

MEDFORD IRRIGATION DISTRICT

Regular Board Meeting Minutes

August 14th, 2024 @ 1:30 pm

Present: Henry Vaninetti (Zoom), Dennis O'Donoghue, Matt Borman, Tom Brookins, Sean Naumes; Jack Friend: Manager/Secretary

Call meeting to order: Vice Chair O'Donoghue called the meeting to order at 1:30 p.m.

Minutes: The regular board meeting minutes on July 10th, 2024, were reviewed. Vice Chair O'Donoghue asks if there are any comments or corrections to the minutes. Director Borman motions to approve July 10th, 2024, minutes, Director Naumes seconds the motion, and the motion carries.

Financials: Manager Friend: We had more water rights sales which gave us a little more income.

Vice Chair O'Donoghue: Do we put water rights sales in our forecasted budget?

Director Naumes: It does have 25K in the budget for this year.

Manager Friend: In previous years we have budgeted lower. In prior years there was not a lot of movement however, we had many inquiries this year and the end of 2023 allowing an increase in that item for this year.

Vice Chair O'Donoghue: How many rights do we have for sale?

Manager Friend: We have several hundred.

Flanakin: The forecast is based on 2023 numbers for comparison to 2024.

Director Naumes: We are forecasting 15K in the budget.

Flanakin: When we do our budget for the next year at the end of the year, we receive the engagement letter from our auditors in January/February, which shows the figure for that new year.

Director Brookins: So, are we going to be 17K short for the year according to these forecast figures?

Vice Chair O'Donoghue: What is the forecast for the rest of the year?

Director Borman: The report shows what is spent and what is forecasted which shows August through December 2024 in that column.

Vice Chair O'Donoghue: I would like the figures of what the end of the year to see how we are doing to our plan. Director Naumes motions to approve July 2024 Financials, Director Borman seconds the motion, and the motion carries.

Sandra Lang (Molatore, Scroggin, Peterson & Co., LLP): If you would look at the Summary of Operations for the year page compared to the prior year, the overall income was close to the same however the expenses were a bit higher and mostly in the area of wages and salaries and water operations and maintenance. Overall, we would like to see a net income but that did not happen this year. Going to the net position, is 4.2 million. Most of that figure is wrapped up in your capital assets. Going to the internal control letter which speaks about the overall audit. One thing that we found this year is that the material weakness is assets did not get reported correctly. MID has a limit of 5K and any figure above that must be recorded as a capital asset and begin depreciation.

Vice Chair O'Donoghue: Are those being expensed?

Sandra Lang: Yes, what we found is the capital assets were not recorded in the proper line item. We needed to correct those items. The one that stuck out was the John Deere Tractor/Flail Mowers. What we saw was the portion of the down payment being expensed instead of combining the entire loan with that as a fixed asset.

Vice Chair O'Donoghue: Do we need to go back and correct our taxes?

Sandra Lang: It has been corrected by the audit.

Vice Chair O'Donoghue: Is this for 2023? We already filed our taxes.

Manager Friend: We do not file taxes, which is why we have an audit each year. The audit information report is all that the government sees from us each year.

Vice Chair O'Donoghue: We do not pay taxes?

Sandra Lang: No. Another item in the control letter to point out is the deficiencies in Medford Irrigation District segregation of duties, because MID is so small that you have very few people to spread out the duties to which leads to a couple individuals being responsible for items that would normally require 2 or 3 different handling

before completion of tasks. Everything else went very well. Tammi is great to work with. Everything was provided quickly and so we were able to get everything reported to the state.

Director Naumes: With other entities that you work with, how do you think we look? I know we have some of the deficiencies do to the size, but it looks good.

Sandra Lang: As far as the internal control, MID is similar to other districts that we do. Most water districts are exceedingly small. As far as expenses are concerned, those are similar as well due to inflation, wages increasing every year with more experienced personnel. You do compensate for that with the water assessments increasing each year. Overall, I do think the district is doing pretty well.

Manager Friend: In 2022 we were short staffed as we had hired three people and increase the base pay due to inflation. Under repairs and maintenance, we saw a significant increase in 2023, where that all came from, and it might need to be broken out of the standard chart of accounts. We had a drought relief grant that we received in 2022 and used in 2023. Is that where the higher repairs and maintenance are coming from?

Sandra Lang: Absolutely.

Manager Friend: The safety of dam's item has two payments in it. One is for 2022, and the other is 2023. Would that also be part of the increase in expenses?

Delinquent Accounts: Vice Chair O'Donoghue: This looks so good.

Flanakin: It is going to look even better next year. The Garrett account is finally paid. They also want to resume receiving water and we are in the process of completing that request.

The administration fees have been updated and a resolution is ready to be voted on. Vice Chair O'Donoghue asks if there are any comments or corrections. Director Brookins motions to approve the new administration fees, Director Naumes seconds the motion, and the motion carries.

Board Member Updates: Director Borman: I have visited the patron that exceeds the water limit and because of this. This is not allowing others to access the water. He really needs to modernize his system from flood irrigation to be able to save water for those that are not receiving it. Trying to contact this person has been impossible. He refuses to talk to anyone. I wanted to bring this to the attention of the board because we are going to see more of this as more farmland is being developed. The patrons that are downstream cannot get enough water to flood irrigate their properties. They are aware that they need to modernize their system, and just cannot do it at this time.

Elections: Flanakin: It is that time again. Divisions A, C and D are up for election and the list of patrons registered is there along with the petition.

Administration: Manager Friend: The summer temperatures have been hotter and earlier than average. We have been making consistent deliveries to our patrons, but we have used a significant amount of our allotment out of the southern supply. Yesterday I cut our release on Emigrant by five cfs down to twenty cfs. That leaves us with 1,059 af or 13%. If we held that release, we would run out on September 9th. If the weather starts getting cooler and demand drops, we can reduce it again and will likely be able to maintain full deliveries until September 15th. That sounds like the game plan for the other districts as well. I have attached tow graphs showing the northern supply and the southern supply. Fish and Fourmile combined are at 41% of full pool. Howard, Hyatt, and Emigrant combined are at 39% of full pool. Reclamation came down for the annual Fish Lake dam inspection on July 31st. There were no new recommendations, and the lake made it to the elevation it had not had in a few years without showing any signs of whirlpools in the area we had seen before. We are continuing to finalize the contract with Dowl for the EPA work and plan to have surveying start this month. FCA is going to conduct a water loss assessment on the EIS sections of the joint system canal later this month. The district will be collaborating with them on access and coordinating with patrons on water use during the days they perform the measurements. We are navigating some hurdles with BABA requirements for the floating solar project with DOE. We have found a path forward and should have a finalized contract with Imagine Energy this month and begin construction. We have an amendment to our DEQ CWSRF loan including in new business to account for the updated project costs. I will also have a contract with BEF for the board to review by September. I am working with the Oregon Environmental Council on a grant for an EV Ford pickup and installation of a charging station. This would be at no cost to the district through Pacific Power. The district will be responsible for the electricity to charge the vehicle and the insurance.

Old Business: Flanakin: Water Management & Delivery Policy Resolution 2024-04. Director Naumes motions to approve the resolution for the Water Management & Delivery Policy Resolution 2024-04, Director Brookins seconds the motion, motion carried.

New Business: Resolution for signature from Manager Friend for the DEQ Loan amendment one. Director Brookins motions to approve resolution 2024-10, Manager Friend to sign the amended DEQ Loan agreement, Director Borman seconds the motion, motion carries.

R.B.W.U.C.I.: June and July services combined, \$7,397.76. Director Naumes motions to pay June and July services, Director Borman seconds, motion carries.

Adjourn: 3:12 pm

Vice Chair Dennis O'Donoghue

Jack Friend – District Manager/Secretary