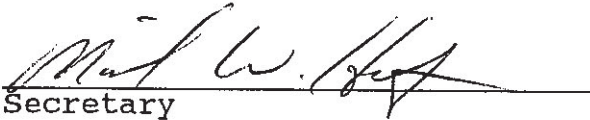
Committee, and further, that the staff, including the Project Manager of the Hydro Project, be directed to carry out the steps necessary to perform under the motions adopted by the Joint Committee:

1. Authorizing the payments of accounts payable.
2. Authorizing a letter of support in favor of adoption of draft amendments to the Northwest Power Planning Council.

OREGON WATER RESOURCES CONGRESS MEETING. Director Drydale encouraged the Board members to attend the Oregon Water Resources Congress meeting. He acknowledged that it is probably too late for them to attend this year's meeting but he encouraged them to attend future meetings. Various other water organization meetings were discussed as was the possible attendance of those meetings by District personnel and Board members.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned by President Corn at 3:27 p.m.

Respectfully submitted,


Secretary

APPROVED: _____