

Saturday, January 11, 2025

## Annual Meeting of Shareholders - Farmers Union Ditch Meeting

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### Board Present:

Sam Rosti, Paul Akins, Bert Browen, Corey Blaine  
Seth Kettering, Sean Kettering and Dale Wood - Ditch Riders  
Rosalie Cope, Secretary/Bookkeeper  
Andrew Waldera, Attorney for FUD

Sam Rosti called the meeting to order at 1:03 p.m.

Sam Rosti introduced the Board, Attorney and staff.

Last year at this time snowpack in the Boise Basin was at approximately 70%. This year we are at 121%, Payette is at 127%, the Weiser Basin is at 156% and the Owyhee's are at 200%. It is still early and those numbers could change.

There is approximately 4,600 acre ft. of carryover storage water from the 2024 season. The system is at about 40% capacity so with the current snowpack and the carryover things are looking positive.

### OPERATIONS & MAINTENANCE OVERVIEW

The Ditch Riders have been replacing headgates and doing ongoing tree work. As part of the widening of Highway 44/Collister where the canal goes into the box culvert ACHD installed a new trash rack.

The 1 ton pickup was replaced with a 2012 Dodge Ram ¾ ton pickup equipped with tool boxes and a fuel tank. A dump trailer was purchased to enable the Ditch Riders to get into places they can't access with the dump truck and to do some work on the road.

Flatline construction is working to level the property on Blessinger Road and pipe/fill the tail of the canal to prepare a pad for construction of a shop. There is no timeline for construction of the shop. The Board will not borrow money for the project, work will be done incrementally as funds allow. The Board is in communication with Canyon Highway District 4. Part of making the land buildable has to do with their plans to construct a road connecting Can Ada Road to Blessinger Road via Willis Road.

The City of Boise is working on Phase II modifications at the Whitewater Park and diverted some water into the Farmer's Union Canal for a short time.

Proxies were counted and verified by Rosalie Cope: 108.5213 shares represented *which did not constitute a quorum*.

Since there is not a quorum there will not be an election therefore the Board stands as is.

2024 Annual Meeting Minutes were provided to attendees for review. There was a motion to forego reading of the minutes; motion was seconded. Not enough shares were represented at the meeting for a vote however all attendees were in favor.

### **Financial Report:**

Income for 2024	\$84,051.44
Plus Interest Earned	\$ 32,136.79
Plus Storage Water Rental	<u>\$ 19,500.00</u>
<b>Total Income</b>	<b>\$735,688.23</b>
Expenses for 2024	\$622,863.37
Income Projected for 2025	\$740,373.00
Expense Projected for 2025	\$706,332.00

### **Assessments:**

2025 FUD Share **\$1,073.76 or \$97.61 per inch**

Sam explained Treasure Valley water users are working to get more transparency from the Bureau of Reclamation to ensure only O&M costs associated with storage of irrigation water is passed on to the irrigators. The estimated assessment for Lucky Peak O&M in 2025 is \$54,700 and \$115,500 in 2026, \$147,000 in 2027, \$117,300 in 2028 and \$212,700 in 2029.

### **Legal Report – Andy Waldera**

The canal corridor and easement protection is ongoing and is something we are constantly attending to. The company jurisdiction is the canal corridor. For Farmer's Union the jurisdiction does not extend past the headgate. Water users are responsible at the headgates and downstream on lateral ditches. In on-grade locations where the ground is level with the canal, the company statutory easement is 25' from top of bank on both sides and in high-fill situations where the water channel sits above surrounding ground the company measures the statutory easement from tow of bank.

Canal corridor development has been quieting down some. There were some major projects through highway 16 and west. That development is ongoing but already under license agreements. In 2023 the biggest project was the Cresta Del Sol

subdivision west of River Birch golf course. They made a 25' vertical cut down the canal road. The hillside was repacked in 2023 and they built a large engineered boulder retaining wall in 2024. There are a lot of high-fill sections in the Hill Road corridor. Idaho Power is doing some sizeable work to its infrastructure including replacement of some power poles. The Board is working with them to avoid putting poles in the high-fill canal bank.

The canal is in good working order.

Farmer's Union has 10,000 acre feet of storage water in Lucky Peak and some storage water in Arrowrock and Anderson Ranch Dams. Major components of Lucky Peak Dam are reaching the end of their useful, safe life and it is in need of work. The Army Corps of Engineer and the Bureau of Reclamation have been and will be replacing major components. They are projecting projects out about 4 years. As a consequence, the portion of the bill passed on to irrigators because of the storage space we own in the reservoir has been fluctuating dramatically. It used to be approximately \$3 per acre ft. and has gone up as high as \$17 per acre ft. and in the next few years could go up to \$22-\$25 per acre ft. as Sam mentioned. In order to smooth out the dramatic fluctuations Farmer's Union began raising assessments incrementally over several years. Things seemed to level out and now in preparation for more increases the 2025 assessment will be increasing by \$200.00 per share. Over the next few years Farmer's Union will over collect and in some years under collect in order to set aside funds to cover the significantly higher assessments without having dramatic increases to assessments or the need to send out a special assessment when those charges hit.

T.V.W.U.A. will continue to monitor irrigator's obligation to pay a portion of the maintenance costs as it relates to the storage and release of water. Irrigators are not contractually obligated to pay any share of projects that are not related to the storage and release of water. One of the projects is a new operations office building at Lucky Peak. The office building needs to be replaced however the Bureau of Reclamation and Army Corps of Engineers are aware irrigators are monitoring expenses and will push back on any charges not related to the storage and release of water. The Army Corps and the B.O.R. do not know on a year to year basis what projects they will be able to do. There is competition within the Army Corps itself as to which projects will get put before Congress and the President and then they don't know which projects will be approved. The earliest they get approval is late February which is after Farmer's Union assessments are set and collected for that year. We are always behind.

The Anderson Ranch Dam raise project continues to be reviewed by the Bureau of Reclamation. The project is to gain 30,000 acre ft. of storage space. The capital repayments costs are estimated to be approximately \$3,000 per acre ft. In comparison, the District 63 rental pool is at \$22-\$25 per acre ft. vs. \$3,000 per acre ft. to purchase storage space as part of the Anderson Ranch project. The project is estimated to take about 4 years and as part of the construction it will require lowering

the Anderson Ranch pool about 30-40,000 acre ft. each year which means the overall storage capacity in the system will be decreased and the Bureau will have to make up that space in the interim. At this time they plan to make up the space with the un-contracted space in Lucky Peak.

Anderson Ranch, Lucky Peak and Arrowrock Dams are federally owned and operated. Those dams operate under Biological Opinions and other regional issues as well as other Federal regulations that touch the ditch systems. One of the things that came up toward the middle of 2024 is Waters of the U.S. definitional issues and jurisdiction of the Army Corps of Engineers over wetlands, tributaries on the Boise River and irrigation ditches. The previous local Army Corps regulator took the position that ditches were not jurisdictional Waters of the U.S. retired and his replacement is taking a different position. There have been determinations within the Farmer's Union corridor that the facilities are jurisdictional waters of the U.S. The new regulator seems to be willing to let irrigation entities do work however any third party authorized by the irrigation entity to do the work would be scrutinized and required to obtain permits. There are a lot of large development projects in the Valley on hold until this question is resolved. This is also impacting public projects, highway projects and large major infrastructure projects some of which have already been started and are now on hold. The Army Corps of Engineers will issue jurisdictional waiver letters stating your facility is not part of the clean water act, not jurisdictional and not waters of the U.S. vs. a permit if the water body is determined to be jurisdictional. The problem is Developer's can apply for a waiver letter however it will take approximately 12 months to issue or they can apply for a permit which takes about 4 months to process. Once a permit is issued the Army Corps automatically considers the facility to be jurisdictional. That is a problem for canal companies that now have portions deemed jurisdictional by issuance of the permit. There is no timeline but Idaho Water Users will be working through this year with local administrators, regional and possibly the Idaho Congressional delegation.

The United States and Canada are also working on renewal of the Columbia River Treaty. The Treaty provides for flood control quantities provided by Canada for the benefit of the U.S. Those quantities are being decreased by Canada because they want to generate power instead of leaving the reservoirs empty to capture flood control water in the Columbia Basin. That will impact how much additional flood control space the U.S. needs to make in our reservoirs in the Pacific Northwest. That means less space to hold and store irrigation water.

Idaho is a party to the Nez Perce Treaty that will expire in 2034. The Nez Perce agreement has led to a 30 year Biological Opinion being issued for upper Snake operations.

Other discussion is the possibility of breaching the lower Snake River dams downstream of Lewiston. The Snake River is the largest tributary of the Columbia River. The Biden Administration committed funds for a study of the infrastructure necessary to be replaced, hydropower generation, transportation, etc. The larger

environment and habitat downstream has an impact on irrigators and any future biological opinion irrigators may receive. Any time you have to renew a biological opinion it takes into consideration any changes circumstances within the overall river system. The reservoir system is operated on a regional basis.

Sam previously introduced Neil Jenkins from Eagle Sewer District. Andy reported that in October Farmer's Union entered into an agreement with Eagle Sewer District authorizing it to discharge Class A recycled waste water into the canal at a proposed discharge point on the downstream side of the Highway 55 bridge. Eagle Sewer District currently captures and treats wastewater then pipes it to the City of Boise's wastewater treatment plant for more processing and eventual release into the Boise River. Eagle Sewer District plans to upgrade their facility to process to Class A and reuse the water locally. This is a constant, drought resilient source of water that at full build out could discharge up to 8 cfs, roughly 2,500 acre ft. of water. At that location the canal runs at 110 cfs. The 8 cfs equates to approximately 8% of the water in the canal. It is about one 36" pipe half full. This will allow Farmer's Union to back off of reservoir storage water in drought cycles in order to lengthen the irrigation season. New storage and new sources of water are extremely expensive and Farmer's Union is able to gain an additional water source without any output of funds. The sewer district is in preliminary design and one of the governmental approvals necessary is a reuse permit from the D.E.Q. The D.E.Q. sets the standards for different levels of use. Class A is the level of "clean" necessary for use in irrigation. The earliest water will be discharged into the canal is 2027 but the expectation is 2029.

Mr. Jenkins reiterated water reuse for irrigation is not a new concept. Hidden Springs, Avimor, the City of Star and many others collect their water, treat and use it for irrigation. Over the past year and a half Eagle Sewer District has been asking their patrons where they would like to see the water utilized. The feedback was to use the water for irrigation locally. The partnership is really positive for both entities. Neil is happy to answer questions, set up tours of the treatment plant, etc. The question was asked how long the water could extend the water season. Andy Waldera stated maybe 2-3 days however the value of the water itself is significant if water projects in the Valley are at \$6-9,000 per acre ft. There is rental pool revenue and other opportunities with other water users we may be able to take advantage of. A shareholder said many of the homeowners have domestic wells and they get their water from recharge which is in part from the Farmer's Union canal. There is some concern or question as to how clean the water is? Do they take pharmaceuticals and other chemicals out of the water? Andy explained Eagle Sewer District is currently sending water to the City of Boise because they don't treat to Class A level. They are planning to treat to Class A in order to discharge into waters of the U.S. He said there should be more concern about how close septic systems are to wells and how many septic systems there are rather than Class A recycled water coming into the canal from a municipality. The wastewater treatment facilities will have to continue to meet new limits set by the E.P.A. Mr. Jenkins explained as part of obtaining a permit from D.E.Q. they have groundwater modeling professionals and hydrologist on their

consulting team doing studies to determine how much time it takes the surface water to travel to different levels. The permit will take that into account to determine what processes are necessary to produce Class A water. Andy explained the water that comes into the Farmer's Union canal now is downstream of other wastewater treatment plant inputs into the River. Class B recycled water can be used on edible food crops. The water Eagle Sewer District will be discharging is Class A which will have a dilution factor rather than an additive factor.

The question was asked if Eagle Sewer District will pay Farmer's Union to take the water. Sam stated no, the value is in the cost offset by not having to use that much storage water. Neil explained the investment to clean up the water to Class A rather than sending it to the City of Boise is approximately \$20 million plus construction of a pipeline to get to the canal. He reiterated there is monetary value in the benefit. If Farmer's Union were to buy that amount of water in Anderson ranch the cost would be \$4.5 million. Part of the reason for discharging into the canal rather than the river is the amount of nitrogen and phosphorus in municipal treated wastewater (fertilizer) is problematic. There is already too much fertilizer in the rivers. The clean water act from EPA states only so many lbs. of fertilizer can go into the river or Brownlee Reservoir will have algae blooms that will kill the fish. There is no detriment to having fertilizer in irrigation water. In order put water into a smaller water body it needs to be disinfected up to 10 times more than when it is discharged into the river. The biggest difference is fertilizer and disinfection. Eagle Sewer district will no longer be a ratepayer to the City of Boise and will be able to pass those savings along to their constituents and keep the water for local use rather than sending it to Boise. In the off-season the water will be discharged to the City of Boise at this time. If it is determined the water can be accommodated in the winter that will be looked at. Neil stated they have more studies to conduct to determine what would be necessary to discharge into the canal in the winter.

Has Farmer's Union applied for any of the Aging Infrastructure grant money? Andy said Farmer's Union did not apply. There are currently no major projects that would have qualified. The Dry Creek siphon will need some attention down the road but is still in relatively good shape. Governor Little is asking for a recurring \$30 million for irrigation infrastructure.

There was a motion to adjourn the meeting; motion was seconded. Motion was unanimously approved. Meeting adjourned at 2:34 p.m.