

## Regular Meeting Minutes

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2018 Klamath Project Drought Response Agency  
Regular Board Meeting  
December 14, 2018  
10:00 AM

### MEETING CALLED TO ORDER

Marc Staunton called the regular scheduled Board of Directors meeting of the 2018 Klamath Project Drought Response Agency (DRA) to order on Friday, December 14, 2018 at 10:07 am at the KWUA conference room, located 735 Commercial Street, Klamath Falls Oregon.

### ROLL CALL

Directors Present: Michael McKoen, Paul Crawford, Marc Staunton, Rob Unruh, Luke Robison, Luther Horsley & Jerry Enman.  
Guests: Chelsea Shearer, Kyle Knutson, Marc VanCamp, Angela Bezzone, Bill Ganong, Gary Derry, Nathan Ratliff, Kraig Beasley and Earl Danosky  
Media Presence: Holly Dillemoth

Minutes from October 24, 2018 and November 24, 2018 were presented for review.

Motion accept the October and November minutes.

Motion By: Mike McKoen           Second: Jerry Enman

Motion Carried.

### STATUS REPORT OF ADMINISTRATION

Nathan Ratliff stated that all the agency setup has been completed. Financial statements from the bookkeeper have been received and provided for review and is subject to reconciliation.

Water has been delivered and funding from the government has been approved. Bill Ganong reported that currently there is \$9,501,760.64 in the account as of now. SAM registration has been completed and approved. Nathan Ratliff presented a fiscal year budget to the board; which included 9.2 million to distribute from Reclamation.

Luther Horsley suggested a program recap written by MBK so that future boards or agencies will know how the DRA program worked.

Motion to approve Resolution of budget as amended with the Project Management line item budgeted for \$150,000.00.

Motion By: Luther Horsley           Second: Mike McKoen

Motion Carried.

Mike McKoen asked the board if they wanted to enter into Executive Session given applicants private information may be discussed. Legal counsel Nathan Ratliff stated that they should not as the agency is a public and transparent and the information has already been shared in the notice.

### REPORT STATUS OF PROGRAM

MBK Engineer's team: Marc VanCamp, Kyle Knutson and Angela Bezzone conducted a presentation of the program thus far.

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Summary of Land Idling Program- 278 total applications received; 118 via email, 61 via mail, 14 via fax, 85 via workshops

Applications identified 16,979.89 acres for reimbursement

MBK estimated 15,703.30 acres for reimbursement

Using 2015 reimbursement of \$300/ac would equal \$4,710,990.00

Of the verified acres;

21 applications had between ≥ 5-10 acres for a total of 147 acres

17 applications had between ≥ 10-15 acres for a total of 228 acres

21 applications had between ≥ 15-20 acres for a total of 376 acres

86 applications had between ≥ 20-50 acres for a total of 2,920 acres

94 applications had between ≥ 50-100 acres for a total of 6,6160 acres

23 applications had over 100 acres for a total of 5,871 acres

MBK transmitted maps of lands identified in applications to district representatives for verification on Tuesday, December 11, 2018.

MBK indicated that they are still waiting on district confirmation.

Summary of Groundwater Program- 109 total applications received; 25 via email, 26 via mail, 58 via workshop

Power bills submitted by applicants total \$962,409.37 in power expenses for reimbursement. This includes approximately \$165,802 in demand charges; \$139,783 confirmed by received bills (79% received), \$26,019 estimated based on prior bills. Over 50% of 2018 participants also participated in the 2015 WUMP program.

### Summary of Land Idling and Groundwater Programs

Land Idling at \$300/ac = \$4,710,990.00

Groundwater Estimate = \$963,003.72

**Total Program = \$ 5,673,933.72**

MBK engineers has been tasked with administering the program based on the program policy with assistance from Parks & Ratliff as required (hereinafter collectively referred to as "Staff"). There are a few topics in the Land Idling program that Staff would like the Board's input on. Staff will recommend approval or denial of applications based on that policy unless board motions to make an exception.

### Staff proposes to reject lands identified in 4 applications that are outside of the Klamath Project.

•K0043 –MD Huffman Farms (40ac. in TID #6130)

•K0148 –Gesner, Ernest Jr. (60ac. near Beatty)

•K0205 –Schmid, Joseph (49.21ac. in Keno ID)

•K0224 –Neil, Rodney (applied for 30ac. In KID; however only 13.4ac. of the 30ac are within the Project)

Bill Ganong asked MBK if the map being used has the exceptions filed in the FOD included, if not MBK needs to include those.

MBK stated they are not included. They will include those and revise the map accordingly and base approvals on additions.

Discussion ensued, it was suggested tabling action on K0043 until exceptions are included

Motion to table action on K0043.

Motion By: Mike McKoen

Second: Luther Horsley

Motion Carried.

5 applications totaling 338 applied acres were received after the November 9, 2018 deadline. Staff recommends these applications be rejected.

•K0274 –McFarland, Don (107.4ac. in KID)

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- K0275 –BalinFam Trust (50ac. on west side of UKL)
- K0276 –BalinFam Trust (81ac.in KID)
- K0277 –Hartman, Ryan (50ac. in TID #4525)
- K0278 –Hartman, Ryan (50ac. in TID #4524)

Discussion ensued; Jerry Enman suggest approving an exception to K0274 as he was only 5 days late where others were 3 weeks. Board agreed a late submission whether a day or a month is late. Discussion on how K0275 & K0276 were late however their Ground water applications were turned in within policy dates. Board agreed that the deadline would not have any extensions.

Motion to accept staff recommendations.

Motion By: Luke Robison           Second: Luther Horsley  
Motion Carried.

There are applicants with an acreage discrepancy between the applicant's identified acreage and our/MBK GIS acreage estimates. The 2018 Land Idling Program Policy states "the determination of qualified acreage by KPDR shall be final and shall not be subject to challenge."

- 82 applications (145 total acreage discrepancy) identified an acreage less than the MBK acreage estimate. Staff recommends they rely on the applicant's acreage.
- 115 applications (324 total acreage discrepancy) identified an acreage greater than the MBK acreage estimate. Staff recommends they rely on the MBK mapped acreage.

Motion to accept Staff recommendations.

Motion By: Luther Horsley           Second: Jerry Enman  
Motion Carried

### Groundwater Program Topics for Discussion

Based on a conflict of interest, President Marc Staunton recuses himself from discussion as he has a ground water application submitted. Vice President, Jerry Enman steps into meeting lead.

For wells with boosters on the same electric meter and participated in the 2015 (or 2014) WUMP, we reviewed the percent of power costs reimbursed as compared to the power bills submitted for the Program. Staff proposes to apply this same percentage to arrive at the amount to be reimbursed for 2018.

Applies to 7 applications:

- Percent to be reimbursed ranges from 30% to 75%
- Bills received total \$108,749
- Proposed reimbursement totals \$56,719

Applicants stated that a booster pump on the same electric meter as the well had to be used to operate the well, either to increase well production or to move the well water to the desired field. Staff proposes to reimburse the full amount of the power bill for these applicants.

- Applies to 7 applications
- Bills received total \$74,525

Motion reimbursed these application as proposed by Staff.

Motion By: Luther Horsley           Second: Luke Robison  
Marc Staunton abstains from vote  
Motion Carried

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Jerry Enman steps out of lead role and Marc Staunton resumes presidential lead.

One applicant submitted information for a well powered by a diesel engine.

•Applicant included statements from diesel supplier (Fuel Commander Cardlock –ESS)

Motion approve payment as submitted.

Motion By: Mike McKoen                      Second: Jerry Enman

Motion Carried

Many applicants submitted bills which included fees assessed for late or no payment. Staff recommends not reimbursing these charges. Applies to 29 applications with totals approximately \$2,413. ~~MBK~~ Staff recommends not paying late fee.

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Discussion ensued, Rob Unruh encouraged to pay fees as applicants stepped up to help project with no promise of payment. Marc Staunton suggested a cost + (amount) that could potential help with late fees.

Motion to accept Staff recommendations.

Motion By: Luke Robison                      Second: Jerry Enman

Motion Carried

Two applications were received for groundwater wells and lands located in Poe Valley. The Policy states that "wells located east of Olene Gap are not included in this program." Staff recommends denying applications.

•L0034 –Douglas & Judy Parker (\$7,118.34)

•L0101 –Drost Land Company (\$18,321.27)

Board agreed there is no need for action to be taken as these applications are outside the policy guidelines.

Two applications were received from an applicant for groundwater wells in Oregon with a primary groundwater right. MBK is reaching out to the landowner for additional details (such as if a temporary transfer or drought permit was obtained).

•One applicant with two groundwater applications L0077 and L0078 –Gary Patterson (Total \$7,295.37)

If MBK can verify then they will prorate as needed.

### Outstanding Items

District Verification of Land Idling Applicants-Awaiting verification from 8 out of 11 districts

Receipt of Demand Charges- Awaiting bills from 23 applicants

MBK will make a goal to have these outstanding issues resolved by December 31, 2018

### 2018 Reimbursement Amounts Discussion

#### Groundwater Program

•2015 WUMP provided power + \$20/AF

○ the \$20/AF resulted in an average 37% increase compared to power costs of 2015.

•If +37% was applied to each groundwater applicant, an additional \$356,311 would be distributed for the groundwater program

•100% of verified power bills + %?

#### Land Idling Program

•\$300/ac + %?

The board discussed to stay at the same amounts or increase. Mike McKoen suggested power + 50% which his patrons feel is more sustainable and in lines with perceived reimbursements. Marc Staunton stated the 50% would be about \$125,000 more;

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some applicants will benefit more than others. Nathan Ratliff suggested the board look at other means to spend the extra remaining funds. Paul Simmons listed other options to spend the funding.

Gary Derry suggested the board fund the land idling and ground water programs and if there is a possibility of extra funds the board should "think outside the box" and reconvene for a brainstorming session. He also stated the he thinks the KPDRA will need a long conversation on its future status as an agency.

Jerry Enman suggest the program pay 60-70% of power +; Rob Unruh favors a 50% and a tiered land idling program.

Motion to pay Land Idling \$400 per acre and Ground Water program to pay power plus 60%

Motion By: Mike McKoen                      Second: Rob Unruh

Motion Carried

### Public Comment

Media asks about when payment can be expected. Board responded by stating they hope to have all applications approved by next meeting and hopefully by mid-January payment will be issued.

Gary Derry commended the board on their organization of program and finished timeline. He stated the distribution time frame of funds is the best if could possibly be. MBK was an impressive and excellent choice in consultants.

Jerry Enman would like to see a meeting on the future of the Agency.

Being no further business, the meeting was adjourned the meeting at 1:10pm.

Motion adjourn meeting.

Motion By: Rob Unruh                      Second: Jerry Enman

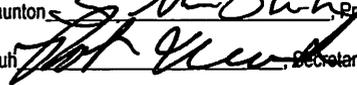
Motion Carried

### Next Meeting

Meeting will be held January 8th at 10am at KWUA board room.

Minutes prepared by Chelsea Shearer

Approved: Marc Staunton  President

Approved: Rob Unruh  Secretary