

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

February 23, 2010

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on February 23, 2010, at the Cairo Grange Hall in Ontario, Oregon, at 10:05 a.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Dan Tschida	Jerry Nagaki
Bruce Corn	Frank Ausman
Eric White	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, General Counsel; Tom Zittercob, Hydro Operator; Cliff Sebasto, District Employee; Terry Case and Rick Uhlman, District Foremen; Harvey Manser, District Assistant Manager; and Mark Carpenter, District Engineer.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on February 15, 2010.

MINUTES. The minutes of the January 19, 2010, meeting of the Board of Directors were mailed to the Directors prior to the meeting. Director Tschida noted a correction to the minutes with regard to the motion on the annual charge. The minutes were corrected to show that Director Tschida made the motion and Director Ausman seconded it. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried to approve the minutes as corrected.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. The accounts payable for the District were reviewed by the Directors. Director Ausman questioned the EC Power bill. Mr. Zittercob said that the bill was for generator maintenance. Director Ausman asked if the District is getting discounts when it purchases filters in bulk and Mr. Case said that they are. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried approving payment of the accounts payable as presented.

MITCHELL BUTTE POWER PROJECT.

Financial Report. The financial report for Mitchell Butte Power Project was reviewed by the Directors. President Corn asked when the District is going to take the dollar per acre out. Mr. Chamberlin said, "Probably right away."

Hydro Operator Report. Mr. Zittercob said that a capacitor bank on Unit #1 failed. He said that parts are coming in. He said that they had to rebuild operators on the worm drive. He does not have all the bills rounded up yet. He said that he would guess the total would be around \$2,500. Director Tschida questioned having two guys from Granger Engineering come and work on the hydros. The matter was discussed.

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

Granger Engineering	\$5,378.34
Nichols Accounting Group	<u>75.00</u>
Total	\$5,453.34

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

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin said that he forgot to pick up the financial report for the project. He said that he will get them to the Directors later.

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

AT&T	\$ 36.33
Oregon-Idaho Utilities	108.56
Granger Engineering	3,818.35
Riverside Inc.	6,530.62
D.J. Crisp	112.50
E.C. Power	370.94
Nichols Accounting Group	<u>383.00</u>
Total	\$11,360.30

Director Nagaki asked if the computer switch over saved money on the phone system and Mr. Zittercob said that it did. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried that the accounts payable for the month for Tunnel #1 Power Project, as listed in the agenda, be paid.

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin said that he will provide the Directors with a financial report at a later time.

Owyhee Dam Hydro Accounts Payable. Mr. Chamberlin presented a schedule of accounts payable for the Owyhee Dam Power Project. The Directors reviewed the list and noted that the Idaho Power Solutions entry is a dam expense and not an expense of the Power Project. The list of accounts payable was corrected and the accounts payable for the Owyhee Dam Power Project are as follows:

AT&T	\$ 24.02
Oregon-Idaho Utilities	162.84
Stunz, Fonda, Kiyuna & Horton, LLP	441.00
Ontario Tel-Answer	138.00
South Board of Control	560.00
Bruce Corn	285.00
Jerry Nagaki	312.50
Frank Ausman	268.75
Dan Tschida	125.00
Curt Sisson	230.00
Qwest	42.98
U.S. Cellular	49.24
Granger Engineering	3,428.31
D.J. Crisp	112.50
E.C. Power	566.73
Frank's Fire Exting.	209.77
Nichols Accounting	<u>303.00</u>
Total	\$7,259.64

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

MANAGER'S REPORT. Mr. Chamberlin said that there has been a lot of activity with regard to political interest on a possible pump-back storage facility.

WATER FORECAST. Mr. Chamberlin said that he flew the snow course yesterday. He said that there is not much high snow, but that Mud Flat has a little over 100%. He said that things look to be very wet. He said that the water outlook seems to be sitting on the fence. He feels confident that water users should get four feet, but he does not know about excess water. He said that the basin snow pack has lost a lot of ground as the days go by without storms. He said that it all depends on how the snow flushes out. He said that the District will have to wait and see

how the next eight weeks plays out. He said that the basin is sitting on a better soil/moisture profile than last year. He said that the USBR forecast is for 450,000 to 500,000 acre feet of inflows for the season according to last month's report.

ANNUAL INCURRED CHARGES. Mr. Chamberlin said that the water bills went out and the District is starting to get payments in. He said that this is helping as funds are getting tight. He said that he would like the Board to allow money to be transferred from the Reserve Fund to the Operating Fund, but then back when the assessments come in. He said that the District has received last year's payment from South Board, but that money from Owyhee Ditch has yet to come in. He said that money came in on the Shoestring sediment pond grant. President Corn noted that the Mitchell Butte money transfer could help with the operating reserves.

EQUIPMENT. District equipment and a dozer were discussed. The District Foreman advised the Board about the equipment. Director Ausman suggested that the District rent a new dozer machine to try it out. Mr. Uhlman said that the new John Deere is working great. He thinks the District got a pretty good machine.

STAFFING. Mr. Chamberlin said that Allen Brown has retired and that Rob Reed will be taking over ride 10.

PUMP-BACK STORAGE. Mr. Zittercob said that he attended a hydro meeting last week and gathered a lot of information on pump-back storage. He said that BPA is struggling with how to handle all of the wind power which is coming online and that there is a tremendous push to evaluate pump-back storage and its potential. He said that he learned that Senator Wyden is sponsoring a bill to provide money for power storage. He said that he spoke with Bill Holmes, attorney for Stoel Rives and after speaking with him, he thinks that there is money out there to do the reconnaissance study. He just needs to figure out how to go get it.

President Corn said that the pump-back storage idea may or may not have merit. He said that throughout the process, the Board needs to keep the focus on irrigators. He said that he is worried that the District cannot lock irrigators into a pressure system, which requires pumping versus the gravity system which is currently in place. He said that the gravity system should be maintained and that the District does not want to get itself locked into a high lift system. He said that O&M funds should not be used to lock the District into a pressurized system and that he would like to see the District continue to pursue gravity system improvements. He said that while grant money is available for such improvements, the District should continue to pursue it. He said that he likes the idea of the District getting royalties off of a pump-back storage if the District's current water use could be protected. He said that it is not financially feasible to pipe the North Canal. He said that the District needs to be ahead of the pump-back storage idea and on the forefront.

Director Tschida said that he is uneasy about the costs after viewing the Bend site. He said that he is not against the study of pump-back storage and he supports Mr. Zittercob seeking funding to do the reconnaissance study as long as the money does not come out of the water users'

pockets. The consensus of the Board is to have Mr. Zittercob continue to see what grants and funding are available.

President Corn reminded everyone that the number one priority is to preserve water rights for the patrons. He said that it may not be a bad idea to spend some money on gravity improvements as matches for grants.

Mr. Chamberlin said that the District will need to spend money for staff to travel to attend meetings with regard to possible funding sources for the pump-back storage idea. The Board made it clear to Mr. Chamberlin that staffing costs are different than study costs. Mr. Zittercob was reminded that he is to see just what is available and he said so far he is only been able to find funding that requires the District to match funds. Mr. Horton suggested the possibility of looking to federal legislation for funding the study. Mr. Zittercob said that there might be some private money available and that he will do some checking and get additional information. It was the consensus of the Board that a Joint Committee meeting will be necessary for next month to discuss this further and Mr. Chamberlin said that staff will have more information on possible funding sources next month.

Gary Mason joined the meeting at 11:20 a.m.

FLETCHER/NEWELL PIPELINES. Mr. Chamberlin said that the USBR grant has not been opened yet. The Fletcher/Newell pipeline projects were discussed. Mr. Chamberlin said that the Fletcher project has been engineered and designed and the grant application is ready to go. Mark Carpenter explained the grant and engineering steps. President Corn said that he believes the District needs to take advantage of grants while they are available. A discussion was had on the District appearing to spend money and resources on one area at the expense of other water users. The Board agreed that improvements in these areas will benefit the District as a whole and that the District should pursue these grants while they are still available, especially because of the 303-D listing.

BOR COMPUTER GRANT. Mr. Chamberlin said that the District got approval from BOR on its computer grant application.

HYDRO REPORT. Mr. Zittercob said that the Tunnel Plant will be put back together tomorrow. He said that the Dam Plant is ready to go. He said that there are still bits and pieces to come in on the Mitchell Butte Power Plant.

HENDRICKS' PIPELINE ISSUE. Mr. Chamberlin said that Mr. Hendricks has told him that he thinks that he has a plan to get water to his property. He said that he mentioned that he would like the District to lay pipe between now and the fall. Mr. Case said that there is no way District staff could install pipe before this irrigation season starts. He said that he and Mr. Eldred are going to be meeting with Mr. Hendricks to get more details on what he is thinking. President Corn said that the Board needs a report from him after they meet with Mr. Hendricks.

DIRECTOR COMMENTS. Director White asked if it would be possible for tenants to get a copy of their landlord's water card on land which they rent. Director Tschida asked if there has been any activity on the delinquent accounts. Mr. Chamberlin said that Mr. Horton's letters have generated payments. He said that some water users need to get caught up so that they can get water onto their place and not lose their water right. President Corn asked for an updated list of delinquent accounts for next month's meeting.

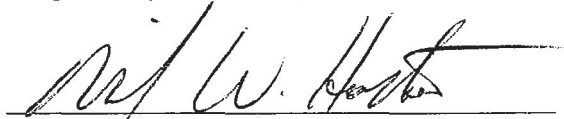
PUMPING PLANTS. Cliff Sebasto said that the impellers for the Dunaway Pumping Plant are here and now need to be installed. He said that Dead Ox Pumping Plant is ready to go.

TOUR OF PROJECT IN BEND, OREGON. Director Nagaki passed around photos of the pipeline project in Bend which some of the Directors visited.

WINTER MAINTENANCE. The District Foreman reported on winter maintenance items which District staff have been and will be working on. Gary Mason said that the lawnmower at the Dam needs to be replaced. President Corn noted that money has been budgeted for the purchase of a lawnmower at the Dam. Mr. Mason said that the ring gate was floated and works and that there is currently 260,000 acre feet of water in storage in the reservoir right now.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 12:06 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: \_\_\_\_\_