

Arnold Irrigation District

Monthly Board Meeting

March 14, 2023

The meeting was called to order by Bob Schuur at 3:02 pm. Board members present were Bob Schuur, Jon Smith, Roger Fadness, and Walt Warchol. Office staff members present were Steve Johnson, Chris Webb, and Juanita Harvey. Also present were The District's attorney Mark Reinecke, patrons Mike Penhollow, Steve Keffer, Jerry Rudloff, and Debra Rudloff via Zoom.

1. APPROVAL OF FEBRUARY BOARD MEETING MINUTES: Jon motioned, and Roger seconded his motion to approve the February 2023 minutes. The vote was unanimous in favor.
2. APPROVAL OF ACCOUNTS PAYABLE: 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:
 - i. DROUGHT & WATER SUPPLY: The snow pack is improving versus same time last year. The Crooked River is in bad shape at 30%. The Deschutes is at 108% right now and Benham Falls flows are at 94%. Crescent is below last year's level at this time and Crane Prairie is in good shape. Wickiup is ahead of last year.
 - ii. IRRIGATION SEASON START DATE: Steve is proposing an April 16th start-up date with a possible stock run before April 1st. The board agreed to the start-up date of April 16th.
 - b. FINANCIAL REPORT: Steve added categories to the chart of accounts to carefully track all grant funds coming in.
 - c. MODERNIZATION PROJECTS:
 - i. MAIN CANAL PROJECT: Steve showed photos of the pipe being manufactured at KrahUSA. The OWEB funding now consists of three grants and will pay for paid for a majority of the pipe for Phase 1. Two of these grants require expenditure by June 30 which will not be a problem as Krah USA is already manufacturing pipe for the project.

The CWSRF funding should be available by May for \$2.7 million. This is backup only funding in the shape of a loan with a \$500,000 minimum principal forgiveness. This loan would be over 30 years and would equal the \$30 per acre charge in the assessment and the District wouldn't have to increase assessments to pay for the loan funds if needed in full.

Sufficient State funding has been received to fully provide for the Phase 1 non-federal match funding requirement. There may be some surplus to apply to the Phase 2 Segment 1 work contemplated as an extension of the Phase 1 contracted work.

Steve has been in contact with Senator Merkley's office to have Arnold included in upcoming Congressionally Directed Spending (CDS) requests that would provide NRCS funds for Phase 3. Outcome to this request is speculative but very possible to receive but will not know til the summer.

The project's four phases need to be complete by December 2027 to avoid having to update and renew the Watershed Plan.

Walt asked if the design for the entire project was completed.

Steve answered that the hydraulic design for the entire project is complete. The design for Phase 1 is complete with the design for Phase 2 just beginning.

There is no change to the schedule but there were slight changes to the alignment of the canal which requires a change order but has some cost savings.

- ii. DIVERSION GATE AUTOMATION AND WATER MEASUREMENT: Right now, we are waiting for Reclamation to finish their requirements to move forward. All work that would have been affected by running water was completed this winter.
 - d. ROATS WATER COMPANY: We are close to having a completed agreement with Roats. There will be further discussion with Bill Roats and Garrett Chrostek (BLJ) on 3/15/2023.
 - e. AVION WATER LLC – SOMERSET & ARROWHEAD + SIX: Avion still has 3 weeks' worth of upgrades to complete and are on track to complete by mid-April. Arnold will not have to deliver this water this season. Avion has their approval from the PUC. Avion and Arnold will hold a meeting with these patrons once Avion is ready. We will move forward with the application to transfer the surface water rights to ground water rights after the Avion service has been fully completed and running.
4. LOCAL CONTRACT REVIEW BOARD: At 4:08 pm, Bob called the Local Contract Review Board to order.

- a. MAIN CANAL PROJECT PHASE 2 – BLACK ROCK DESIGN & QAP AGREEMENTS: Steve presented the agreement from Black Rock for Phase 2. The fees are the same as in Phase 1. He also presented Attachment A to the Agreement which was for \$172,010 and the Agreement Amendment (QAP) which was for \$164,220. Jon asked about the cost of the same agreements for Phase 1. The Phase 1 agreement was for \$129,990 and the QAP was for \$119,000. Jon asked if these prices quoted wouldn't exceed and Steve confirmed that the prices were quoted for services and would not exceed. Jon motioned and Roger seconded his motion to approve the agreement and the agreement amendment (QAP) with authority given to Steve to sign on behalf of the District. The vote was unanimous in favor.

Bob called to adjourn the LCRB at 4:22 pm and called the regular session back to order.

5. FIELD SUPERVISOR'S REPORT:

- a. ESTES LATERAL: The damaged bollard at the Estes was replaced. It had been run over by a school bus. A claim was submitted to SDAO.
- b. STILLING BASIN: The stilling basin at the headworks is now installed and is ready to integrate with the additional pending work for the SCADA and metrics measurement.
- c. GOSNEY BOX: All the weirs in the Gosney box were repaired and then sealed with crack sealant.
- d. TC ENERGY PIPELINE: TNW utilized a vactor truck to daylight the gas pipelines under the main canal out near Sholes Road. The shallowest pipe (double cased) was at 5'4" and we will need to run our pipe 18" above the outside casing. A Shotcrete repair was then completed to finalize the project and prepare the canal for season.

6. OFFICE REPORT:

- a. ASSESSMENTS: To date we have received \$383,083.74 in assessment payments.
- b. TRANSFERS/LEASES/TEMPORARY TRANSFERS: Juanita is working to get 2023 instream leases completed, and temporary transfers by April 1st. Steadily working on permanent transfers.
- c. REMNANT PARCELS: There were 5 patron parcels of the remaining portion of the Ladera which are the North side of Knott Rd which have been declared remnant parcels. 2 of the 5 have completed the process.
- d. EASEMENT RELEASES & ENCROACHMENTS: Four easement releases have been completed for 4 landowners with the District receiving \$4,952. One easement encroachment was completed for \$1,000.

Two patrons quitclaimed their water back to Arnold.

- e. INVENTORY OF ARNOLD HELD WATER RIGHTS: A portion of the water rights held by Arnold are 20 acres of industrial rights. It is very difficult to transfer these rights to groundwater rights or to do a change of use. We may approach Deschutes County to see if there is an application, they would have for use of this water right.

At 4:42 pm, Mike Penhollow and Steve Keffer left the meeting.

7. OLD BUSINESS:

- a. COMPENSATION IN LIEU OF BENEFITS - BOARD DISCRETION: Brief discussion if this option was allowed for one employee, then should it be allowed for all current employees. The board agreed that if the employee provided proof of insurance for themselves and/or their spouse/family, then this would be a possibility. This needs to be added to the employee handbook. This will hold true for all current employees but not any new incoming employees. Walt motioned and Bob seconded his motion to offer compensation in lieu of benefits for any employee or their spouse/family if they have proof of other insurance. The vote was unanimous in favor.
- b. STRATEGIC PLANNING COMMITTEE MEETING: The next meeting is scheduled for March 17, 2023 at 2:00 pm with Bob Schuur, Roger Fadness, and Steve Johnson.

8. NEW BUSINESS: There were no new items of business to be discussed.

- 9. OPEN FORUM: Jerry had a question about the trees. How many trees have been marked. Steve answered that there were 150 to 200 trees in a 3-mile stretch. Another question was about tree removal. Is it just the trees that are being removed or the tree and stump? If the stump is removed, will that put the other trees in danger. Steve stated that the contractor would be in charge of removing the trees safely. The next question was about regulations regarding cutting larger trees. Chris stated those regulations pertain to commercial wilderness tree cutting. Jerry stated of course they are very fond of their trees, and they would rather they not be removed. Will there be extra care given to making sure the trees are fallen within the easement area? Steve reassured him that the contractor will be using utmost care in taking the trees down.

Jerry Rudloff left the meeting at 4:59 pm.

- 10. EXECUTIVE SESSION: At 4:59 pm, Bob called to suspend the regular meeting session and call an executive session to order pursuant to ORS 192.660(2)(h) to consult with our attorney regarding our legal rights and duties in regard to current litigation that is more likely than not to be filed.

The regular session was called back to order at 6:27 pm.

- 11. ADJOURNMENT: The meeting adjourned at 6:28 pm.