

WATER SOURCES ASSOCIATION
ROUTE 2, BOX 146
TULELAKE, CALIFORNIA 96134

October 3, 2000

Dear Landowner,

This letter is multipurpose but primarily to inform you of the current status of the proposed land sale in TID. As is typical with the government, time continues to erode with little of significance being accomplished. Our political leaders and the upper echelon US Fish and Wildlife Service personnel have unfortunately been told that there was very little support for a unified sale proposal in TID and consequently have not taken us seriously until now.

Every landowner in TID was mailed a questionnaire from the Willing Seller Steering Committee around the 1st of September. Isler and Co., an accounting firm from Klamath Falls, OR. received the returned questionnaires by the 15th of September. The questionnaires were taken in a sealed container to Kosmatka, Donnelly & Co. L.L.P. in Medford, OR. where they were tallied and the results then sent to this committee. Enclosed are the results of the received questionnaires along with a cover letter from Kosmatka, Donnelley & Co.

Fifty percent of the TID landowners returned these surveys. Two-thirds of the respondents indicated they are willing sellers and one-third indicated no such interest. The majority of the willing sellers will require a price above \$4000 per acre. The willing seller respondents from this survey reflect approximately 15,000 acres. Therefore, extrapolating the 50% non-respondents, there are between 25,000 and 30,000 acres available for sale which is consistent with our assertion at the July 15th meeting in Klamath Falls. This information has been passed on to USFWS and we have seen a substantial increase in the level of interest by them. Communications are continuing at the Tulelake, Sacramento and Washington D.C. levels.

American Lands Conservancy is working concurrently to find an acceptable deal that will satisfy the most landowners possible as well as the conservation community. Their offer will be based on an appraisal acceptable to both the ALC and the landowner. More information about their offer will be forthcoming. We realize that not all landowners wish to sell and we respect that decision while expecting that same consideration from them. All efforts to protect remaining landowners will be taken. Current proposals specify that Fee Title to any sold lands will be held by a "to be formed," privately held, local entity. We will try to keep the community informed as things transpire. As in any small community there are many rumors started for whatever reason. If you have any questions please contact one of the individuals listed at the bottom of this letter.

And finally, we need the financial support of those who are willing sellers. We have incurred some expenses over the past several months including legal and accounting services as well as mailings and telephone. The Water Resources Association, the name chosen by the Willing Seller Steering Committee, is asking WILLING SELLERS for \$1.00 per acre of irrigated land to help defer those expenses.

Thank you for your time and support. Together as a strong and unified voice we have a much better chance of bringing this endeavor to fruition.

Sincerely,

David King (541) 723-2202
President

Willing Seller Steering Committee

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Vice President

David King

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Make Checks Payable to:
WATER RESOURCES ASSOCIATION
RT. 2 BOX 146
TULELAKE, CALIFORNIA
96134

Gary Wright
Craig Bettendorff
Monte Seus

RESPONSE TO BALLOT LETTER TO TULELAKE IRRIGATION DISTRICT LANDOWNERS

Many farmers (irrigators) in the Tulelake Irrigation District are adamantly against the sale of any District lands to the Federal Government or **an entity**, which transfers ownership to the Federal Government.

A group of District farmers and businessmen have gotten together to speak out against the proposed sales by the Willing Seller Steering Committee. There are serious concerns about the methods used in the ballot designed to solicit support. The group feels there are serious detrimental side effects for the landowners, farmers and businessmen within the District and surrounding communities if such a sale becomes final.

Points in the ballot questioned as factual:

1. Water rights. Land within the Tulelake Irrigation District has an established water right dated 1905. Prior to the Endangered Species Act (ESA) listing of the Lost River Suckers and Coho salmon, TID had first water rights. The ESA listings had changed TID rights to third, but the water take reserved by the ESA species is limited to a given amount.
2. The statement that the environmental community might take an additional 100,000 acre feet of water for their interests is pure conjecture designed to scare landowners and farmers into believing they will lose their water.
3. The implication that bankers and accountants are saying foreclosures are imminent is unfounded and without facts to validate the statement. The relationship between bankers and their customers is private and not a part of this debate.
4. Commodity prices are depressed and are causing severe hardship in our community. The cyclical nature of agricultural prices has a real potential for future profits.
5. The part that wasn't explained in the Willing Seller Plan was the elimination of farming on the lease lands in exchange for the purchase of an equal acreage of purchased private land.
 - A. The ballot's options of choosing \$3000, \$4000 or \$5000 per acre for your land is ludicrous. Why not offer \$20,000 an acre? None of these options are possible if the land is sold to the Fish and Wildlife Service. **By law** the FWS can only pay **appraised value** for land. At present, that would be \$1600 to \$2000 per acre. Supporting documents are included to support these values.
 - B. The proposed sale is for the FWS to buy 15,000 acres. The distributed ballot indicated several choices, only one of which said the landowner would not offer his land for sale. There is 55,000 acres in the District meaning there would be 40,000 acres left out of the sale. The FWS has

indicated that they will limit any land purchase to 15,000 acres. If the land offered for sale exceeds the 15,000 acres, (there are indications this is the case) then the remaining land for sale would be without a buyer. This would be especially true if the inflated prices mentioned in the ballot are actually paid. These prices could set a floor on land for sale in the District, effectively putting farmers that want to buy land out of the market. This could seriously hamper a farmer's ability to buy or rent ground.

- C. Before the FWS can 'trade' private land for the lease lands, the Kuchel Act will have to be amended or repealed. This act is an integral part of the Districts water rights and many Basin farmers went to considerable expense to get its enactment.
- D. The question has to be raised if the government can purchase land then give it to a private entity. Most likely such an action would require congressional action. It would seem reasonable that taxpayers would be very irate if the Federal Government gave land to a private sector trust to in turn be leased to farmers for profit.

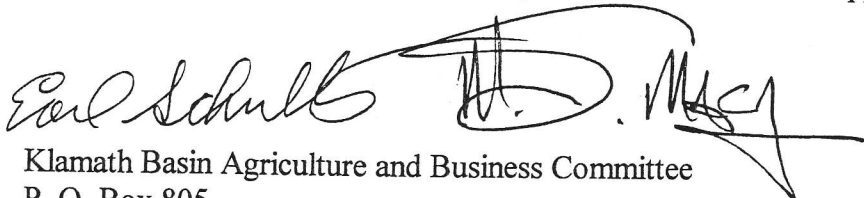
The best way to bring value to your land is to promote economic stability in the basin. This would include pursuing marketing avenues that will build stability and profits. Regardless, irrigators must focus on water management, demanding upstream storage for winter runoff that should be used to meet ESA, agricultural and refuge summer needs.

Sales to Government agencies can only devalue the remaining land in the District and hamper our efforts as agri-businessmen to build our economy.

An excerpt from a Tulelake Growers' Association paper presented at the 2000 Tulelake-butte Valley Fair said: The average farm size in this Basin is 500 acres and is farmed by 1,300 family farmers and ranchers. Many of these agriculturists are second, third and fourth generation farmers with a continual sense of stewardship for their land. The history of agriculture's development in the Basin began in the late 1800's so our roots run deep. Our emotional as well as out economic reliance up the land make our way of life desirable to pass on to future generations. We are proud of our heritage and our continuous contribution to the community.

We, as the Klamath Basin Agriculture and business Committee, believe a strong voice needs to be here to speak up for agriculture and our way of life. We want to lend our support to that voice.

Your comments on the land buyout proposal would be appreciated.



Klamath Basin Agriculture and Business Committee
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