**MEDFORD IRRIGATION DISTRICT**

**Regular Board Meeting Minutes**

**January 11th, 2023 @ 1:30 pm**

Present: Sean Naumes, Dennis O’Donoghue, Henry Vaninetti, Dave Urton, Angelo Grestoni – via Zoom, Jack Friend-Manager/Secretary

**Call meeting to order:** Chairman Naumes called the meeting to order at 1:41 pm.

**Minutes:** The minutes of the regular board meeting and budget meeting on December 14th were reviewed. Chairman Naumes asks if there are any comments or corrections to the minutes. Motion: Chairman Naumes called for a motion to approve the regular board meeting and budget meeting minutes as presented for December 14th, 2022. Director O’Donoghue motions to approve the December 14th, 2022, minutes, Director Vaninetti seconds the motion, and director Urton obtains, the motion carries.

**Financials:** Manager Friend: if you have any questions, please let me know. In the pocket of your binders is a copy of the final budget for 2023. Everything in December went quite well. Overall, for the year, we were about 50K positive and that would be due to a lack of employees. The only bill that stands out is the annual fee for the hydromet fee we pay yearly. Everything else was business as usual. Chairman Naumes motions for approval of the financials. Director Vaninetti motions to approve the financials, and Director O’Donoghue seconds, motion carries.

**Delinquent Accounts:** The liens placed were able to expedite some payments, and responses to the delinquent accounts. Flanakin: the board was left with making the decision on what the foreclosure policy for the extremely delinquent accounts would be. Either a dollar amount or timeframe, i.e., 2 years. Manager Friend: we still have the issue of how to clean up the extremely delinquent accounts as well. Grestoni: we need to decide if we are going to implement the foreclosure option. I personally think that it is the wrong thing to do. I do not think we should be in the foreclosure business and shouldn’t go near that. I have an idea for the extremely delinquent patrons to stop accruing the interest and fees for those accounts we’re going to freeze your balance and you no longer get water. Once you sell the property, we would take what is owed to us then. They would have to bring the balance current before they would receive water. Regarding the more current delinquent patrons, stop at five years, have no water, and must bring current to receive water. Naumes: Are you thinking regards to folks that are way past due but what about going forward in the future? If we put the foreclosure in place, hopefully, it prevents us from us getting into this position in the first place. Director O’Donoghue: do we revoke their water rights? Director Grestoni: what do you think Jack, what should we do, should we revoke their water rights, or should we stay intact with their rights? Manager Friend: The water right has to stay with that property unless it’s transferred. If it is transferred, we need a quitclaim deed saying it is transferred. The only way around that, which will be a useful tool, for this situation is at year 3 we let the patron know that there is a legislative fix for the district to be able to take the water right back without a quitclaim at the 5th year. During the 4th year, you start the process and in the 5th year, you can put the water somewhere else or lease it instream. This is to keep the beneficial use intact. As long as the provisions of the statutes are followed, we are legally able to take that water and use it elsewhere. This law was set up for this reason. Director Grestoni: I believe that the patrons who let the bill go to the 5-year mark are not wanting to use the water. Therefore, we can use it elsewhere. Chairman Naumes: why would we stop assessing fees? Is there something different that we can do with the extremely delinquent accounts versus the under 5-year delinquent accounts? Director Urton: I believe that the people who pay on time, who use the water versus the over 5 years have to some degree a sad case story, but for most, they haven’t communicated or responded to any of the many notices sent to them. Chairman Naumes: we do work with the patrons, so it’s not like we cannot come to a reasonable solution to their problem. Director Urton: if we have years where there is a declaration of drought, do those years extend the beneficial use 5-year period? Manager Friend: that would be a question for OWRD. I would have to check into that. Director Grestoni: my motion is to freeze accounts that are over 5 years and those who are under the 5 years communicate to those accounts that we are removing the water right at the 5-year mark. Director O’Donoghue: I believe that a foreclosure is a tool that will work for the situation we have. Banks have a foreclosure process for a reason. When money is owed to anyone it can put that other person in a bind. That is what foreclosure is for. I think we need to let our patrons know that foreclosure is an option and pay their bills. I know that it's hardball, but that is all part of life. Patrons who are making a sincere effort are great but when you don’t communicate and ignore all communication from the district. Foreclosure is at least a tool in our toolbox. Manager Friend: We are not looking at a lot of acreages on the accounts that are 4 years and older past due. If we give the patrons a 5-year chance to pay, then everyone would wait to pay their bill and it would be a huge deficit to the district. Chairman Naumes: So, to clarify, the first-year delinquent, you get charged the late and interest fees, second-year liens are recorded, third year begin the process of removing the water rights, at the 5 years we stop assessing the fees and penalties, remove water rights, and place the final lien. Director Grestoni: motions a 5-year policy for delinquent patrons: after year 1 place lien, year 3 start the process of the removal of water rights, and at the 5-year mark, water rights removed, freeze any more charges and possible foreclosure. Director Vaninetti seconds the motion, and the motion carries. Director Grestoni motions to send a letter from legal regarding foreclosure to those whose accounts are over 5 years delinquent.

**Transfers:** Sarkarie, Gurdial& Harbhajan Director Urton motions to approve the transfer, Director Vaninetti seconded the motion, motion carries.

**Administrative:** We are starting 2023 with a snowpack slightly above average with weather trends that are much more favorable. The reservoirs are all higher than they were last year at this time. The first graph is combined storage in Fourmile and Fish Lake. While we are still far below average. It is promising to see the change from last year to this year. We sent out the 2023 annual assessments during the last week of December. We worked with the Board Chairman to put an update on the website regarding the decisions made during the budget meeting. Here is the excerpt:

Following a year with no fee increases, all MID patrons will see planned annual assessment (rate) increases, beginning with the 2023 billing cycle.  The rate increase will be $4.00 per acre for 2023.  For 2024 and beyond, the planned annual increase will be $2.00 per acre.  The increases will help pay for irrigation district operations and maintenance costs and cover the administrative cost of servicing patrons.

As we all know, the costs for everything have increased considerably and we need to be able to keep up with those increasing costs.  Despite rising operating costs, the district has been able to keep budget expenses nearly flat, however, even with these efforts, there is a need to stabilize long-term funding through increased assessments.

The Board of Directors, along with the District Manager, are committed to continuing to work to minimize costs while driving efficiencies in all aspects of the district’s operations, and longer term, to identify funding sources to support the modernization of our canals and infrastructure.  Please note that water conservation projects, such as piping open canals, are primarily funded through state and federal grants and not through patron assessments.

Henry and I attended the Rogue Basin Water Users Council meeting yesterday at TID. We discussed the potential call on Fourmile from the tribes and the headgate order that was put in place back in 2014.

**Public Comment:** Discussion about the lack of water and maintenance in the lower area division E.

**Adjourn:** Chairman Naumes adjourned the Regular Board meeting at 3:35 p.m.

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Sean Naumes – Chairman Jack Friend – District Manager/Secretary