

Regular Meeting Minutes

**Klamath Project Drought Response Agency
Regular Board Meeting
January 11, 2023
10:00 am**

MEETING CALLED TO ORDER

Marc Staunton, the President, called the regularly scheduled Board of Directors meeting of the Klamath Project Drought Response Agency (KPDRA) to order on Wednesday, January 11, 2023, at 10:12 am at KWUA boardroom at 2312 South Sixth Street and via the online conference platform called Zoom.

ROLL CALL

Directors Present: Marc Staunton, Sam Henzel, Rob Unruh, Paul Crawford, and Mike McKoen

Guests: Chelsea Shearer, Nathan Ratliff, Kyle Knutson, Gene Souza, Mike Neuman, Baylee Mockridge, Liz Lowery, James Stone, Marcy Anderson, Gary Voight, Susan Anderson, Frank Anderson, and Duane Ray

Agenda

The board approved the proposed agenda by consensus.

Public Comment

Frank Anderson questioned the board on why they chose to issue two payments 2022 for 2021 and 2022. He directly asked the board who made that choice as it's harmful to the tax income year; many of the audience members were here with the same complaint. Nathan responded that legally they could not choose what tax year the payments are claimed in and who gets it when. Their job as a board is to disburse the funds as soon as they are available. He continued that the CARES program had a clause that the funds had to be dispersed by the end of 2021, then there was no time to get the DRA funds dispersed. James Stone stated that when the 1099's comes out, and now he's going to have to pay 2 years of taxes back to the government. Marc Staunton responded to his comment stating he was empathetic, but their job is to get dollars out ASAP and not to consider individual tax situations. Duane Ray asked if they were going to be paid for 2023 programs in 2023? Marc stated that it is possible if the funds are available from the government and land verification is complete.

Nathan Ratliff added that during a public meeting, it was stated that payments would be split this way. Sue Anderson stated that she was frustrated because she did not know until it was too late; she would have bought things to write off. Paul Crawford encouraged everyone to come to meetings if they were concerned with issues such as this, no one ever comes to the meeting as public participants. That their district should have notified members as they were notified. Frank and Sue Anderson and James Stone left the meeting.

Marcy Anderson stated that in regards to the program in 2023, she hopes the idled ground gets \$450 per acre, cannot sell their water to others and get paid. KID should not be letting water transfers happen. Water that is used on idled land should not be allowed to be transferred to their B land. She does not feel it's legal. That water is supposed to go back to the pot. Nathan Ratliff stated that a transfer issue is done by the districts and has nothing to do with DRA. They verify the land applied for receives no water, not where that water goes. Marcy stated they need to have in their contract that that water can not be transferred.

Liz Lowery commented that it might be helpful to have taxpayers talk to their CPAs regarding the Farm Income Averaging Specifically.

Marc Staunton responded to Marcy, stating that she has a lack of understanding of how water is allocated, and encouraged her to research it. Rob Unruh added that there was a split vote on this subject. It was the option we chose to get the most water to the most people who were either Warren Act. "B water" contractors were just not getting any water no matter what. This board deliberated over 10 hours on this subject and did what they felt was best for the community as a whole.

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Gary Voight thanked the board for their dedication and is pleased with what they do. He was here to talk about the 2 payments as well but after hearing the discussion, he would like to encourage the board to not issue two payments in the same year again. Gary leaves the meeting as well.

Duane asks the board to consider a mailer that goes out stating when they are issuing payment as soon as they know so this doesn't happen again. He added this suggestion as some are not internet savvy nor have time to go to meetings.

Financials

Motion: Approve financials as presented

Motion by: Sam Henzel Second: Mike McKoen

Roll call: Unanimous

Motion Passes

Marc Staunton stated that he and Nathan are trying to find a time to meet with Amy Chipman this month.

Review/Consider Approval of 2021-2022 Audit

Nathan stated that they had asked for an extension of the December 31st date, but that was denied. He stated there is no consequence for missing the date. Molatore (MSP) hopes to have the audit done shortly. They will engage in an audit in the summer to allow time.

Update regarding No Irrigation Program Administration

Nathan stated that payments for 2022 went out before Christmas. They had some minor issues where some funds had to go to trusts of the deceased and some name changes, but overall the "issues" are getting less as the process is getting streamlined, therefore funds are able to be dispersed sooner.

Pat Neu presented to the board some challenges to denials of applications to consider.

- Application KDR220276 appealed the denial, which was denied by the district. The applicant withdrew their application prior to the meeting.
- KDR220268- Applicant appealed, stating it was a KID administrative error. Pat stated he had confirmed this and recommended rescinding the denial and approving the application.

Motion: Motion to rescind denial of application KDR220268 based upon acreage verified by MBK, approve application and issue payment.

Motion by: Sam Henzel Second: Rob Unruh

Roll call: Unanimous

Motion Passes

- KDR220425- Pat stated there was an administrative error. And confirmed this and recommended rescinding the denial and approving acres.

Motion to rescind denial of application KDR220425 based upon acreage verified by MBK, approve the application and issue payment.

Motion by: Sam Henzel Second: Rob Unruh

Roll call: Unanimous

Motion Passes

- KDR220445- Application was denied based upon district observation of water application. The applicant claims there was no water applied. Pat stated that the land saturation imagery for the months of irrigation confirm water

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was applied. Nathan Ratliff stated that a district representative brought photographic evidence to staff that showed land flooded. Nathan stated that the photos provided were emailed to Mr. Vaughn on Saturday and notified him that a decision would be made today during the board meeting. He was welcome to come and discuss his denial.

Motion: to sustain denial of application KDR220445

Motion by: Sam Henzel Second: None

Motion dies due to lack of second.

Mike McKoen asked if Pat would display for the board the images he used to verify as well as the photo provided by the district rep. Pat showed images and stated that on May 19 there was more dry vegetation (shaded in pink) on the land than the left field was greener. On August 14 the same imagery showed the once-dry field shown in pink shading.

Motion: to sustain denial of application KDR220445 based upon information showing irrigation of subject parcel during 2022 Irrigation season.

Motion by: Sam Henzel Second: Rob Unruh

Roll call: Unanimous

Motion Passes

- KDR220764- The applicant withdrew the complaint after Pat explained why his acres were short-paid differently than the application acres applied.

Pat stated there were four additional applications that were challenged due to errors in the acreage calculations. Those recommendations are as follows:

- KDR220606- acreage initially recorded as 24.3 should have been 54.3- this was a staff typo, and an additional payment is recommended
- KDR220007- recommended approval for 170 acres
- KDR220494- recommended approval for 83acres
- KDR220005- applicant applied for 160- then amended her application and the new amended acres should be for 60 acres, not the 58.5 paid.

Total acreage change was an inclusion of 93.1 acres for a total of 41,895 acres.

Motion: Approve all acreage changes under 5.c.on applications; KDR220606, KDR220007, KDR220494, KDR220005 as recommend by staff.

Motion by: Sam Henzel Second: Mike McKoen

Roll call: Unanimous

Motion Passes

Marc Staunton asked if the mapping helped with the program. Gene stated that he felt the digital mapping was imperative for KID to verify. Paul Crawford stated that he felt the online map verification was helpful, but he would like to see the number of acres added to the plots, while still omitting the names. It suggested it may cut down on these types of errors as well. Marc S. agreed that having more information earlier is very helpful.

Marc Staunton stated there were 772 applicants with less than a 1% error rate is a tremendous success, even with a new small-acre program. He gave kudos to MBK for being successful.

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Timing of Payments

Marc asked the board if we should send out some sort of mailer prior to checks being mailed out to those that have altered acreage. Sam suggested we put a paragraph in the contract as well. Paul Crawford stated that he doesn't think we need to comment on the situation anymore, it was adequately covered earlier in public comment. He feels for the people that are affected by double-year payments, but the DRA must spend the funding as soon as it's available to pay applicants.

Discussion and Approval of 5-year Agreement with the Bureau of Reclamation

Paul Simmons of KWUA joined the meeting to report that he and Nathan sent a draft last week and requested a firm up on the language of the "participating" districts in the BOR operations plan. Once the agreement is finalized, then things will move fast. Nathan stated that one unresolved issue is how BOR interpreted the limiting language in 6.1.2. the other question is how the funding is based, either a fiscal year or a calendar year. This determination could result in a difference of millions. Mike Neuman stated that it would change the initial funding amount. This issue has been pushed up the chain and has yet to be determined. BOR is behind in getting it onto the acquisition group. Paul Simmons stated to Mike it needs to read that "only patrons in Districts excluded," not patrons serviced by...

Neuman stated that he believes in May there will be an agreement ready to sign. But then he is hopeful to know if there is \$10 to \$50 million is the right number. Assuming a favorable resolution of a calendar year vs. a fiscal year, it could mean there is \$16 million available for the program instead of \$6 million. Mike said they just need to get this approved as a "draft" agreement" for now; it's not an actual agreement until its been through acquisitions. Neuman stated that the package needs a statement of work, a budget and accompanying forms. Nathan stated they can have that by the end of next week, then they can set a special meeting if needed.

Nathan will set a special meeting on the phone, he will tentatively aim for the 20th. Sam is concerned they are not addressing the KDD issues of winter flooding. Sam stated that he will have to leave soon but he will vote against this contract as written. Neuman stated that the language is entered is what Reclamation is going to approve. There will be parts that are not subject to changes or comments. Neuman went on to say he was told the language is staying the way it is written on this matter. "the naughty list will be written, those on it will be disqualified," consistent with operation plans to receive any funding. But the budget is not final. Sam stated that he has a major issue with the no-complaint part. Sam leaves meeting at 12:11 pm. Rob Unruh stated that it feels like extortion

Motion: to authorize application for 5 year BOR Cooperative Agreement, with Marc Staunton to approve required application documents and initial budget information.

Motion by: Paul Crawford Second: Rob Unruh

Roll call:

Rob Unruh: Aye

Paul Crawford: Aye

Mike McKoen: Aye

Marc Staunton: Aye

Motion Passes

Note for vote record: Sam Henzel: No

Marc Staunton asked Gene Souza about small district acres. Gene stated he is still running into folds that were unaware of the program. There is an estimated \$48,000 dollars of assessment not paid amongst this group for the 2022 assessments. He said it would be helpful to mitigate complaints if it would create real water. He had a in-depth conversation with Pat Lunde and as a result, has resubmitted to include Warren Act and Group B. They have not administered the funds yet. KID will not increase the administration fund of 1% as the additional work is an error on their part. Nathan offered that if the program is run again, he is happy to sit down with Gene and Pat and work out a plan.

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Motion: adjourn meeting.

Motion by: Rob Unruh

Second: Paul Crawford

Roll call:

The next meeting date will be February 8, 2023 . Being no further business, the meeting was adjourned by consensus at 12:20 pm.

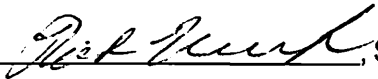
Minutes prepared by Chelsea Shearer

Approved: Marc Staunton



, President

Approved: Rob Unruh



, Secretary