

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

May 2, 2018

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
Boe Clausen
Bernie Erickson
Dennis Mickelsen
Duaine Anderson

Staff

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

Visitors: Jennifer Hickenbottom, Marc Maynard USBR; Melissa Downes, DOE; Christina Wyatt, BBEC; Mike Schwisow, Consultant; Representative Mary Dye; Jake Wollman Jr., Dale Wyman, Derek Friehe, Ron Fode, Michele Kiesz, Matt Hawley, Paul Wollman, Lynn Olsen and Edward Stahl.

Visitors

Assistant Manager McCourtie introduced Staff Engineer Jeremy Underdown.

Minutes of the regular meeting of April 4, 2018 and the continued meeting of April 23, 2018, had been mailed to the Directors. Director Clausen moved to approve the minutes of the regular meeting of April 4, 2018 and the continued meeting of April 23, 2018, as written. Director Anderson seconded and the motion carried.

Minutes
Approved

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

District
Improvements

Permits

- | | | | |
|----|-----------------|-----------------------|-------------------|
| a. | Travis Visker | Easement Encroachment | Block 42, FU 228 |
| b. | Linage Columbia | Water Line Crossing | Block 45, FU 75-1 |
| c. | Chris Olsen | Lower Manholes | Block 461, FU 2 |
| d. | Molly Fitting | M&I Delivery | Block 49 |

Following discussion Director Erickson moved to approve permits a. through d., as presented. Director Clausen seconded and motion carried.

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. 310787 through 310979 in the amount of \$2,138,458.93 and electronic Payroll and AP transfer in the amount of \$332,209.12 for a total of \$2,300,492.10 from the O&M Fund, \$93,389.18 from the Debt Service 2006 Fund and \$76,786.77 from the 2016 Project Fund. Director Anderson seconded and the motion carried.

Vouchers

Development Coordinator Crowther discussed an outline of activities that had been provided to the Board. Development Coordinator Crowther reported the recorded DNR survey for donated easements was completed on April 20th. He reported easement documents have been with other EL47.5 landowners since August 2017. The remaining landowners have not donated easements at this time and some may wish to be compensated for providing easements. Development Coordinator Crowther gave the following rationale for easement action: 1) For obvious reasons, easements must be acquired before building the pipeline; 2) The District dutifully researched the issue of compensation, at landowners' request; 3) The District addressed perceptions of fairness, by DNR resolving the compensation question; 4) Two appraisals (one by a state agency) cite the value of providing reliable water; and indicate that this greater benefit derived does fairly compensate for the donation of easements; 5) The pattern of pipeline improvements for benefiting landowners is to convey donation easements; 6) Easements must be acquired in order to utilize capital budget grant funds for EL 47.5 as well as bond funds. In summary, for these reasons, easement acquisition must be finished by a firmly established date.

OGWRP
a. Development
Office Report

b. EL47.5 Update

Manager Simpson reported two appraisals state the availability of water benefits the land therefore, there is no established value for the easements. Manager Simpson reported the District would have to borrow money to compensate landowners for easement acquisition. In turn landowners would be required to pay back the money for the easements plus interest.

Manager Simpson reported he had emailed information regarding EBIA's easement proposal to the Board. Director Anderson stated the landowners must establish an easement value to be considered. The two appraisals performed both state no compensation was needed, as the water supply was considered fair compensation to the land. Director Anderson stated consideration of compensation for easements will not happen during construction for future systems. He stated from now on all easements must be in place before a project is financed and constructed. Director Mickelsen stated EBIA's proposal mimicked a lease proposal. He also stated the appraisals did not give a value, therefore, there is no dollar amount to borrow against. Mr. Jake Wollman commented if the appraisal firms had researched what was out there, the appraisals would be different. Manager Simpson stated having an appraisal with no value and compensating landowners may be considered gifting of public funds. Easement compensation could be paid by EL47.5 landowners only and not included in the normalized cost for every system. Attorney Lemargie was asked about the legality of the District compensating landowners for easements above appraisal values, and whether it could be considered gifting of public funds. Attorney Lemargie commented on

the possibility for different considerations also, and didn't state whether there was a definitive answer.

Following further easement discussion, Director Clausen asked that a deadline be set for landowners to donate their easements. Director Anderson commented if easements are not donated then he would like no more further progress on the EL47.5 until there are easements in place for pipelines. Manager Simpson stated \$1.6M has been spent on the sump alone and it does not make sense to move forward anymore until easements are in place. Director Anderson suggested not spending any more money on the EL47.5 until easements are in place. Following further discussion, Director Clausen moved to set May 30th as the deadline for donated easements from all EL47.5 landowners or a set value for compensation. Director Anderson seconded and the motion carried with Director Erickson voting nay.

Representative Mary Dye addressed the board regarding the use of capital funds for OGWRP.

The meeting recessed for lunch at 11:56 a.m. and reconvened at 1:08 p.m.

Development Coordinator Crowther reported Amendment No. 7 to OCR Grant No. G1400371 will be to continue with canal conveyance improvements. Assistant Manager Andreini distributed cost estimates for an 8,500 acre system and a 10,500 acre system. He reported a large portion of the cost difference are the improvements BBEC will need to make. In order to serve 10,500 acres a new electrical design will be necessary and it is possible the USBR will require a new surge analysis and physical model study. Director Mickelson stated he would like staff to converse with USBR regarding the requirement of redoing the studies and report back in June. Assistant Manager Andreini stated until a decision on how the \$5M is to be used staff cannot move forward. Following further discussion, it was the consensus of the Board to have the easement issue resolved before directing staff to redesign the system to serve 10,500 acres.

Assistant Manager Andreini presented RH2 Engineering's Corrosion Monitoring & Protection System Professional Services Agreement in the amount of \$14,763.00, for Board consideration. He reported that this work needs to be performed regardless of whether the system is redesigned, unless the Board chooses to stop all progress. Following discussion, Director Mickelsen moved to approve execution of the agreement as presented. Director Clausen seconded. Following further discussion, Director Mickelsen moved to withdraw his motion. Director Clausen seconded and the motion carried.

b.1) Corrosion Monitoring & Protection System Professional Services Agreement

Assistant Manager Andreini reported Task Order No. 4, electrical design for the 10,500 acre system is not recommended today. This is the electrical design for the entire system.

b.2) Task Order No. 4

Manager Simpson reported Brian Kuest requested the District collect funds from EL 22.1 landowners for their landowner group privately commissioned study to pay IRZ; but the District isn't able to serve in this role. The Landowner group may need to create an entity to collect and disperse funds to IRZ, rather than by the District.

c.d. EL11.8 & EL22.1 MOUS

Manager Simpson reported Adams County has not expressed any urgency in replacing any bridges. He reported it is a real concern that the bridges will not be improved in time. Director Clausen asked how to address the issue of the county bridges. Manager Simpson stated landowners need to be contacted and encouraged to get in touch with their county about bridge improvements. Mr. Mike Schwisow reported CBDL is engaged and working on the issue of the bridges.

Manager Simpson reported the MWSC negotiation session is scheduled for May 25th. He also reported he had been informed this morning that the draft MWSC Amendment should arrive early next week. This will give the District three weeks to review before negotiations begin.

MWSC
Amendment

Manager Simpson reported WDFW has requested extending the Artesian/Black Lake test diversion to 2019. Following discussion, Director Clausen moved to authorize extension of the Artesian/Black Lake test diversion to 2019. Director Anderson seconded and the motion carried.

Artesian/Black
Lake 2019 Test
Diversion

Assistant Manager McCourtie requested authorization to call for low boy trailer bids. Following discussion, Director Mickelsen moved to authorize a call for low boy trailer bids, as requested. Director Anderson seconded and the motion carried.

Quotes and Bids

Manager Simpson reported the 1st Half Reserved Works Payment has been paid, in the amount of \$1,070,802.83. He reported the amount is believed to be incorrect, USBR is reviewing. An updated figure is expected before the 2nd Half payment is due at the end of June.

1st Half Reserved
Works Payment

Manager Simpson reported the District and USBR met with Grant PUD last month. Talks were had on moving forward with a power wheeling contract and the timeline. USBR will have staff look at the COSA more in depth. Manager Simpson requested a conditional approval for Attorney Lemargie to secure Lloyd Reed to meet with USBR and review the COSA, not to exceed \$10,000.00. Following discussion, Director Anderson moved to authorize Attorney Lemargie to secure Lloyd Reed to meet with USBR and review the COSA, not to exceed \$10,000.00 conditioned on the need to assist USBR in the review. Director Mickelsen seconded and the motion carried.

Grant PUD
Reserved Power
Wheeling

Manager Simpson reported the July Board meeting falls on the 4th of July and suggested alternate dates for the Board to consider. Following discussion, Director Mickelsen moved to change the July Board meeting date to Wednesday, July 11, 2018. Director Anderson seconded and the motion carried.

July Board
Meeting Date

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

NWRA FWIC
Report

Manager Simpson reported on the Lake Roosevelt Forum he attended in Spokane. He reported the majority of the Forum's focus was the Columbia River Treaty.

Lake Roosevelt
Forum Report

USBR EFO Manager Maynard reported on current staffing updates. He will be touring all three Districts for the development of a programmatic agreement for cultural resources.

USBR Report

USBR EFO Manager Maynard reported on current staffing updates. He will be touring all three Districts for the development of a programmatic agreement for cultural resources.

USBR Report

Safety Supervisor Walraf gave the monthly safety report.

Safety Report

Assistant Manager Andreini requested authorization to reimburse Tim Hilmes for expenses incurred to modify his pump delivery box due to the Block 47 pipeline projects. He reported staff recommends approval of the \$472.45 reimbursement. Following discussion, Director Anderson moved to authorize reimbursement to Tim Hilmes in the amount of \$472.45 as presented and discussed. Director Clausen seconded and the motion carried.

Technical
Services Report

Assistant Manager Andreini presented Erlandsen Task Order No. 4 in the amount of \$1,250.00. The task order is for easement new exhibits. Following discussion, Director Clausen moved to authorize Task Order No. 4 in the amount of \$1,250.00 as presented and discussed. Director Mickelsen seconded and the motion carried.

Assistant Manager Andreini reported that proposals for the automated gates planned for this winter, were received. The Board had previously authorized ordering gates to modernize 8 sites. The cost to do 8 sites will exceed the budget by about \$30,000. Assistant Manager Andreini also presented an option to modernize 7 sites, which would exceed the budget by about \$2,000. Following discussion, Director Clausen moved to approve the modernization of 7 sites. Director Mickelsen seconded. Manager Simpson requested the Board consider modernizing 8 sites, given the amount of sites remaining to be modernized. Following further discussion, Director Mickelsen moved to amend the motion to approve modernizing 8 sites and place the order for the gates at a cost of \$314,358 before tax. Director Clausen seconded and the motion carried.

Treasurer Dekker presented the monthly Treasurer's report. She reported on investments and maturities for the month.

Treasurer
Report

Assistant Manager McCourtie gave the monthly O&M report. He gave a status report of each Watermaster section.

Assistant
Manager O&M
Report

Manager Simpson requested authorization to travel to Washington, D.C. with the Columbia Basin Development League, if necessary, the week of May 21st. Following discussion, Director Mickelsen moved to authorize Manager Simpson's travel to D.C. with CBDL if necessary. Director Clausen seconded and the motion carried.

Manager Report

Manager Simpson reported on issues with the transition from night monitoring to GCD location. Amendments to FCC licenses are required. He reported the Communications Supervisor is to apply for the FCC license amendments for the modifications needed.


Director Erickson moved to authorize the Board, Manager Simpson and appropriate staff to attend the NWRA Western Water Seminar, August 1-3, 2018, Park City Resort, Park City, UT. Director Clausen seconded and the motion carried.

Authorize Travel

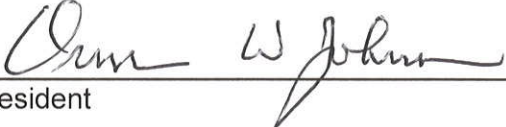
President Johnson declared an executive session at 3:10 p.m. to discuss personnel and pending litigation. The meeting returned to regular session at 3:21 p.m. Executive Session

Additional discussion regarding easement acquisition continued.

At 3:32 p.m., there being no further business to come before the Board at that time, President Johnson adjourned the meeting. Meeting Adjourned



Secretary



President