

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

September 17, 2002

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on September 17, 2002, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 7:30 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Jerry Nagaki  
Larry White

Duane L. Drydale  
Bruce Corn

Also present were: Frank Ausman, Mark Haueter, and Elden Weaver, District patrons; Linda Rowe, Malheur County Soil and Water Conservation District; Jay Chamberlin, District Manager; and Michael W. Horton, Secretary and General Counsel.

RESERVOIR STORAGE. Mr. Chamberlin reported that the reservoir storage as of September 17, 2002 is 106,684 acre feet and that the storage as of September 17, 2001 was 112,645 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 September 10, 2002.

MINUTES. Minutes of the meeting of Directors held on August 20, 2002, had been mailed to each Director prior to the meeting. A motion was made by Director Drydale and seconded by Director White that the minutes be approved as submitted. The motion passed unanimously.

RESOURCE CONSERVATION AND DEVELOPMENT COUNCIL (RC&D). Linda Rowe from Malheur County Soil and Water Conservation District asked the Board to support establishing a local RC&D in Malheur and Harney County. She explained that once such a council is established it can apply for grant money to assist in bringing in both public and private ventures into the county.

At 7:36 p.m., Fred Schilling joined the meeting.

Mr. Chamberlin said that NRCS is heavily involved in this area and has had a lot of success in bringing in dollars to the counties. He said that the Bureau of Reclamation would also be in support of establishing the RC&D. Ms. Rowe said that projects like lining canals could be paid for through such a program. A

motion was made by Director White, seconded by Director Drydale, and unanimously carried authorizing the District manager to write a letter supporting the establishment of an RC&D in Malheur and Harney Counties.

MARK HAUETER PIPE ISSUE. Mr. Chamberlin introduced Mark Haueter who recently purchased a piece of property on the Oregon slope. In the process of leveling his field, he exposed and damaged one of the District's buried pipeline laterals which services landowners below his place. Mr. Chamberlin said that 400 feet of pipe needs to be put back to grade so that it will be low enough not to be hit again. The current layout of the lateral system and its construction were discussed. Elden Weaver stated that he farmed the place before Mr. Haueter purchased it and he knew that the pipeline was there but had forgotten about it. Mr. Weaver said that the pipeline had leaked in a few spots. Director Schilling asked if it could be replaced with plastic and Mr. Chamberlin said it could. The farms serviced below the lateral were discussed.

Mr. Chamberlin said that 800 to 1,000 feet of the pipeline needs to be replaced. Mr. Haueter asked if the District would be paying for the replacement. Mr. Chamberlin said that it is the District policy that landowners pay for damage caused by them to buried pipelines. He said that the District would make the repairs and provide the labor free of charge but require the landowner to pay for the pipe. He said that it is not an option to leave it the way it is.

At 7:55 p.m., Mr. Zittercob joined the meeting.

Mr. Haueter expressed frustration with regard to not knowing that the buried pipeline was there. Mr. Horton stated that the burden is on the purchaser to investigate the property being purchased and to learn of the conditions affecting the property from the prior landowner. Mr. Haueter said that he did not investigate the area of weeds where the pipeline is exposed at the border of his property and admitted that if he had investigated such weedy area, he may have noticed the pipeline. The Board consensus was that the District would provide the labor and Mr. Haueter would pay for the pipe to make the repairs.

At 8:08 p.m., the meeting was recessed.

At 9:11 p.m., the meeting was reconvened. All of the Directors of the District were present. Also present was Frank Ausman, District Patron; Tom Zittercob, Hydroelectric Supervisor; Jay Chamberlin, District Manager; and Michael W. Horton, Secretary and General Counsel.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report which had been prepared by Peter Nichols for the month of August for the Mitchell Butte Power Project. The Directors reviewed the report. The financial report shows a net profit for the month of \$69,891.74 and a net profit for the year of \$48,839.42.

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

Nichols Accounting Group	\$ 228.00
AT&T	19.63
Talk America	15.02
Malheur Bell	130.72
Waldo Insurance (paid 8/23/02)	<u>21,544.00</u>
Total	\$ 21,937.37

A motion was made by Director Schilling, seconded by Director Nagaki, and unanimously carried authorizing payment of the accounts as listed in the agenda and ratifying payment of those accounts already paid.

TOM ZITTERCOB, HYDROELECTRIC SUPERVISOR REPORT. Tom Zittercob reported that the Mitchell Butte Power Plant is running well. It is currently making 1.3 megawatts. He said that it is generating more electricity than it was before the runners were replaced. He may look at reconfiguring the runners on the other unit to see if its production can also be boosted. President Corn asked what maintenance he had planned for the winter. Mr. Zittercob said that if Mr. Chamberlin acquires a small camera to check the siphons, he would like to use the camera to look through the penstock. Mr. Chamberlin said that he would like to get in and check the interior of the siphons and he hopes to do that this fall and next spring.

At 9:23 p.m., Tom Zittercob left the meeting.

DIRECTOR ELECTION UPDATE. Mr. Horton stated that notice was given to the public of the upcoming Directors' elections. He said that two petitions have been turned in so far. He said that if he does not receive any more petitions that there will not be a need for an election and those individuals nominated in the two petitions are to be recognized as being duly elected and are to take office in January 2003. If additional petitions are received, then the Board will need to implement the election procedures at its October Board meeting.

B&M EQUIPMENT BUILDING UPDATE. Mr. Chamberlin reported that DEQ personnel have completed their tests at the B&M Equipment building and have come back with their requirements for agreeing to a prospective purchaser agreement with the District. He said that Mr. Horton has spoken with Ms. Robertson at DEQ who informed him that the total cost for complying with the prospective purchaser agreement should be less than \$20,000. Mr. Horton explained that DEQ would require the District to dig four monitoring wells and take quarterly samples from those wells for a maximum of three years. In addition, the District is to abandon the domestic well at the site and connect the property to city water. Finally, 50 cubic yards of material is to be removed from the site and farmed out on District property. Mr. Chamberlin said that the bid for drilling the four wells is \$3,880. Mr. Horton said that the lab sample costs should be less than \$6,000 for the three-year period. Mr. Chamberlin said that he will continue to get quotes for drilling the test wells. Mr. Horton was authorized to contact DEQ and advise them that the District is ready to negotiate a prospective purchaser agreement.

MANAGER'S REPORT. Mr. Chamberlin reported on automation of the gate at Sheep Creek. He said it seems to be working well. He said that Craig Froerer was in his office and mentioned putting a pivot in at the Peterson place and was asking about installing a steel bridge over the Locket Gulch drain. A discussion about the problems and potential costs of installing a steel bridge strong enough to support a pivot was had. Mr. Chamberlin said that since it is a waste way, it would not jeopardize water delivery to other patrons. He said that he is planning on having the drain cleaned out this winter. The consensus of the Board was that such a project would be unfeasible.

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 Schilling, seconded by Director White, and carried unanimously that the recommendations adopted by the Joint Committee at its meeting on September 17, 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 payment of accounts payable.

FISCAL AUDIT. Mr. Chamberlin handed out Bledsoe & Bledsoe's audit of the District. The Directors will review the audit and discuss it at next month's meeting.