



SWALLEY IRRIGATION DISTRICT BOARD MINUTES

June 2017

The Board of Directors of the Swalley Irrigation District met on June 21, 2017 at the District office for the purpose of conducting its monthly business.

Call to Order

President McCarrel called the meeting to order at 9:05am. Those in attendance were directors Steve McCarrel, Kelly Patrick, and manager Jer Camarata. Swalley patron, Connie Marshall was also in attendance.

Minutes of the May 17, 2017 board meeting were reviewed and on motion made and seconded, unanimously approved.

Financial

The board reviewed the accounts payable list and financial reports as prepared. On motion made and seconded, the accounts payable list was unanimously approved. Brief discussion regarding the hydroelectric facility's production and condition ensued.

Business from the Floor/Public Comment

Connie Marshall announced that she was, in fact, still interested in serving on the board, but expressed concern that she thought she might not be eligible to serve on the board due to her residency status. The board asked Camarata to obtain legal counsel review on the matter. Mrs. Marshall thanked the board and left the meeting.

Old Business

None

Correspondence to the Board

The 2016 Audit was presented and discussed. Patrick identified two potential errors on page 15 regarding restricted reserve figures. Camarata and McCarrel agreed that the figures indeed looked incorrect. The board requested that staff obtain clarification with the auditors, and make the necessary corrections if applicable. Camarata will report back on the matter.

New Business

The board unanimously decided that draft Resolution 17-01 and draft Resolution 17-02 should be tabled to a time uncertain.

Manager's Report

1) Senate Bill 865 (plat signing authority for Irrigation Districts in Oregon) was signed into law by the Governor last week. The new law will take effect on January 1, 2018.

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2) The new fish ladder is up and running well. The dedication ceremony was on June 14th and positive press from local news outlets was received.

3) The District has applied for a ~\$10k grant to combat invasive weeds.

4) An Easement Restatement Agreement with new owners of the Cascade Village Mobile Home Park property along the Main Swalley Canal Pipeline is nearing completion.

5) The District's application to the Department of Environmental Quality's (DEQ) Clean Water State Revolving Fund (CWSRF) loan program for \$16,000,000 has been formally ranked, approved, and posted to DEQ's Intended Use Plan (IUP). The District's application ranked third highest in the state. Camarata has initiated conversations with a DEQ project manager to discuss next steps to begin preparing the required documentation necessary for DEQ to develop a loan agreement for the board's consideration. Camarata will work with DEQ to prepare hypothetical amortization schedules of \$3.2m, \$1.6m, and \$1m in preparation for understanding initial modernization match funding that may be pursued for the Rogers Lateral Piping Project. DEQ's administrative rules limit the amount of time an application can remain on the Intended Use Plan to 36 months. If after 36 months an applicant is not yet ready-to-proceed to a loan agreement, the applicant has the option to request a six-month extension to remain on the plan or the application will be removed from the plan.

6) Farmer's Conservation Alliance (FCA) has asked for up to \$15k from the District to complete ongoing Watershed Plan development. A complete Watershed Plan submitted to the Natural Resource Conservation Service (NRCS) will trigger an Environmental Assessment by NRCS that will lead to a determination regarding the negative environmental impacts of the District's modernization/piping efforts. If the determination declares that there will be no significant impact, the District will be eligible to access federal PL-566 funding, \$25m of which has been allocated to Oregon on what is believed to be a limited use-it-or lose it basis. The Deschutes Basin Board of Control (DBBC) intends to sign a contract with NRCS to access the full \$25m worth of PL-566 funds. It is still unclear whether the PL-566 funding will require a 50% or 25% match from the District, hence staff looking into hypothetical amortization schedules of various amounts from DEQ's CWSRF loan program. The District has begun looking into the State's Conserved Water Program and initiated conversations with possible buyers and the Oregon Water Resource Department (OWRD) about potential conserved water sales as a means to offset or pay for any required match funding to PL-566 funding. The timeline for completing a Watershed Plan and submitting it to NRCS to remain in the eligibility queue for PL-566 funding is thought to be sometime near the end of August. FCA will need a commitment from the board of \$15k to move forward with the Watershed Plan writing effort sometime near the beginning of July. Camarata

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emphasized that if the District wants to move forward with a Watershed Plan and be in position to leverage PL-566 dollars, the District will also need to commission 100% engineering designs no later than August. Due to the aggressive timelines, many uncertainties, lack of a clear financial project pro-forma, and opportunities thereof regarding all of the above, the board acknowledged that they may need to call a special meeting near the beginning of July to make certain decisions regarding authorizing unbudgeted funds.

7) The District has publicly announced a Watershed Plan Public Scoping Meeting for July 6th to inform the local community of the proposed modernization plans to pipe its canals, conserve water, improve fish habitat, and enable irrigation pump energy efficiencies; and to gather community comments on the proposed project. Flyers and notices are being mailed out to all District patrons this week.

Legal Report

The Eagle Crest stacked water right issue remains on Legal Counsel's desk for initial review and comments.

Other Business

Patrick asked whether or not the District should exercise its ~\$60k budgeted option to pre-pay Flexlease Loan debt service. After brief discussion, it was generally decided to not make the payment at this time.

Adjournment

There being no further business, President McCarrel adjourned the meeting at 11:48am.

Attest: _____ President McCarrel

Attest: _____ Secretary Camarata

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