

2009 Financial Snapshot

By: Priscilla Ross, Business Manager

Central Oregon Irrigation District (COID) management was asked by the Board of Directors to closely monitor operational spending during 2009. The approved 2009 forecast showed operational spending exceeding assessment and other revenue by \$300,344. Given the current economic conditions, the Board did not choose to increase patron assessments to cover this deficit. Instead, any losses are to be recovered from potential excess Siphon Power Plant revenues, labor costs charged to capital projects and investment interest income from the Endowment Fund.

COID management implemented the following for 2009 to ensure that spending stayed within budgeted levels:

- » No cost of living increases were given to office personnel.
- » A half-time office staff position was eliminated.
- » A 1% salary increase was negotiated for the 2009 / 2010 contract with bargaining unit personnel.
- » Disbursements exceeding \$500 must have prior approval from the Manager or Business Manager.
- » Cost reduction suggestions from staff are encouraged, discussed, and implemented, if feasible.

As a result of these practices and conscientious spending, through six months of operations, gross income is \$106,555 favorable to forecast. Expenses are \$142,876 less than forecast. Favorable labor costs and fleet expenses are the largest components of this variance. The drop in fuel costs helped! Revenue lags \$36,321 behind forecast. Even though projected fee income related to land development was significantly reduced for the 2009 budget, a drop in plan review fees accounts for 50% of this amount.

During 2009, COID started accepting credit and debit card payments for assessments through using the services of Point and Pay. That company charges the paying patron a processing fee; by statute the District cannot absorb those costs. As a result of giving patrons more payment options, assessment collections have stayed steady.

These are challenging economic times for both the District and many of its patrons. The Board and COID staff will continue to look for cost savings and manage expenses on a day to day basis to best meet that challenge.



Central Oregon Irrigation District
1055 SW Lake Court
Redmond, OR 97756

PRSR STD.
U.S. POSTAGE
PAID
BEND, OR
PERMIT NO. 473



SHARING INFORMATION WITH COID PATRONS

FALL 2009

Water Ways

Manager's Corner

By: Steve Johnson

As you read this article, COID will have completed its 105th consecutive year of delivering water to its patrons. There are few non-federal irrigation districts in the western United States that can make that claim. From its inception in 1900, when Alexander M. Drake founded the Pilot Butte Development Company, the District has met many challenges and continues to not only survive, but thrive. The foresight and actions taken by the District's patrons and directors over the decades has not only laid a solid foundation for today, but has greatly prepared us for the future. As we look toward 2010 and beyond, there are two important projects that will shape the District and that I wish to discuss below.

As a reminder, these issues and others are reviewed and discussed during the monthly Board meetings and copies of the Board meeting minutes and the monthly Manager reports are always available on the District's website at www.coid.org.

Juniper Ridge Pipeline & Hydro Project - One of the challenges facing COID heading into the 21st century is increasing costs of operation for a variety of reasons and the corresponding pressure to increase assessments to the patrons to cover those costs. A solution to this situation is to create alternative sources of revenue to the District. A primary source of alternative revenue that has benefitted the District is the Siphon Power Project (SPP) 5.5 megawatt hydroelectric facility. Since the 1990's, SPP has generated several million dollars of cash above its costs that has gone to cover O&M expenses, purchase equipment and fund capital projects all without having to assess the patrons. The operational and financial success of the SPP has guided the District to look for additional hydro projects that can generate positive cash flow.

The Juniper Ridge Project has been identified as the next hydro project and is to start construction on October 6, 2009 with the pipeline portion completed no later than April 1, 2010 and green power electricity being generated in September 2010. This will be a 5 megawatt facility on the end of a 2.5 mile pipeline on the Pilot Butte Canal north of Bend. Not only will the facility generate green power but it will also permanently provide 20 cfs conserved water to the Deschutes River, benefitting habitat and water temperature. Total project costs for Juniper Ridge will be close to \$25 million, but the District will be receiving a minimum of \$12 million thru renewable energy incentives and grants from the federal and state governments, along with other private parties. As with the SPP, the District will require some long term debt financing coordinated through the State of Oregon and this is to be secured and funded by the hydroelectric revenue proceeds only - not through patron assessments.

Habitat Conservation Plan Update - By now, everyone should be aware of the reintroduction of Steelhead into the Upper Deschutes Basin. With the reintroduction of the fish has come the Endangered Species Act (ESA) and potential liability to the irrigation districts and other parties in the area. To manage any potential legal or operational risk, COID joined in early 2007, when the reintroduction began, with the other six irrigation district members of the Deschutes Basin Board of Control and the City of Prineville in pursuing a Habitat Conservation Plan (HCP). The HCP is the only available method available thru the ESA to manage the districts' activities potential liability.

The HCP has been progressing well this year under a grant from the US Fish and Wildlife Service. Biological scientists and consultants have been hired through this grant to begin the multi-year process of studies and working with the federal agencies involved. The initial grant funding will run out in early 2010, but an additional grant is being applied for that, hopefully, will continue this process.

INSIDE THIS ISSUE

PAGE 1

Manager's Corner

PAGE 2

Central Oregon Irrigation District Easements

Water Report

OSU News Info

Board of Director Elections

PAGE 3

Instream Lease a Water Right

PAGE 5

2009 Financial Snapshot

Fertilizer Improves Water Efficiency...

- Locally Blended for Central Oregon
- Increase Production- Crops and Pasture
- Grass Seed
- Weed Control Products
- Soil Analysis/Testing
- Spreaders Available
- Custom Application



Midstate Fertilizer

GRASS SEED • CHEMICALS • BENTONITE • ICE MELT

541.548.2318

120 SE Glacier in Redmond, E. Hwy 126
Just south of Swift Steel then follow the signs

Call Midstate today for all your fertilizer needs.

The National Oceanic and Atmospheric Administration (NOAA) is the federal agency responsible for managing the Steelhead and still plans on issuing a draft 10(j) rule in the Federal Register before the end of 2009. The 10(j) rule, if successful, will designate the reintroduced Steelhead population as "experimental, non-essential" and suspend any civil or criminal prosecution and penalties while in effect for normally legal activities. The 10(j) will provide the basin some "breathing room" to continue working on the HCP process, the conserved water projects being pursued by the irrigation districts of the DBBC and the work being done by the City of Prineville.

It is important to note that this process will be going on for several years and will require significant resources and effort by the District, DBBC and others going forward to be successful.

Central Oregon Irrigation District Easements

Submitted by Larry Roofener, Operations Manager

Recently, some current perceptions and questions regarding Central Oregon Irrigation District (COID or District) easements have been expressed and asked. Statements have been made by some landowners, unfamiliar with COID's early formation and history, that the easements were granted to the District by previous landowners in the same way that landowners currently grant easements to utility companies. The following information is provided to promote a more accurate understanding of COID easements.

In the late 1800's, the United States Congress passed a set of laws for the purpose of encouraging the settlement of the arid western United States. At that time, most of the land was owned by the U.S. Government. Thirteen western states were included in this settlement project and entered into contracts with the Secretary of the Interior Department of the United States. These land grants were conditional upon irrigation companies building canals and infrastructure that would deliver water to designated settlement areas and irrigate and sustain agricultural enterprises.

In 1899, the State of Oregon officially adopted this program and contracted with Oregon irrigation companies to operate under specific rights and responsibilities. COID is one of the oldest and largest irrigation districts in the State of Oregon with operations beginning in 1900. Incorporated in 1918, the Central Oregon Irrigation District is a Quasi Municipal Corporation of the State of Oregon. The predecessors of Central Oregon Irrigation District (the Pilot Butte Development Company, the Deschutes Irrigation and Power Company, the Central Oregon Irrigation Company) were first granted federal rights of way necessary to construct, operate and maintain the canal systems. These man-made waterway corridors enabled potential settlement lands to be serviced by the irrigation companies. The rights of way were granted on the Government land before private land ownership existed. Irrigation company "points of delivery" were also established with the State of Oregon during that period. As the canals were constructed and expanded, settlers moved west to this area, took advantage of new agricultural opportunities and received private ownership rights to the land.

The District's rights of way (easements) are over a century old. Today, these easements continue to be reserved for the operations and maintenance of the canal system. With the increase in population and development in Central Oregon, it is very important that COID preserve its easement access and width as this will promote the District's ability to safely and

efficiently operate and maintain its water distribution system into the future. Private landowners may use the land where the easement is located on their property, so long as their use does not interfere with COID's uses. Any encroachments of COID easements, canal crossings, use of canal roads, or any other uses within the easements require prior written approval from the District. No encroachments or other uses will be allowed that will interfere with the District's operation and uses. These may include fences, gates, trees, structures, etc. The general public does not have a right to use COID easements unless the underlying property owner has granted permission for public use and that public use does not interfere with COID operations.

As COID is the best source of definitive canal easement records and dimensions, the surest way to acquire specific District easement information is to contact COID directly.

Board of Director Elections

The Board of Directors for Central Oregon Irrigation District (COID) consists of five individuals representing each of the geographical divisions within the District: Division 1 (Terrebonne), Division 2 (Redmond), Division 3 (Bend), Division 4 (Alfalfa), and Division 5 (Powell Butte). Each Board member serves a three (3) year term. Those terms expire on a rotational basis.

The current terms for each Division are as follows:

Division 1	2009 - 2011
Division 2	2008 - 2010
Division 3	2008 - 2010
Division 4	2007 - 2009
Division 5	2009 - 2011

This article serves as notice that COID will be accepting nominations for the Division 4 (Alfalfa) Board position for a three (3) year term from 2010 – 2012. Qualifications for this position are as follows: must be 18 years of age; must be an Oregon resident; and must be an owner, or a shareholder of a corporate owner, of land within Division 4. A qualified individual, if interested, must obtain a nomination petition from the District office and obtain a minimum of ten (10) signatures from other patrons within Division 4. The signatures must be from the recorded property owner and there may be only one (1) signature per household. The signed petition must be returned to the District office no later than 4:00 PM October 6th, 2009. If more than one valid petition is received, an election by mail will be held and the results tallied on November 10th, 2009. Please contact the office with any questions: 541-548-6047.

No Winter Stock Water Runs On The Pilot Butte Canal (PBC)

The Pilot Butte Canal will be turned off on October 5, 2009.

There will be NO stock water runs on the Pilot Butte Canal from October 2009 through April 1, 2010 due to the Central Oregon Irrigation District's piping project that is scheduled to begin this fall. The project is to pipe 2.5 miles of the Pilot Butte Canal north of Bend for the Juniper Ridge Hydro Project. Please make arrangement for an alternative water supply for your livestock.

If you have any further concerns, please call the District office at 541-548-6047.

Instream Lease a Water Right

Are you finding it challenging to apply your full water right to your property each season? Will you be unable to irrigate in 2010? There is a way to protect your water without using it on your land. Oregon Water Resources Department (OWRD) has a program in place allowing a property owner with a water right to lease all or a portion of their water right back into the Deschutes River on a temporary basis. An instream lease is considered a beneficial use of your water right, equal to using the water on your land. The following option is available to those patrons interested in leasing their water right back into the Deschutes River:

1 Year Lease for the 2010 season:

- » Signed Request to Lease due to COID by February 15, 2010 (contact COID for the form).
- » \$50.00 Fee – Due to COID at the time of request to instream. This fee will only be refunded if COID staff determines the water rights cannot be leased instream before filing the application with OWRD.
- » Protects your water right through 2014, at which time you must use the water on the land in 2015 or lease it instream during the 2015 irrigation season.
- » Eligibility for instream leasing is once every 3 years. If you have not leased your water rights instream since 2007, you are eligible to lease your water instream in 2010.

Water users who are participating in the instream lease program and who also receive Farm Deferral tax benefits should be advised that while their water rights are protected from forfeiture due to non-use by the instream lease, their land must continue to be used for some type of agricultural purpose in order to continue qualifying for the Farm Use Special Assessment.

Oregon Revised Statute 308A.056 gives the Oregon State definition of qualifying farm uses. It can be found on the Oregon State Legislature website at: www.leg.state.or.us/ors/. You can also call your local Assessor's office if you have any questions:

- » Crook Co. Assessor: (541) 447-4133
- » Deschutes Co. Assessor: (541) 388-6508
- » Jefferson Co. Assessor: (541) 475-2443

Please keep in mind your assessment is still due each year even though you are not using the water on your land. The District will begin accepting requests to lease immediately. If

you are considering the instream lease program, please give serious consideration to the following:

1. Do I want to lease all of my water or a portion? If you decide on a portion, our Watermaster will meet with you to determine the exact amount.
2. You must have evidence of beneficial use or have leased your water rights instream within the last 5 years to be eligible to lease instream in 2010.
3. Once you sign this lease, you cannot, under any conditions, allow water to get onto the leased area of your property. If your delivery leaks, you will want to leave water on the area that gets wet. If you receive run-off from neighbors, leave water on that area.
4. Notify your neighbor that you are leasing your water so they know not to ever turn excess water down onto the leased area of your property at any time.

Please contact Laura Wollam at the District office, at 504-7577, by February 15, 2010. We will be happy to discuss this option with you and prepare your application.

Water Report

By: Cary Penhollow, COID Water Master

Just a quick reminder, with the irrigation season coming to an end watch the web site or contact the office for shut-off dates and winter stock-run dates on the COC canal system. Remember that those dates are subject to change with weather conditions and unforeseen construction issues. Communication with our office is key to having water on or off during winter runs to eliminate flooding or damage to other properties that can't handle run-off during these times. This is very important on all rotations so that everyone gets adequate water. Contact your ditch rider or the office before seasons end to start looking at changes or repairs to delivery gates, weirs or laterals for the upcoming maintenance season. We should start the winter season with adequate reservoir storage for the following season. **REMINDER: NO STOCK RUNS ON THE PBC CANAL THIS WINTER**

OSU News Info

Are you interested in receiving the **Central Oregon Agriculture Newsletter**, published monthly by the OSU Extension Service? If so, please send an email message to dana.martin@oregonstate.edu or contact Gay at 541-548-6088.

www.COID.org

When you need to know, click on our website.

You will find:

Up-to-Date Information

Winter Water Run Schedules

Pay Your Assessments

See the Agenda for the Board Meetings

Read the Minutes from the Board Meetings

Links to Useful Sites

Water Ways

Fall 2009

A Semi-annual Publication.

Central Oregon Irrigation District
1055 SW Lake Court
Redmond, OR 97756

Contributing Writers

Steve Johnson, District Manager
Priscilla Ross, Business Manager
Larry Roofener, Operations Manager
Cary Penhollow, Water Master
Laura Wollam, COID Beneficial Use Specialist

Design: Every Idea, LLC

541-548-6047

www.coid.org

©2008 Central Oregon Irrigation District

Board of Directors

Paul Kasberger
Division 1 - Terrebonne

Carroll Penhollow – Chairman
Division 2 - Redmond

Terry Blackwell
Division 3 - Bend

Robert Borlen
Division 4 - Alfalfa

Tom Burke
Division 5 - Powell Butte



CCB# 56341

THE GRASS IS ALWAYS GREENER
ON YOUR SIDE OF THE FENCE WITH
K-LINE IRRIGATION

We are now offering this revolutionary
flexible hose line sprinkler irrigation system.



BEND
63002 Sherman Road
541-382-1438

MADRAS
2425 SW Hwy 97
541-475-1215