

Arnold Irrigation District  
Monthly Board Meeting

June 14, 2022

The meeting was called to order by Bob Schuur at 3:05 pm. Board members present were Bob Schuur, Walt Warchol, Jon Smith, and Rob Rastovich. Staff members present were Steve Johnson, Chris Webb, Jaiden Giffin, and Juanita Harvey. Also present was the District's attorney Garret Chrostek, District patrons Steve Keffer and Mark Elling and non-patron Geoff Reynolds. Rich Winkel, CPA attended via zoom during the Financials portion of the Agenda.

1. APPROVAL OF MAY 2022 MEETING MINUTES: Jon motioned, and Rob seconded his motion to approve the minutes with one change of adding "Jerry Rudloff" as the patron's name in 8.c. The vote was unanimous in favor.
2. APPROVAL OF ACCOUNTS PAYABLE: Walt motioned, and Rob seconded his motion to approve the accounts payable. The vote was unanimous in favor.
3. MANAGER'S REPORT:
  - a. WATER REPORT/STORAGE: The storage report at the end of May indicates that out of the four Districts receive water from either Wickiup (North Unit) or Crane Prairie Reservoir (Central Oregon Irrigation District, Lone Pine, and Arnold), only North Unit has used any storage water.

The natural flow is slightly ahead from last year because of precipitation and lower temperatures.

Rob asked what rate we are currently delivering water. Steve answered that it was between 4.2 and 4.5 gpm.

- i. UPDATED SEASON FORECAST: The DBBC began using a secondary forecast tool that emulates the OWRD Natural Flow calculator to forecast water use by irrigation district in the interim period between the official monthly OWRD Storage and Natural Flow reports. This has increased the relative accuracy of predicting when an irrigation district will start using storage and measure how much storage an irrigation district over the initial Daily Tracker methodology used earlier in the irrigation season.

With the weather being in the 80's this week and 85 next week, there may be a possibility that we have enough water to get us through to the 3<sup>rd</sup> week in July.

An announcement prepared by Steve, which will be reviewed by Bob and Jon will be sent out to our patrons this week. Basically, what it will say is that based on water usage and the weather, we may have water until the 3<sup>rd</sup> week of July.

b. FINANCIALS & CASH BALANCES:

- i. 2021 AUDIT – RICH WINKEL, CPA: Rich Winkel presented the draft audit via zoom. A note that capital acquisitions should have a certain amount before having to go out for bid. \$5,000.00 is usually a suitable number. If the board agrees, he will make a change note to indicate that the board is approving the change from \$2,500.00 to \$5,000.00.

Rich stated that Board approval is needed in order for him to complete the audit report for him to send it to the Secretary of State. At that time, Rich left the zoom meeting.

Jon motioned and Walt seconded his motion to accept the 2021 audit as presented. The vote was unanimous in favor.

- ii. FCA & DBBC UPDATES: Steve spoke briefly on the FCA (Farmer's Conservation Alliance) and the DBBC (Deschutes Basin Board of Control) updates.

- iii. WORKER'S COMP RENEWAL 2022-2023: Worker's Compensation Insurance has gone down.

- iv. FINANCIAL STATEMENTS: Financial statements as of end of April show that we are now at 33% of the fiscal year which is slightly under budget year to date.

c. MODERNIZATION PROJECTS: We have applied for a grant from Reclamation for remotely operated radial gate for our headworks.

- i. MAIN CANAL PROJECT: We should be hearing from the NRCS hopefully by the end of August. The plans will be complete, and we will be ready when approval comes in. Updated project costs have been submitted to the NRCS. Within the next 30 days we will receive a response on funding. We have applied for the District's portion of the funding from the OWRD (Oregon Water Resources Department) and OWEB (Oregon Water Enhancement Board). The application to the OWRD is on hold until we receive an approved WMCP (Water Management Conservation Plan).

To better explain the benefits of the Project to the patrons and interested public, Steve created a model with data and graphs, that show the District would have

been able to deliver water through nearly the entire irrigation season, until late September in 2021 without requiring a rotation.

- ii. ROATS & AVION: Roats and Avion are interested in meeting again in hopes of doing a swap of surface water rights for ground water rights for any of their patrons who have Arnold water rights. Steve has had and will be having further meetings with Roats, Avion and the DRC (Deschutes River Conservancy).

The process for the 347.59 acres of quasi-municipal water right with Roats is to submit a ground water mitigation application to the OWRD. This is a 12-month long process and would be best to submit as soon as practical to have an effect on next year's irrigation season.

The amount of water involved with the swap does come off of Arnold's water right certificate but the District would still retain the assessments without the delivery responsibility. The water rights technically get converted to mitigation credits and are then attached to the well permit(s) held by Roats. This swap also provides permanently protected water for the middle Deschutes and for irrigation districts' to divert during irrigation season. There could be the option thru the DBBC for that divertible water to go to NUID with the subsequent winter release of the same quantity received to be released out of Wickiup in the winter months assisting in reaching the HCP target flows.

We are looking to execute a Ground Water Patron Agreement with Roats and an application to OWRD in August.

Avion is a similar ground water with surface water swap for the Arrowhead and Somerset areas of Arnold with a like Ground Water Patron Agreement and application to OWRD in August or September. Avion has also expressed interest to "test" the existing piped irrigation systems in the Somerset and Arrowhead areas this summer with Avion pressurized supply to prepare for next irrigation season.

- d. WATER MARKET COMMITTEE: Steve requested that two board members volunteer to be on the Water Market Committee to review prospective water marketing type transactions similar to the Avion and Roats arrangements. Rob and Walt both volunteered.
- e. SDAO (SPECIAL DISTRICTS ASSOCIATION OF OREGON): The Manager's and Board Member Training workshop is coming up soon and will be held in Redmond. The District receives bonus points on the insurance policies if board members and management attend and receive discounts to the insurance premiums to attend. Steve will be attending. Walt and Rob volunteered. If Rob has to be out of town, Jon will go in his place.

4. FIELD SUPERVISOR'S REPORT: Chris reported that the mild temperatures have made working out in the field pleasant.

The May safety meeting was on General Safety Orientation and Respiratory Protection. A fit test for one of the ditch riders is required for his respiratory mask.

The Gosney Box is all out of level on one end. The repair to the box will be completed after the water has been shut off for the season.

5. OFFICE REPORT:

- a. ASSESSMENTS RECEIVED: There are thirteen patrons who are delinquent on their payment of their 2022 assessments totaling \$9,952.90. Interest continues to accrue, and a late/administrative fee will be added to their accounts at the beginning of July.
- b. REMNANT PARCELS: To date this year, twelve patrons have completed the remnant parcel process. Those remnant parcels equal 13.29 acres of water rights. We have paid out \$12,692.50 to purchase the water rights, \$6,357.49 to refund patrons for assessments that had already been paid and \$1,181.00 in recording fees.

There are eighteen patrons who have not completed the remnant parcel process. Out of the eighteen, we have contacted twelve of the patrons and have not received any follow-up contact with six. To complete the process for these remaining eighteen patrons, the District will be paying out \$23,812.50 to purchase the water rights, \$9,392.38 to refund patrons who have already paid their 2022 assessments and \$2,191.00 in recording fees.

We have identified six remnant parcel patrons who have Arnold easements on their properties. Only one of the six has completed the release of the easement on their property. Their property was unique since it was over an acre in size, and it had two Arnold ditches running through it. The cost to the patron to remove that easement was \$3,132.00. The other five patrons will be charged \$7,080.00 collectively for the release of their easements.

Other property owners who are not patrons but have easements on their properties have been calling to have their easements released. We released one which brought in \$10,000.00 for the District.

The District is on constant alert for easement encroachments. We have received \$1,500.00 for two easement encroachments and have received three more field inspections last week for encroachments.

6. OLD BUSINESS:

- a. REMNANT PARCELS – NORTH LATERAL: Steve explained the process for any of the remnant parcels who continue to do nothing about the process before we go into the budget season for next year. Direct communication will occur again this summer and the patrons will be informed that if still unresolved by the time the 2023 assessments are mailed out in November, they will once again be assessed for 2023, they will not receive a refund for their 2022 assessment paid (if they paid it) and they will be put on the five-year non-use forfeiture time clock. A lien will also be placed on their property if their 2022 assessment has not been paid by September 30, 2022, and if not paid by end of September 2023, foreclosure will begin on their property.

7. NEW BUSINESS:

- a. GROUND WATER PATRON POLICY: Steve went over this briefly to let the board know that with the process, the assessments to Arnold are in perpetuity with legal binding agreements. This Policy is necessary in order to facilitate the groundwater swap arrangements with Roats and Avion. Steve requested the Board review the Policy and prepare for adoption at next month's meeting.
- b. WATER RIGHTS SURPLUS AUCTION: Steve has been having discussions with the DRC regarding the Avion, Roats, Ward, and Arnold water. There are not any buyers asking to purchase water rights and the District is holding over 100+ acres of non-assessment water. One idea is to advertise, send out a letter to all of our patrons and patrons to bid on the available water rights. The District would not be giving the water rights away, they would be auctioning them off. Rob agreed that would be an effective way to get the water rights on the ground in the District, instead of the water rights sitting in our bank, and sitting with our patrons who have to lease them every 5 years to protect them, and we would again be receiving assessment for those acres.

8. OPEN FORUM:

Geoff Reynolds asked why the precipitation and snowpack were different on the SNOTEL site. Steve explained that Geoff was looking at the most recent month's data and not at the full water year.

Bob Schuur then spoke to Mark Elling about the meeting they had a couple of months back with Mark Elling and Mike Pati and Chuck Fisher as representatives of the Pape's and also at the board meeting where Mike Pati was present via conference phone. They asked if Arnold would be interested in starting the conversations on the Main Canal Project over again with a stakeholder group so they and Arnold could work together as a collaborative group regarding piping the canal.

Mike Pati's request of starting over with conversations because they wanted more involvement and they felt there was a lack of viable alternatives. They felt that before there was a chance to look at viable alternatives, it was too late in the process. They feel that other solutions such as canal lining and better marketing would really have been a better option.

Bob stated that at this late point for the Project that everything is far along in process, and starting over would endanger the project funding. He did not recommend that we entertain the idea of starting over. In addition, the NRCS (Natural Resources Conservation Service) process gave ample chance with an extended comment period for everyone's voices and opinions to be heard and formally registered. Jon felt that their ask was too vague and did not want to give up what progress we have made thus far.

Walt said that even if we remotely thought that was a good idea, the publicity would bring everything to a halt, and we would lose our funding.

Steve also felt that the process was too far along to entertain the idea.

Bob then asked for a final decision from the board and asked if they felt it would be a good idea to start from the beginning of the process with new conversations. Bob said he was not in agreement with that. Rob, Walt, and Jon also stated they do not think beginning new conversations at this point is an option.

The reasons for the board's decision are three-fold. A delay to the project in the middle of yet another drought year would have major impacts on Arnold's patrons who depend on this water. A delay would also put our secured funding at risk. Thirdly, the most recent modeling indicates that if the main canal would have been fully piped in 2021, the District would have been able to extend the irrigation season until the end of September.

All decisions made by the board to date have been made with the best interest of Arnold's patrons in mind.

Steve and/or Bob will respond to Mike Pati.

Jon then stated that the board would be willing to discuss any specific proposal or concrete ideas that do not interfere with our progress.

9. ADJOURNMENT: The meeting adjourned at 6:29 pm.