

Arnold Irrigation District
Monthly Board Meeting

April 9, 2024

The meeting was called to order at 3:06 pm by Bob Schuur. Board members present were Bob Schuur, Walt Warchol, Jon Smith, and Roger Fadness. Staff members present were Colin Wills, Chris Webb, and Juanita Harvey. Also present were the District's attorney, Mark Reinecke, and District patrons Mike & Sue Penhollow, and Steve Keffer. Steve Johnson was present via zoom.

1. APPROVAL OF MARCH BOARD MEETING MINUTES: Bob motioned, and Roger seconded his motion to approve the March board meeting minutes. The vote was unanimous in favor.

2. APPROVAL OF ACCOUNTS PAYABLE: Jon asked about the cost of the generators we purchased for the inlet and the outlet of the project area. Are they part of the project? Colin assured Jon that we would be submitting the cost of the generators to the NRCS for reimbursement. Walt motioned, and Jon seconded his motion to approve the accounts payable. The vote was unanimous in favor.

3. MANAGER'S REPORT:
 - a. WATER REPORT: Colin presented the water report in order of the flow of the river. April 1st, Wickiup is up to 155,000 AF. Most districts are turning on between now and the 15th.

The drought report shows the same information as last month.

Steve Keffer asked where we were with the OSF (Oregon Spotted Frog). Did they have to release water for the frogs? Colin stated that Crane Prairie fills only to a certain level for the frogs.

- b. FINANCIAL REPORT: The cash flow statement shows that we have \$657,166.54 in the LGIP Modernization Fund, \$1,002.57 in the LGIP Operations Account, and \$80,183.07 in the LGIP Reserves Account.

Colin noted that the financials indicate 1.2 million in assessments received which is incorrect. Our total assessment base is much less than that. There is a booking error which will be corrected after the meeting.

\$129,000, which is the \$30.00 per acre fee for the modernization fund was transferred to the LGIP Modernization Fund and \$200,000 was transferred to the LGIP Operations Fund. The February balance showed \$1,002.57. It now shows \$201,002.57.

Colin updated the board on the Pahlisch request from last month to lower the easement release fee. The board agreed that they could not move from the fee schedule since the fees that were set were charged to all other parties prior to the Pahlisch request in accordance with the fee schedule. Colin did respond to Pahlisch that we would be holding to our policy and calculations. They said they accepted the board decision.

By June, the funding process for the entire project should be complete. Colin has signed off on substantial completion of the project. They still need to grade the road, complete the seedling, and fencing.

c. MODERNIZATION PROJECT:

- i. MAIN CANAL PROJECT and
- ii. DIVERSION GATE AUTOMATION & WATER MEASUREMENT: The automated headgate app is installed on all phones along with 2 desktops. The system is locked until ready. There is a little more set up that needs to be completed before the April 14th turn on date.

The piping is 99.8% complete. The vents which we received are brass and should have been stainless steel. These will need to be changed out once they are received but it may possibly have to be completed at the end of the irrigation season.

The butterfly valve is tested and ready.

Jon inquired if OS Engineering is local, and do they have support staff available to us? The Engineer is local.

Colin and Chris have a meeting with the manufacturer of the travelling screen at the inlet. They are offering support as needed.

Chris felt it was important to have parts for the screen on hand. If anything failed, it would be days before new parts would arrive. Chris was sent a list of parts we need to keep on hand. Jon stated we needed a spare parts list and a critical parts list, and we needed to keep these on hand and should be ordered as needed.

Depending on how it works, we may think about a conveyor belt at the beginning of the pipe when the project is complete.

Steve Keffer inquired about generators. Chris let him know that we purchased 2 portable generators.

Steve also inquired if the Estes ditch had been backfilled. Chris confirmed that it had been backfilled yesterday.

Walt inquired if the head gate had been tested. It cannot be tested until start-up. All vents are open, and the butterfly valve will be open.

Steve Keffer inquired about a projected delivery date once we have started. Colin stated he could not say until we saw the natural flow of the water. We have to see how the pipe functions. Since is the first time running water through the pipe, we have to be careful how much we run to start.

We project we will turn on at 8:00 am. It will take 12 to 16 hours before the water gets to the pipe. Everyone will meet at the pipe.

Jon inquired if other districts are using the same gate. Is there a possibility to touch base with them regarding spare parts if needed?

Steve Johnson updated the board on the funding. The 2024 Department of Ag \$3,000,000 direct spending request was approved for Arnold. The funding is through the DEQ and will be finalized about 1 year from now.

We are currently reconciling billing with TNW and Krah. NRCS remaining funds are about \$1,000,000. After Phase 1 is complete, the \$490,000 match balance will move forward to Phase 2. We are ahead by about ½ million dollars for Phase 2. All the match we have with a small cushion.

We are currently in negotiations with the OWRD (Oregon Water Resources Department) because of certain language they required be changed.

Jon inquired about the conserved water. What happens to our current certificate. Steve stated that as each phase moves forward, our certificate reductions are made. After Phase 1 the reduction will bring our certificate down to 108 cfs. After the 2nd phase is complete, our certificate will come down to 105 cfs and after the final phase, the reduction will bring our certificate down to 98 cfs. Whatever we conserve has to be delivered to NUID.

d. WATER MARKETING REPORT:

- i. AVION WATER LLC – SOMERSET & ARROWHEAD + 6: The Roats application was slightly different because a lien on Roats would give us 1st position.

The Avion properties are already being used as collateral with other entities. The China Hat property could be used but we need additional assurance.

Avion could assign to us the right of full water permits possibly but AID would have to be involved in their operations.

The current agreement we lien free and clear the property in Somerset and the China Hat property we would be in 2nd possession.

The chain of custody per OWRD when converting surface water to ground water credits is AID is involved to the issuance of the credits. Once the Avion permits have the credits assigned to them, AID is no longer in custody. But there may be provisions. In the event of default, Avion would have to assign AID any water rights that have not been exited upon. The credits would then be a liquid asset. If AID approves of this agreement, we can move forward. It would then be a contractual obligation. Mark and Steve will speak with Garrett at BLJ to ensure that no transfers of any kind could go to anyone other than AID.

The burden should not be on AID to get the credits back in the situation of a default. There is the possibility that if Avion is transferring any water, AID always has to be notified of any credits on the permit that are being transferred. OR we could make it a stipulation to add that Avion must get approval from AID before making any type of transfer from their permits.

The board agreed to meet after the changes have been made to formally approve the agreement and also give the signer authority to sign the agreement. The board would like AID to be noticed and must give consent of any transfers specifically with mitigation credits.

- ii. GW MITIGATION PROPOSAL TO AVION AND THE CITY OF BEND: We will not be moving forward with the Avion proposal until the Arrowhead & Somerset +6 agreement has been finalized.

The City of Bend was provided with a draft agreement for the transaction between AID and the COB. This item is on the City Council calendar anytime between now and May 17th. If it is not on the May calendar, it will go on the June or July calendar.

The board will meet on Wednesday, April 17th at 3:00 pm via Zoom in a Special Session to discuss the contracts further. The meeting will be posted on Tuesday, the 16th.

4. OPERATION MANAGER'S REPORT: 46 patron connections to the Main Canal pipe have been completed.

The safety meeting this month was on maintenance safety.

In Tillicum Village there is a property owner with an easement where the North Lateral went directly through his property. There is quite a large infrastructure on his property, and he wants it removed but the project will be large in scale. It will not be an easy task. Mark stated we do not have an obligation to remove it immediately, but it does pose a safety issue. Chris will speak with the owner and will put up construction fencing until such a time as it can be removed.

Chris stated that the agreement with the property owner who has our easement on his property for access to the flume has changed several things during the course of the construction of the road to its new location. We have an agreement with him which Garrett prepared for us, and it was recorded but Chris felt that in some areas it did not protect us.

5. OFFICE REPORT:

- a. ASSESSMENTS: There is \$97,978.40 in assessment payments still owing for 2024.
- b. INSTREAM LEASES: We have leased approximately 120 acres of water instream this year.
- c. DISTRICT TEMPORARY TRANSFERS: Approximately 150 acres in temporary transfers were submitted for this year.
- d. EASEMENT ENCROACHMENTS/EASEMENT RELEASES/REMNANT PARCELS: We are working with one party on an easement release, but he still has not given the go ahead to move forward with the documents.

6. OLD BUSINESS: There were no items of old business brought up for discussion.
7. NEW BUSINESS: Bob noted that he will not be available for the July meeting.
8. OPEN FORUM: There were no items brought up for discussion during the open forum.
9. EXECUTIVE SESSION: There were no items which required discussion in Executive Session.
10. ADJOURNMENT: The meeting adjourned at 5:34 pm.