

IN THE FLOW

KLAMATH IRRIGATION DISTRICT

FALL 2021 NEWSLETTER



2021 WATER YEAR IN CONTEXT

2021 marked the first year since 1878 that irrigation water did not flow out of the Upper Klamath Lake into the A (former Ankeny) Canal. The Ankeny Canal was still servicing 5,000 acres in 1906 when the U.S. Reclamation Service contracted workers to improve the Canal during the 1906 irrigation season.

Over the past 24 months, the basin is short over 16.3 inches of precipitation. Average annual precipitation is 10-13 inches.

Temperatures in June were much higher than normal; crops being irrigated typically reduce temperatures in the immediate area by 5 degrees^(F) or more.

2021 inflows to Upper Klamath Lake were better than inflows seen in 1931, 1932, 1933, 1934, and 1992 (years where the Klamath Project operations met the irrigation demand for beneficial use and contributed to the stabilization of the Klamath basin economy).

Over 162,148 acre-feet of stored water (storage is defined as “water retained in a reservoir”) was not delivered, nor preserved in 2021.

As of 1 October 2021, Reclamation denied water right holders access to 41,808 acre feet of water above the USFWS biological opinion for the Upper Klamath Lake elevation.

IN THIS EDITION

MAINTENANCE UPDATE

Over 50 years of deferred maintenance exists across the District. Pages 2-4 provide an update on our 2021 maintenance actions.

2021 BUDGET REVIEW

2022 BUDGET

Annual assessments for District acres are established through the budgeting process.



MAINTENANCE UPDATE

– Ray Stacey –

Chief of Maintenance
Klamath Irrigation District holds a contract with the U.S. Bureau of Reclamation to operate and maintain the irrigation infrastructure within our boundaries. Most of our infrastructure is over 115 years old, with nearly 50 years of deferred maintenance at many sites. In 2021, our team prioritized maintenance tasks, within the budget restrictions approved by the Board of Directors, to address some of these long standing issues. An ounce of maintenance is worth more than a pound of emergency repairs.



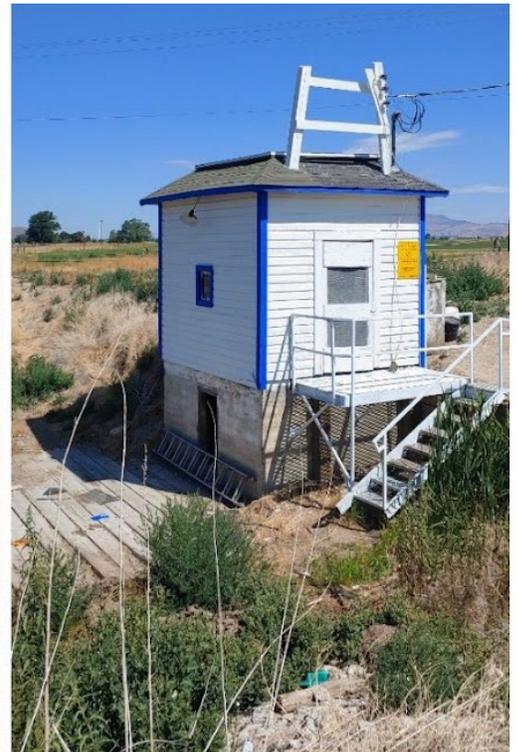
K.I.D. PRIORITY MAINTENANCE TASKS

CATEGORY II ISSUES
IDENTIFIED BY RECLAMATION

PUMP HOUSE
REHABILITATION

REPAIR DAMAGED BRIDGE
CROSSINGS AND OTHER
HAZARDS

REPAIR SELECT CHECK AND
WEIR STRUCTURES IDENTIFIED
IN K.I.D. INSPECTIONS



District Issues

G – Siphon Repair

The 2020 inspection of the G-Siphon, under the Lost River Diversion Channel, identified issues **estimated by Reclamation to exceed \$11.3M in needed repairs.**

KU Stretch on A Canal

Numerous Reclamation Category II findings on the A Canal near Klamath Union High School prompted Reclamation to begin preparing to elevate issues to Category I findings with an **estimated \$5M+ cost** to farmers and ranchers served by K.I.D.

1-C Drain System

The K.I.D. staff receive numerous complaints every year from patrons and others about the condition of the drain system in the suburban area of Klamath Falls. Our staff often respond to these calls, followed by inspections, and follow-up letters. Each call results in no less than 3 K.I.D. employees involved in the complaint (initial call, management direction, ditch rider inspection, management response). The 1-C system is under the operation and maintenance of the Klamath County Service and Drainage District.

Private Work

When resources are available, Klamath Irrigation District may enter into agreements with our Patron's to replace private culverts, crossings, or clean ditches at the owners expense.

Work Force Reduction

K.I.D. is unable to begin work on 2x WaterSMART grant piping projects due to Reclamation's delay in processing environmental and cultural reviews.

Success Stories

K.I.D.'s maintenance team evaluated Reclamation's report and promptly addressed one of the 7 issues identified, fixing a single \$10M problem for less than \$125,000

K.I.D.'s management team established partnerships with the Klamath County School District to remove trees, address animal burrow infestations, reslope the canal banks, and reinforce the drive bank. Establishing this relationship with our stakeholders improved the District's flexibility and significantly reduced costs.

This summer, K.I.D. entered into an inter-governmental agreement between the Klamath County Service and Drainage District and Enterprise Irrigation District. The K.I.D. staff are now assisting our partners to address a number of issues in the 1-C system. The County provides K.I.D. and Enterprise Irrigation District with the priority of work, engineering support and supervision, materials, and compensation for equipment and man-hours. K.I.D. staff are receiving valuable training in pipe installation, in addition to reducing the cost of staff response to 1-C drain issues.

In 2021, K.I.D.'s staff increased private work income by 200% as of October 2021. K.I.D. provides competitive rates for private work to our Patrons. These rates account for equipment and staff costs.

The cost of trained, licenced, permitted, experienced, and professional employees is the District's primary expenditure. This delay has resulted in a temporary reduction of 3 full time employees in an effort to reduced costs to farmers.

Notes

K.I.D.'s Director of Operations personal interaction and work with Reclamation staff directly resulted in this cost savings.

K.I.D.'s Director of Operations personal communication and relationship building with members of our community resulted in better relationships, better communication, and cost savings for farmers.

The existing contracts between Reclamation, K.I.D., Enterprise Irrigation District, and the Klamath County Service and Drainage District are not conduits to foster cooperation and mutual support. Klamath County's leadership identified an opportunity to facilitate projects which enhance our combined resources. This effort will improve cost effectiveness of future piping projects in the District.

Income from private work off-sets costs to all Patrons by supplementing the cost of hourly wages.

A "trained" and competent K.I.D. ditch rider requires, on average, 3 years of experience with various licencing and training. Inexperienced staff members increases costs.



Pump Station Repairs

- ✓ Adams Pump Station
- ✓ North Poe Valley Pump Station
- ✓ South Poe Valley Pump Station
- ✓ Malhase Pump Station
- ✓ Domestic Well / Celltek House
- ✓ #5 Drain Pump House Built
- ✓ Stukel Pumps in-channel moss removal system



Check and Weir Replacements / Repairs

- ✓ A-4 Check
- ✓ A-7 Weir
- ✓ Dihlinger Check
- ✓ Rudolph Check
- ✓ Zider Check
- ✓ Henzel Check



Other 2021 Maintenance Activities

- ✓ Turner Lane Bridge Repair
- ✓ KU Stretch Tree and Stump Removal
- ✓ Concrete Line Upper C Canal
- ✓ 1-C Drain System Modernization
- ✓ G-Siphon Outlet Repair
- ✓ F-1 Easement Repair
- ✓ Adams Siphon Outlet Repair

JAXSEN'S CORNER

On 5 November 2019, Reclamation's special inspection of the G-Siphon determined several Category II findings (CAT II findings relate to "important matters where action is needed to prevent...or preclude operational failure of the facility") resulting in over \$11.3M in recommended repairs.

I assessed the recommendations, worked with Reclamation engineers, and have diligently researched solutions to address many of the issues identified by Reclamation. This summer, we aggressively confronted a \$10M issue at the G-Siphon outlet with our professional work crews, resolving this issue with less than \$125,000 investment in materials.

Additional work is necessary to address the remaining \$1.3M in recommended repairs.

DIRECTOR OF OPERATIONS UPDATE



NEW WATER-ORDERING-SYSTEM

Klamath Irrigation District entered into contract with WaterVise to develop a modern, web-based water-ordering-system for the District. Work has continued over the summer to bring a prototype of this system on-line in April 2022.

KLAMATH IRRIGATION DISTRICT'S MISSION

The mission of Klamath Irrigation District is to acquire, maintain, assure, and deliver an adequate water supply for beneficial use on qualified land within the Klamath Project.

We represent our Patrons before government agencies, the legislature, Congress, and in such forms as appropriate for the perfection and protection of their water rights. We defend the District from actions which would diminish our effectiveness and function.

We further promote the conservation of water, soil, and other natural resources.

DISTRICT MANAGER'S 2021 BUDGET ANALYSIS

At the November 2020 meeting, the K.I.D. Board of Directors approved the manager's requested FY2021 budget. This budget included anticipated grant revenue exceeding \$600,000, anticipated returns from the C-Drop Hydropower facility and solar projects, and interest from investments which offset the costs to K.I.D. patrons. The Director's have approved no increase in Patron assessments since November 2013 resulting in a steady \$75.75 per acre assessment for the past 8 years although inflation and costs to the District have increased by over 17%.

In response to the compounding conditions leading up to April 2021, the management team decided to delay (again) the purchase of a mini-excavator which is needed for our smaller laterals and in areas where our right of way is insufficient to move larger equipment through. Due to no flows in the canals for measurement of loss, modernization efforts were placed on hold.

The District manager also made decisions to require reimbursement for moving ground water through the Miller Hill pumps. The manager reviewed permits approved by the Oregon Water Resources Department and the infrastructure capabilities to determine feasibility to move the water for each permit. The resulting agreement provided reimbursement for the cost of electricity at the Miller-Hill pumping station as to not pass the cost on to K.I.D. patrons without access to ground water.

Due to delays in cultural and environmental analysis by Reclamation, the District has been unable to move forward on its WaterSMART piping projects with over \$400,000 in matching grant funding being held by Reclamation, and not currently accessible to the District. In 2021, the District secured up to an additional \$449,370 in matching fund grants for modernization also being held by Reclamation until K.I.D. completes milestones along its modernization plan.

No flows through the A Canal resulted in no power being generated at the C-Drop Hydropower facility; thus no revenue was generated through this investment. Reimbursement for K.I.D. COVID related expenses ended in January 2021 when funding for the Special Districts Association of Oregon COVID response were depleted. Costs for litigation and legal costs are anticipated to exceed the 2020 expenses.

Requests from the Klamath Water Users Association, Oregon Water Resources Congress, and the Farm Bureau to the Oregon State Governor's office and Emergency Board have requested relief for the District's operating and maintenance expenses in 2021. To date, no affirmative answer, nor dollar amount for relief has been provided to Klamath Irrigation District. If funds do become available, the manager has requested the Board of Directors apply the relief funding towards the District's 2022 budget to reduce Patron assessments in 2022. It is unlikely these funds will be approved, or available prior to the November 2022 budget approval and December 2022 billing cycle.

Given the conditions in 2021, K.I.D.'s manager anticipates underspending on the FY2021 modest modernization budget by over 30%.

Management made decisions to defer purchasing needed equipment in 2021. The management team is contemplating utilizing the saved funds in this line item to purchase mechanical solutions to weed control within the ditches and canals which are now overgrown with weeds creating obstructions to the flow of water in the canals and increasing likelihood of bank failures by having to push higher volumes of water through the canals to meet future flow demands.

A reduction of 3 of the 26 personnel required to operate the District is anticipated to save Patrons 1.8% of the 2021 budget. Early in the season ditch riders would spend morning hours assisting patrons and evaluating private operations; the ditch riders would then be directed to maintenance tasks for the remainder of their shift. Once it was clear Reclamation was not planning to release any water to K.I.D. patrons or the other 8 Districts we service, all ditch riders were pulled from the ditch bank and were assigned maintenance tasks.

Legal costs to the District are larger than anticipated in November 2020. The District manager recently requested a 21% increase to the legal line item in the District's 2021 budget.

Management anticipates the requirement to review many of the Klamath Project Drought Response Agency applications which will require staff inspections of select properties and pull some members off of maintenance tasks this fall.

LITIGATION UPDATE

K.I.D. v. OWRD: OWRD is requesting Judge Bennett's order to OWRD requiring the Department to take charge of UKL and determine if stored water is being released from UKL without a water right, to be stayed pending cross-litigation in the federal district court for the Northern District of California in *Yurok v. Reclamation*.

K.I.D. v. Reclamation (Medford – 2019): K.I.D. is appealing.

K.I.D. v. Reclamation (Illegal Stored Water Release): Awaiting Judge Aiken's ruling.

Yurok v. Reclamation & KWUA & Klamath Tribes: Judge Orrick has lifted the stay and has allowed the Federal government to bring a crossclaim against OWRD & KWUA.

Oregon Revised Statute 545.381 requires that the annual budget for the District, approved by its Directors, shall be split and assessed so that each acre of irrigable land in the District shall be required to pay the same amount.

DISTRICT MANAGER'S FY 2022 BUDGET ANALYSIS

Given the complexities of 2021, three possible budget options are being developed for the K.I.D. Board of Directors. Costs for the District are increasing.

Inflation since August 2020 as reported at https://www.bls.gov/regions/west/news-release/consumerpriceindex_west.html
40.1% inflation in fuel costs,
12.2% inflation in services,
25.3% increase in energy costs

The District Manager does not suggest an increase to assessments in FY2022; however, the modest modernization needs of the District will be challenged in FY2023 if alternate sources of funding are not secured. Inflation is already impacting the District.

A second option for the FY2022 budget is being developed in anticipation of the Oregon Emergency Board approving funds to offset District expenses in FY2021. The management team recommends putting any funding received towards FY2022 assessments and increasing the equipment replacement / procurement line item.

An emergency budget is also being prepared in anticipation of another Reclamation cut-off or delayed start.

K.I.D.'s FINANCIAL POLICY

The financial policy of the District, approved by its Directors, requires the K.I.D. staff to collect and process annual assessments in accordance with ORS 545.381. Combined with the K.I.D. bylaws, these documents prescribe the activities of the staff to include levying penalties for non-payment, placing liens on each property, and foreclosure actions. The District Manager is preparing updates to the K.I.D. Financial Policy for Directors review in early FY2022.

Assessed penalties for each parcel (tax-lot) approved by Directors:

\$25 Late Fee applied on 1 April

16% annual interest on unpaid balance(s) (1.33% per month – assessed daily)

\$200 Lien Fee as per K.I.D. financial policy

All associated foreclosure fees as per K.I.D. financial policy

2022 KLAMATH IRRIGATION DISTRICT BOARD OF DIRECTORS UPDATE:

Director position for ZONE 2 is up for election in 2021. All nominations were due to the K.I.D. HQ no later than the close of business on 5 October. Jerry Enman (current director for Zone 2) and Rodney Cheyne have submitted validated nomination packages.

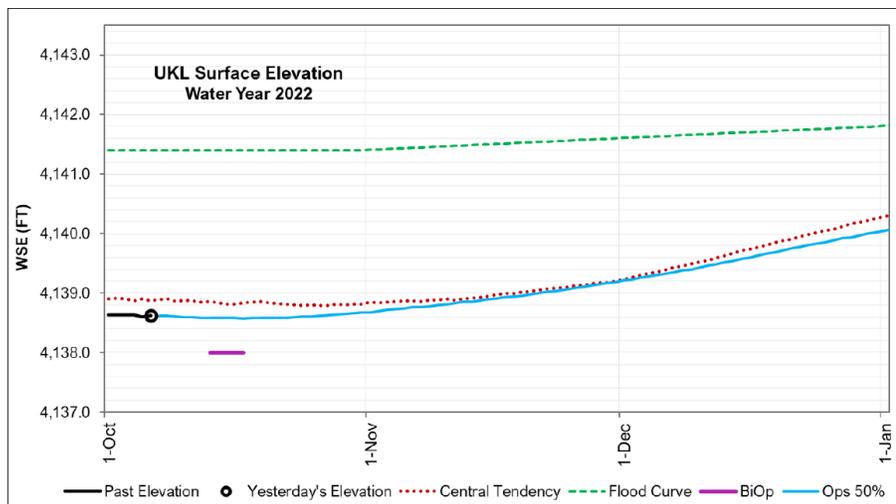
2022 KLAMATH BASIN IMPROVEMENT DISTRICT BOARD OF DIRECTORS UPDATE:

The staff of K.I.D. mourns the loss of K.B.I.D. President George Rajnus. George provided well seasoned mentorship to the K.I.D. management team and our staff. George returned to our Lord on 24 September 2021.

2022 WATER YEAR ANALYSIS

On 27 September 2021, Reclamation opted to retain over 41,808 acre-feet of stored water above the USFWS biological opinion for c'waam and kaptu (suckers/mullet) in Upper Klamath Lake. Jared Bottcher, the acting area office manager states, "This decision is based on a desire to operate conservatively given the past two dry years, remaining uncertainties about the winter hydrology and concurrent use of water supply outside of Reclamation's control, and considerations for aligning supplies for best possible outcomes in 2022."

Given that the Upper Klamath Lake is currently below Reclamation's 2020 Interim Operations Plan "central tendency" elevation, releases to the Klamath River and to fall/winter irrigators are anticipated to be limited for much of the fall and winter period.



K.I.D. Directors approved to conduct the 2021 election by mail. K.I.D. staff sent ballots to registered voters in Zone 2 on 20 October. Ballots are to be returned to the K.I.D. office no later than 8 p.m. on 9 November as per ORS 545.139(2)

K.B.I.D.'s annual meeting will be held on 16 November 2022 in the K.I.D. conference room.

Under the 2018 Water Resources Development Act (WRDA), a request for funding of \$10M in conservation and water efficiency measures has been asked to be included in Reclamation's FY2022 budget for the Klamath Project.

A multi-organizational effort by waterfowl associations is currently lobbying to have water from UKL delivered to the Lower Klamath National Wildlife Refuge.

For the irrigation season to begin on-time, the current USFWS Biological Opinion requires the elevation of Upper Klamath Lake to remain above 4,142' between 1 April and 30 May. Reclamation's analysis indicates the lake will only be at 4,140' by 1 January 2022; two feet in elevation (or 168,410 acre feet) shy of this minimum elevation. The historical average for 1 January is 4,140.4' with the majority of storage occurring in February and March.