

November 10, 2020

Arnold Irrigation District
Monthly Board Meeting

The meeting was called to order by Bren Hirschberg at 3:01 pm. Board members present were Bren Hirschberg, Walt Warchol, Bob Schuur, and Rob Rastovich. Office staff members present were Colin Wills and Juanita Harvey. Also present were Senator Tim Knopp, patrons Steve & Rena Keffer and Kerry Backsen and Mark Reinecke, the District's attorney, and his assistant Alice Ramos.

1. SENATOR KNOPP: At the request of board member Rob Rastovich, Senator Knopp addressed some of the District's concerns regarding water availability and what efforts the Board could pursue in the future.

Rob began the conversation by identifying some of the concerns. He stated that he made zero profit during the 2020 irrigation season because of the lack of water.

Rob asked Senator Knopp if he had any suggestions as to what can be done in Salem and what the Board can do to advocate for its interests.

Senator Knopp stated that there is a 100-year water plan for the State of Oregon but that there is sometimes a disconnect between rural and urban understanding of the needs of farmers and the impacts of certain policies on farmers.

Senator Knopp mentioned that although water issues would again likely be considered during the next legislative session, they would likely be over-shadowed by budget issues resulting from the COVID-19 pandemic. He suggested working with the members of the committees tasked with developing legislation related to irrigation interests.

Bren asked what our irrigation district can do to pursue modernization projects. Senator Knopp stated that the District needs to craft and implement long and short-term policies as we feel necessary to reach our goals. Any conservation efforts on the District's part are moving the district in a positive direction for protection of water for future agricultural needs.

Rob asked about technology that could benefit the districts but funding it is the problem. Is there a way that the State could assist the districts with technology funding?.

Senator Knopp stated that technology issues should be brought to OWRD (Oregon Water Resources Department) and if they are likewise interested, they could petition the Governor's Office.

Steve Keffer brought up the issue of fire season and the point that there was no water available during that time for fire protection. Could we use that point as leverage for help from the State? Colin stated that if there were a fire, the District did not need a water right to put water in the canal system. The water would be turned on immediately. Steve mentioned that he understood that, but the ground is already dry at that point.

Kerry Backsen spoke regarding his concerns which were much the same. He mentioned that farmers who lost thousands of dollars in crops during the 2020 irrigation season are picking up

and moving out because they don't see any hope and they cannot afford to wait and see what happens in the future when their farming businesses are at stake.

Bren thanked Senator Knopp for listening to the board's concerns and providing his insight. Senator Knopp and Kerry Backsen left the meeting at 4:00 pm.

2. OPENING OF TRUCK BIDS: 4 bids were received. 1. \$8,400; 2. \$6,200; 3. \$6,008, and 4. \$10,599.99. The highest bid was in favor of Andrew Miller for \$10,599.99. He will be called in the morning and notified.
3. APPROVAL OF OCTOBER MEETING MINUTES: Walt motioned, and Bob seconded his motion to approve the minutes with the following corrections. Pg. 2., 3.B. change from "Paper" to "Pape". Pg. 2., 4. last paragraph, change the word "Board" to "District" and add in that Todd Peplin is an employee for the DSWCD and not on the board. The vote the unanimous in favor.
4. APPROVAL OF ACCOUNTS PAYABLE: Walt motioned, and Bob seconded his motion to approve the accounts payable. The vote was unanimous in favor.

5. REPORTS:

A. MANAGER REPORT:

- i. WATER REPORT: Crescent Lake is going down and water will be released out of Crescent Creek all year. Crane Prairie is at 37,764 AF and Wickiup is at 27,587 AF. The snowpack is at 2" to 4" between Cascade Summit and Irish Taylor.

The winter stock runs have been scheduled for the 2020/2021 winter season. They are December 6 – 11, 2020, February 7 – 12, 2021, and March 21 – 26, 2021. The December and February dates are tentative based on the river flows.

- ii. FINANCIALS: The balances in the accounts as of today were not available. If the board wanted those numbers, Juanita could get those and email them to the board tomorrow.

Bren noted that the account numbers on the Cash Flow Statement do not match. That needs to be corrected. Colin will call Local Ledgers and have them make the correction.

- B. FIELD SUPERVISOR'S REPORT: The field staff began the site preparation today for the shot-creting of 4 sections of the main canal later this week.

On November 3rd, the field staff started the excavation and cleaning of the main canal. They are anticipating the cleaning of the main canal and the construction of at least one check wall will be complete before the 1st stock run.

- C. OFFICE REPORT: Intent to foreclose letters were prepared by BLJ and sent out to 3 district patrons who are delinquent for their 2019 and 2020 assessments. Intent to lien letters were also prepared and sent out to 2 district patrons who are delinquent on the payment of their 2020 assessments. One additional customer would have received an intent to foreclose

letter, but their property was sold, and we should be receiving full payment from the title company this week. One of the customers who received an intent to lien letter has already contacted the office for the total balance on their account and has said they would be sending payment in full.

All OFF and ON draft maps for the transfers that will be submitted to the State as permanent transfers at the end of year were prepared and sent over to Parametrix to prepare final maps. They will update the district mapping system at the same time with this new current data from these maps. Also prepared, were the beneficial use maps from the 2015 permanent transfer. Parametrix will take these draft maps, prepare final maps, and update the mapping system to show the final mapping for that transfer.

Juanita is still working on the certificate audit. This is taking a bit longer than anticipated. OWRD thought the process would be quick but Arnold's certificate include township, range, section, $\frac{1}{4}$ $\frac{1}{4}$ section and tax lot number, water rights for that tax lot along with the patron name. New owner names, new water right acres because of water right transfers and tax lot numbers must be updated. Tax lot numbers need to be changed to match Deschutes County because of the re-mapping they underwent assigning most of the properties within our district new tax lot numbers.

Once the 2021 budget is approved, Juanita will move forward with steps necessary to prepare for the 2021 assessments to be processed.

We have a definite date for the Christmas Party which was tentatively on hold because of the number of people that would be allowed in the room. The venue has given us a larger room for the same price to help accommodate the number of people who may be in attendance.

Bren noted that he liked the look of the new web page, but he was having a hard time finding the minutes. He asked if Juanita could look at it and see if changes could be made to make the finding of the monthly minutes easier.

6. NEW BUSINESS:

- A. BUDGET: Bob Schuur, budget committee member reported that there was a total of 2 meetings. Two of the major considerations were the purchase of a new excavator and the second were the hourly wages of the ditch riders.

For the ditch riders to have starting pay equivalent to that of their counterparts in other local irrigation districts, they would need an increase. The District wants to keep the employees it has and wants to compensate them appropriately.

A COLA increase of 1.6% would be given to the other 3 staff members. The budget committee agreed that the COLA increase would not be automatic each year. The budget committee would make that decision yearly.

The final drive in the excavator broke out in the field. It is non-moveable. The excavator is approximately 25 years old. The repair estimate was \$9,000. The reason being that this piece of equipment is old enough that there are no repair parts available and the whole drive needs to be purchased making this repair expensive.

Colin went out and received several quotes for a new excavator. The best quote for a similar size was \$66,862 financed over 5 years at a 2.99% interest rate and using our current excavator as a trade-in with an as-is value of \$2,500 (picked up and removed from our work site).

If this is the route the board would approve, the monthly payments would be approximately \$1,100 (\$14,000/year). The current amount in the budget of \$35,000 which was budgeted for a used excavator would be removed and replaced each year in the budget with \$14,000 over the next 5 years. The last page of the budget shows a surplus of \$49,669 which would be rolled over into reserves. This would increase to \$70,669 because the \$35,000 would be added to this line subtracting the actual \$14,000 which would instead be budgeted for the 2021 payments of the excavator.

During this 5-year period when the district would normally purchase a new vehicle, all vehicle purchases will be put on-hold until the excavator was paid off. Currently, all the District vehicles are fairly new (2015, 2016, 2017, and 2020) and the District should be fine with these vehicles until that time.

If this budget is approved, Colin would like to move ahead and order the excavator as soon as possible even though it would be purchased in the 2020 budget year because of projects which need to be started as soon as possible during this maintenance season. Currently, we do not have an operational piece of equipment for these projects.

Looking at the 2020-2021 assessment comparison, the committee tried to keep the increase as close to the 2020 assessment as possible. There would be an overall 0.01% assessment increase which was a \$100 in the total budget.

The only other major expense and change to the budget was 6045 the Education and Travel line item. Currently, only one of our field workers has a CDL which he received before the district employing him. The other two field workers also need CDL's. The cost of the CDL class is \$3,000 per person over a 4-day period in Portland. There is a local option, but it is \$5,000 per person over a 4-week period.

At completion of the budget presentation and after all questions were answered, Bob motioned to accept the proposed budget. Walt seconded the motion. The vote was unanimous in favor.

- B. EXECUTIVE SESSION: The order of the meeting was changed slightly. The executive session which was slotted this time on the agenda was moved to the end of the meeting after discussion with FCA (Farmers Conservation Alliance). At 6:10 pm, Rena and Steve Keffer left the meeting and Bren suspended the regular session and called an executive session to order pursuant to ORS 192.660(2)(h) to consult with counsel concerning the legal rights and duties of a public body regarding litigation likely to be filed.

7. OLD BUSINESS:

- A. COMMENTS AND DISCUSSION REGARDING THE NEE (NATIONAL ECONOMIC EFFICIENCY) ANALYSIS WITH THE FCA (FARMERS CONSERVATION ALLIANCE): Brett

Golden of the FCA called in via conference phone at 5:14 pm. There were three things he would like to come away from this meeting with: 1) Where would water saved from district piping project go?; 2) How would it get there? (contracts, legalities); and 3) By how much will the District reduce its maximum diversion rate after completion of the project?

1. Where would saved water go? The consensus was that it would go to junior water right holder NUID (North Unit Irrigation District) to be diverted by NUID in the upper Deschutes and protected through an instream lease. Other options considered include the middle Deschutes or a mixture of both among the different phases.
2. How would the water get there? This does not need to be decided at this time, but the District needs to consider how it would like to handle the movement of this water. It could be a contract agreement or possibly a permanent transfer.
3. By how much will the District reduce its maximum diversion rate after completion of the project? After discussion, the board indicated that the District could reduce its maximum diversion rate from the certificated right of 150 cfs down to 120 cfs, a 30 cfs reduction in maximum diversion.

Brett left the phone meeting at 5:45 pm.

The regular meeting was called back to order after coming out of executive session at 6:28 pm.

8. OPEN FORUM: There were no items brought up for discussion.
9. ADJOURNMENT: The meeting adjourned at 6:28 pm.

ARNOLD IRRIGATION DISTRICT

