**MEDFORD IRRIGATION DISTRICT**

**Regular Board Meeting Minutes**

**December 13th, 2023 @ 1:30 pm**

Present: Sean Naumes, Dennis O’Donoghue, Henry Vaninetti, Dave Urton, Matt Borman, Jack Friend: Manager/Secretary

**Call meeting to order:** Chairman Naumes called the meeting to order at 1:38 p.m.

**Minutes:** The regular board meeting minutes on October 11th, 2023, 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 minutes presented for October 11th, 2023. Director O’Donoghue motions to approve the October 11th, 2023, minutes, Director Borman seconds the motion, and the motion carries.

The regular board meeting minutes on November 8th, 2023, 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 minutes as presented for November 8th, 2023. Director O’Donoghue motions to approve the November 8th, 2023, minutes, Director Urton seconds the motion, and the motion carries.

The special board meeting minutes on December 8th, 2023, 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 special board meeting minutes as presented for December 8th, 2023. Director O’Donoghue motions to approve the December 8th, 2023, minutes, Director Borman seconds the motion, and the motion carries.

**Financials:** The foreclosure process has been able to boost our revenue of late fees and interest this year. Were are a little over on the above the drop because we had to do a little catch-up from the prior year. The headgate order at the bottom is larger than normal because we paid for the order for 2024 as well as this year. We had an increase in our legal expenses due to the adjudication issues with Four Mile.

Chairman Naumes: On the reimbursable, Jack, are they supposed to be 100% reimbursable or partially?

Manager Friend: On the drought relief funds, we received a year and a half ago and we have been utilizing that for the larger projects in the district. The watershed plan is 100% reimbursable for the 1.5 million dollars that we have received. We are also reimbursed for our time (Jack & Tammi) for billable hours worked on the project. As for the Joint System Project income, that is a contract we have with FCA, and the EPA grant will be reimbursed for the expenses that we are incurring. The funds will be 80% / 20% with the 20% being our cost share that we are waiting for approval for a 1/3-2/3 split with RRVID. The solar project is reimbursable with the DOE grant that FCA is also wrapping up.

Flanakin: I know that Director O’Donoghue wanted a breakdown of the prior year's expenses to compare what we have spent/received to help with the budget.

Friend: We have made our first Hyatt safety of dam payment for next year as well. Next month there will be a 6K repair bill for our 10yd dump truck that needed a rebuilt transmission.

Director Urton: Why is the total for the profit and loss so high at the end of the report?

Flanakin: The cells/at sum for the shop is incorrect which we can table for correcting until next month.

**Delinquent Accounts:** Flanakin: We haven’t had a lot of activity this month. The payment plan accounts are paying on time and the “B” is for bankruptcy and we are getting a monthly check for that account as well.

**Elections:** Chairman Naumes: We are going over the nominations for the one-year term. We will go one by one with each director and ask if they accept the nomination for a one-year term until the election of 2024. We will start with Matt Borman for precinct “D”, We, the board, would like to nominate Matthew Borman for Precinct D. Matt, do you accept this nomination?

Director Borman: I do.

Chairman Naumes: Can we get a motion to appoint Matt Borman as the 2024 Director of the Board for Precinct “D” until the next election? Director Urton moves to appoint Matt Borman as Director of the Board for Precinct “D” until the next election. Director O’Donoghue seconds the motion, motion carries.

We, the board, would like to nominate Henry Vaninetti for Precinct C. Do you, Henry Vaninetti, Precinct “C”, accept this nomination?

Director Vaninetti: I do.

Chairman Naumes: Can we get a motion to appoint Henry Vaninetti as the 2024 Director of the Board for Precinct “C” until the next election? Director Urton moves to appoint Henry Vaninetti as Director of the Board for Precinct “C” until the next election. Director O’Donoghue seconds the motion, motion carries.

We, the board, would like to nominate Dennis O’Donoghue for Precinct “A”. Dennis, do you accept this nomination?

Director O’Donoghue: I do.

Chairman Naumes: Can we get a motion to appoint Dennis O’Donoghue as the 2024 Director of the Board for Precinct “A” until the next election? Director Borman moves to appoint Dennis O’Donoghue as Director of the Board for Precinct “A” until the next election. Director Urton seconds the motion, motion carries.

**Transfers:** Friend: The transfer is for 49.40 acres at 4248 “Corey Road. Two different parcels with the same owner. I'm not sure what the purpose is for transferring very productive pasture, however, they have had issues with neighbors last year regarding flooding each other out. All paperwork is completed, and I recommend to the board for approval of the transfer.

Chairman Naumes: Can I get a motion for approval of the transfer off applicant? Director O’Donoghue motions for approval of the transfer off, Director Borman seconds, motion carries. We do have access to lock the valve for that property as well for no access.

**Administration:** Friend: The snowpack we rely on is off to a decent start. Fourmile snotel is showing 13”, 96% of average. Billy Creek is showing 11”, 143% of average. Fish Lake snotel is showing 7”, 93% of the average. Fourmile Lake Reservoir is at 14% capacity, which is 39% of the average for this time of year. Fish is at 51% which is 100% of the average. Howard Prairie is at 35% which is 65% of the average. Hyatt is at 42% which is 80% of the average, and Emigrant is at 13% which is 36% of the average. These levels are up significantly from the level this time last year. Crews are currently shooting around 100 yards of shotcrete to line the canal off of Sough Stage Rd. in a significant leak location. The second half of December is the most common time for our staff to take a vacation, so we pushed to have this site prepped in case we got a window of good weather to get it done before the year was over. That will allow us some time to get more done before frost protection water begins. We were approved for the CWSRF loan for the floating solar and we will have an opportunity to go over the next steps at this meeting. David Mckay from FCA will join the meeting around 2 pm to answer any questions the Board may have. We will be discussing in the joint meeting shortly the joint system canal decisions and meeting with Dowl, the engineering firm we will be working with on this project. I have scheduled a meeting with Dowl for Thursday at 9 am to go over the decisions both boards have made for moving forward. For the EIS Project, Highland Economics is going to be doing the economic analysis for us.

Director Borman: Jack, how long is the public comment period timeline for the EIS project?

Friend: David, do you know how long the comment period is for the EIS project?

David McKay (FCA): For a normal environmental assessment is 30 days but because ours is an environmental impact statement, it might be 60 days. Kate Hart will know the answer to that.

Director Borman: I was just curious as to when that was happening. I didn’t want it to be during a drought year or at the end of a season.

David Mckay: Once the EIS draft is completed, the comment period will have a date. We are just in the beginning stages of developing the draft plan. Once it gets reviewed by NRCS, and a couple of different levels at NRCS, then it goes out for the public review comments period. We may have an internal timeline of when that might happen. There are several scenarios between now and then that could affect when that would occur.

**New Business:** We received the CWSRF loan for 2.4m, however, we have seen a lot of these energy projects have had to increase the amount. With that we want to bump that up to 2.7m. so we have a buffer. With that, the loan agreement needed to be edited with the newly requested amount. The plan is to have the new agreement reviewed and signed at the January 10th meeting. This loan is 50% forgiveness.

David Mckay: The repayment of the 1.35m will be repaid by the DOE loan which is 1.25m with a balance remaining to be paid by the tax credits filed. The timeline draft would look like the loan documents would be ready to execute in January the DOE loan is going to be received in the summer of 2024, and the tax credits would be filed in 2025 for the 2024 year. For the CWSRF loan, repayment would begin 6 months after the project has been completed.

**Old Business:** Friend: I know that there have been a lot of changes and revisions to the policies presented. I would like to table the vote until I have read the policies in question if the board agrees with them.

**R.B.W.U.C.I:**  Our latest bill is a little high because we had to have the environmentalist return and update their findings. I was able to listen in on the oral arguments for our case against the OWRD. The OWRD tried to dismiss 2 to 3 of our seven requests, however, 3 were dismissed. Chairman Naumes requests a motion for approving the October and November 2023 bills. Director O’Donoghue has made a motion to pay the October and November 2023 bills, Director Dave Urton seconds the motion and the motion carries.

**Adjourn:** 2.21 pm

**Executive Session** 2.22 pm

**Call to order:** 2:29 pm

**Adjourn:** 2:29 pm

**Call to order for Budget meeting:** 3:17 pm

Budget discussion and scenarios.

Friend: We have had a difficult time trying to balance the budget for next year. The last couple of years’ financials have been all over the place with short employees and rising costs nearly 40% above normal. We may want to consider this next year, 2024 a reset year to get back on track. We have a few serious inquiries about water sales for next year. Our legal fees are going to remain with the adjudication of Fourmile Lake. We estimated a 10% increase in health insurance premiums for the second half of the year. We have the mower payments now to be included. Currently, the CPI rate is at 3.8%. We estimated it at 3.5% for safety measures.

Flanakin: The state has a rate of 3.82% through November 2023.

Friend: The orange column has the $2, $4, and $6 per acre increase estimates to get an idea of how much would have to be increased to balance the budget. We did announce last year that we would be raising the per acre charge $2 per year.

Director Borman: Jack, what was put into place as far as maintenance for those who were in the board meeting summer of 2022?

Friend: Our new mower, staff was down 2 field employees, and 2 office employees that we combined into one, with the increases in wages in general, trying to have interest in working at MID, we needed to increase the hourly starting wage.

Director Borman: Last year the legal was budgeted for 25K and now it’s 40K.

Friend: We bumped it up this year anticipating the call for Fourmile Lake. In the past, it has been as low as 10K and as high as 70K.

Director Borman: What is the expected revenue from the solar project?

Friend: I haven’t looked at it since the proforma had room for adjustment based on the rate you give the subscribers. I have been told 50K to 70K per year as an estimate.

Director Borman: There is a potential revenue stream for the year 2025.

Friend: Yes.

Director Borman: We have reserved funds to carry the deficit of 32K if we were to go with the $2 increase.

Friend: In 2013-2014 we were just scraping by and by the end of the year we have consecutively had remaining funds to allocate for areas of need and at least 6 months of operating expenses.

Director Borman: Do you expect any savings that you saw this year that can help with these numbers?

Friend: The scale isn’t large enough to pinpoint where it's higher and lower in the expenses.

Director Urton: What about the above-the-drop expenses? Are you not expecting to have those next year?

Flanakin: Amounts that were entered in other years can be calculated, however, it isn’t going to make a difference in the bottom line.

Director Urton: Can we do a special assessment of a flat fee per tax lot and not a per acre fee? It would hit the larger acreage business harder than others. Are we even allowed to do that?

Director Borman: You could mitigate the cost across the larger growers if you did a hybrid. We’ve already talked to the customer base about raising the per-acre charge to $2 for the next couple of years. You can hold with that and do a parcel increase that gets closer to the number to balance without being huge to the small growers. So if you did a $10 increase per parcel and a $2 an acre, you’ve picked up 34K for an operating budget which doesn’t quite close the poll gap. Your trying to close a gap of about 4 years of inflation and all the expenses going up have some merit to it. You have added employees, and equipment to address customer needs which are all expenses that you had 2 and 3 years ago makes sense.

Director O’Donoghue: People are going to have to get realistic. It is still cheap water rights. Other states are much higher and this is reality.

Director Borman: Dave was right for the larger end, but I think that is a way to split it to make it work. It is more equitable between the two. We talked about a $2 charge per acre. We are also doing an administrative charge because we have more adjudication, administrative costs, and new employees to service the patrons and those are accurate statements.

Friend: We have done a water rights protection surcharge in the past. It was for some time and RRVID did the same thing.

Director Urton: You will definitely get pushback from Precinct E.

Director Borman: I think the question is, do you think that a special charge in the year plays better because we might be able to take it away in 2025 if there is another revenue stream? Your thoughts Mr. Naumes

Chairman Naumes: I do like the idea of the hybrid. At least try to spread it around for growers vs. parcel holders. That seems like the way to go. We do have the adjudication fee, do you take the difference in our budget of 25K and take half of that and say we are going to take an assessment of the users by taking 1070 and divide that to about 20ish per user and recoup some of the costs? I don’t know if we want to tag on another increase. But a one-time fee.

Director Borman: You state that it is to close the gap than a special need that stays because the adjudication continues or goes away. It’s not a forever thing.

Director Urton: This seems equitable and fair.

Friend: Some people didn’t have water for 2 years and some said that this past year has been the best water season that they could remember.

Tom Brookins: If you raised the admin fee it would generate $13,620.00 and add the additional $2 fee per acre, you still short about 10K.

Director Borman: I think what Tom is saying is a special assessment of a hybrid charge and per acre charge and that is what Tom was referring to. A $2 per acre fee will generate about 24K and a $10 parcel charge will give about 13.9K.

Chairman Naumes: That doesn’t seem too dramatic a change but enough to close that gap. We can use some reserve until next year when we will be able to have the new revenue stream coming through.

Tom Brookins: We still need to increase; those costs are not going down. If the solar project brings in more than predicted, it would be easier to cut back the fees in good faith to the patrons. I think you need to stick with a special assessment and send a letter out to the patrons explaining this, which would mitigate some of the other issues.

Friend: There are two different numbers, 1070 customers or 1361 parcels. Would it be per customer or tax lot?

Director O’Donoghue: Per tax lot.

Friend: How much?

Chairman Naumes: We don’t have to limit our special assessment. We could bump it up if we want to and consider it to be temporary to cover the shortfalls for now. We can revisit to see what our revenue is going to look like for 2025.

Friend: I agree, however, we have a lot of fixed-income folks that if the fee is high, will have a hard time trying to pay.

Director Borman: The special assessment is to look at the increased risk to the district on some of the legal fees, and water supply itself.

Tom Brookins: To zero the budget out it would be $24 per tax lot.

Chairman Naumes asks for a motion for a Special Assessment of $24 per tax lot and an increase in per acre charge of $2.00 per acre.

Director Borman motions to approve the proposed budget based on zeroing out the current proposed budget using a $2.00 increase per acre and a special assessment of $24.00. Director Urton seconds the motion, and the motion carries.

**Adjourn:** 4:14 pm.

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Sean Naumes – Chairman Jack Friend – District Manager/Secretary