

-2017-27-

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
EAST COLUMBIA BASIN IRRIGATION DISTRICT

April 5, 2017

The regular meeting of the Board of Directors of the East Columbia Basin Irrigation District was called to order at 10:00 a.m. in the Board Room of the District Office in Othello by President Orman Johnson.

Present were:

Directors

Orman Johnson
Don Osborne
Bernie Erickson
Boe Clausen

Staff

Craig Simpson
Richard Lemargie
Rosa Dekker
John McCourtie
Nate Andreini
Jed Crowther
Wendy Lange

Visitors: Christi Davis-Kernan, Jennifer Hickenbottom and Sarah Maciel, USBR; Visitors
Melissa Downes and Kevin Brown, WSDOE; Mike Schwisow, Consultant; Paul
Wollman, Edward Stahl, Jake Wollman, Jr., Phil Fox, Tom Buchholtz, Elliott Goodrich,
Brian Kuest, Michele Kiesz, Brian Kiesz, Thad Taylor, Bart Connors, Dale Bayley,
Mark Booker and Sandy Booker.

Manager Simpson reported Mark Booker resigned from his position as Director effective March 31, 2017. At this time, an appointee has not been assigned to the vacant position.

Mr. Elliott Goodrich joined the meeting to request his recent additional turnout out fee be waived. He stated he had abandoned a turnout previously and recently installed a new turnout and requested the Board allow for only one additional turnout fee. Public Comment
Manager Simpson reported it is the District's policy to charge for each additional Period
turnout. Following discussion, Director Erickson moved to accommodate the landowner and waive the \$200 fee for the new turnout as a result of abandoning a turnout. Director Clausen seconded and the motion carried.

Minutes of the regular meeting of March 8, 2017, had been mailed to the Directors. Minutes
Director Osborne moved to approve the minutes of the regular meeting of March 8, Approved
2017, as written. Director Erickson seconded and the motion carried.

Mr. Dale Bayley joined the meeting to discuss a pond that has been on his land for 60 Public Comment
years that is fed by a wasteway. He pumps from the pond to irrigate a Waste, Period Continued
Seepage & Return Flow contract. He stated he has been the one that has maintained the wasteway and cleaned the weeds all these years. Mr. Bayley informed the Board

he had been made aware that there isn't a measuring device to the pond. It is now the watering season and he is unable to get his water. He stated it was a rough winter and he wasn't able to install a meter at the turnout. Assistant Manager McCourtie reported staff has been working with Mr. Bayley for a year now. The original permit for the delivery required a measuring device be installed. The District has to know how much water is delivered to the pond from the wasteway. Mr. Bayley requested he be allowed to delay installation of the measuring device until fall when water is out of the wasteway. Manager Simpson reported Mr. Bayley was informed about this last year and had plenty of time to install a measuring device. He also stated there is a concern that more acres are being served than what the Waste Seepage and Return Flow WSC specifies. Following discussion, Director Erickson moved to work with Mr. Bayley until next fall but a measuring device must be installed by next spring and charge Mr. Bayley an estimated water usage fee this year. Director Clausen seconded and the motion carried.

Development Coordinator Crowther reported an updated OGWRP map is on display showing the completed projects, ELC widening and projects designed, but awaiting funding.

OGWRP
a. EL47.5 Delivery
System Update

Development Coordinator Crowther presented a Rotschy, Inc. invoice in the amount of \$544,973.43, for progress completed per Warden Siphon project contract. Following discussion, Director Clausen moved to authorize payment to Rotschy, Inc. in the amount of \$544,973.43 as presented. Director Osborne seconded and the motion carried.

Assistant Manager Andreini reported the new radial gates installed at the EL54.9 check and Lind Coulee Wasteway are now operational.

Manager Simpson reported the State Senate Capital Budget was released and differs from the Governor's Budget and request from Ecology with respect to funding for OGWRP. He stated he emailed the Directors topics to be considered. Director Erickson stated he doesn't get email. Manager Simpson read the email to the Board and guests as follows:

b. Capital Budget
Proposal

Recently, the State Senate Capital Budget was released and differs from the Governor's Budget and request from Ecology with respect to funding requests for OGWRP. Both of these proposed \$15M for OGWRP and would be expected to be funds that pass through Ecology to allow grants to be administered to ECBID by the OCR. The significant differences of the Senate budget from the others is that \$5M, of the \$15M requested, is specifically designated for the EL47.5 "pipeline for full capacity", and the funds are directed to the District, not Ecology. It should be expected that this topic needs to be considered at Wednesday's Board meeting. With that in mind, I will try to capture some of the more salient points that should be considered.

- *Regardless of how grant money is made available for the development of OGWRP facilities, all 87,700 acres of land to be served by new USBR facilities will benefit equally due to the normalized cost method establish by the Board to distribute costs. There is an estimated \$198M of cost remaining to complete the OGWRP. Any funds that are provided to reduce that cost (and minimize interest expenses related with borrowing that capital) are savings for all.*

- *The District will not be able to meet the 2018 delivery date referenced in bonding documents if the system needs to be oversized.*
- *Delay of the current construction on speculation of the funds being approved will eliminate the ability to meet our obligation for 2018 delivery.*
- *If there are no 2018 deliveries on the EL47.5 system, we will need to find an alternative revenue source to pay 2018 debt service. This assumes that contract payments to the District would also be delayed with the water delivery.*
- *Bond counsel would need to confirm that we are authorized to delay deliveries contrary to our Official Statement.*
- *We should seek advice from Bond Counsel about continuing disclosure requirements which may require a revised Official Statement.*
- *We need to consider whether a delay impacts bond holders and our bond rating for future bond sales.*
- *We do not have enough acreage left under our current authority to contract with additional EL47.5 lands if current offers for groundwater are accepted.*
- *If the EL 47.5 system is oversized, without the additional land being contracted, will we reserve water supplies, when available, until they are contracted?*
- *How will this affect future systems and landowners?*
- *We will not know if the additional state money, needed to pay for oversizing the system, is approved until the State has adopted a budget. Many think that won't occur until the June 30th deadline for special sessions is reached.*
- *The EL47.5 construction continues to progress. We have a number of approvals that will be requested at the upcoming board meeting that are needed to stay on schedule for 2018 deliveries.*
- *Will the additional \$5M ensure that the lands we oversize the system to serve will sign contracts?*
- *Additional grant funds from the state reinforce the state's commitment to this project and will hopefully aid in receiving federal funds eventually.*
- *Ecology prefers that the \$15M be available for all OGWRP activities.*

Director Erickson asked what if the EL47.5 delivery system was separated out and each system was looked at separately and not with normalized costs. He stated normalized costs should have to be across the whole District including the Farm Units. President Johnson stated the \$5M to oversize the EL47.5 delivery system will take away from funding for the completion of the KP1 and KP2 siphons needed to get water down to Scootene. Manager Simpson reported Lincoln County and Ecology are against the designated \$5M to oversize the EL47.5 delivery system. Discussions continued on the completion of siphons, oversizing the EL47.5, replacing deep wells and the cost of the \$190 ceiling plus O&M.

Development Coordinator Crowther presented a Fulcrum Environmental, AAI Task Order, alignment of the EL47.5 delivery system relating to the extension along Howard Road. The task order is not to exceed \$13,500.00. Following discussion, Director Clausen moved to authorize the Fulcrum Environmental AAI Task Order not to exceed \$13,500.00 as presented and discussed. Director Osborne seconded and the motion carried with Director Erickson abstaining and President Johnson voting aye.

c. EL47.5
Delivery System
Update

1) Fulcrum
Environmental
Task Order

Development Coordinator Crowther presented an ASM Affiliates, Cultural Resources Survey Task Order, relating to extending the EL47.5 delivery system one mile further on Howard Road. The task order is not to exceed \$2,535.00. Following discussion, Director Osborne moved to authorize the ASM Affiliates Cultural Resources Task Order not to exceed \$2,535.00 as presented and discussed. Director Clausen seconded and the motion carried with Director Erickson abstaining and President Johnson voting aye.

2) ASM Affiliates
Task Order

Development Coordinator Crowther reported the District has received the USBR's requirements for developing a pump station. These materials can be provided to landowners, contractors and consultants.

Assistant Manager Andreini reported on a meeting with a large group from USBR. The meeting went over where and how to proceed with moving forward on the EL47.5 system, how USBR is working with the District and the USBR's position regarding construction of the sump. Assistant Manager Andreini reported a structural design review packet has been sent to HDR. HDR is tasked with the electrical design. BBEC is getting ready to request quotes for transformers and the mechanical design is being performed in house.

Assistant Manager Andreini reported the 60% designs were sent to USBR for review in March. He also reported BBEC is expecting the transformers to cost an estimated \$110,000 more per transformer. This is still below the not to exceed amount stated in the scope of work. Assistant Manager Andreini reported the sump construction is proceeding, nearly all the walls are in place and a core bank has been built to keep the excavation open for work.

Manager Simpson reported the meeting with the group from USBR started out with a tour of the EL47.5 sump construction. Manager Simpson recognized that on previous projects the District has sent staff to Denver to speak with the engineers at TSC. He stated this would have been useful in the beginning stages of the EL47.5 design work.

Assistant Manager Andreini presented the following permits a. through e. for approval:

District
Improvements

Permits

- | | | |
|------------------|------------------------|----------------------|
| a. Bruce Wilson | Replace Existing Meter | Block 40, FU 9 |
| b. Duane Jenks | Drain Inlet | Block 41, FU 55 & 56 |
| c. Troy Fletcher | Drain Encroachment | Block 42, FU 131 |
| d. Brad Boersma | Pipe Crossing | Block 42, FU 156 |
| e. Alex Hampton | Bridge Crossings | Block 45, FU 97-2 |

Assistant Manager Andreini recommended approval of permits a., b. and d. Following discussion, Director Clausen moved to approve permits a., b. and d. as presented. Director Osborne seconded and the motion carried.

Assistant Manager Andreini reported permit c. is for a buried mainline within a drain easement and does not recommend approval due to parallel pipeline encroachments being against District policy. He reported the buried mainline will encroach 38' into an 85' easement and the permit includes the encroachment addendum. Following discussion, Director Erickson moved to approve permit c. without the encroachment addendum. The motion failed to receive a second. Following further discussion, Director Clausen moved to approve permit c. with normal permit language and encroachment addendum taking into consideration how wide the easement is on this facility. Director Osborne seconded and the motion carried with Director Erickson abstaining and President Johnson voting aye.

Assistant Manager Andreini reported permit e. is for bridge crossings over an open drain that Mr. Hampton discussed with the Board in March. He reported bridges are against District policy over an open wasteway when it has been determined feasible to pipe, and therefore doesn't not recommend approval of permit e. Assistant Manager Andreini reported the permit condition requires installation of shut off valves over the open drain. Following discussion, Director Clausen would like staff to ask Mr. Hampton to pay for the pipe and then the District will install the pipe.

Manager Simpson presented the following variance a. for approval:

Variance

- a. Berend Friehe Common Delivery Combination

Manager Simpson presented a variance to Combination Policy a., to allow a common delivery combination as has been annually authorized by the Board for the 2001-2015 seasons (See minutes of 8-8-2001, 5-1-2002, 4-9-2003, 4-7-2004, 4-6-2005, 4-12-2006, 5-2-2007, 4-02-2008, 4-8-2009, 4-9-2010, 4-13-2011, 5-2-2012, 4-3-2013, 4-7-2014, 4-1-2015 and 4-6-2016). Following discussion, Director Erickson moved to approve Variance a. and waive the payment of the \$500 variance fee per Board decision made April 13, 2011. Director Osborne seconded and the motion carried.

Mr. Jake Wollman asked the Board about the letter that was sent to the District from WHB's attorney. Manager Simpson stated the letter will be discussed later in executive session.

The meeting recessed for lunch at 12:00 p.m. and reconvened at 1:00 p.m.

Manager Simpson presented the following Order for Hearing for Petition for Inclusion of Lands a. for approval.

Order for Hearing
for Petition for
Inclusion of
Lands

- a. Kagele Family Farms, LLC, Inclusion No. 223

Following discussion, Director Erickson moved to approve Order for Hearing for Petition for Inclusion of Lands a., as presented. Director Osborne seconded and the motion carried.

Manager Simpson reported on North Dam developments.

CBP Hydropower
Development

Vouchers audited and certified by the Auditing Officer as required by RCW 42.24.080 and those expense reimbursement claims certified as required by RCW 42.24.090 have been recorded on a listing, which has been made available to the Board. After reviewing the vouchers submitted for payment approval, Director Clausen moved to approve for payment check nos. 307676 through 308007 in the amount of \$1,430,475.52 and electronic Payroll and AP transfer in the amount of \$514,468.38 for a total of \$1,151,105.06 from the O&M Fund and \$793,838.84 from the 2016 Project Fund. Director Osborne seconded and the motion carried.

Vouchers

Government Relations Consultant Schwisow gave an update on the Capital Budget.

Assistant Manager Andreini requested authorization to call for pump bids. He stated all bid packets will be sent to USBR for review before being sent out. Director Erickson stated he has no confidence that the designs will be accepted by USBR. Following discussion, Director Clausen moved to authorize a call for pump bids, as requested. Director Osborne seconded and the motion carried with Director Erickson voting no and President Johnson voting aye.

Quotes and Bids

Assistant Manager Andreini requested authorization to call for surge control system bids. Following discussion, Director Clausen moved to authorize a call for surge control system bids, as requested. Director Osborne seconded and the motion carried with Director Erickson abstaining and President Johnson voting aye.

Assistant Manager Andreini requested authorization to call for discharge manifold bids. Following discussion, Director Clausen moved to authorize a call for discharge manifold bids, as requested. Director Osborne seconded and the motion carried with Director Erickson abstaining and President Johnson voting aye.

Manager Simpson requested authorization to accept the proposed 2017 insurance renewal. Following discussion, Director Erickson moved to authorize Manager Simpson to accept and execute the insurance proposal and bind the insurance coverage. Director Clausen seconded and the motion carried.

Insurance
Renewal

Manager Simpson reported Joel Pearson will be retiring at the end of the year. He has been the District insurance broker for many years and will likely be replaced by Ron Snyder.

Manager Simpson reported on the NWRA Federal Water Issues Conference he attended in Washington, D.C.

NWRA FWIC
Report

Manager Simpson reported a second letter has been sent to Grant County PUD giving additional information.

Grant County
Reserved Power
Wheeling

Christi Davis-Kernan reported there is a meeting with USBR and Grant County on reserved power wheeling and invited Manager Simpson to attend. She also requested a letter of support in regards to USBR hiring more personnel. Rick Cornett will be retiring next April.

USBR Report

Safety Supervisor Walraf presented the monthly safety report.

Safety Report

Assistant Manager Andreini reported engineering staff's focus has been Odessa related, conservation pipeline work and wrapping up Warden Siphon project.

Assistant
Manager
Technical
Services Report

Treasurer Dekker presented the monthly Treasurer's report. She reported on investments and maturities for the month. Treasurer Dekker reported Steve Kimble has been removed from the District's bank accounts and Patty LaRosee has been selected to be her Accounting Assistant. She also reported she is trying to streamline the accounts payable and payroll process.

Treasurer
Report

Assistant Manager McCourtie gave the monthly O&M report. He reported priming of the East Low Canal went well.

Assistant
Manager O&M
Report

Director Clausen stated landowner Mr. Nelson Cox contacted him and wanted him to give credit to John McCourtie, Rod Rozzano and crews for exceeding his expectations of the ELC earthwork project. Director Clausen stated Mr. Cox stated the crews did phenomenal clean-up work.

Manager Simpson reported on past and upcoming meetings and conferences he will be attending. He also reported on staff changes.

Manager Report

Manager Simpson reported he had drafted a letter to the Adams County Commissioners regarding the vacant Director 4 position.

Director Clausen moved to authorize President Johnson's to travel to Washington, D.C. with CBDL, April 18-21, 2017. Director Osborne seconded and the motion carried.

Authorize Travel

Attorney Lemargie stated the Adams County Commissioners have to appoint a replacement for the open Director Position 4. He stated the District can give recommendations to the Commissioners.

Other

President Johnson declared an executive session at 2:22 p.m. for approximately 40 minutes to discuss potential litigation. The meeting returned to regular session at 3:00 p.m.

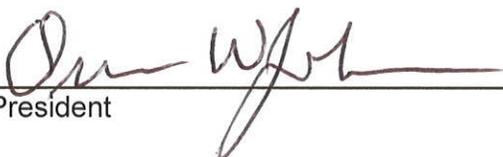
Executive
Session

At 3:00 p.m., there being no further business to come before the Board at that time, President Johnson adjourned the meeting.

Meeting
Adjourned



Secretary



President