

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

November 18, 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 November 18, 2014, at 1:04 p.m. Frank Ausman, Chairman, presiding.

The following members of the Joint Committee were present:

Frank Ausman	Jerry Nagaki
Eric White	Rick Smith
Bruce Corn	

Also present were: Jay Chamberlin Manager of the Hydro Projects; Harvey Manser, OID Assistant Manger; Michael W. Horton, Attorney; Ron Keester, South Board Manager; Dan Tschida (OID Alternate); and Larry Myer, Newspaper Reporter.

MEETING NOTICE. The meeting agenda showed that public notice of the meeting was given on November 18, 2014.

MINUTES. The minutes of the meeting of the Joint Committee held on October 21, 2014, were mailed to the Committee members prior to the meeting. Mr. White noted two corrections to the minutes on page 3. One is changing the word "would" to "should" and the other is correcting a typographical error. The minutes were corrected. A motion was made by Mr. Nagaki, seconded by Mr. Corn, and unanimously carried approving the minutes as corrected.

TUNNEL #1 POWER PROJECT.

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

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. Smith, 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 October. 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	67.07
Oregon Idaho Utilities	336.34
Nichols Accounting	<u>325.00</u>
Total	\$749.77

BUDGET REVIEW - OWYHEE DAM. Mr. Chamberlin passed around a draft budget for the Owyhee Dam for 2015. Mr. Chamberlin said that one of the purchase items for the dam next year would be the replacement of a pickup truck. The draft budget was reviewed and discussed.

O&M WORK AT OWYHEE DAM. Jay Chamberlin reported on work being done at the Owyhee Dam. He said that one of the jet flow penstock valves has been coated and there are two more to go. He said that he proposes to do one more this year and a third one in January. He estimated material costs at \$10,000 per valve. The proposed work was discussed by the Committee members and their consensus is to continue to move forward with the work. Mr. Chamberlin said that the Bureau of Reclamation did an inspection and they recommend that coatings be done on Tunnel #1's gates.

Mr. Chamberlin said that guard control gate #8 is still stuck. He said that staff will be looking at the brake locking mechanism next. He then handed out photographs of the tunnel and guard gate, along with a USBR Recommendations Report. The photos and report were reviewed by the Committee members.

Mr. Chamberlin said that there is currently 20,000 acre feet in storage at the reservoir compared to 35,000 acre feet in storage at this time last year. He then completed his report on the planned work at the dam for the upcoming year. He explained one of the items being fencing at the Dam Compound.

BUDGET REVIEW - OWYHEE DAM (Continued). The proposed budget for work at the Owyhee Dam for 2015 was further discussed. After discussion, a motion was made by Mr. Corn, seconded by Mr. White, and unanimously carried approving the proposed budget.

WATER FORECAST. Mr. Chamberlin gave a report on water forecasts. He said that on the Idaho side the Snake River is forecasted to be good. He explained that even with good water,

power rates are going to go up quite a bit since USBR is updating their facilities and will be charging out those improvements. He said that forecasters are predicting an El Nino condition from now to mid February which typically results in below normal precipitation for the Owyhee Watershed during the period. The forecast was discussed.

POWER FOR PUMPING COSTS. Mr. Chamberlin said that the costs for power will be up to 25 mils in 2015. He said that the Bureau of Reclamation staff feel that with good carryover storage in the Snake River reservoirs, they will get good generation and be able to hold the power rates at that level for the foreseeable future. He said that wheeling charges are reported to remain close to where they are now.

DUNAWAY PUMPING PLANT. Mr. Chamberlin said that the pumps at the Dunaway Pumping Plant were run more this season than they would have normally run in three normal seasons. He then explained the maintenance work that would be done on the pumps this off season.

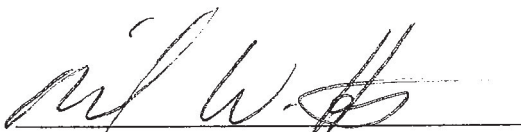
USBR STAFF ATTENDANCE AT NEXT MONTH'S MEETING RELATING TO MOU AND POWER ALLOCATION. Mr. Chamberlin said that Mr. Gregg from USBR was going to come to this month's meeting, but was unable to do so due to scheduling conflicts. Mr. Chamberlin said that the plan is to have Mr. Gregg and his staff come to next month's meeting to go through the MOU with Old Owyhee and to work through the power allocation process under the Owyhee Project contracts with the Bureau. Mr. Chamberlin said that on the MOU, USBR has suggested looking at an evaporation pan and possible additional gauging. Mr. Corn said that there may be grants available for additional inflow gauging.

HYDRO POSITION ELIMINATION. Mr. Smith asked if the employee whose position was eliminated was notified. Mr. Chamberlin said that he was and that the meeting with the employee went as well as it could. Mr. Chamberlin said that he now has an operational plan in place for running the hydros next season.

RON KEESTER RETIREMENT. Ron Keester announced that he will be retiring shortly. Mr. Chamberlin and the members of the Joint Committee thanked Mr. Keester for his years of service.

ADJOURNMENT. There being no further business, the meeting was adjourned at 2:03 p.m.

Respectfully submitted,


Secretary

APPROVED: _____

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

November 18, 2014

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on November 18, 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 (who joined the meeting at 10:33 a.m.)
Eric White	Frank Ausman
Dan Tschida	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; Harvey Manser, OID Assistant Manager; and Jake May, District Patron.

MEETING NOTICE. The meeting agenda showed that public notice as to the meeting was given on October 14, 2014.

MINUTES. The minutes of the meeting of the Board of Directors held on October 21, 2014, were mailed to the Directors prior to the meeting. A motion was made by Director White, seconded by Director Ausman, 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 overall, the District is doing okay financially. He said that there are a couple of more months to go for the year. Director Ausman noted that District staff have done really well staying within budget. He noted that the power for pumping costs were higher than budgeted, but that was expected given this water year. Mr. Chamberlin said that he and Mr. Manser are going to be meeting with Nichols Accounting on getting the payroll items and the budget report to line up with the actual payroll amounts. He said that the discrepancy may be in the employee paid leave being settled up in March.

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. Mr. Chamberlin said that USBR has raised the power rates for pumping electricity because of USBR's repairs to facilities that supply the wholesale power. A motion was made by Director Ausman, 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:

Riverside	\$87.92
Oregon Department of Revenue	<u>107.00</u>
Total	\$194.92

NEW ACRES/HB3111. Mr. Chamberlin reported on the status of the water right certificates for the new acres under House Bill 3111. He said that the District is now working with GEO Spatial on getting the new acres proved up. He said that an extension is being filed in order to complete the process. Mr. Chamberlin and Mr. Horton gave an explanation on the House Bill 3111 process.

At 10:33 a.m., Director Corn joined the meeting.

The Directors discussed the fact that acreages change within the District. Mr. Chamberlin said that District staff are trying to stay on top of the annual changes and keep the District up to date with separate reporting and tracking.

The need for water users to notify the District when acreages do change was discussed. Director Corn suggested that this be an item discussed at the annual meeting. Mr. Chamberlin said that is also an item to put in the District newsletter.

Mr. Chamberlin then explained the difference between the House Bill 3111 process, annual water right transfers, and temporary transfers.

FALL WORK UPDATE. Mr. Chamberlin gave an update on fall work which was done. He said that a lot of the big projects have been completed. He said that the concrete at the Kingman Lateral got in before the bad weather set in. He reminded the Directors that the Kingman Lateral project will be an ongoing project. Mr. Chamberlin said that district wide a lot of the lower end has been cleaned. He said that some of the Shoestring has been cleaned, but there is more touch up work to do.

PUMPING PLANTS. Mr. Chamberlin gave a report on work being done at the pumping plants. He said that two motors from the Dunaway Pumping Plant have gone to Riverside for O&M. He said that run time on the pumps this year was three years worth of normal run time.

He explained the work which Riverside is doing on the pump motors. He reported that some of the pumps have been pulled at the Dead Ox Pumping Plant and minimal repair work is required.

MITCHELL BUTTE PUMPING PLANT. Mr. Manser reported that the linkage pins have been put in. He said that Riverside is still working on the installation of rubber bushings.

2015 BUDGET. Mr. Chamberlin handed out a draft budget for the 2015 year. Included with the draft budget was a summary Mr. Manser put together. Mr. Manser said that he anticipates costs at the dam for the year of approximately \$30,000. He said that will depend upon what the Joint Committee decides to do. Mr. Manser then went through the handout and the Directors discussed it.

DITCHRIDER REORGANIZATION. Mr. Chamberlin said that they will be consolidating a couple of the ditch rides and eliminating one ditchrider position. He said that the employee who works in the position which is going to be eliminated is currently on maintenance right now. He said there is a staff meeting tomorrow morning to discuss the potential reorganization. Mr. Chamberlin said that there are a number of management staff members who are willing to forego their 2% pay increase in order to make the budget work. Staffing for the District was discussed.

BUDGET CUTS WORKSHEET. Mr. Chamberlin handed out a proposed budget cuts worksheet which the Board members reviewed. The Board discussed the proposed budget cuts. During that discussion, it was the consensus of the Board to keep providing Thanksgiving turkeys to District employees.

The Directors went through the proposed cuts and reached a consensus. Mr. Chamberlin said that he will take this work to Nichols Accounting for them to put into a budget format and hopefully come back to the Board in December with a formal budget presentation.

CANAL AUTOMATION. Potential canal automation sites were discussed. Director Ausman said that he is against any automation budget cuts.

MEETING RECESS. At 12:20 p.m., the meeting was recessed to reconvene following lunch and the Joint Committee meeting.

MEETING RECONVENED. At 2:04 p.m., the Owyhee Irrigation District Board of Directors meeting was reconvened. Those present at the meeting prior to the recess were present. Larry Meyer joined the reconvened meeting.

GAS TAX TEST PROGRAM. Director Tschida said that he recently attended a meeting on an Oregon Gas Tax Test Program. He explained the proposed program and said that the District may be able to save some money by participating in the program. Mr. Chamberlin said that he will look into the matter.

WINTER WORK TRACKING. Mr. Manser gave a handout on winter work. He said this is in response to Director Tschida's request for a monthly tracking report. The proposed format was reviewed and discussed. Director Tschida said that he was hoping for a graph. Mr. Horton said that it would be good to get a list of needed projects from management in order that the Board can prioritize the list according to resources available. Mr. Horton explained that this helps for liability purposes. The consensus of the Board is that this tracking format is headed in the right direction and the Board would like monthly reports so they know what is going on.

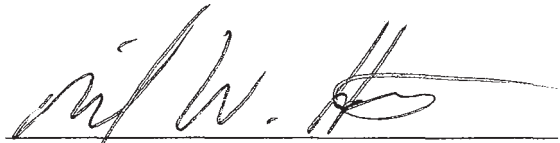
BUDGETARY CHANGES. Mr. Chamberlin explained some potential changes at the employee level for budgetary purposes. One of the items he addressed is vehicle usage. The Directors discussed the potential cost savings and potential employee reactions. Director Ausman expressed his appreciation for the budgeting work Mr. Manser has done. Discussion continued on the budget and equipment needs for the District.

At 2:40 p.m., Larry Meyer left the meeting.

The Directors discussed technology options with the manager.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 2:53 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____