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

September 30, 2003

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on September 30, 2003, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 7:35 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Bruce Corn	Fred Schilling
Jerry Nagaki	Frank Ausman

Also present were: 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 September 22, 2003.

RESERVOIR STORAGE. Mr. Chamberlin reported that the reservoir storage as of September 30, 2003 is 9,808 acre feet and the storage as of September 30, 2002 was 87,756 acre feet.

MINUTES. Minutes of the meeting of Directors held on August 19, 2003 had been mailed to each Director prior to the meeting. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried approving the minutes as mailed.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the month of August which was prepared by Nichols Accounting Group. The report was reviewed by the Directors. The report shows a net profit for the month of \$30,867.93 and a net loss for the year of \$12,258.78. President Corn asked how the bond payment due in December will be made. Mr. Chamberlin said that approximately \$300,000 is owed in December but that \$200,000 is in a designated Mitchell Butte fund and he does not think that the general fund will have to be tapped into to make the payment.

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

Waldo Insurance	\$20,680.00
Malheur Bell	126.73
Nichols Accounting Group	<u>234.00</u>
Total	\$21,040.73

A motion was made by Director Nagaki and seconded by Director Ausman that the accounts, as listed in the agenda, for the month be paid. The motion passed unanimously.

BARLOW GRAVITY SPRINKLER SYSTEM. Mr. Chamberlin reported that the pipe has been set out for the new sprinkler system. He said that the Barlows have made some changes that will lessen the District's involvement in the project. He said that the Barlows will be doing all of the digging themselves. He said that they have also reconfigured how they are going to reroute Fletcher Gulch which will require less labor.

EQUIPMENT PURCHASES. Mr. Chamberlin said that a lowboy trailer was sold last year by the District as surplus equipment. He said that it is now the time of year when such a trailer is needed. He said that he has found a decent used one at a price of \$5,025. He said that this year the ditching will start in Ontario and personnel will then work their way back towards the dam. The proposed trailer was discussed and after discussion, a motion was made by Director Ausman, seconded by Director Schilling, authorizing Mr. Chamberlin to purchase the lowboy trailer for the sum of \$5,025. Mr Schilling asked Mr. Chamberlin if the trailer will be too heavy for the District's equipment to pull. Mr. Chamberlin said that it would not be too heavy. He said that the trailer will do everything the District needs it to do. He said that a tilt-bed trailer is still needed in order to more easily transport backhoes. He said that backhoes can be carried on this trailer if a ramp is used. Mr. Chamberlin said that the front-end and tires are wearing out on the backhoes from too much road time and that this trailer will help reduce that wear and tear. A vote on the motion was had and the motion passed unanimously.

4X2 GATOR. Mr. Chamberlin said that a piece of equipment is needed to replace the old tractor at the Dead Ox Pumping Plant. He said that the tractor is used to haul moss from the rack at Dead Ox Pumping Plant. He said the piece of equipment needs to be narrow enough to fit between the handrail and the building.

Mr. Chamberlin passed around a brochure on a 4X2 Gator. He said that he has been quoted a price of approximately \$5,800 which includes a lift box kit. A discussion was had on the dependability and ruggedness of such a piece of equipment. Potential other types of equipment which may be able to perform the same function were discussed including 4-wheelers and small tractors. After the discussion, it was the Board's consensus that a small tractor with a loader would better serve the District in this situation. Mr. Chamberlin said that he will investigate the prices and availability of used small tractors.

NATIONAL WATER USERS' CONFERENCE. Mr. Chamberlin said that there is a National Water User's conference in Long Beach, California in November. He said that the commissioner of the Bureau of Reclamation will be available to meet with district representatives at the conference. Mr. Chamberlin asked if any of the Board members would be interested in attending. He said that he plans on attending. He said that one of the items which needs discussed with the Bureau of Reclamation is the Notice of Intent to Sue which the Bureau of Reclamation received from an environmental group. The Notice of Intent to Sue is over operation of dams on the Snake River system. Mr. Chamberlin handed out copies of the Notice of Intent to Sue which the Directors reviewed. The Board consensus is that attendance at the meeting is important and that if any of the Board members can work it into their schedule to attend, the District will pay the expenses for such attendance.

PROJECT TOUR FOR SENATOR FERRIOLI AND REPRESENTATIVE BUTLER. Mr. Chamberlin said that Senator Ferrioli played a key role in killing the ownership bill before the legislature. Mr. Chamberlin believes it would be a good idea to have a barbeque and invite Senator Ferrioli and Representative Butler with a tour of the project included. Possible dates of such a get together were discussed and the consensus was that the best time would be the end of October or the first of November.

MOSS CONTROL PERMIT REVOKED. Mr. Chamberlin handed out a letter which the District received from Oregon DEQ revoking its NPDES permit because of a recent case which nullifies a position which DEQ was relying upon in order to issue the permit. DEQ says that it will reinstate the permit if the case is overturned or if EPA approves the "alternate mixing zone standard" contained in the affected permits. He said that almost all of the AG groups, OWRC, and National Water Associations are working on this issue.

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the month of August which was prepared by Nichols Accounting Group. The report was reviewed by the Directors. The report shows a net profit for the month of \$145,391.72 and a net profit for the year of \$333,824.88.

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

Waldo Insurance	\$55,427.99
Malheur Bell	48.78
AT&T	19.75
US Cellular	40.38
Ore-Ida Utilities	333.03
Nichols Accounting Group	297.00
Stunz Fonda Law firm	<u>252.00</u>
Total	\$56,417.94

A motion was made by Director Schilling and seconded by Director Nagaki that the accounts as listed be paid. The motion passed unanimously.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the month of August which was prepared by Nichols Accounting Group. The report was reviewed by the Directors. The report shows a net loss for the month of \$135,656.70 and a net loss for the year of \$1,098,554.50.

Accounts Payable. Mr. Chamberlin presented the following schedule of accounts payable:

Waldo Insurance	\$93,950.00
Oregon Dept. Of Consumer Services	29.15
Ore-Ida Utilities	221.26
Nichols Accounting Group	<u>295.00</u>
Total	\$94,495.41

A motion was made by Director Ausman and seconded by Director Nagaki that the accounts as listed be paid. The motion passed unanimously.

RING GATE. Mr. Chamberlin said that the Bureau of Reclamation has agreed that if the District begins taking measures to refurbish the ring gate, they would be satisfied. Mr. Chamberlin said that besides Dam Maintenance Management Company, two other companies are interested in performing work on the ring gate to repair the seal. The needed work was discussed and after discussion, it was the consensus of the Board that the ring gate seal is special equipment which needs repaired and the extent of the repairs will not be known until the equipment is tore down. Mr. Chamberlin said that the estimated cost is under \$75,000. The Board consensus is that the seeking of three competitive quotes will not hinder competition and will provide substantial cost savings to the District. Mr. Chamberlin was authorized to get three competitive quotes to repair the ring gate seal.

FALL WORK PROPOSED PROJECTS. Mr. Chamberlin provided the Directors with a list of proposed fall projects. The Directors reviewed the list as Mr. Chamberlin went through it and explained each of the proposed projects. He said that none of the projects have been started yet. He said that he will also be surveying the canal work which needs to be done.

PUMPING PLANTS. Mr. Chamberlin said that he has just a few landowners under the Dunaway Pumping Plant who want the water to remain on. He said that manning the pumping plant is getting more difficult. On the Dead Ox Plant, he said that he has had a number of landowners call and request that the water remain on after October 1. Mr. Chamberlin's recommendation is to leave the Shoestring on until October 10 unless demand tapers off. He further recommended that Dead Ox remain on until at least October 15. A motion was made by Director Nagaki, seconded by Director Schilling, and unanimously carried that the Board follow Mr. Chamberlin's recommendations as to the shutoff dates on the pumping plants.

HEAD GATES AND TURNOUTS REQUESTED. Mr. Chamberlin said that approximately 20 new head gates have been requested by landowners.

DISTRICT EMPLOYEES. Mr. Chamberlin updated the Directors on the number of employees who will be retiring this year. He said that he has hired two replacements for retiring employees.

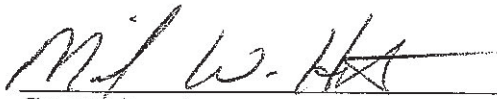
2002 AUDIT. Mr. Chamberlin handed out the financial audit for the District for the period ending December 31, 2002 which has been prepared by Bledsoe & Bledsoe. He asked the Directors to review the audit prior to next month's meeting. He said that he will have the auditor come to that meeting to go through the audit.

DIRECTOR COMMENTS. Mr. Chamberlin said that Steve Bosselman is wanting to sell his shop and a city block in Nyssa. Mr. Chamberlin passed around copies of the listing with photos. Director Ausman said that he had a couple of patrons mention to him how much they appreciate the job the ditch riders did this year. Mr. Chamberlin said that he received a letter from some landowners thanking the District for what it did this year. The Board discussed recognizing the work done by the District staff in this short water year. A motion was made by Director Ausman, seconded by Director Schilling, and unanimously carried authorizing the District to purchase a \$30.00 gift certificate to a restaurant for steak dinners for all of the District employees in appreciation of the job done by them during the short water year. Director Schilling said that showings of gratitude like this go a long way in boosting employee morale.

The management of weeds and chemical use throughout the District were discussed.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 9:35 p.m.

Respectfully submitted,



Secretary

APPROVED: _____