

MVID Instream Flow Improvement Project Responses to Questions Submitted to MVID by Bill White

Note: These answers are current as of July 28th, 2014. While the basic intent of the project has not changed over the past year, the details are still being worked out. Please note that as the project continues to evolve the answers may change slightly in the future.

I. How many members will be excluded from the District as a result of the project?

The Directors have decided to keep all of the members who are to be served by wells in the District until the District is “right sized” (water rights = irrigable acreage) for water right purposes. The strategy for “right sizing” the District is to look for members who want to be excluded without a water right. Also, members being served by individual wells will pay a reduced assessment to reflect the member’s cost of operating and maintaining the well. Once the District is “right sized” and the directors know the total costs of running the system, and they know how many members wish to receive water, they will be able to complete a cost-benefit analysis to determine whether excluding members on individual wells makes sense for the District.

a. How many will be excluded because they are converting to private wells? The change in water delivery mechanism does not necessarily mean the members will be excluded from the District. The Directors estimate that approximately 87 members will convert to individual wells.

b. How many are historic non-users of the irrigation water and thus being terminated? No members are being involuntarily excluded from the District. The District is looking for people who wish to be excluded without a water right.

2. How many members will be served by the District after the project is complete?

Approximately 700 acres and 209 members will receive water from MVID after the project is complete. As stated above, the eventual size of the District will depend on: 1) voluntary exclusions; 2) water available; 3) O&M system costs.

a. For the remaining east side members, what will be the pressure in the pipe? Approximately 10 psi (on average) above the Loup spill and approximately 20 psi below the Loup spill. This pressure increase will be in addition to the pressure members below the canal may already receive.

b. For the remaining west side members, what will be the pressure in the pipe? The system will deliver 10 psi at the top end at Bill White’s and 38 psi at the bottom end by the Schulz orchard.

c. What is the estimated annual maintenance cost, per acre, to be assessed to the members? That will depend on the final size of the District, salaries, insurance, power costs, equipment replacement costs and management costs. The power costs are estimated to be \$7,000 per year and the pump replacement cost \$5,000 per year (\$75,000 for pumps with a 15 year estimated life). Part of the uncertainty of what the cost will be is due to the uncertainty involving what happens to the shared canal with the Barkley Ditch Company who are contemplating their own piping project. The directors estimate that the total annual assessment will be in the range of \$120-\$150 per acre.

3. Regarding those who will be converting to private wells, and thus excluded from the District:

a. What is the total cost being paid to those individuals?

No members are being excluded from the District at this time. For those individuals converting to private wells, the Directors are still making decisions that affect what the total compensation will be. For example, a member who owns multiple adjacent parcels will be compensated for one well for the combined acreage instead of a well for each individual parcel. That member could put in a well on each individual parcel if they chose to, but they will be compensated for one well for the combined acreage. The current budget to compensate members converting to wells is \$1.2 million, with a \$200,000 contingency.

b. What is the formula for establishing the purchase price to buy out each member? The Directors are still working out the details, but have decided to use a voucher reimbursement system in lieu of a cash payment. For example, a member would receive a voucher and a list of well drillers who would accept that voucher and thus be paid by TU. The same would apply to pump contractors, electricians, and excavators. Reimbursement amounts will be determined according to the formula suggested in the AER Report (August 2013), and will generally depend on acreage. Adjustments will be made for members who own more than one contiguous parcel in the District, and possibly for members with small acreages who only need a new pump (not a new well).

c. Will the wells be metered and/or monitored by Ecology? Yes. These wells will be additional points of diversion for the District and the member will have to report the meter readings to the District who will then report that to Ecology. If the members going to wells are eventually excluded from the District they will be required to report their annual water use to Ecology (WAC 173.173).

d. What will be the priority date of the well user's right to withdraw the water? The priority date for the purposes of regulation will be the priority date of the original MVID water right. Under RCW 90.42.120(2) these priority dates will be preserved by the Trust Water Right Agreement.

e. Will the well users have an uninterrupted right to withdraw water for irrigation? Because the well-users will have the same priority as the original MVID rights, they will have the same priority of use. MVID holds water rights with priority dates of 1908, 1914 and 1919, these early rights are essentially uninterrupted.

Although this is a senior water right, an owner of an existing well that is impacted by a members new well could file an action with Ecology if their existing well is impaired but only if they first prove that they have exhausted the potential aquifer. For example, if neighbor with an 80 foot deep well claims that their well has been impaired by a new well, before Ecology would take any action, they would have to deepen their well. Ecology is doing an impairment analysis as part of the new ground water permit and there will be minimum setbacks from existing wells as part of the permit. This is not expected to be an issue based on the hydraulic study and the past experience when 115 members were excluded and went to wells in 2002. The \$200,000 contingency fund is to address

possible impairment issues as well as dealing with any potential dry holes.

f. Will well users be required to sign a contract with Ecology as a condition of having/using the well? No. MVID will be the entity to sign a contract with Ecology. Trout Unlimited will administer reimbursement funding and MVID will sign the associated contracts with individuals.

g. If a contract with WDOE is required, where can a copy of it be obtained for review? Members will not be required to sign a contract with DOE to convert to an individual well. MVID will be sending a notice to members being served by wells that will stipulate that their well is an additional point of diversion for the MVID water right, and the notice will include the instantaneous and annual quantity of water that may be pumped. These members will also be required to send a metering report to the District.

h. If an irrigator refuses to the terms of an Ecology contract, can MVID still exclude the user from the District, thus eliminating the irrigator's ability to withdraw irrigation water? There will not be an Ecology contract for individual members (see above).

i. Is it possible for a user who receives a well to remain as part of the District, thus deriving the benefits of membership while not being provided water from the District? Yes, all users converting to wells will stay in the District and if eventually the decision is made to exclude those members, the members wishing to stay in the District would be allowed to stay in the District. These members would continue to pay assessments at an amount determined by the Directors at that time and receive the benefits of MVID membership. The current opinion of the Directors is that these members would pay a full assessment for MVID to take on the responsibility of those additional wells.

4. Regarding the proposed Trust Water Right Agreement, please answer the following:

a. Will all water rights currently held by MVID will be conveyed to Ecology, and no longer owned by MVID, YES or NO? Yes. The current water rights will be conveyed to a Water Bank managed by Ecology through a Trust Water Right Agreement. MVID will receive new water right permits that are mitigated by the original water right placed into Trust. Water rights held in Trust are not subject to relinquishment or abandonment. Certificates will be issued by Ecology once MVID shows beneficial use under the new permits.

b. What is priority the date of MVID's right to withdraw water under the trust agreement? MVID holds water rights with priority dates of 1908, 1914, and 1919. Under RCW 90.42.120(2) these priority dates will be preserved by the Trust Water Right Agreement.

c. If a water shortage occurs in the Methow Valley, affecting residential or other users, how does Ecology determine the priority of the right to

withdraw water among the various uses? Under Washington water law, first in time is first in right. This means that users with the earliest water rights would be the last to have their water use curtailed during a water shortage.

d. Can the water rights water conveyed to the trust by MVID be transferred or utilized for purposes outside of the Methow Valley, YES or NO? Yes, but only if approved by MVID, and all Members in the District are receiving their full allotment of water, and there is excess water to convey. The current MVID Directors have no intent or desire to make any such transfers.

5. Under the MVID/Ecology Methow Valley Irrigation District Water Right Settlement Agreement (3/23/11), MVID was allocated 11 cfs, to be attained by 2016. Is it true that is, and continues to be, the allocation MVID will receive in the future, YES or NO? No. Placing the MVID water into the Trust Water Right Program and changing the point of diversion triggers a new tentative determination by Ecology. It is likely that the amount of water MVID will be allocated will be slightly more than the 2011 Settlement Agreement (aka "waste order"). 11 CFS was the instantaneous quantity with 2,760 Acre Feet being the annual quantity being considered a non wasteful amount to deliver water to 455 acres at 2.83 acre feet per acre.

a. Does the water purchased by the town of Twisp in a recent agreement count against that 11 cfs? No.

b. If MVID does not have enough water to supply its members, is this water available to the members? The 400 Acre Feet of water leased to the town had its own particular facts and circumstances and the Directors decided to pursue a strategy to preserve the Determined Future Development Exemption that was protecting that water from relinquishment. That strategy was to sell the Town 138 acre-feet out of the original 400 acre-feet it leased from MVID and designate the remaining 262 acre-feet of water for use by MVID members with undeveloped land within the Town.

c. Does the water withdrawn by the private wells owned by the users to be excluded from the District count against the 11 cfs? Yes. All MVID members who convert to individual wells, regardless of whether or not they remain in the District, will count as using a part of the existing MVID water rights.

6. Are the directors planning for an early shut down of the 2014 irrigation season for project construction? No. Construction will begin in September/October of 2014, but this will not require an early shut-down. Users south of Painter's Addition will test their pressurized system in mid-summer, 2015 while still retaining access to the open canal. According to project managers, the entire system (East and West sides) will be completed by the start of the 2016 irrigation season, without interruptions in seasonal irrigation water use.

7. If, ultimately, the system fails to provide adequate irrigation service to the District and its members, who is responsible to correct the problems and make it perform correctly? Ultimately MVID holds this responsibility. The project partners have agreed upon at least a one-year test period to ensure the system is functional. Errors and

omissions in design are covered by the Bureau engineers' stamps on the system drawings, and errors in installation are covered by the contractors warranty contained in the TU construction contracts.

- 8. What are the terms of the warranty, i.e. construction issues; issues relating to how well it functions; issues relating to cost of operation.** The construction contract documents include a warranty period of at least one year during which the contractor is responsible for correcting installation errors. At closeout, the contract requires written acceptance of the completed project from both TU and MVID. There are no warranties or guarantees related to the cost of operating the system.