

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

March 18, 2008

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on March 18, 2008, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:00 a.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Frank Ausman	Jerry Nagaki
Bruce Corn	Dan Tschida
Curt Sisson, who joined the meeting at 10:10 a.m.	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, General Counsel; Gary Faw and Elizabeth Felix, SWCD; Brule Lehman, J.L. Eldred and Mark Carpenter, OID Employees; and Anne Spurn, Author.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on March 11, 2008.

SAFETY GRANT. Brule Lehman stated that he applied for an SDAO grant for safety and security for the District. He summarized the grant process which he has gone through. He said that the grant has been approved for lighting, security, and fencing. He said that the total cost of these items is \$13,255. He said that the grant is for \$3,000 and that the District must contribute approximately \$10,000 towards these items. He said that the District's labor costs can be considered as part of the matching funds. A discussion on the matter was had. President Corn asked Mr. Lehman to find out if a portion of the grant is available if the District only does a portion of the work.

At 10:10 a.m., Mr. Belknap, District patron, and Curt Sisson joined the meeting. Brule Lehman left the meeting.

SWCD WATER TESTING PRESENTATION. Gary Faw introduced Elizabeth Felix and said that they are both now working for SWCD. He made a presentation on the Water Testing Program and passed around test reports. These reports were for Jacobson Gulch, Locket Drain, and the North Canal.

At 10:20 a.m., Leroy Lommis, District patron, joined the meeting.

The Directors reviewed the water testing reports as Mr. Faw went through them. Mr. Faw said that the irrigation water is getting cleaner. He passed around a handout comparing the drains

with other drains throughout the area. He said that he is starting to sample the Owyhee River near Snively Hot Springs.

At 10:27 a.m., Harvey Manser joined the meeting.

SWCD TECHNICAL ASSISTANT GRANTS. Mr. Faw said that SWCD has Technical Assistant Grants going on. He said that there are two different potential pipeline projects which are being looked at. He said that one of those projects is on Mitchell Butte. He said that right now the grant process is an engineering grant. He explained the planned Mitchell Butte Pipeline Project and the potential conflicts with the Mitchell Butte Power Plant were discussed.

MINUTES. The minutes of prior meetings were mailed to the Directors. Mr. Horton said that minutes for January 22, 2008, January 28, 2008, February 5, 2008, and February 12, 2008, need to be approved. A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried approving the minutes of the meetings of the Directors held on January 22, 2008, January 29, 2008, February 5, 2008, and February 12, 2008, as mailed.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Mr. Chamberlin said that the list of accounts payable are in the Board member packets. The District bills were reviewed and discussed. A motion was made by Director Sisson, seconded by Director Nagaki, and unanimously carried authorizing payment of the accounts payable as presented.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Mr. Chamberlin said that a financial report is in the Directors' packets. The report was reviewed. President Corn asked when the money from the Mitchell Butte Project will be transferred to the regular District account. Mr. Chamberlin said that he is working on the transfer and that it will be done soon.

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

AT&T	\$5.16
Malheur Bell	4.40
Frank's Extinguisher	35.62
Nichols Accounting	<u>75.00</u>
Total	\$120.18

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

CANAL LINER AT 43.2. Mr. Chamberlin said that as part of the ditch break settlement agreement, the District has a liner to install at 43.2. Mark Carpenter explained the type of liner that is to be installed. He said that it is a rubber type liner and will take about one week to install. He said that the liner is suppose to last 20 years. Mr. Chamberlin said that this liner will cover where the canal broke and that it should secure the hillside. He said that the District will also need to build up the hillside over time. He reported that the under shots in this area are clear but that it would only take one storm event to plug them up. Mr. Chamberlin said that District staff are doing all that they can as the time and resources allow. He said that the liner will be in and installed before water comes in.

NORTH CANAL LINER AT LANDFILL. Mr. Chamberlin gave a brief summary of the landfill issue near the canal in the Ontario area. Mr. Horton read a letter from Max Taggart demanding that the District install a liner above the old Ontario Dump property. The letter alleges that the District's canal is leaking and causing the watertable to rise which in turn is causing the old landfill material to pollute the watertable. Mr. Taggart's letter is requesting that the canal be lined this spring. Mr. Chamberlin said that he has talked with USBR personnel and that there is no way that the District can get funding for this project before the water comes on this spring. He explained the possible type of liner that would be installed in the area along with the excavation that would be necessary. He said that it would be a much larger project than the liner at 43.2. He said that there is water running through the draw year round even when there is not water in the canal. He said that it appears that there is a gravel vein which runs through the area so that there is always some seepage there. Mr. Chamberlin said that the City of Ontario may have some funds available for this project. He said that the city needs to be contacted to see if this is in fact the case. Mr. Chamberlin said that any lining which is done in this area may have to go up and beyond the other liner. He said that in his opinion there will always be water there and that he believes the trench which DEQ is recommending is needed even if the canal is lined. He said that 500 to 600 feet of lining would be needed there. He estimated the material costs at \$15,000. He noted that the District does not have the time or resources at this point to install the liner this spring.

The Directors discussed the situation. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried adopting the following preamble and resolution:

WHEREAS, Forsyth Enterprises has requested that the Owyhee Irrigation District line the canal near the old Ontario Dump site this spring; and

WHEREAS, Owyhee Irrigation District does not have the time or resources available to line the canal near the old dump site this spring, as resources are needed for other areas of the project.

NOW THEREFORE, it is hereby resolved that Owyhee Irrigation District will not install a liner at the old Ontario Dump site this spring, but that Owyhee Irrigation District will work towards a solution for future years.

TIME OF DISTRICT MEETINGS. Mr. Chamberlin said that he wanted to remind the Board members that the District Board meetings switch to evening meetings starting next month. A discussion on the time for having the evening meetings was had and after discussion, it was the consensus of the Directors that the evening Board meetings will begin at 7:00 p.m.

EMPLOYEE MATTERS. Mr. Chamberlin said that the District will not be able to use the prescription part of the health plan which the Board choose. He said that the District will be able to use a similar prescription plan but wanted to make the Board aware of the matter. Mr. Horton clarified the previous minutes with regard to Mr. Zittercob's 2009-2010 salary.

ENGINEERING ASSISTANCE FEE SCHEDULE. Mr. Chamberlin said that the Board had asked for a fee schedule for services which Mark Carpenter, OID Engineer, may perform for District patrons. Mr. Chamberlin said that a draft schedule has been put together and Mark Carpenter handed out the draft. He went through the proposed schedule as the Directors reviewed and discussed it. A project application document was also handed out and discussed.

PROJECT APPLICATION DOCUMENT. Director Ausman made a motion which was seconded by Director Tschida approving the Project Application document and requiring that it be completed on all future projects. The motion passed unanimously.

ENGINEERING ASSISTANCE FEE SCHEDULE. A motion was made by Director Sisson, seconded by Director Nagaki, and unanimously carried approving the Engineering Assistance Fee Schedule and the fees listed thereon. The District shall charge fees for engineering services as provided in the fee schedule.

SELECT ONION ISSUE. Mark Carpenter advised the Board on a problem which just came to light with regard to Select Onion tearing up a District pipeline. Mark Carpenter handed out photos which were reviewed by the Board members. It was noted that other water users receive water from the pipeline and that halting the project may hurt those other landowners. The matter was discussed and Mr. Horton pointed out that he has a conflict of interest in the matter. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried authorizing Mr. Chamberlin to take all action necessary to resolve the Select Onion issue.

RECESS. At 11:54 a.m., President Corn declared the meeting in recess.

MEETING RECONVENED. At 2:56 p.m., the meeting was reconvened with Harvey Manser, OID Employee and Peter Nichols, CPA, being present.

HERBICIDE PRICES. Harvey Manser reported that every year he orders chemicals through the USBR Sponsored Pool Program. He said that by participating in the program, the District is locked in on the price of the chemical costs. He said that these cost have increased dramatically and that he is now over budget. He said that he could cut some other costs in order to stay within budget. He said that he would like some direction as to whether or not to stay in the USBR Pool. President Corn said that the Directors will consider the matter after discussing the budget further.

2008 BUDGET. Peter Nichols presented a 2008 budget to actual comparison handout. The Directors reviewed the handout. Mr. Chamberlin noted that the District is current on prior years debts from South Board and Old Owyhee, but he will double check and let the Board know if in fact those districts have not made their payments. President Corn asked Peter Nichols to double check to make sure that Tom Zittercob's costs are being charged to the Hydro Projects.

Director Ausman voiced his concern about being over budget last year. Harvey Manser said that part of the reason for being over budget was the excess wage costs as extra overtime was required last year. President Corn suggested that Peter Nichols check on a gas tax refund which the District may be entitled to. The Directors reviewed the budget to actual expense comparison handout.

At 3:10 p.m., Harvey Manser left the meeting.

DISTRICT MONTHLY FINANCIAL REPORT. Peter Nichols handed out a financial report for the District for the period ending February 29, 2008. Mr. Nichols went through the report as the Directors reviewed it. In reviewing the report, Mr. Nichols noted that the funds which were dedicated in the 2008 budget will be transferred after the assessments go out. Mr. Nichols handed out a General Ledger Detail Report which the Directors reviewed. The Directors and Mr. Chamberlin informed Mr. Nichols that these reports have been needed and are helpful. Mr. Nichols said that he will talk to his staff about the possibility of tracking employee overtime.

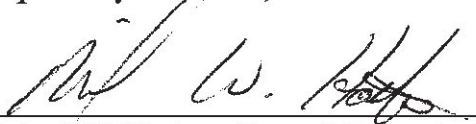
At 3:50 p.m., Peter Nichols left the meeting.

MITCHELL BUTTE PIPE PROJECT. The Directors discussed the proposed Mitchell Butte Pipe Project and the potential problems it creates. It was noted that District policy does not allow piping off of the main canal.

MALHEUR SIPHON. Mr. Chamberlin advised the Directors that the District does not have the time or the money to be able to work on the siphon legs at this time. He said that District staff will have the legs blocked. Mr. Chamberlin said that he is trying to keep payroll, overtime costs, and equipment expenses within the budget.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 4:00 p.m.

Respectfully submitted,

  
Michael W. Horton, General Counsel

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