



## Minutes

KID Board of Directors Special Meeting  
At the Terra Blanca Winery  
34715 North Demoss Road  
Benton City, WA 99320  
Monday, June 4, 2012, 6:00 p.m.

President Huffman called the meeting to order at 6:07 p.m. Mr. Freeman called roll.

### Directors Present:

Gene Huffman, President  
Patrick McGuire, Vice President  
Kirk Rathbun

### Staff Present:

Charles Freeman, District Manager  
Scott Revell, Planning Manager  
Ed Everaert, Engineering/Operations Manager  
Judy Smith, Administrative Contracts Specialist  
Brad Crawford, Purchasing, Inventory & Technology  
Doris Rakowski, Executive Assistant

### Director Absent:

David McKenzie

### Other Persons Present:

Paul Cross, RH2 Engineering  
Brian Iller, District Legal Counsel

**APPROVAL OF AGENDA: Vice President McGuire moved to approve the agenda. Director Rathbun seconded the motion and it carried unanimously.**

President Huffman welcomed the guests and introduced Mr. Paul Cross from Rh2.

### **PRESENTATIONS:**

#### **Red Mountain South LID Project - RH2 Engineering Thirty Percent Design Project Report and Preliminary Plans:**

(Presentation handouts on file)

Mr. Cross of RH2 Engineering thanked the LID participants for the opportunity to work on the project. He thanked Larry Pearson and Jim Holmes for their participation on the Red Mountain South LID Design Committee.

Mr. Cross listed the topics which were addressed in the 30% Design Report. He said there was an excellent possibility that water could be delivered in the spring of 2014.

Mr. Cross reviewed the project constraints at the time of the LID formation in September 2009. He described the area to be served and said the RH2 would work with owners of parcels located at elevations higher than 1010 feet who would need to put in their own pumps. He noted that, as land owners, KID was vested in having the project completed on time and cost effective. He said cooperation was necessary for the project to be successful.

Mr. Cross went into detail about selection of the source of supply of water, including elimination of a ground water source and selection of the best Yakima River intake location. He noted that in addition to the geological viability of the selected KID parcel, it was consistent with permit requirements and the settlement agreement.

Mr. Cross discussed development of design criteria with the Design Committee. He discussed the creation of three pressure zones which would provide between 25 psi at the high point and 90 psi at the turnout. He reported that eleven design criteria memos were created which were

reviewed by the Design Committee then approved by the KID Board. Mr. Cross went into further detail about the pressure zones. He discussed system components including the PVC distribution system, pumps and motors, water treatment, and metering.

Mr. Cross displayed drawings of the future Kiona Intake and Booster Pump Station. He discussed some of the challenges of the intake site and details of the proposed design. He discussed details including fish screens, back-up generator, treatment facilities, sound control and security. Mr. Cross described the proposed sediment filtration.

Mr. Cross described the 810 booster pump station and reservoir. He reviewed drawings of the proposed design.

Mr. Cross described proposed site and design of the 1070 Reservoir. He addressed aesthetic concerns and access.

Mr. Cross discussed easement and property acquisition needs. He described the process of evaluating system design alternatives. He said the preferred design optimized length and diameter of pipe, to minimize cost for the LID. He said the pipeline was within County roads and property of LID participants where possible and avoided DNR properties and properties outside the LID as much as possible. Mr. Cross requested feedback on whether the pipeline alignment design was realistic. He displayed a map of required easements which was color coded by the types of property ownership. He noted that certain parties had agreed in concept to easements.

Mr. Cross reviewed the project cost estimate. He said the 30% design differed from the project identified at the LID formation stage. Differences included design elements such as storage, redundant pumps, generators, water treatment, and automatic metering. He reported there was now a signed agreement for shrub steppe mitigation for \$500,000. Mr. Cross said the Total Project Cost Estimate in 2012 dollars, including escalation for the next two years, was \$17,215,000, including 15% for contingencies.

Mr. Cross listed a number of value added component options which were considered by the committee in addition to the basic system. He said storage, redundant pumps, on-site generators, water treatment and an automated metering system were what the committee selected to include.

Mr. Cross discussed possible opportunities being considered to reducing costs, including intake configuration, pipeline material specs, backwash water disposal, and dual power supply. He displayed an intake structure design and discussed possible design alterations which could be evaluated for potential cost reductions and functionality. He discussed material selection options, comparing three types of pipe. He discussed calculation of power cost estimates based on current design information.

Mr. Cross reviewed a list of County, State and Federal permits and requirements. He said completing these requirements was vital for the project. He displayed a map overview of critical areas in the project.

Mr. Cross displayed a schedule spreadsheet and discussed the next steps to be taken, including permitting and agency coordination. He noted the Washington Department of Fish and Wildlife would allow construction in the river between July 15<sup>th</sup> and September 15<sup>th</sup> only. He said if the window were missed, project completion would be delayed a year, so meeting the schedule was a goal.

## **PUBLIC COMMENT:**

- **Jim Holmes, 4361 King Drive, recommended not including the auxiliary power supply. He said he believed Mr. Pearson agreed. Mr. Holmes asked if inclusion of an auxiliary power supply was standard for this type of project.**  
Mr. Cross said he would categorize the auxiliary power supply as lowest priority and that it was not standard. He said it was suggested due to the high value crops in this area, and said the participants could extra reliability and cost against the risk. He said provisions could be made for bringing in portable generators if needed for longer outages.
- **Tom Edwards, 29743 E Ambassador, requested a meeting to address his questions. He noted the 1.5 acre feet per year water duty and 3.5 gallons per minute maximum withdraw and said he was told he could not use more than that rate. Mr. Edwards said since he grew cherries, grapes, it would not work for him. He said his original intent was to order the water and use it as he wished on the property. He asked at what rate water would be delivered to the property.**  
Mr. Everaert said he had spoken with Mr. Edwards. He said individuals wanting to grow crops exceeding the 1.5 acre feet per year water duty could supplement KID water with other sources. He confirmed that 1.5 acre feet per year water duty and 3.5 gallons per minute maximum deliver were the design parameters for the system. Mr. Edwards and one other participant said that would not work for them. Mr. Everaert agreed to meet on the issue.
- **Ryan Johnson, 2647 Maidstone, discussed the properties in which he had an interest. He said the turnout location was currently at 985. Mr. Johnson asked that water be brought to 1010 and he would pump to the higher locations.**  
Mr. Cross said it could be done and he would like to talk with Mr. Johnson on making it work.
- **Scott Williams, 58311 N Sunset Road, said he found the process of granting and receiving DNR easements to be relatively painless in the past and ask why the plan did not use existing DNR reservoirs on the south side of Red Mountain.**  
Mr. Cross said it was possible with cooperation of agencies, but the LID would use reservoirs to facilitate pumping not as storage. Additionally the existing reservoirs were not KID water, and were not at the right elevations or proximity to the system.  
**Regarding electrical reliability, Mr. Williams added that PUD outages have not bankrupted growers in 30 years.**
- **AJ Hill, 4245 Melinda Drive, asked if settling ponds be used instead of filters to reduce sediment and double as reservoirs.**  
Mr. Cross said yes, but several laterals leave the distribution line before reaching a reservoir and there was not room to do it at the intake level.
- **Robert Standard, 23205 E Limestone Road, expressed concern about the two month window for construction in the river and asked if a water flow diversion could be used to extend the window for work.**  
Mr. Cross said it was unlikely due to focus of agencies on fish needs, but some activities may be allowed. He discussed the possibility of extending the window, but said he did not want to count on that happening.
- **Mark Hewitt, 540 Meadows Drive, said no drip manufacturers require 80 microns and said 100 or 150 microns would be good enough and could bring the price down. He asked if the drawings were available online. He noted that only ten feet of his property was above 810 and asked why he was included in the 940 zone.**  
Staff confirmed that the drawings were online.

Mr. Cross said, to be conservative at the 30% design level, they used manufacturer literature for microns and added one step. He said as it became known what participants needed, the design could be revised.

**Mr. Hewitt said another concern was what to do with the sediment from the holding ponds as it would not be cheap to clean.**

Mr. Cross described how expected sediment levels were calculated. He agreed that it was wise not to take out more sediment than was needed.

Mr. Cross said the high point of each property was used to determine which zone it was in.

- **An unidentified attendee asked if people who were not using all or some of their water could allow others to that water.**

Mr. Everaert discussed the water allotment and said a variable meter turn out riser would not be possible. He said 14 cfs was the maximum instantaneous diversion that could be taken from the Yakima River for this system.

- **An unidentified attendee asked when LID payments would start.**

Mr. Cross said conditions on the \$10,000,000 loan were for repayment beginning in December 2015, but if additional bonds were sold there would be conditions on the bond sale.

- **Mr. Holmes asked if there was an estimate for yearly operating costs considering the loan and expected interest rates.**

Mr. Freeman said there was a financial advisor helping with the anticipated funding gap and that the Board of Directors would set tier and toll for the annual O&M costs.

President Huffman asked the attendees to vote on approval or disapproval at the end of the meeting

#### **NEXT STEPS:**

Mr. Freeman said if the group in agreement to proceed to full design, the Board of Directors would approve shifting to the full design with RH2 Engineering at the first Board meeting in July.

**An unidentified attendee said he thought LID participants needed to review of the 30% design details and options, and then provide feedback.**

Mr. Freeman said he understood meeting participants to advise eliminating the generator. He said the 30% design document would be on the website along with the technical memos.

In response to a question from Director Rathbun, Mr. Cross said RH2 tried to capture high cost levels and that changes for cost savings would help project come in for less money. He said nothing he heard tonight would increase cost.

Mr. Freeman said if the project did not go to full design now and participants wanted to meet again in sixty days to evaluate the project, there was a risk of missing the in-river construction window. He said he confident \$17.2 million would not be exceeded and that further refinements would likely decrease the project cost.

Vice President McGuire asked if there would be another point at which the LID could decide to stop the project if approval was given today. Mr. Iller said if consensus of group was to stop the project it could be done, but costs to that point would have to be paid. He said that going to the 60% design level would not bind the group to the options which still would be open for discussion. He said he thought there was a meeting planned at the 60% design at which additional concerns could be heard. He said participants were being asked today if they approved of the general direction of the project and wanted to continue.

At the request of Mr. Revell, Mr. Cross disclosed that KID was a junior water rights holder in the Yakima River Basin and was subject to prorationing in drought years.

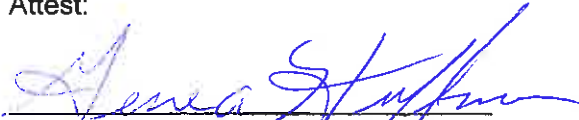
Mr. Freeman encouraged participants to bring questions to the grower members of the Design Committee or to meet with staff if needed.

John Williams, from Kiona Vineyards, made a suggestion about an alternate route which he said would minimize the cost of interacting with highways and shutting down roads. He said there would be a turnout to supply properties on south side of Hwy 224. President Huffman suggested that Mr. Cross address the suggestion on an individual basis.

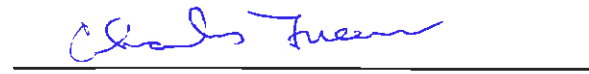
President Huffman asked participants to sign the voting sheet following adjournment.

**Vice President McGuire moved to adjourn at 7:44 p.m. Director Rathbun seconded the motion and it carried unanimously.**

Attest:

  
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Gene Huffman, Board President  
Approved June 19, 2012

Witness:

  
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Charles Freeman, Secretary/Manager

Prepared by Doris Rakowski