



## BOARD OF DIRECTORS REGULAR MEETING

Tuesday, February 6th, 2024 – 9:00A.M.

### AGENDA

1. Consent Agenda (approved with one motion).
  - a. Minutes of January 9, 2024, Regular Board meeting.
  - b. Status of Investments Report – January 31, 2024.
  - c. Treasurer’s Report– January 31, 2024.
  - d. Claims.
2. U.S.B.R. update Chad Stuart – Yakima Field Office Manager.
3. 2024 Water supply update and drought preparation.
4. Cloud seeing update.
5. 2024 budget.
6. Capital plan workshop.
7. Watermaster’s report.
8. District Manager’s report.
9. Policy Director’s report.
10. Engineering Manager’s report.
11. Executive Session:
  - a. Executive session pursuant to RCW 42.30.110(1)(i). Potential and pending litigation- State v. Acquavella, Terrace Heights Sewer District, National Pollutant Discharge Elimination System (NPDES) permit appeal.
  - b. Executive session pursuant to RCW 42.30.110(2)(a)(iii). To evaluate legal risk of a proposed action.

# Item #1

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# DRAFT

REGULAR MEETING MINUTES

January 9, 2024

The Board of Directors for the Roza Irrigation District convened in regular session on Tuesday January 9, 2024. Present were President Ric Valicoff, Vice-President Jim Willard, Director Tanner Winckler, Director Jason Sheehan, Director Jason Don and District Manager Scott Revell, Engineering Manager Wayne Sonnichsen, Watermaster Dave Rollinger, Assistant Watermaster Aaron Wiederspohn, Maintenance Superintendent Dave Clampitt and Assessment Clerk/Assistant Secretary Kristel Espinoza and District Attorney Brian Iller.

Via telephone conference: Policy Director Sage Park and water-user Will Jones.

The President called the meeting to order at 9:04 A.M. and requested the Board consider the consent agenda as presented:

- a. Minutes of December 5, 2023, Regular Board meeting.
- b. Status of Investments Report – December 31, 2023.
- c. Treasurer’s Report– December 31, 2023.
- d. Statement of Income and Expense Report, for the eleven periods ending November 30, 2023.
- e. Comparative Balance Sheet Report, for the eleven periods ending November 30, 2023.
- f. Claims.

The following claims were approved for payment: Payroll numbers 29680 - 29681 in the amount of \$2,507.91, Voucher numbers 69748 – 69820 and 69828 – 69899 in the amount of \$2,191,541.54 and electronic payments 11-2023, 11-23, 23-1222, 23-1222, 23-1228, 23-37, 34-23, 36-23 and 37-23 in the amount of \$311,295.58 from the period of December 6, 2023, to January 9, 2024.

It was moved by Mr. Willard, seconded by Mr. Sheehan, and unanimously passed to approve the consent agenda

Tanner Winckler and Jason Don executed the Roza Irrigation District Oath of Office for their respective seats following the election. Each read the oath into the record.

District Manager Revell explained that, in accordance with Article 5 of the District By-laws, the Board must be reorganized annually. Upon a motion to nominate Ric Valicoff as President by Mr. Willard, seconded by Mr. Sheehan, Mr. Valicoff was unanimously elected President. Upon a motion to nominate Jim Willard as Vice-President by Mr. Sheehan, seconded by Mr. Don, Mr. Willard was unanimously elected Vice-President.

District Manager Revell noted that the by-laws are required by statute, RCW 87.03.115, to be readopted each year. Following discussion, Mr. Sheehan moved, seconded by Mr. Winckler, and unanimously re-adopted the Board by-laws with no changes.

District Manager Revell explained the Delegation of Authority resolution which delegates a series of authorities to the Secretary/Manager and is required to be readopted annually. Following discussion, Mr. Willard moved, seconded by Mr. Sheehan, and unanimously approved to re-adopt Resolution #5-2014.

# DRAFT

REGULAR MEETING MINUTES

January 9, 2024

District Manager Revell updated the Board on the 2024 water supply. Mr. Revell noted the snow water equivalent was at 55 percent of average across the basin and Reclamation will issue a 2024 water supply forecast for the proratable irrigation districts in early March.

District Manager Revell reported to the Board on the Selah-Moxee Irrigation District water lease for up to 6,500-acre feet of senior priority date water with a proposed date change to April 1. No action was requested from the Board.

Mr. Revell updated the Board on the 2024 operation and maintenance budget revisions and discussed the background information detailed in the staff report. No action was requested from the Board.

District Manager Revell reported to the Board on the upcoming travel by the Board of Directors. Mr. Revell noted the by-laws require the Board to authorize travel by Directors. The Washington Family Farm Alliance (FFA) annual conference in Reno in February. Following discussion on travel costs and short- and long-term benefits to the District, Mr. Willard moved, seconded by Mr. Don, and unanimously approved travel to the FFA annual conference in Reno for Director Ric Valicoff and Director Jim Willard.

Watermaster Dave Rollinger presented, and the Board reviewed the Watermaster's monthly report.

District Manager Revell presented, and the Board reviewed the District Manager's monthly report.

The President declared the Board to be in executive session for an estimated thirty minutes, beginning at 10:55 A.M. pursuant to:

- a. Executive session pursuant to RCW 42.30.110(1)(g). To evaluate the performance of a public employee.
- b. Executive session pursuant to RCW 42.30.110(1)(i). Potential and pending litigation- State v. Acquavella, Terrace Heights Sewer District.
- c. Executive session pursuant to RCW 42.30.110(2)(a)(iii). To evaluate legal risk of a proposed action.

The President returned the Board to regular session at 11:25 A.M.

Policy Director Sage Park updated the Board on the monthly meetings report.

Engineering Manager Wayne Sonnichsen presented, and the Board reviewed the Engineering Manager's monthly report.

The President declared the Board to be in executive session for an estimated twenty minutes beginning at 11:45 A.M. pursuant to with action expected afterward:

- a. Executive session pursuant to RCW 42.30.110(1)(g). To evaluate the performance of a public employee.

# DRAFT

REGULAR MEETING MINUTES

January 9, 2024

The President returned the Board to regular session at 12:05 P.M.

District Manager Revell explained that, in accordance with Article 5 of the District By-laws the Board is required to appoint a Secretary/Treasurer each year. Upon a motion by Mr. Don, seconded by Mr. Sheehan and unanimously approved that Mr. Scott Revell be appointed Secretary/Treasurer and be hired as District Manager for 2024 including an increase in his annual salary by 2.5 percent (217,776.00 annually) and a one-time addition of 120 hours annual leave, provided the hours do not exceed the cap previously approved by the Board in 2021.

District Manager Revell executed the Roza Irrigation District Oath of Office.

No further business appearing and upon motion duly made, seconded, and unanimously passed, the Board did there upon adjourned at 12:16 P.M. on Tuesday January 9, 2024.

ATTEST:

\_\_\_\_\_  
PRESIDENT

\_\_\_\_\_  
SECRETARY

**ROZA IRRIGATION DISTRICT**  
**TREASURER'S FINANCIAL STATEMENT**  
**January 31, 2024**

	EXPENSE	CONST.	RESERVE	MEMO	TOTAL
Balance First of Month	14,115,313.28	306,872.95	288,000.00	0.00	14,710,186.23
Collections	1,886,878.07	69.90			1,886,947.97
Miscellaneous	18,474.68				18,474.68
Matured Investments					0.00
Interest	65,305.35				65,305.35
Transfers					0.00
TOTAL	16,085,971.38	306,942.85	288,000.00	0.00	16,680,914.23
 LESS:					
Voucher Checks Issued	353,343.71	0.00			353,343.71
Misc. Checks Issued	1,270,292.10			0.00	1,270,292.10
Tier 2 Checks					0.00
NSF Check Returned					0.00
Bank Charge	140.50				140.50
Void Check					0.00
TOTAL PAID	1,623,776.31	0.00	0.00	0.00	1,623,776.31
 Balance End of Month	 14,462,195.07	 306,942.85	 288,000.00	 0.00	 15,057,137.92

**ROZA IRRIGATION DISTRICT  
STATUS OF INVESTING ACCOUNTS  
January 31, 2024**

BANK	\$ AMOUNT	INTEREST EARNED	INTEREST RATE	BALANCE
L.G.I.P.	\$14,068,651.95	64,785.93	5.4220%	\$14,133,437.88
U.S. - MIA INV.	\$53.02	0.00	0.14905%	\$53.02
U.S. - SAVINGS	\$238,873.70	11.09	0.05%	\$238,884.79
U.S. - CHECKING	\$684,720.36	41.87	0.01%	\$684,762.23
			<b>TOTAL</b>	<b>\$15,057,137.92</b>

**ROZA IRRIGATION DISTRICT  
STATUS OF INVESTMENTS  
January 31, 2024**

INVESTMENT	RATE	MATURE	EXPENSE	TOTAL
			0.00	0.00
<b>TOTALS:</b>			0.00	0.00

<b>TOTAL OF ALL CASH</b>	15,057,137.92
<b>MINUS RESTRICTED CASH</b>	288,000.00
Reserve/Memo\$)	
(Drought)	3,808,159.61
(WSD)	4,125,802.40
<b>TOTAL O &amp; M CASH</b>	<b>6,835,175.91</b>

Roza Irrigation District  
 VENDOR CHECK REGISTER REPORT  
 Payables Management

Ranges:	From:	To:	From:	To:
Check Number	First	Last	Check Date	1/1/2024
Vendor ID	First	Last	Checkbook ID	PRE-PAIDS
Vendor Name	First	Last		

Sorted By: Check Number

\* Voided Checks

Check Number	Vendor Check Name	Check Date	Amount
01-24	U.S. BANK	1/22/2024	\$858.18
02-24	ROZA PAYROLL PAYABLE	1/19/2024	\$111,512.43
12-2023	U.S. BANK	1/22/2024	\$5,529.15
12-23	DEPARTMENT OF REVENUE	1/25/2024	\$4,063.42
123123	U.S. BANK	1/16/2024	\$3,261.84
24-02	U.S. BANK/E.F.T.P.S.	1/19/2024	\$41,398.52
<del>69821</del> 01-24	ROZA PAYROLL PAYABLE	1/5/2024	\$112,440.45
69821	DEPARTMENT OF RETIREMENT	1/5/2024	\$2,521.95
<del>69822</del> 24-01	U.S. BANK/E.F.T.P.S.	1/5/2024	\$38,793.28
69822	ROZA EMPLOYEE BENEFIT FUND	1/5/2024	\$86.00
69823	CHRISTOPHER KINNEY	1/8/2024	\$25.00
69824	UNITED RENTALS NORTHWEST	1/8/2024	\$117.38
69825	GISHAB	1/8/2024	\$75.00
69826	U.S. CELLULAR	1/8/2024	\$98.47
69827	KELLEY CONNECT	1/8/2024	\$351.00
69900	NOE GUZMAN/C&C JANITORIAL	1/11/2024	\$385.00
69901	DEPARTMENT OF RETIREMENT	1/11/2024	\$318.41
69902	NW LABORERS TRUST FUND	1/11/2024	\$54,581.00
69903	BRANDCRAFT MEDIA, LLC	1/11/2024	\$199.00
69904	SYMETRA LIFE INSURANCE CO.	1/11/2024	\$504.78
69905	DEPARTMENT OF RETIREMENT	1/11/2024	\$49,049.25
69906	UNITED RENTALS NORTHWEST	1/17/2024	\$8,347.37
69907	RYAN SLACK	1/17/2024	\$75.00
69908	PACIFIC POWER & LIGHT CO.	1/17/2024	\$13.70
69909	CENTURYLINK	1/17/2024	\$69.02
69910	CENTURYLINK	1/17/2024	\$165.67
69911	CO-ENERGY	1/17/2024	\$7,693.26
69912	DLT SOLUTIONS	1/17/2024	\$3,754.11
69944	YAKIMA REGIONAL CLEAN AIR AGEN	1/18/2024	\$80.00
69945	DEPARTMENT OF RETIREMENT	1/19/2024	\$2,521.95
69946	ROZA EMPLOYEE BENEFIT FUND	1/19/2024	\$86.00
69947	AFLAC	1/19/2024	\$554.06
69948	LABORER'S LOCAL UNION 348	1/19/2024	\$2,223.00
69949	THE PRINT GUYS, INC.	1/22/2024	\$126.84
69950	CRYSTAL SPRINGS	1/22/2024	\$12.96
69951	U.S. CELLULAR	1/22/2024	\$4,546.02
69952	McCLATCHY COMPANY, LLC	1/23/2024	\$410.23
69953	NOE GUZMAN/C&C JANITORIAL	1/25/2024	\$385.00
69954	QUILL CORPORATION	1/25/2024	\$430.47
69955	CO-ENERGY	1/25/2024	\$12,599.35
69956	DID #11	1/29/2024	\$41,520.22
69957	SUNNYSIDE VALLEY IRRIGATION DI	1/29/2024	\$306,238.00
69958	ROZA-SUNNYSIDE BOJC	1/29/2024	\$399,300.00
69959	CRAWFORD FRUIT, LLC	1/29/2024	\$202.00
69960	SUNNYSIDE VALLEY IRRIGATION DI	1/30/2024	\$171.19
69961	DEPARTMENT OF L & I	1/30/2024	\$23,549.69
69962	EMP SEC DEPT - PAID FAMILY & M	1/30/2024	\$7,407.95
69963	EMP SEC DEPT-WA CARES FUND	1/30/2024	\$4,932.35
69964	HERC RENTALS, INC.	1/30/2024	\$15,090.35
69965	HERC RENTALS, INC.	1/30/2024	\$1,616.83

Total Checks: 50

Total Amount of Checks: \$1,270,292.10



# Item #2

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To: Board of Directors  
From: Scott Revell, District Manager *Scott*  
Date: February 6, 2024  
Re: USBR Yakima Field Office Manager Visit

**Background**

Chad Stuart, USBR's Manager of the Yakima Field Office will attend the Board meeting to answer questions on the following topics:

1. Water supply conditions in the basin to date;
2. Status of Kachess Dam & Bumping Dam repairs under the Safety of Dams act;
3. The schedule for repairs to the switchgear for the power supply at Roza Dam;
4. Power pole replacement cost and schedule;
5. Transfer of title of the canal system and ancillary facilities to Roza.
6. Roza's share of 2023 and projected 2024 Maintenance and Operations expenses for the Yakima Field Office;

Chris Lynch will be in attendance and will discuss the 2024 water year to date and the various effects of snow accumulation, snow melt, reservoir content and total precipitation trends and on the 2024 water supply.

Please feel free to raise any other issues during the discussion.

# Item #3

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To: Board of Directors  
From: Scott Revell, District Manager *[Signature]*  
Date: February 6, 2024  
Re: 2024 Water Supply

**2024 Water Supply Update**

- ✓ Water storage:

<u>Reservoir storage status on Jan 31, 2024</u>		<u>capacity (Ac. Ft)</u>
Keechelus	31%	157,800
Kachess	23%	239,000
Cle Elum	23%	436,900
Bumping	61%	33,960
Rimrock	45%	198,000
Total	29% of capacity	1,065,400

- ✓ Water in storage is **55% of average**. Cle Elum Reservoir will need to see about 120% of average precipitation in order to completely refill.
- ✓ Precipitation for the water year is **92% of average** to date. The 2024 water year began on October 1, 2023.
- ✓ **Snowpack is 82% of average in the upper Yakima River mainstem basin and 74% of average in the Naches River basin.**
- ✓ 2024 to date is similar to the 2003 water season, but with 100,000 acre feet less water in reservoir storage at the same point in time.

The 2003 season saw a rain on snow event in early February which increased storage contact quickly. Without a similar event, the 2024 season will further separate from the 2003 season. The 2003 season finished at 92% water supply.

- ✓ The first 2024 water supply forecast will occur on Monday March 4<sup>th</sup>.



To: Board of Directors

From: Scott Revell, District Manager  
Sage Park, Policy Director *Just*

Date: February 6, 2024

Re: 2024 Drought Preparation Update

### **Attachments**

1. 2024 Capital budget request summary (1/23/24)
2. SMID lease/purchase agreement (executed)

### **Background**

Staff is working on several issues simultaneously in case there is a drought in 2024.

- Water supply management and supplementation:
  - ✓ Leases (SMID & others)
    - An option for 6,500 AF from SMID has been executed
    - Staff has been discussing lease mechanics with SVID staff if authorized
    - Other sources
  - ✓ USBR staff in Yakima and Boise prepare a runoff forecast with January 1 data and February 1 data. The first water supply forecast occurs in March.
  - ✓ Cloud seeding research-See separate report dated 2/6/24 for more detail.
  - ✓ Emergency drought wells-New drought well permits will be available if water supply is less than 75% and Ecology will cost share 25% of mitigation costs to get up to 75% supply. They can be used to get to 100% if the usage is fully mitigated by the grower. Mitigation costs are \$300/AF and will be expensive compared to prior years.

According to Ecology's hydro-geologists drought wells in the Wanapum aquifer will need to be re-drilled into the shallower Ellensburg formation. Wells in the Saddle Mountain formation are also almost certainly going to need to be re-drilled in order to be used, but it is location specific.

Ecology has asked Roza to be the conduit for real time telemetry meter issuance and installation on a fully reimbursable basis which will be required for new drought wells.

- KR D/Roza meeting(s)-Next meeting date will be in February-Date TBD.
- Coordination with Ecology staff in Yakima and Olympia.
  - ✓ Caroline Mellor is Ecology's new Drought Coordinator. She has the position previously filled by Jeff Marti. We met with her on January 30<sup>th</sup> in Olympia along with Water Resources Program Manager Ria Berns and have been educating her on Yakima Basin drought issues and management. She will tour Roza in early spring.
  - ✓ Staff met with Ecology's Water Resources team in Yakima on January 8<sup>th</sup> to work out the remaining details on emergency drought wells and review of transfers in case leases occur in 2024.
- Coordination with Legislators-Staff has been communication with legislators to inform them of what we know so far about water supply, financial assistance and the steps we are (and have been taking) to manage the supply if there is a drought in 2024.
- Environmental Issues:
  - ✓ Drought year pulse/flushing flows.
  - ✓ Bull trout reservoir passage into spawning streams.
  - ✓ Bull trout rescue/rearing.
  - ✓ Upper Yakima streamflow supplementation (Roza water routed through the KR D canal and into ten creeks in Kittitas County then to the Yakima River Main stem above Roza dam).
- Water User Communication
  - ✓ A series of 4 to 6 emails over several weeks to water users describing what we know, what we have been doing, what the priorities are and what water users can do to be ready;
  - ✓ The 2024 Assessment letter focused on potential water supply shortages and included the drought matrix;
  - ✓ Communication with commodity groups;
    - Presentation to the Grape Society in November focused on drought management
  - ✓ 2024 water supply page has been added to the Roza website which we can direct people to.



The 2024 water supply for Roza's 72,000 acres of apples/hops/grapes/dairy is uncertain at best. Recent storms have built snowpack in the Cascades somewhat, but with extremely low reservoir levels our growers may face a significant drought based on the most recent data:

- ✓ Yakima basin reservoirs are at only 53% of average content, which is very low;
- ✓ Snowpack snow water equivalent is currently 83%-90% of average;
- ✓ Total precipitation is 90% of average for the water year to date which began Nov. 1.

#### 2024 Request

**\$2,500,000** of the capital budget- state appropriation for fiscal year 2024 to mitigate the impacts of drought on farmers as follows (expenses are incurred before the start of the '24 FY):

- ✓ **\$2,000,000** to provide 50% (half) of the purchase cost of mitigation water to prevent or reduce crop damage or loss during drought events, via leases or purchases.
- ✓ **\$250,000** for mitigation measures during the drought emergency to optimize system efficiencies, such as the costs of recapturing leakage/seepage water, and repairing drought caused damage to canals.
- ✓ **\$250,000** to conduct a feasibility study on cloud seeding in the Yakima Basin to determine if cloud seeding is a viable lifesaving option to provide additional snowpack and water supply during low water years. Roza has obligated \$250,000 of District funds to examine cloud seeding in the Yakima Basin to help our growers in droughts. We have set up a working group with WSDA, DFW & Ecology for the issue.

Roza has an agreement in place to obtain 6,500-acre feet of senior water in the 2024 irrigation season for just under \$2M, which will allow our growers eight additional days of water running at the lowest flow our canals can operate at. We will also be looking to lease water from others.

Roza received 47% of its water supply in 2015 and WSDA estimated Roza farmers alone lost \$100 million in today's dollars. Roza has been urgently preparing for droughts since 1982 and has \$4.1 million in its drought fund to use to match state funds 1:1 (which is how prior drought relief cost sharing has been calculated). Roza has spent \$20+ million of grower funds to pipe and line canals and \$2.5M in state funds to seal concrete lined canals since the 2015 drought.

If Roza the canal system is shut down in the spring in order to move water to September to protect permanent crops there will likely be heat caused concrete panel damage to repair due to expansion, which was \$50K+ in 2015.

For more information contact:

Scott Revell , District Manager [srevell@roza.org](mailto:srevell@roza.org) (509) 840-2721

Sage Park, Policy Director [spark@roza.org](mailto:spark@roza.org) (509) 840-1584

1/23/24

## WATER RIGHT OPTION AGREEMENT

THIS WATER RIGHT AGREEMENT ("Agreement") is made and entered into effective this 15<sup>th</sup> day of February 2024 ("the Effective Date"), by and between the Selah Moxee Irrigation District ("SMID"), and ROZA Irrigation District ("ROZA"). SMID is an irrigation district organized pursuant to Title 87, Revised Code of Washington. ROZA is an irrigation district organized pursuant to Title 87, Revised Code of Washington.

### Recitals

A. WHEREAS, SMID is the owner of a certain legally established Water Right, more fully described in Exhibit A attached hereto and incorporated by this reference, which authorizes the use of water from the Yakima River under Water Right Certificate Number S4-84594-J, filed and confirmed under Court Claim Nos. 01651 (A)03020 and (A) 05449 and Court Claim Nos. 01888 (A)03019 and (A)05450 in *Department of Ecology v. Acquavella*, Yakima County Superior Court Cause No. 77-2-01484-5 ("*Acquavella*") ("SMID's Water Right"). SMID's Water Right has been confirmed for the withdrawal of 38 cubic feet per second from April 1 through August 31, 29 cfs in September, and 22 cfs in October, up to 13,781.0 acre-feet per year ("af/y"), for irrigation of 2,001.94 acres, frost protection, other agricultural purposes and stock water between April 1 and October 31, with a priority date of January 26, 1887; and

B. WHEREAS, SMID's Water Right was transferred to the Washington State Trust Water Right Program ("TWRP") for instream flow and mitigation purposes in accordance with Chapters 90.03, 90.38 and 90.42 RCW, pursuant to the Water Banking Agreement (Attachment A); and

C. WHEREAS, ROZA is interested in acquiring up to 6,500 (Six Thousand Five Hundred) acre-feet/year of consumptive use water associated with SMID's Water Right ("ROZA's Proposed Water Right") to serve ROZA landowners and water users during the 2024 irrigation season;

NOW, THEREFORE, in consideration of the foregoing, of payment of the acquisition price as described herein and of the mutual covenants hereinafter set forth, the Parties hereto hereby agree as follows:

**1. Option and Price.** Subject to the terms and conditions set forth in this Agreement, SMID grants an option to Roza to acquire ROZA's Proposed Water Right up to 6,500 acre-feet/year in exchange for payment of **\$300.00** per acre-foot ultimately authorized by Ecology for ROZA's use during the 2024 irrigation season (a "Permit Authorization") not to exceed **One Million Nine Hundred Fifty Thousand dollars (\$1,950,000.00)** payable as set forth herein.



**2. Option Payment/.Earnest Money.** ROZA has deposited ten percent (10%) of the agreed acquisition price (**\$195,000.00**) as earnest money and also payment for the option with SMID (the "Earnest Money Deposit"). The Earnest Money Deposit shall be held in an SMID account and shall be paid to SMID as set forth in this Agreement. Upon acceptance of the Earnest Money Deposit, SMID will provide ROZA with a "draft" Water Mitigation certificate **2024-04**. (Exhibit B). The Option Payment/Earnest Money Deposit shall be applied to reduce the amount owing under the acquisition price should the option be exercised.

**3. Exercise of Option.** **Roza shall exercise the option by providing SMID with written notice of its intent to exercise no later than April 1, 2024, and payment of the amount remaining of the acquisition payment due.**

**4. Payment Terms.** The balance of the Annual acquisition price shall be paid to SMID by April 10<sup>th</sup> of 2024 and/or within twenty (20) days of receiving Ecology's Permit Authorization, whichever occurs later. The acquisition payment will be adjusted to include the Earnest Money Deposit. If ROZA fails to make timely payment, at SMID's sole discretion, SMID may cancel this Agreement, any further transfer of water, or issuance of any Water Mitigation certificate. If applicable, ROZA agrees to pay for any and all costs associated with the construction and installation of any canal infrastructure including turnouts needed for SMID canal delivery to ROZA'S place of use.

**5. Term and Timing.** ROZA has up to 180 days from the Effective Date of the draft Water Mitigation certificate to obtain Ecology's Permit Authorization and finalize the Water Transfer. If ROZA is unable to obtain the required authorizations within the 180 days, the SMID may cancel the draft Water Mitigation certificate or may extend it for good cause at the discretion of the SMID. If the Water Mitigation certificate is cancelled, SMID will refund any payments made by ROZA, except for 50% of the total Earnest Money Deposit paid to SMID, and ROZA agrees to execute all documents reasonably requested by SMID to transfer the water represented by the Water Mitigation certificate back to SMID.

**6. Cooperation.** ROZA and SMID agree to cooperate and provide each other, when requested, any and all documents, records, or other information that each may need to facilitate and complete the proposed transaction when requested by the other party.

**7. Use of Mitigated Water by ROZA.** ROZA shall be entitled to divert and use the entire amount of ROZA's Proposed Water Right for which it exercises the herein option after obtaining Ecology's Permit Authorization and completing all applicable payments to SMID. In the event of cancellation of the Permit Authorization, forfeiture of quantities authorized under a Certificate, or quantities not fully perfected under a Permit Authorization mitigated by this Agreement, SMID shall be notified of such cancellation or forfeiture stemming from any portion of SMID's Mitigating Right. Any Assigned Water Transfer in question will revert to SMID ownership, either directly or by being placed back into the Trust, from which SMID may reassign it.

**8. ROZA's Acknowledgements.**

ROZA acknowledges that:

- a. ROZA has had opportunity to inspect documents relating to ROZA's Proposed Water Right to be conveyed in accordance with the terms and conditions of this Agreement. Other than the warranties and representations expressly made herein, no other warranties, guarantees or representations have been or are being made by SMID regarding the amount, priority, or legal status of ROZA's Proposed Water Right or its ability to be legally transferred, in part, to ROZA in accordance with the terms and provisions of this Agreement.
- b. SMID makes no promise or warranty, express or implied, as to whether and to what extent any quantity of water under ROZA's Proposed Water Right may ultimately be deemed beneficially used and/or suitable for transfer or mitigation use under a Permit Authorization following closing, it being understood that ROZA is free to conduct its own due diligence inquiry regarding the validity-and-extent of the subject SMID's Water Right, its transferability, and its suitability to provide mitigation.
- c. ROZA is solely responsible for confirming whether and to what extent ROZA's Proposed Water Right shall continue to be governed by the Water Banking Agreement, as well as for the negotiation with Ecology of any Ecology-required Trust Water Rights Program arrangements for ROZA's exercise of ROZA's Proposed Water Right under this Agreement.

**9. SMID's Warranties and Representations.** SMID makes no warranty or representations other than or in addition to any warranties and representations contained elsewhere in this Agreement (and in any of the documents executed in connection with this Agreement) or implied by law.

**10. Closing.**

**9.1 Definitions.**

**9.1.1 Date of Closing.** For purposes of this Agreement, the "Closing" or "date of Closing" shall be construed as the date upon which all appropriate documents have been signed by both parties. Funds held by SMID shall be deemed, for purposes of this definition, as available for disbursement to SMID.

**9.1.2 Costs to be paid by SMID.** SMID shall pay any real estate excise taxes, attorney's fees incurred by SMID, and other charges normally borne by a seller in similar transactions.

**9.1.3 Costs to be Paid by ROZA.** ROZA shall pay recording fees, ROZA's attorney

fees, if any, and those costs or expenses not allocated herein to SMID and that are normally allocated to a buyer in similar transactions.

**11. Execution of All Documents.** ROZA and SMID, individually and severally, hereby acknowledge that the execution of all documents associated with this transaction will substantially affect their legal rights and that each has the opportunity to obtain and consult with independent legal counsel for the purposes of this transaction and matters relating thereto.

**12. Governing Law and Venue.** This Agreement shall be interpreted, construed, and enforced according to the laws of the State of Washington. Venue shall be in Yakima County, Washington.

**13. Notices.** Subject to the requirements of any applicable statute, any notices required or permitted by law or under this Agreement shall be in writing and shall be (i) personally delivered, or (ii) sent by first class certified or registered mail, return receipt requested, with postage prepaid to the Parties' addresses set forth above. Either party may change such address for notice. All notices which are so addressed and paid for shall be deemed effective when personally delivered, or, if mailed, on the earlier of receipt or two (2) days after deposit thereof in the U.S. mail.

**14. Time of Performance.** Time is of the essence for this Agreement and of all acts required to be done and performed by the Parties hereto, including, but not limited to, the proper tender of each of the sums required by the terms hereof to be paid.

**15. Section Headings.** The word or words appearing at the commencement of sections and subsections of this Agreement are included only as a guide to the contents thereof and are not to be considered as controlling, enlarging, or restricting the language or meaning of those sections or subsections.

**16. Invalidity.** In the event any portion of this Agreement should be held to be invalid by any court of competent jurisdiction, such holding shall not affect the remaining provisions hereof unless the court's ruling includes a determination that the principal purpose and intent of this Agreement are thereby defeated.

**17. Legal Relationships.** The Parties to this Agreement execute the same solely as set forth in this Agreement. No partnership, joint venture or joint undertaking shall be construed from these presents, and except as herein specifically provided, neither party shall have the right to make any representation for, act on behalf of, or be liable for the debts of the other. All terms, covenants, and conditions to be observed and performed by either of the Parties hereto shall be joint and several if entered into by more than one person on behalf of such party, and a default by any one or more of such persons shall be deemed a default on the part of the party with whom said person or persons are identified. No third party is intended to be benefited by this Agreement.

**18. Assignment; Successors.** Neither ROZA nor SMID may sell, transfer, assign, pledge, or encumber its interest in this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld. A purported sale, transfer, assignment, pledge, or encumbrance without prior written consent of the other party shall be null and void and of no force or effect. Subject to the restrictions contained herein, the rights and obligations of ROZA and SMID shall inure to the benefit of and be binding upon their respective estates, heirs, executors, administrators, successors, successors-in-trust and assigns.

**19. Entire Agreement.** All understandings and agreements previously existing between the Parties, if any, are merged into this Agreement, which alone fully and completely expresses their agreement, and the same is entered into after full investigation, neither party relying upon any statement or representation made by the other not embodied herein. This Agreement may be modified only by a written amendment executed by all Parties.

**20. Interpretation.** This Agreement has been reviewed by both Parties and each party has had the opportunity to consult with independent counsel with respect to the terms hereof and has done so to the extent that such party desired. No stricter construction or interpretation of the terms hereof shall be applied against either party as the drafter hereof.


**21. Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original instrument. All such counterparts together shall constitute a fully executed Agreement. Facsimile transmission of this Agreement and retransmission of any signed facsimile transmission shall be the same as delivery of an original.

**22. Amendment.** This Agreement may not be modified or amended except by the written agreement of the Parties.

IN WITNESS WHEREOF the Parties have signed and delivered this Agreement as of the day and year first above written.

**SELAH-MOXEE IRRIGATION DISTRICT**


By:   
\_\_\_\_\_  
Nathan Draper, Manager

By:   
\_\_\_\_\_  
Mike McGree, President of the Board of Directors

Approved by the Selah-Moxee Irrigation District Board of Directors at a regularly scheduled regular board meeting or properly noticed special board meeting on January 4, 2024.

**ROZA IRRIGATION DISTRICT**

By:   
Scott Revell, Manager

By:   
Ric Valicoff, President, Board of Directors

Approved by the Roza Irrigation District Board of Directors at a regularly scheduled regular board meeting or properly noticed special board meeting on Nov. 7, 2023.

## **ATTACHMENT INDEX**

- A. WATER BANKING AGREEMENT**
- B. DRAFT MITIGATION CERTIFICATE**



## WATER BANKING AGREEMENT

Between

State of Washington, Department of Ecology

and

Selah-Moxee Irrigation District

This Water Banking Agreement (“Agreement”) is made and entered into as of the 18<sup>th</sup> day of November 2021, by and between the Washington State Department of Ecology, State Trust Water Rights Program, (“Ecology”) and Selah-Moxee Irrigation District (SMID), each of which are also referred to individually as a “Party” and collectively as “the Parties.”

WHEREAS, Ecology is the trustee of the Trust Water Rights Program (“Trust”) as authorized under Chapter 90.42 Revised Code of Washington (RCW); and

WHEREAS, Ecology is authorized to hold and manage trust water rights to mitigate new and existing water uses, and

WHEREAS, SMID is the sole owner of S4-84594-J on the Yakima River as listed in Exhibit A. SMID seeks to use this water right to mitigate new and existing uses.

Now, therefore, in consideration of the forgoing, the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

1. **Purpose.** The purpose of this Agreement and the reason SMID is willing to place the Mitigating Right into Trust is to provide instream flow benefit and provide senior water rights as off-setting mitigation that will allow SMID, or third parties acceptable to SMID, to apply for new mitigated permits. Mitigated permits are intended to withdraw groundwater or divert surface water within the Yakima River Watershed or downstream as defined by the primary and secondary trust water reach defined in Exhibit A. The reason that Ecology is willing to manage this water right in Trust is to improve water availability to support instream function, agriculture, economic, and other development.

## 2. Definitions.

- Mitigation. For the purposes of this Agreement, Mitigation is defined as offsetting the impacts to the Yakima and Columbia Rivers caused by surface water diversions and groundwater withdrawals for existing and future permitted and permit-exempt water uses.
- Mitigating Right: The water right that has been deposited into the water bank by changing the purpose of use to instream flow and mitigation, and conveyed to Ecology by deed, to be held in Trust and used as Mitigation.
- Available Mitigation: The portion of the Mitigating Right that has not been assigned by SMID for mitigation and remains available to other third parties.
- Assigned Mitigation: The portion of the Mitigating Right that has been assigned by SMID.
- Mitigation Assignments: The contract between SMID and third parties that states the quantity of Available Mitigation that is being assigned to a third party. This assignment allows the third party to apply for a water right permit.

## 3. Creating a Mitigating Water Right to Seed the Water Bank.

SMID applied for and received Change Authorization CS4-84594-J changing the purposes and places of use to instream flow and mitigation to offset new water rights to be used for any lawful purpose within the Yakima River Basin downstream of the historical point of diversion and associated groundwater.

4. **Closing.** This Agreement shall be effective upon its mutual execution, and once a quit claim deed (in the form of Exhibit B) for 37.173 cfs and 13,481 ac-ft/yr of annual use water (11,570.25 ac-ft/yr consumptive) and Real Estate Excise Tax (REET) Form are executed, recorded in Yakima County, and delivered to Ecology.

After receiving the recorded quit claim deed and REET Form for the Mitigating Right, Ecology will issue Surface Water Permit No. S4-33241P (the "New SMID Permit") that authorizes the continued use of SMID's existing point of diversion and new points of diversion, to serve the ongoing needs of SMID's irrigation operations. The New SMID Permit requires that mitigation be provided by the Mitigating Right as part of the establishment of a regional water bank.

5. **Term.** Subject to termination rights under Paragraph 9, the term of this Agreement shall be perpetual (the "Term"), it being the intention of the Parties that future SMID transfers of additional Mitigation water to Trust, if any, shall be subject to the terms and conditions of this Agreement.

6. **Third Party Assignments, New Applications and New Uses Authorized by Ecology.** Ecology agrees that in the future, SMID may apply itself for additional permit authority



from the Mitigating Right. In addition, a third party may apply for a new permit after agreeing to a Mitigation Assignment with SMID. In such event, Ecology shall issue new mitigated permits, as described below:

6.1 SMID will enter into a Mitigation Assignment for a portion of the Mitigating Right on such terms consistent with this Agreement as SMID may elect. SMID or such third party shall make application to Ecology to appropriate surface or groundwater at the desired location and for the intended use and quantities, together with all regularly required supporting information ("New Application"). The applicant shall provide proof of the Mitigation Assignment showing SMID's intent to provide mitigation as part of the New Application. The Mitigation Assignment will address the quantity of water provided, purpose of use, and the period of use and other statutory requirements.

6.2 Ecology will evaluate New Applications to ensure that the Mitigation Assignment, together with any other proposed mitigation measures, is sufficient to qualify the project for priority processing under Washington Administrative Code (WAC) 173-152-050 and that the application is in a location suitable for mitigation by SMID's Mitigating Right. New Applications may be processed by Ecology, or through cost reimbursement agreements (RCW 43.21A.690) between Ecology and SMID, or Ecology and the new applicant, at Ecology's discretion. The timing of application processing is subject to Ecology's permitting capacity when applications are submitted. Unless Ecology agrees in advance otherwise, SMID will not issue a Mitigation Assignment, as provided in Paragraph 6.4, below, requiring Ecology permitting action more than four (4) times annually.

6.3 Ecology will investigate New Applications that qualify for priority processing. Ecology will prepare reports of examination ("New Permit ROEs") recommending approval or denial of a permit based on applicable policy, rules, and law. Ecology's review of New Applications shall also include the following considerations:

6.3.1 A finding that the consumptive uses of the proposed project do not exceed the Mitigation Assignment. In connection therewith, Ecology will employ the same methods to calculate consumptive use under the New Permit ROEs as were employed in the calculation of consumptive use under the Mitigating Right approval or a comparable method with concurrence from SMID.

6.3.2 Conditions and limitations will be provisioned on the use of water consistent with the Mitigating Right held in Trust.

6.3.3 Ecology will provision New Permit ROEs consistent with its metering rule under Chapter 173-173 WAC. Metering requirements under New Permit ROEs premised on Mitigation Assignments to third parties shall be fulfilled by such third parties.

6.4 Following Ecology's New Application investigation, if Ecology issues a New Permit ROE approving the New Application, these steps will follow:

6.4.1 If a New Permit ROE is appealed, and Ecology determines the appeal is related to the Mitigating Right being insufficient to offset the impacts of the new permit, no further assignments of the Mitigating Right will be processed until the appeal is resolved. Appeals of New Permit ROEs on any other bases shall not restrict SMID's ability to enter into additional Mitigation Assignments with third parties, or to apply for additional permit authority for itself.

6.4.2 If a New Permit ROE is approved and there are no appeals, or the appeal is favorably resolved, Ecology will issue a mitigated permit.

6.5 In the event of cancellation of a permit, forfeiture of quantities authorized under a certificate, or quantities not fully perfected under a permit mitigated by this Agreement, Ecology shall notify SMID of such cancellation or forfeiture stemming from any portion of SMID's Mitigating Right. Any Assigned Mitigation in question will revert to SMID ownership, either directly or by being placed back into the Available Mitigation in Trust, from which SMID may request to reassign it.

6.6 If a mitigated permit is not needed for a proposed use (e.g., if the proposed use is for instream flow or for other uses that are exempt from Ecology permitting), Ecology may rely on the Mitigation Assignment without requiring an applicant to file a New Application, or for an ROE to be issued.

**7. Management of Mitigating Rights Held in Trust.** During the Term, Ecology's management of the Mitigating Rights held in Trust may include the following considerations:

7.1 Ecology, following advance notice to and in cooperation with SMID, may conduct an audit of the actual consumptive use of all mitigated permits and Mitigation Assignments at any time. Ecology's consumptive use audit will employ the same methods to calculate consumptive use under mitigated permits and Mitigation Assignments as were employed in the calculation of consumptive use under the Mitigating Right approval or a comparable method with concurrence from SMID. Ecology may determine how much of the remaining Mitigating Rights may be assigned by reviewing metering records as provided in Paragraph 6.3.3 and an up-to-date reporting spreadsheet submitted by SMID according to Paragraphs 7.5 and 7.6.

7.2 In addition to the protections against relinquishment in RCW 90.14.140(2)(h), at all times during the Term Ecology will manage, maintain, preserve and protect for the benefit of SMID and its successors, designees and assigns all aspects and attributes of the Mitigating Right, including, but not limited to, the priority date, the total diversionary right, instantaneous quantity, and annual quantity, from impairment, challenges, claims and relinquishment;

7.3 As expeditiously as reasonable, Ecology will process New Applications, or Mitigation Assignments where New Applications are not required, where all or a portion

of the Mitigating Right is proposed as mitigation. Ecology will take all steps necessary to comply with any restrictions imposed by other agreements to which Ecology may be subject, including, but not limited to memoranda of agreement and groundwater moratoriums, or subsequently enacted water right processing rules; and

7.4 Ecology will not assess or charge SMID any costs or fees for maintaining the Mitigating Right in Trust. The foregoing shall not be construed to prohibit Ecology from charging its regular, published costs and fees for water right applications, transfers, and investigations.

7.5 SMID will submit annual water metering data authorized for its uses under the New SMID Permit. The New SMID Permit will remain in permit status until its development schedule concludes and a certificate issues. If beneficial use at the end of the development schedule by SMID is less than that authorized, the portion of the New SMID Permit not beneficially used shall automatically become Available Mitigation under the Mitigating Right for future SMID use.

7.6 SMID will provide Ecology with an annual accounting of its water banking balance by January 31<sup>st</sup> of each year, including a summary of:

- Assigned Mitigation, including SMID permits.
- Available Mitigation.
- Water that is dedicated for the protection of instream flows.
- An accounting of any third-party permits and certificates issued by Ecology.

7.6.1 In accordance with the Consumptive Use Audits provision on Change Authorization CS4-84594-J, every five years starting in 2026, SMID shall provide a consumptive use audit using similar methodology to that conducted in the Report of Examination for CS4-84594-J. If the consumptive use audit finds that SMID has resumed use of water claimed as saved under CS4-84594-J, Available Mitigation will be reduced commensurately. In the event Available Mitigation is insufficient to offset resumption of use of water claimed as saved under CS4-84594-J, then SMID shall, within thirty (30) days, enter into arrangements acceptable to Ecology for donation or transfer of SMID out-of-stream rights to Trust, as necessary to fully offset such use. Notwithstanding the foregoing, SMID may demonstrate to Ecology that their consumptive use has been reduced at any time after the audit's findings in order to restore the full extent of their Mitigating Right in Trust.

**8. Representation and Warranties.** In keeping with the purpose of this Agreement and as a material part of the consideration for this Agreement upon which its execution is dependent:

8.1 SMID makes the following undertakings, representations and warranties to Ecology:

8.1.1 SMID is fully able to enter into and perform all its obligations in this Agreement according to its terms.

8.1.2 SMID is duly authorized to execute and deliver this Agreement.

8.1.3 Upon its full execution, this Agreement is binding upon SMID in accordance with its terms.

8.1.4 SMID shall use its best efforts to fully and timely perform its obligations and actions contemplated by this Agreement.

8.2 Ecology makes the following undertakings, representations and warranties to SMID:

8.2.1 Ecology is an agency of the State of Washington duly formed and authorized and fully able to enter into and perform all its obligations in this Agreement according to its terms.

8.2.2 Each individual executing this Agreement on behalf of Ecology is duly authorized to execute and deliver this Agreement.

8.2.3 Upon its full execution, this Agreement is binding upon Ecology in accordance with its terms.

8.2.4 Ecology shall use its best efforts to fully and timely perform its obligations and actions contemplated by this Agreement.

8.2.5 Ecology agrees that the Mitigating Right is suitable for mitigation and exercise of this mitigation will not impair the public interest, understanding that disposition of all New Application permit requests under this Application will likely occur over the course of many years. The New Permit ROEs will be evaluated through the 4-part test in RCW 90.03.290.

**9. Termination; Default.** SMID or Ecology may terminate the Agreement for convenience, or if either party defaults in its obligations under this Agreement; or if this Agreement, or a material portion thereof, be declared illegal or unenforceable; or, if either party, through no fault or action by such party, should be incapable or prevented from performing any material obligations or actions, the non-defaulting party in the event of a default or either party in any other above-described event shall have the right to the following:

9.1 Declare the Agreement null and void, whereupon the parties shall cooperate to alter or end the trust water right relationship contemplated hereunder in an orderly manner as follows:

9.1.1 SMID shall identify all in-process mitigation agreements and inform Ecology of their status. SMID shall not make representations regarding in-process third-party mitigation credit agreements and shall in each instance

work with Ecology to determine whether a Mitigation Assignment should be completed. If Ecology agrees, the permit process will be completed promptly in accordance with applicable policies, rules, and law.

9.1.2 Ecology shall promptly convey to SMID or its designee the Available Mitigation portion of the Mitigating Right. Ecology shall execute a quit claim deed transferring the remainder of the Mitigating Right back to SMID and removing the Mitigating Right from the Trust.

9.2 Each party shall be responsible for its own costs associated with ending the trust water right relationship hereunder in an orderly manner.

9.3 In no event shall the termination of this Agreement alter or affect any previously issued Mitigation Assignments for mitigated permits, certificates, or uses issued under this Agreement.

**10. Assignment of this Agreement.** If SMID chooses to assign this Agreement to another party, a request shall be submitted to, and agreed upon by Ecology, prior to any transfer of responsibility. This Agreement is binding upon and inures to the benefit of the parties to the Agreement as well as upon, and to the benefit of, their respective heirs, personal representatives, assigns and other successors in interest.

**11. Notices.** Any notice or communication required by this Agreement between SMID and Ecology shall be given to the addresses set forth below:

To Ecology:  
Water Resources Section Manager  
Washington Department of Ecology  
Central Regional Office  
1250 W Alder St.  
Union Gap, WA 98903

To SMID:  
District Manager  
PO Box 166  
Moxee, WA 98936

**12. Severability.** No provision of this Agreement is severable from any and all other provisions of this Agreement. Should any provision of this Agreement be unenforceable for any reason outside the control of the parties and subject to the provisions of Paragraph 9.1 above, the party finding itself unable to enforce the provision may, at its sole discretion, declare this entire Agreement to be null and void.

**13. Waiver.** If either party fails to exercise its rights under this Agreement, it will not be precluded from subsequent exercise of its rights under this Agreement. A failure to exercise rights will not constitute a waiver of any other rights under this Agreement, unless stated

in a letter signed by an authorized representative of the party and expressly waiving specified rights hereunder, which shall be attached to the original Agreement.

14. **Amendments and Addendums.** Amendments and addendums to this Agreement must be in writing and signed by an authorized representative of each of the parties.

15. **Applicable Law.** This Agreement will be governed and enforced under the laws of the State of Washington. Venue for any action arising under or related to this Agreement shall be in Yakima County, Washington.

This Agreement is executed as of the date first above written.

WASHINGTON STATE DEPARTMENT OF ECOLOGY

By: Trevor Hutton Date: 11/18/21  
Trevor Hutton, Section Manager  
Water Resources Program, Central Regional Office

SMID

By: Mike McGree Date: 11/18/21  
SMID President, Mike McGree

**Exhibit A: Table of Change Authorization, New SMID Permit, and Trust Water Description**

**Table 1: Attributes of Change Authorization No. CS4-84594-J**

<b>Application Date</b>	September 24, 2019
<b>Priority Date</b>	January 26, 1887
<b>Instantaneous Quantity</b>	38 cfs
<b>Annual Quantity</b>	13,781 ac-ft/yr
<b>Purpose of Use</b>	Instream flow and mitigation
<b>Period of Use</b>	April 1 to October 31
<b>Place of Use</b>	Yakima and Columbia Rivers commencing at existing point of diversion within SW¼NW¼ of Section 7, T. 13 N., R. 19 E.W.M., extending downstream to the Columbia River, thence to the Pacific Ocean.
<b>Point of Diversion</b>	Not applicable to instream flows and mitigation

**Table 2. Summary of Application New SMID Permit, S4-33241P**

<b>Attributes</b>	<b>Existing</b>
<b>Name</b>	SMID
<b>Priority Date</b>	September 24, 2019 January 26, 1887 (original priority date for purpose of regulation)
<b>Instantaneous Quantity</b>	11.41 cfs*
<b>Annual Quantity</b>	3,278.8 ac-ft/yr
<b>Purpose of Use</b>	Irrigation of 839.5 acres, frost protection, and other agricultural purposes
<b>Period of Use</b>	April 1 through October 31
<b>Place of Use</b>	SMID service area as described and depicted in <i>Acquavella</i> adjudication exhibits SMID 23 (A), (B), and (C)
<b>Point of Diversion</b>	1) "Pomona" within SE¼ of Section 8, T. 14 N., R. 19 E.W.M.; 2) "Fowler" within SE¼ of Section 7, T. 13 N., R. 19 E.W.M.; 3) "Roza Wasteway" within N½ of Section 17, T. 13 N., R. 19 E.W.M.

Note: \*During April, May, September and October, the applicant requests the Qi under the subject right be limited at the Pomona diversion only to the Qi authorized under existing Pomona water rights S4-84590-J, S4-84591-J, S4-84592-J, and S4-84593-J. Additionally, applicant requests that Qi during June 1-15<sup>th</sup> be limited as above only when flows as measured in the Yakima River below Roza Dam (Reclamation RBDW Station) fall below 1300 cfs.

**Trust Description**

1. The primary reach (including return flow) extends from Yakima River Mile (RM) 116 at the historic point of diversion to the approximate end of the Hubbard Canal at RM 107.5. The cfs apportionment is slightly less in each month than the *Acquavella* peaking by virtue of the averaging nature of Trust calculations and the variable number of days in each month. The secondary reach continues from RM 107.5 to its confluence with the Columbia River, then following the Columbia River to its mouth where it discharges to the Pacific Ocean (RM 0).
2. The Mitigation becomes available at Yakima RM 107.5 to the western edge of Klickitat County (RM 168 near Bonneville Dam). Potential future water bank customers may be in Yakima, Benton, Walla Walla, and Klickitat Counties as noticed.
3. The New SMID Mitigated Permit extends from the upstream Pomona Diversion at RM 129.1 to the end of the Hubbard Canal at RM 107.5. This water right will have both consumptive and return flow portions outlined in the table that will be used in this affected reach.

## Exhibit B: Quit Claim Deed

After recording return to:

Washington Department of Ecology - Water Resources ATTN: Trevor Hutton, Section Mgr. 1250 Alder St. Union Gap, WA 98903
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DOCUMENT TITLE: Quit Claim Deed – Water Right

GRANTOR: Selah-Moxee Irrigation District, a Washington irrigation district

GRANTEE: State of Washington, Department of Ecology

LEGAL DESCRIPTION: Instream Flow and Mitigation in the Yakima and Columbia Rivers

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### QUIT CLAIM DEED - WATER RIGHT

The GRANTOR, SELAH-MOXEE IRRIGATION DISTRICT, a Washington irrigation district organized under Chapter 87.03 RCW (“Grantor”), for good and valuable consideration, hereby quit claims, conveys and assigns to THE STATE OF WASHINGTON, by and through its DEPARTMENT OF ECOLOGY, STATE TRUST WATER RIGHTS PROGRAM, all of Grantor’s right, title and interest in the following described *portion* of the water right under Court Claim No. 01651 (A)03020 and (A)05449 and Court Claim No. 01888 (A)03019 (A)05450 (Certificate No. S4-84594-J) in *State of Washington v. Acquavella, et al.*, Yakima County Superior Court Case No. 77-2-01484-5, which is currently authorized for Instream Flows and Mitigation purposes of use under Washington Department of Ecology Change Authorization No. CS4-84594-J:

**Thirteen Thousand, Four Hundred Eighty-One (13,481) acre-feet annual use water, 37.173 cubic-feet-per-second peak instantaneous use, April 1st through October 31st. Of these annual quantities, 11,570.25 acre-feet annual consumptive use water, 30.683 cubic-feet-per-second peak instantaneous consumptive use, April 1st through October 31st.**

The subject water right, including the above-described quantities being conveyed hereunder, was formerly appurtenant to real property legally described as follows:



Portions of multiple Yakima County parcels (large irrigation district) within the Selah-Moxee Irrigation District service area, as described and depicted in *Acquavella* adjudication exhibits SMID 23(A), (B), and (C).

The portion of the subject water right being conveyed hereunder shall be administered and managed by the Department of Ecology as a trust water right under the Trust Water Right Program established in Ch. 90.42 RCW, subject to the terms and conditions of that certain *Trust Water Right Agreement* between Grantor and Grantee.

DATED THIS \_\_\_ day of November 2021.

GRANTOR:

SELAH-MOXEE IRRIGATION DISTRICT

*EXHIBIT ONLY – NOT FOR SIGNATURE*

By: Mike McGree, SMID Board President

STATE OF WASHINGTON        )  
  ) ss.  
County of Yakima                )

I certify that I know or have satisfactory evidence that Mike McGree is the individual who appeared before me, and said individual acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this \_\_\_\_ day of November 2021.

*EXHIBIT ONLY*

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Notary Public in and for the State of  
Washington  
My commission expires: \_\_\_\_\_



# DRAFT Water Mitigation Certificate

A Final Certificate must be recorded with the Yakima County Auditor's Office.

**Applicant Address**

Roza Irrigation District  
125 S. 13<sup>th</sup> Street  
Sunnyside, WA 98944

Grantor:	Selah-Moxee Irrigation District (SMID)	Certificate Number:	2024-04
Grantee:	Roza Irrigation District ("Applicant" or "Grantee")	Date Issued:	1-29-2024
Parcel Number(s):	N/A		
Site Address:	N/A		
Proposed Project Description:	Drought mitigation water used within RID Boundary		
Water use on these parcels is from:	Mitigation Quantity: <u>6,500</u> AF/Y (maximum)		
<input type="checkbox"/> groundwater well(s)	Duration: <input type="checkbox"/> Purchase		
<input checked="" type="checkbox"/> surface water	<input checked="" type="checkbox"/> Lease: <u>1</u> year		

Abbreviated Legal Description:  
(see page 2 for full legal description, if needed)

Water to be used within Roza Irrigation District boundary in 2024.

**Terms and Conditions:**

1. This Mitigation Certificate is for use on the above-mentioned parcel(s) and legal description only and is not transferable for use at other locations or for any other uses without SMID concurrence.
2. Grantee is required to independently develop its source of water and obtain Permit Authorization from Ecology.
3. SMID agrees it will reserve water authority for this Draft Mitigation Certificate for the time period allotted in the "Water Right Option Agreement".
4. SMID may cancel this Draft Mitigation Certificate if the Applicant is unable to obtain the Permit Authorization or any other Ecology-required approvals within the time periods allotted in the "Water Right Option Agreement".
5. If Ecology grants Permit Authorization for this project, then following payment of remaining required fees, that include, but are not limited to, closing costs and the remaining balance of the purchase price under the terms of the Water Right Option Agreement, SMID will issue a Final Water Mitigation Certificate to Grantee.
6. Grantee shall provide the Final Water Mitigation Certificate to Ecology and record it with the County Auditor.
7. If Ecology or a Court determines that any water use authorized by this Water Mitigation Certificate has been abandoned, relinquished, cancelled, or otherwise forfeited, then such quantity of water reverts to SMID without compensation to the Grantee. The Applicant has a duty to use and protect such water for its own use.
8. SMID is pledging senior water rights held in the Ecology Trust Water Right Program to offset the Grantee's project. However, all water rights, even senior water rights held by SMID to offset this Water Mitigation Certificate, may be subject to curtailment due to drought, lack of water, or other reasons. SMID makes no guarantee against such future curtailment or of any future Department of Ecology regulation, Court adjudication, or other legal action as to the validity or use of the water right.

Issued By

SMID

*Nathan Draper*

District Manager

*[Handwritten Signature]*

Manager Signature

Full Legal Description: *(if abbreviated on page 1)*

[Empty rectangular box for Full Legal Description]

# Item #4

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To: Roza Board Members  
From: Sage Park, Policy Director  
Date: February 6, 2024  
RE: Cloud Seeding Update

### **Modeling**

Cloud seeding models are used extensively to estimate the amount of precipitation generated through cloud seeding programs. Because there is no control point (cannot control the weather)– it is difficult to know for sure just how much precipitation is generated by cloud seeding. It is estimated that there is a 5%-20% increase in precipitation due to cloud seeding – this amount depends on several climatological factors including, temperatures, height of the cloud and the amount of liquid the cloud contains.

### **Process for cloud seeding to work:**

1. Need a cloud to form and it must contain supercooled liquid water (-6 degrees Fahrenheit)
2. Release silver iodide particles either by aircraft or ground-based generator
3. The silver iodide must disperse and reach the targeted clouds
4. Silver iodide forms ice crystals
5. Snow falls

### **Components of a Feasibility Study:**

- Climatological Analysis – This looks at how often there are opportunities for seeding clouds and the characteristics of clouds in the region. Historical data generated from surface stations, radar (which is good for summertime cloud seeding – but not winter) and weather balloons are used.
- Preliminary Design – Determine what methods of cloud seeding might target the clouds in the region most effectively.
- Test and Refine Design – this is where models are run to determine how effective each design option is at targeting and enhancing precipitation in the region.
- Operation components of a feasibility study also look at public engagement, forecasting data available to the region, communications, operational criteria/procedures, suspension criteria a data management.
  - The operations component includes looking at flight patterns in the region and if aerial operations are a good option. A permit from the FAA may be needed.

### **Environmental Considerations:**

- Environmental impacts of Silver Iodide have been studied for decades. Silver is harmful to aquatic life, however, the impacts of silver iodide on aquatic life are not as clear. The literature out there does not believe that there is enough silver iodide to do any harm to the environment. The studies cited are 10 to 20 years old. Silver Iodide did harm fish in laboratory tests conducted in aquariums – but it is not believed that the amount of silver iodide used in the tests would be released into the environment. Trace amounts of silver iodide have been found in snow after a cloud seeding operation, but they are below background levels. This is something for Roza to be aware of and to examine with our partners.

### **Permitting Requirements**

- Staff is continuing to research permitting requirements.

### **Partnerships:**

- We are going to need support from multiple partners. The Yakima Basin Integrated Plan could provide an avenue for public involvement and keeping communication open about cloud seeding in the Yakima Basin. We should also consider partnering with ski resorts and other private landowners if we deploy ground-based generators.

### **American Meteorological Society Weather Modification Conference:**

I attended the conference virtually from January 28- January 31. It was recommended by Weather Modification International and the National Center of Atmospheric Research. Take aways from the conference include:

- It is hard to tie precipitation to cloud seeding – modeling is heavily relied on to determine how well it worked –they run a model under the same weather conditions with cloud seeding and without estimating the difference in precipitation.
- A 2017 study out of University of Wyoming demonstrated cloud seeding worked to increase precipitation in the form of snow – they caught it on radar. This was the first study scientists documented on radar (according to the presenter).
- Need super cooled liquid to make snow with cloud seeding (-6 degrees Fahrenheit) – question to look at in the feasibility study - if cloud seeding is feasible, how long will this work for the Yakima Basin with increased temperatures and more precipitation in the form of rain predicted in the future – perhaps look at both snow and rain for increasing precipitation.
- Snowy Mountain in Australia has pristine winter conditions for super cooled liquid. The snowpack in the mountains produce water for hydro electric and irrigation in eastern Australia. They have been cloud seeding since 2004 to increase water supply. The presentation was mostly looking at modeling results in supercooled clouds, but we should reach out to Australia technical Experts to gather more information on their program.

### **Contacts in January:**

- We have reached out to WMI, Desert Research Institute and National Center of Atmospheric Research. A meeting with the National Center of Atmospheric Research is being set up in the first 2 weeks of February. This is the group being highly recommended.
- Tried to set up a meeting with Kala Goldsmith from Idaho Water Resources, but she was out on medical leave. We will connect in early February.
- Scott emailed staff from WA State Department of Agriculture and Washington State Department of Ecology a link from the November 2023r Cloud Seeding Workshop he attended and asked them to look at videos. We are pulling a meeting together with them once we meet with the National Center of Atmospheric Research.
- Requested \$250,000 in matching funds from Senator Warnick for emergency drought assistance.

### **January 2024 Board Meeting Information:**

- There are three aerial applicators operating in the United States, but only one that has experience with wintertime application, - that is Weather Modification International (WMI), out of North Dakota.
- Idaho operates 3 aircraft which average roughly \$650K-ish a season; aircraft and ground operations combined, they estimate about 1.2-million-acre feet of additional supply from CS on an average annual basis- and that's statewide. With total program costs just under \$4M, it pencils out to ~\$3.5-4.00/AF for Idaho's Program.
- The first step is a feasibility study. The following can conduct a feasibility study:
  - WMI
  - Desert Research Institute out of NV
  - National Center of Atmospheric Research

# Item #5

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To: Board of Directors

From: Scott Revell, District Manager

Date: February 6, 2024

Re: 2024 O&M Budget

*Scott*

**Overview**

Significantly increased expenses for equipment, insurance, labor and aquatic chemicals are expected and are built into the 2024 budget. Notably, decreased USBR O&M expenses offset most of the increases in the short term (1 to 3 years). Net expense changes are roughly +\$399,954.

The draft budget is based on an O&M assessment of \$202/ac. which is an increase of \$8.10/ac. and provides for:

- \$177.12 for the base assessment;
- \$6.94/ac. for Water Supply Development (\$500,000), which is no increase;
- \$17.94/ac. for Capital Rehabilitation of aging infrastructure (\$1,300,955), which is a \$1/acre increase-see attachments 1, 2 & 3

Pages 2 & 3 are a summary of the changes. A list of the income and expense line items are explained in more detail on pages 4 to 17.

Pages 18 & 19 are a list of issues on the horizon in 2025 and beyond, as well as items that are not included in the budget.

**Projected changes in non-assessment income in 2024 (w/out grants)**

Item	Projected change	Line Item	Notes
Interest	+ \$ 450,000	Interest	Conservative-may be more
Rentals	+ \$ 1,000	Rentals	Rent increases
Misc.	+ \$ 54,000	Misc.	Increases with the assessment/ac. & +\$50K for surplus 315
<b>Total</b>	<b>+ \$ 505,000</b>		Non-assessment income only

**2024 Expense Decreases**

Item	Change	Notes
Aquatic Herbicides	-\$25,000	Drought in 2023 resulted in less chemical usage due to lower flows which resulted in higher chemical carryover which more than offset price increases (90% in Main Canal).
Lateral aquatic canal herbicides	-\$102,100	Reduction due to updated allocation of 10% of total chemical costs rather than 30% in prior budgets.
Equip/bldg	-\$50,000	Fuel due to price decreases
USBR O&M	-\$603,000	Projection from USBR due to reduced O&M work (-\$275K) & 2023 credits applied in 2024 (-\$327K)
<b>Total</b>	<b>\$780,100</b>	<b>2024 projected expense decreases</b>

## 2024 Expense Increases

Item	Change	Notes
Equipment	+\$ 365,000	Deere 131 excavator & \$75K toward grader replacement in '26
Vehicles	+\$ 88,200	5 pickups (+1 purchased in 2023) on the replacement schedule
Main Canal	+\$ 480,000	One additional 5-month temp worker, +\$15K tree removal & +\$20K concrete panels repairs & maint. position #42 & \$225K for winter 2024-25 work program. Includes \$124.4K in net MC herbicide allocation increases. Includes #42 maint. position health benefits as of 3/1.
Pumps	+\$ 15,000	Power pole cross arm repairs/replacements by USBR
Pressure Proj	+\$ 100,000	Materials cost increases
Drains	+\$ 19,754	Drainage Improvement District #11 increase over 2023 & 2024 Joint Drain budget has been approved separately
Union wages	+\$ 95,000	Admin-3.25% contract union wage increases effective 1/1/24
Wages/ Benefits	+\$ 254,000	Main Canal & admin line items. Wage increases for non-union employee effective 4/7/24 & health care increases will add \$13K/yr. The Policy Director position will add \$127K & the 3 <sup>rd</sup> engineering staff position will add \$77K (w/ health ins) as of 3/1. The health benefits for crew position #42 are in the MC line.
Admin	+\$ 800	Additional ARC GIS license (recurring)
Admin	+\$ 10,000	Knuckle boom crane training (boom truck) not annual-recurring every few years. Larger groups have a cost efficiency. \$2K/ea
Insurance	+\$ 102,700	Liability premium increase of 17.7% (+\$89K in 2023)
RSBOJC	+\$ 10,300	The RSBOJC 2024 budget was approved in Nov.
Equip./bldgs.	+\$ 41,800	Digital equipment & pickup repair manual subscriptions & +\$35K for equipment & vehicle repair costs.
Water management	+\$ 25,000	Ditchrider tablet replacements & cell service for real time updates (\$5K is recurring for data packs during irrig. season)
Phones	+\$ 4,000	Service for additional devices
Misc.	+\$ 1,000	YBJB dues increase
Capital	+\$ 72,500	Additional capital improvements per the approved plan
<b>Total</b>	<b>+\$ 1,685,054</b>	2024 projected expense changes

1. **Assessments O & M-** Assessment income includes carryover from the prior year. There are 72,517.01 assessed acres in 2024. The assessment of \$202/ac. in 2024 includes:
  - \$17.94/ac for capital rehabilitation, and
  - \$6.94/ac for Water Supply Development.

Assessment income increases by \$72,517 with each \$1/acre increase. Assessment income does not include roughly \$98,800 in income from the U.S. Department of Defense for water delivery to the Yakima Training Center (See Miscellaneous income section below).

Note that budgets prior to 2022 used 72,000 acres for budgeting purposes.

2. **USBR-**Payments by USBR to Roza for reimbursable contract work on non-Roza USBR facilities such as the Wapato or Chandler canals. Assumed to be \$0 in 2023.
3. **Interest-**Interest from bank accounts and investments. Includes interest paid on delinquent accounts. Interest income is assumed to be \$800,000 in 2024 due to significantly increased return rates, which is an increase of \$400,000.

Staff's approach is to budget interest conservatively and use additional reserves if necessary (with Board approval), so as to avoid overly optimistic income forecasts and be short on revenue if interest rates decline and cause offsetting cuts or use of reserves.

2024 Interest is projected at \$800,000+. Interest was \$924,000 in 2023 and in \$286,000 in 2022.

Statements by the Federal Reserve chair indicate that rate cuts are possible in 2024, which could negatively impact the District's interest income. Rate cuts do not appear to be imminent in the first quarter of 2024.

4. **Rentals-** \$6,000 in income from rental of the two occupied ditch rider houses at Pump 13 and Wasteway #3. This represents an increase of \$1,000 due to rent increases.
5. **Miscellaneous-** All other revenue not captured elsewhere. Including:
  - Repair reimbursements for damage to Roza facilities by landowners (estimated at \$75,000),

- Payments by the U.S. Army for irrigation service to 489 acres on the Yakima Training Center (\$98,800 +/- and a net increase of \$4,000)
- Terrace Heights Irrigation District O&M payment income (\$93,000), which could increase with THID specific cost tracking.
- Surplus equipment/vehicles proceeds of \$85,000.
- Flowmeters installed as part of the pressure projects (estimated at \$30,000+/-) this amount varies annually.
- Late fees, which are minimal.

Miscellaneous income is projected to total \$380,900, which is an increase of \$54,000 in 2024 due to the U.S. Army payment increasing by a nearly equivalent amount and the sale of the surplus 315 excavator.

The surplus trip hammer was planned for auction previously but did not occur, and will occur in 2024.

6. **Tier II Water**-Income from the sale of Tier II water. The budget will assume the first \$500,000 of revenue from Tier II water in 2024 will be directed to the Water Supply Development fund (see also Expense section #20 on page 17 below) unless otherwise directed by the Board.

Tier II water income in excess of \$500,000 goes to the undesignated operating reserves unless otherwise directed by the Board.

2023 Tier II income was \$27,200 (net+/- w/ refunds) as of the end of October.

7. **Other Unbudgeted**-Grant income.

- The state grant funds for Main Canal sealing are reimbursable and will be received in mid-2024 in the amount of just over \$600,000. See page 6 for additional information on the sealing grants.
- BPA efficiency incentive grant funds in the amount of approximately \$40,000 will be received in 2024 due to the Phase 1 Pump 14 ECS project.
- \$500,000 in reprogrammed federal COVID relief funds through Yakima County for the Pump 3 Low ECS project.

8. **Reserves**-The 2024 budget is built using money from the reserves, as follows:
- \$12,000 from the Drought Fund to pay for replacing emergency floats at pump stations.
  - \$153,000 to balance the budget
  - \$206,000 from reserves to fund 2024 capital projects per the approved 2022-26 capital improvement plan.
- \$371,000 Total from reserves in 2024

Note that the reserves were enhanced in 2021 by planned underspending on capital projects by \$264,000 and due to there not being an ECS project in 2021-22 and in anticipation of the 2023 & 2024 shortfall in the capital program. See also Section #21 below.

The Drought Fund balance was \$4,049,214 as of the end of October 2023. Repairs to the Wasteway 5 Re-Regulation Reservoir will be approximately \$330,000 and are being funded from the Drought Fund. SMID water lease/purchase option of \$195,000 will also come from the drought fund. After those expenses the fund will stand at approximately \$3,524,214. Cloud seeding related expenses of up to \$250,000 have been approved from the drought fund but have not been incurred.

No O&M assessment dollars have been budgeted to build operating reserves or the drought fund in 2024, although reserves build when line items are underspent.

### Expense Line Items

1. **Main Canal**-Mowing, embankment repairs, check structures, lining, lining drain maintenance, terrestrial and aquatic weed control, concrete sealing, repair and replacement, three re-regulation reservoirs, and O&M along two sides of 95 miles of Main canal, labor, equipment/vehicles, materials, mileage (but not fuel). Wasteway operation and maintenance labor and equipment, including:
- All chemical purchase costs (aquatic and terrestrial) are projected at \$473,000, of which:
    - ✓ Cascade
    - ✓ Acrolein
    - ✓ Teton
    - ✓ Liquid copper
    - ✓ Copper sulfate
    - ✓ Re-reg reservoir treatments
    - ✓ Terrestrial chemicals
    - ✓ Red & blue dye approximately
    - ✓ Ancillary equipment and supplies

Total chemical purchases are projected to decrease by \$25,000 due to larger carryover inventories which resulted from reduced chemical usage during the 2023 drought.

Each season has a different amount of carryover chemicals unused from the prior year.

The 2024 costs are estimates based on new pricing with early purchase discounts through the Northwest Irrigation Operators purchasing pool to obtain better pricing through bulk discounts.

These are the chemical purchase costs only, and include dye, but do not include equipment, labor, fuel and lab analysis of samples. Ancillary equipment includes repairs to the chemical pumps, trailers and miscellaneous chemical application equipment.

- Roughly 90% of aquatic and terrestrial chemical costs (\$425,700) are assigned to the Main Canal, which is an increase of \$124,400 in this line item due to the updated proportion of chemical expenses assigned to the Main Canal. Chemicals used in the re-regulation reservoirs are included in the Main Canal line item.

Approximately 9% of the herbicide expenses are for terrestrial weed control.

- Nine 5-month temporary workers in 2024 as follows:

Tasks	#	Notes
ECS (lateral canal piping)	3	Same as 2019-2021
Canal starts up	3	Same as 2021 + 1 over 2022
Weed pulling/water truck	1	Same as 2019-2022
Grouting	1	1 less than 2021
Warehouse	1	Same as 2019-2022

This is an increase of one temporary worker compared to 2023. See the table on page 19.

Not all temporary workers are listed in the Main Canal line item. Each five-month temporary employee costs the District a total of around \$20,500 in wages and payroll taxes, but not including unemployment if the employee files after leaving the District.

- The Main Canal line item also includes the following items
  - ✓ Canal geo-liner purchase-one roll (\$7K/yr.) for lateral leaks, undershot exit headwalls and repair of existing liner. Liner is typically purchased in multi-roll orders every few years to save on freight costs.
  - ✓ Grouting materials expenses (\$34K/yr.) The amount can vary widely based on grout machine down time and the size of the voids being filled but peaks at approximately \$34K/yr. +/-
  - ✓ Concrete panel repairs (\$35K/yr.) which is an increase of \$20K.
  - ✓ \$25K/yr. for tree trimming/removal using contractors along the canals. Which is an increase of \$15K
  - ✓ \$75K/yr. is included to purchase crushed rock for canal O&M roads & miscellaneous use (e.g., flowmeter pads, etc.).
- \$75,000 for fuel was added to the Main Canal line item in 2022, that allocation was moved to the Equipment-Building line item plus an additional \$75,000 in 2023 and is unchanged in 2024.
- The maintenance crew will consist of 42 full time positions, which is an increase of one position (\$62,000 if filled after 3/1/24). See the table on page 19.

2. **Lateral Canals-** Includes: mowing, embankment repairs, terrestrial and aquatic weed control, labor, equipment/vehicles, and materials for 37.5 miles of open ditches and 352.2 miles of piped laterals.

Roughly 10% of chemical costs are assigned to the lateral canals, which equates to about \$47,300 in 2024, which is down \$102,100 from \$149,400 in 2023. Note that prior to 2024 the total chemical usage on lateral canals was assumed to be 30% of total expenditures.

3. **Drains-** The network of drains is nearly as extensive as the network of canals. This line item includes:

- Joint Drains (\$306,238). There are 30 joint drains and three wasteways whose O&M costs are shared with SVID. Joint Drains costs are projected to increase \$8,500 in 2024. Joint Drains are administered by SVID (and charges 15% for overhead), and Roza is billed one time per year in January. SVID has a drain crew of nine people.



Joint Drains have a separate budget which lists projected expenses for each drain, and was approved by the Board in September 2023.

- Drainage Improvement District (DID) #11 is the lower Moxee A drain and five smaller tributary drains and had been budgeted at \$62,000 in 2023. DID #11 expenses can vary widely.

DID #11 is no longer operated by Yakima County, but instead by the DID #11's own staff and Roza is billed twice a year. DID #11 expenses have increased markedly in recent years and staff has been securitizing these expenses.

Roza expended \$6K to \$10K in 2023 labor and equipment to perform maintenance work in DID #11 drains and can do so again in 2024.

The Roza Board accepted the DID #11 2024 budget proposal in August, which included a Roza portion of \$81,254. Assuming \$8,000 in credits for work done by Roza in 2023, the net fiscal impact to Roza in 2024 will be \$11,254 more than the 2023 budgeted amount.

Roza is continuing to propose undertaking more of the DID #11 work to reduce costs.

- Roza labor, equipment and fuel expenses related to operating and maintaining Roza drains. Expenses to maintain Roza drains can vary widely and increased drain expenses are typically offset with reduced Main Canal or lateral canal maintenance expense reductions, and are projected at \$15,000.

The various types of Roza drains includes:

- ✓ Lining drains (through the Main Canal floor in concrete lined sections);
- ✓ Undershot drains (draining land uphill of the Main Canal under the canal);
- ✓ Toe drains (drain to collect seepage at the toe of the canal slope);
- ✓ Overshot drains (into the Main Canal from upland areas); and
- ✓ Pickup drains (on-farm runoff conveyed via a swale following the lay of the land to a larger drain).

The total net drain expenses, for all types of drains is expected to increase by at least \$19,754 due to DID #11 & Joint Drain expenses.

4. **Pumps**-Maintenance, operation, repair and replacement of Roza's fifty-seven 1940s era pumps at the eighteen pumping plants, and includes intake screen expenses as well as wages and benefits for the District's two Pump Mechanics, mileage (but not fuel), tools and parts. Non-capital expenses in this line item fluctuate but have ranged from \$360,000 to \$380,000 over the past two years.

This line item includes:

- \$75,000 for pump motor reconditioning and rewinds. This amount assumes \$25,000 for five pump reconditions and \$50,000 for two rewinds (at \$25K per unit +/- typically). These expenses can vary by season, and are time sensitive to get the work done before the irrigation season begins.
- An increase of \$10,000 to account for increased pump repair costs, particularly machine shop costs when repairs occur.
- A reduction of \$10,000 to test roughly half of the 57 pump motors. Testing occurs roughly every five years over a two-year period. 2023 was year 2 of the most recent 2-year testing cycle. Testing was previously done in 2014 & 2015. This amount can be eliminated in 2024.
- An increase of \$15,000 for power pole cross arm repair and replacement by USBR. The power poles support the wires which supply power to the 18 pumping stations which provide water to 27,000 acres of land served by the pump lateral canals.

The total net increase in the Pumps line is \$15,000 in 2024.

5. **Safety-Drug testing**- Safety training costs, canal safety education, and drug tests. Staff wages during safety training and personal protective equipment.
6. **Pressure Projects**-Piping lateral canal Pump 14-phase 2 (to be completed in 2024) \$2,500,000. Includes the cost of pipe, labor, equipment and fuel. The pressure project crosses the fiscal year because the pressure project begins in September and ends in March. The next ECS project (Pump 3 Low) will begin in the 3<sup>rd</sup> quarter of 2024.

Includes pressure project related expenses such as:

- Equipment rental (\$60,000 +/-)
- Road rock (\$153,000 for Pump 14)

- Three temporary employees (\$61,500) for the 2023-24 enclosed conduit system (ECS) project come from this line item.

The road rock expense for both phases of the Pump 14 ECS project is estimated and was incurred in 2016 as part of a large multi-project rock purchase. Road rock for ECS projects varies from \$80,000 to \$220,000 based on the size of the project.

7. **Reimbursables-** Includes:

- ✓ Contract work for USBR by Roza crews on non-Roza facilities,
- ✓ Repairs for damage done by land owners,
- ✓ Cooperative piping (Roza installed land owner purchased pipe)
- ✓ Flow meter replacement/relocations, etc. (E.g., 6005 jobs).

The 2024 budget assumes no USBR related expenses. Reimbursables can vary widely, and are projected at \$75,000.

8. **Equipment-Buildings-** Equipment & vehicle repair (parts and labor), fuel, facilities and grounds maintenance, and operation for all Roza facilities, shop expenses (parts and labor), miscellaneous tools and equipment and equipment operating expenses. Included are:

- \$60,000 is included for major equipment & vehicle repairs and building repairs, which is a \$35,000 increase.
- \$15,000 has been included for small tools (no change).
- \$6,800 in new subscription repair manual costs for equipment and vehicles.
- \$50,000 less for fuel due to price decreases

The District typically incurs \$50,000 to \$60,000 in tire purchases, tire repairs and wheel alignments annually which are included in this line item.

The 2024 budget does not include funds to rebuild the Warehouse roof (\$275,000).

9. **Water Management** –Wages and benefits for thirteen Ditchriders and four relief riders to cover vacations/sick days during the water season and vehicles and related expenses. 2024 wage increases are captured in the Administration line item. Relief Ditchriders come from the maintenance crew when a Ditchrider is ill or on leave, or at training.

This line item includes Ditchrider overtime for weekends and holidays which totals approximately \$55,000, which is approximately a \$19,000 savings over prior years beginning in 2023 due to scheduling efficiencies (2 employees on weekends and holidays instead of 3).

10. **USBR O&M and Power-Roza** has contracts with USBR for operations and maintenance of the five reservoirs, and for delivery of electric power for Roza's eighteen pumping plants.

Both the O&M and power costs are billed by USBR to Roza in two installments each year (June and December). The first 2024 installments were paid in December 2023.

Estimates from USBR

	2018	2019 initial est. from USBR	2020 budget w/ 2019 O&M credits	2021 initial estimate from USBR	2022	2023	2024
Power	\$886,691	\$886,691	\$886,691	\$886,691	\$1,126,000	\$1,113,350	\$1,113,350
O&M	\$980,000	\$1,027,000	\$727,044	\$1,067,000	\$ 991,000	\$1,121,000	\$ 518,000
Total	\$1,866,691	\$1,913,691	\$1,613,735	\$1,953,691	\$2,117,000	\$2,234,350	\$1,631,350

**USBR Power**

This is the cost of power to pump irrigation water to the lateral canals which irrigate 27,000 acres above the Main Canal which are served by the 18 pump stations and to pump water into the WW5 re-regulation reservoir.

- The 2024 power estimate of \$1,126,000 was given to Roza in September 2023, and represents no change.
- 2024 power expenses are paid 50% in December 2023 and 50% in June 2024. When there are credits, they come off the June (2<sup>nd</sup>) payment.
- Power expenses are spread out over all 72,517 assessed acres pursuant to a 1953 vote of the water users.

## **USBR O&M**

- Preliminary estimates from USBR in September were that O&M charges would decrease by \$603,000 in 2024, due to unfilled vacancies at USBR and project work not occurring and \$327,000 in projected credits from 2023 which will reduce the 2024 bill.
- 50% of 2024 O&M expenses (\$422,500) will be prepaid in December 2023. 50% is paid in June, and when there are credits, they come off the June (2<sup>nd</sup>) payment.
- The breakdown for USBR O&M costs are:
  - ✓ \$523,000 for Roza's proportionate share of USBR's Yakima Project storage system, which is a decrease of \$279,000.
  - ✓ \$322,000 for Roza's proportionate share of O&M for Roza dam, the first 11 miles of the Main Canal (which are the "reserved works") and wasteway O&M, which is up \$3,000.
- The irrigation districts pay 50% of the USBR's Yakima Project O&M costs and Roza's portion is based on its percentage of the total water diversions.

For example, if Roza accounts for 22% of the water diverted in the Yakima Project, Roza is charged 22% of the 50% of O&M costs that the irrigation districts pay.

These cost decreases may last for a few years, but are temporary because they are the result of an abnormally large number of unfilled positions in the Yakima Field Office. At some point, those jobs will be filled and maintenance work will increase and Roza's costs will increase commensurately. The credits are equal to over \$8/acre in 2024.

**USBR-Construction-** This line item has been eliminated due to payoff of the loan!

### **11. Administration-General Expense-**

- Non-union wages, salaries and benefits (15 positions) not captured in the line items above. The budget includes a 4.1% COLA for non-union employees in 2024 effective on April 7<sup>th</sup>.

- A third engineering position will be filled which adds \$92,000 in salary and benefit expenses. The position had been vacant since 2020.
- Re-filling the Policy Director which adds \$127,000. The position had been vacant since 2017.
- Health insurance and fringe benefits for all Roza employees, including the two new positions which are projected to increase by \$38,000;
- Board expenses (meeting fees, training and travel);
- Staff travel and training (+\$10,000 knuckle boom training in 2024);
- Expenses related to State audits;
- An additional ARC GIS license fee (\$800)
- Union wage increases (\$95,000)

This line item also again includes \$5,000 for scheduled computer upgrades.

12. **Legal-** The District uses two law firms. Brian Iller is the District's general counsel and Cascadia handles environmental issues.

Outside counsel is hired on occasion when specialty expertise is required, and in some cases is paid from separate line items. Expenses can vary widely based on the complexity of the issues encountered during the year.

Expenses have ranged from \$50,000 to \$80,000 in recent years, not including litigation defense and water supply development.

13. **Insurance-** Liability insurance for the District's properties and operations. Total expenses for insurance in 2024 are projected to increase significantly based on current coverage levels increase by 17.7% (\$93K) to \$640,705 (which includes fleet additions during 2023) and which also includes the broker fee to HUB, International which remains unchanged at \$10,000. Both are paid in December of the year prior and are expensed monthly.

The District's policy includes \$10M in coverage plus \$10M in additional coverage called "excess coverage" (e.g. in excess of the baseline). The premium for the "excess" coverage has been increasing significantly. Insurance premiums

continue to increase, particularly for the last \$5M in liability coverage that is in excess of the \$10M base coverage

The additional \$10M of excess insurance coverage had gone from roughly \$7,500 ten years ago to over \$62,000 in 2023 due in part to Coronavirus related risks and partially due to the ever-increasing litigiousness environment. Insurance premiums are being driven upward by the number of claims reaching the excess coverage layer, large judgments awarded by juries, higher settlements as a result, and defense of COVID related claims.

The District's deductible is \$10,000 and the budget does not include funds for paying deductibles. Two full deductibles were paid in 2019 and none in 2020-2022. One in 2023 (for a pickup fire). Claim payouts typically range between \$6,000 to \$12,000 per year and are not budgeted.

The District has examined increasing the deductible to \$25,000, \$50,000, or \$100,000 in order to reduce premiums. The premium reductions were not significant and did not justify the higher deductibles, although that may change in the years ahead.

The District is in the Cities Insurance of Washington Pool, which allows water districts and sewer districts to join. School districts are in a separate pool for risk rating, because they have different risk profiles.

The insurance policy runs from December 1<sup>st</sup> to November 30<sup>th</sup> each year. The District's insurance broker shops the coverage package with other carriers annually.

Roza's insurance follows the districts vehicles & equipment no matter who is operating them. Insurance expenses can vary during the year because when new vehicles and equipment are added to the fleet the insurance for them is added to the policy and when old ones are sold the district gets a small credit.

14. **Phones**- \$49,000 in cell phone & tablet charges in 2024, plus \$2,700 for landlines and Wi-Fi for the Upper End and Lower End offices are included in this line item. This line item increases by \$4,000.

- Landlines for the Roza headquarters in Sunnyside are budgeted through RSBOJC due to the shared computer/phone system.
- Cellular SCADA data transmission is budgeted in the Main Canal line item.

15. **RSBOJC-** RSBOJC expenses (water quality, safety coordinator, shared phones/network expenses). Total RSBOJC expenses are projected to increase by \$5,646 in 2024, although Roza’s share will increase by roughly \$10,323 in 2024, due to the reduced use of reserves which were drawn down over the past few years.

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Change</b>
Roza	\$256,934	\$270,436	\$399,683	\$338,166	\$388,977	\$399,300	+\$10,323
SVID	\$256,934	\$270,436	\$399,683	\$338,166	\$388,977	\$399,300	+\$10,323
<u>RSBOJC Reserves</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$ 50,000</u>	<u>\$150,000</u>	<u>\$100,000</u>	<u>\$85,000</u>	<u>-\$15,000</u>
Total Budget	\$913,868	\$940,872	\$849,366	\$826,332	\$877,954	\$883,600	+\$5,646

RSBOJC is administered by SVID and annual expenses are paid in January and are expensed monthly. RSBOJC reserves are projected to be \$162,466 at the end of 2024.

16. **Miscellaneous-**Dues and subscriptions, office building utilities, computers, office equipment and supplies, publishing, miscellaneous taxes and bad debt.

Major association dues are unchanged in 2024 (unless noted). All dues are paid in the first quarter of the year.

- \$43,000 Yakima Basin Joint Board (+\$1,000)
- \$39,900 Yakima River Basin Irrigation Legal Coalition
- \$28,900 Washington State Water Resources Association (\$6,900 of which is the legislative portion which includes NWRA dues and the association’s lobbyist in Olympia)
- \$8,700 Family Farm Alliance (\$0.12/acre)
- \$100 Northwest Irrigation Operators dues, which includes the herbicide purchasing pool

This line item increases \$1,000 in 2024 over 2023.

This line item had been combined with RSBOJC expenses prior to 2015.

17. **Equipment Purchase-** \$365,000 is budgeted in 2024 compared to \$0 in 2022 & 2023. The District had been budgeting roughly \$300,000 for equipment replacement in recent years.



A 314 excavator was replaced in the Fall of 2023 with a John Deer 130 at a cost of \$290,000. The purchase occurred early because the unit was unexpectedly available immediately.

The budget also includes \$75,000 toward replacement of the grader in early 2026 (in combination with the regular 2026 equipment allocation).

Note that separate approvals by the Board outside of the budget have funded other equipment purchases.

Equipment is typically purchased through a purchasing pool to obtain the best pricing. Lead times are often 6 to 18 months.

18. **Vehicle Purchase-** The following are scheduled for purchase in 2024: 4 ditchrider trucks, and 1 pump mechanic truck at a total cost of \$299,000.

Note that \$18,000 from the 2023 O&M budget was used toward the 2024 pump shop truck replacement, which increased significantly in price from the initial estimates presented to the Board in August in 2023.

2023	\$155,000
2022	\$0
2021	\$150,000
2020	\$230,000
2019	\$230,000

\$230,000 which had been budgeted annually for the past several years, which equals \$290,000 in 2023.

Vehicles are typically, but not always, purchased through the state contract buying pools that the District has access to. The pool is accessible by all public entities and in some cases, there is reciprocity with neighboring states. See also the 2025 and beyond section.

19. **Water Supply Development-** \$1,000,000 is budgeted for permitting, design and related expenses for water supply development projects as well as water right/supply acquisitions or upstream capital improvements outside of the district which could result in additional water being available during future droughts.

This line item is funded with \$500,000 from assessments and \$500,000 from Tier II revenue, provided that Tier II revenue is received in 2024. Prior budgets had \$500,000 in Tier II revenue, except for 2021 in which \$300,000 was budgeted.

The Water Supply Development fund balance stood at \$4,049,138 as of November 2023.

Year	Assessed portion \$6.94/ac.	Tier II portion	Total Income	Notes
2017	\$500,000	\$450,560	\$ 950,560	Net tier II revenue was less than \$500K
2018	\$500,000	\$500,000	\$1,000,000	
2019	\$500,000	\$ 53,920	\$ 553,920	Less than full water supply
2020	\$500,000	\$500,000	\$1,000,000	
2021	\$500,000	\$300,000	\$ 800,000	\$200K budgeted from Tier II to balance budget
2022	\$500,000	\$483,000	\$ 983,000	Some Tier II 2022 revenues were reprogrammed for winter work projects and equipment
2023	\$500,000	\$27,360	\$ 527,360	Less than full water supply
2024	\$500,000	\$500,000	\$1,000,000	Presumes full water supply
Totals	\$4,000,000	\$2,814,840	\$6,814,840	Total WSD fund income through 2024

**20. Capital Rehabilitation-** \$1,312,500 for several projects. The project-by-project spending plan for these funds in 2024 was approved by the Board on 9/6/22.

This line item increases by \$72,500 in 2024 with a \$1/ac increase for capital projects. \$17.94 per acre of the assessment funds these projects. Note also the use of \$12,000 in drought funds.

The capital projects have been removed from the individual line items (e.g. Main Canal, Pumps, etc.).

## Looking ahead to 2025 and Beyond

- The USBR O&M cost decreases may last for a few years, but are temporary because they are the result of an abnormally large number of unfilled positions in the Yakima Field Office. At some point, those jobs will be filled and maintenance work will increase and Roza's costs will increase commensurately.

Combined with much higher interest income, which equals \$5/ac +/-, some expenses increases are offset.

- USBR power costs will be stable through 2026.
- The equipment budget will need to be fully funded (\$300K+) and needs to increase to keep up with inflation. The updated plan should assume a reasonable escalation rate for future budgets. \$300,000 in 2017 = \$380,000 in 2024.

Looming equipment replacements: over the next several years include:

- ✓ Sterling dump truck (2025)
  - ✓ Grader (by 2026 using accelerated equip replacement funds from '24-'26) \$480K +/- w/ GPS
  - ✓ 315 Excavator (2027 which was \$290K in 2023)
  - ✓ 1952 small grader
  - ✓ Forklift
  - ✓ Vac truck (to replace the jet truck)
  - ✓ Boom truck
  - ✓ Pup trailer & long stick excavator boom
  - ✓ #201 side boom & mower head
  - ✓ New Holland mowing tractors (previously planned to not be replaced as open canal are piped)
- Union labor costs will increase at a not yet known rate in 2025-27 due to the labor agreement expiring in December 2024.
  - Liability insurance is expected to increase significantly again in 2025.
  - 3 pickups and the Suburban are scheduled for replacement in 2025 and will total \$215K+/-.
  - Aquatic weed control chemicals will increase. If the first two Sonde dye detectors prove to be a good investment up to three more will be requested at \$12K/ea. over 2025-2027
  - Replacement pump station switchgear, which can run over \$1M for a larger pump station may be necessary before the pump station is replaced, although doing so will reduce the eventual pump station replacement cost proportionately.

- Replacement of the pump station main tubes from the pump to the head weirs at all 18 pump stations. Costs are not yet known. The tubes need to be examined to begin prioritizing replacement.
- Two-year pump testing cycle will begin again in 2027. The cost during the 2022/2023 cycle was approximately \$10,000 total.
- The District's will need to budget more for rock purchases when the stockpile at Rothrock Road is exhausted. Roughly 50% of the crushed rock pile will remain at the start of the 2024 irrigation season.
- DID #11 expenses should trend downward in 2025.
- The warehouse roof needs to be replaced.
- A ditchrider position can be eliminated in 2028 when Pumps 13 & 14 piping is complete, which will also coincide with the need to add a pump mechanic.

**Items Not Included in the O&M Budget**

- Leave payouts for employees who retire or leave voluntarily (including via voluntary separation agreements). Two longtime employees will also likely retire 2024. They have leave accumulations of approximately \$35,000 to \$75,000.
- Deductibles and claim payouts. The District's deductible is \$10,000 and the budget does not include funds for paying deductibles. Two full deductibles were paid in 2019 and none in 2020-2022. One in 2023 (for a pickup fire). Claim payouts typically range between \$6,000 to \$12,000 per year and are not budgeted. Claims in 2023 have been just over \$3,000.
- Acquisition of a future HQ site & chemical building

Year	Full time Crew size	Temps	Total temp mos.	Union positions only (not supervisors)
2014	39	0	0	Often 1 to 3 workers were out or were on light duty for extended periods at any given time.
2015	39	0	0	“ “
2016	39	3	9	Three-month temps for ECS added using Tier II funds
2017	43	3	9	1 Troubleshooter, 1 Equipment operator and 2 relief ditchriders/class III maintenance positions added. The crew went down to 41 w/ 2 promotions mid-2017. New Maintenance Superintendent & Asst.  Three-month temps for ECS & planned Nov. Friday OT
2018	41	7	21	Three-month temps (4 in O&M & 3 ECS)
2019	43	10	50	2 crew added (to backfill the spots created by the promotions to supervisory jobs in 2017) plus 3 five-month temps were added for a total of 10 temps  The rules changed in 2018 due to a Supreme Court ruling affecting union membership and temps could work 5 months & w/out joining union or the state retirement system. Total budgeted temp months increased from 21 to 50
2020	43	10	50	Five-month temps (COVID absences diminished crew )
2021	41	9	45	2 crew positions eliminated to balance budget. five-month temps
2022	41	7	35	Five-month temps (2 temps cut in Dec.)
2023	41	8	40	Five-month temps
2024	42	9	45	Five-month temps

Crew size	Overall effect* (w/ 7 to 10 temps)
38-40	Little to no progress on backlogged work and the backlog grows at times
40-41	Some progress at times on backlogged work (usually winter & before/after aquatic treatments occur during irrigation season)
42-43	Very good progress on backlogged work all year

\*These are generalizations, and can be affected by the number of workers out due to illness, injury & delays in filling vacancies.



To: Board of Directors

From: Scott Revell, District Manager

Date: February 6, 2024

Re: Capital Plan, ECS Schedule and Pump Station Replacement Plan Updates

**Attachments**

1. Capital Plan dated XXX
2. Enclosed Conduit Schedule dated XXX
3. Pump Station Replacement plan dated XXX

**Capital Plan Background**

The capital plan was updated in February 2021. At that time the plan envisioned the district not undertaking an ECS project in the winter of 2025-26. The off year was planned in order to free money up to fund the cumulative pump station deficit years (2023 to 2025) and to free up crew capacity to address a long list of backlogged maintenance items.

The supply chain related price spikes in 2021 caused the district to take the off-year four years earlier than originally planned (2021-22 instead of 2025-26).

The capital plan was last updated in September 2022. The plan was synchronized to the Enclosed Conduit System Plan and the Pump Station Replacement Plan. Since that time, some projects have been completed and a few priorities have changed.

- 2022 & 2023 have been deleted and 2027 & 2028 have been added in their place.
- The Sparling meter replacement and siphon valve replacement projects have been completed and have been removed from the plan.
- There have been difficulties finding parts for motor protection relays and a different approach is needed. The costs are not yet known, but are expected to be significantly higher than the \$6,000 per unit estimated previously. Staff will be report back with a new

approach. The work may need to be spread out over more years in order to deal with the cost increases.

- There are a couple of recurring annual minor expenses that should be moved to the O&M budget as noted in the plan. \$14K for Main Canal PLC motor controllers and \$1K for water level sensor replacements are annual expenses.
- The updated plan assumes additional \$1/ac. assessment increases in 2025-2028. The prior version did not include increases beyond 2024. Staff is seeking direction from the Board as to the acceptability of this change. Each \$1/ac. increase results in just over \$1,000,000 in 14 years.

2024	\$17.94/ac	x 72,517 acres	= \$1,301,000
2025	\$18.94/ac	x 72,517 acres	= \$1,374,000
2026	\$19.94/ac	x 72,517 acres	= \$1,446,000
2027	\$20.94/ac	x 72,517 acres	= \$1,518,000
2028	\$21.94/ac	x 72,517 acres	= \$1,591,000

The Board could choose to not implement increases beyond 2024, or could choose to implement smaller increases (or in alternating years) or larger increases to expedite funding long overdue long-range improvements and to account for rising costs. A decision is not expected but guidance to staff would be helpful.

- The \$857,000 in combined net deficits from 2023-2025 shown in September 2022 were to be addressed as follows:
  - ✓ \$242,000 available from under spending the Pump Station line item in 2021;
  - ✓ \$264,000 available from under spending the Pump Station line item in 2022
  - ✓ \$355,000 available from under spending the Pump Station line item in 2026
  - ✓ \$595,000 available by deferring the first phase of the ECS Pump 14 High ECS project in the winter of 2021-22 to 2022-23.\$1,456,000 Total
- ✓ \$900,000 expected in 2022 to available in 2025 from moving Pump 3 Low up the schedule four years (see note below on page 4 which explains that the amount available is closer to \$500,000).

There is also a combined pump station shortfall in 2027-28 of \$193,000.

- The cumulative net capital plan deficits were addressed with the knowledge and direction from the Board that the safety of dam's repairs at Kachess Dam, which total just over \$1.1M, were secondary to the capital shortages in 2023-2025. It was expected that the dam repairs would absorb any residual savings listed above and would require

funds from reserves unless the dam repair expenses were incorporated in the annual assessment in some manner.

Roza's obligation for the dam repairs is \$1,117,598 million on the following schedule:

September 1, 2023,	\$368,807 (paid in 2023)
September 1, 2024	\$603,503
September 1, 2025,	\$ 73,761
September 1, 2026	\$ 39,116
September 1, 2027	\$ 32,411

- An agreement with BPA & USBR concerning power pole replacements in Moxee is pending but is not imminent as of mid-January according to USBR staff. We have been advised that there will likely be 9-to-18-month advance notice before payment is due.
- The capital plan was revised in late 2022 when the 2023 budget was being crafted to base the capital charge on 72,517 acres. Prior to that time, the plan was based on 72,000 acres. The difference is about \$9,000.

#### **Enclosed Conduit System (ECS) Plan Background**

- The Board approved a \$13/ac assessment increase beginning 2014 to expedite the remaining piping work. At that time, the remaining projects were expected to be completed in fourteen years for a total cost of \$34.8M to conserve 9,139-acre feet annually (\$3,800/AF). Implementation of the plan was to be achieved with an average budget of \$2.4M each year, with some years exceeding that amount. \$3,800 in January 2015 = \$5,000 today.
- The initial ECS Plan was crafted in 2016 (in 2016 \$) and would have been fully implemented by 2030, although it became apparent by 2022 that updated cost projections were needed and there would need to be additional phases to stay within the average planned budget of \$2.4M/yr.

Rental equipment, temporary workers and road gravel were added to the project costs in 2018. These items have greatly increased the efficiency of the crew constructing the ECS projects and have resulting in significant progress on other backlogged maintenance work. The ECS projects are now being completed faster, better and with fewer people which allows for workers to be assigned to other maintenance work more often.

- No ECS project occurred in 2021-22 due to materials price spikes which were the result of unusual supply chain disruptions. Deferring the Pump 14-Phase 1 project for one year freed up \$595,000.



2022 ECS Plan Update

- The plan was updated again in September 2022. Several projects were broken into multiple phases due to cost increases to stay within the then-budgeted amount of \$2.4M budget annually, and included:
  - ✓ An inflation factor of 10% was added for the projects in 2024 & 25 & 6% was added for the projects in 2026-the end in 2037;
  - ✓ The Pump 3 projects were moved up the schedule X years to free up money for other projects.
  - ✓ Pump 14 Low was broken into two phases, with the Pump 14 Low projects being incorporated into the Pump 13 East project to avoid building a Pump 14 pump station (\$5M).
  - ✓ X phases were added.
  - ✓ Labor expenses were not included as of 2022 because the employees are budgeted in other line items.
  - ✓ The water conservation savings were updated to better match observed operational spill reductions.
  - ✓ Full implementation by 2037 at a total inflation adjusted cost of \$52.5M to conserve 5,673 AF by piping the remaining open laterals which equates to \$9,254/AF

2024 ECS Plan Update

- Additional ECS phases are proposed due to cost increases and crew capacity limitations as follows:
  - ✓ Pump 13 West will need to occur as a separate phase;
  - ✓ Pump 13 East will need to occur in four phases due to cost increases to stay within the \$2.5M budget.
  - ✓ Both Pump 14 Low phases have been eliminated and have been incorporated into Pump 13 East.
  - ✓ Move the Pump 3 High projects back down the list below the Pump 13 projects because there are no financial advantages to enclosing Pump 3 High earlier.
  - ✓ Assumes a 5% inflation rate.
  - ✓ Summarized as follows:

Pump Lateral	Phases	Cost	AF	\$/AF	Notes
13	5				3 additional phases due to cost increases
3	4				2 additional phases due to cost increases
2	7				3 additional phases due to cost increases
1	3				1 additional phase due to cost increases
			4,892		

- Pump 3 Low ECS Project

- ✓ Pipe and fuel prices are higher than they were when the 2016 plan was created, but since then have come down somewhat from their earlier peaks;
- ✓ \$100,000 more in the Pressure Project line-item budget beginning in 2024;
- ✓ A \$500,000 grant of re-programmed federal COVID-19 relief funds was approved though Yakima County towards the Pump 3 Low ECS project in March of 2023. A contract with Yakima County has not been executed.

The Pump 3 Low project is comparatively small and was moved up in the 2022 plan from 2025-26 to 2024-25 in order to free up what was initially expected to be up to \$900,000 which could be applied to the deficits in 2023, 2024 and 2025. Sharply rising materials costs will absorb some of those savings by the time the project is complete. Current estimates are that Pump 3 Low ECS project will be roughly \$2,000,000 which is \$500,000 less than the budgeted amount.

The Yakima County grant allows the District to direct an equivalent amount to the remaining 2023-2025 pump station deficit and/or the safety of dam's repairs (or elsewhere).

- Pump 13 ECS Projects

The project is being broken in to five total phases for financial reasons to fit within the \$2.5M budget allocation as follows:

- ✓ Pump 13 West
- ✓ Pump 13 East-phase 1
- ✓ Pump 13 East-phase 2
- ✓ Pump 13 East-phase 3
- ✓ Pump 13 East-phase 4

Pump 14 Low (phases 1 & 2) will be incorporated into Pump 13. Doing so eliminates the need to construct a new Pump 14 pump station and will save \$5 million.

Staff is also examining a USBR water efficiency grant of up to \$5M for Pump 13 East. The program being examined does not require the district to give up any conserved water. A \$5M grant would allow for four phases to be contracted into two phases, which would cut two years off of the plan implementation schedule. If sufficient grant funds are available, the Roza crew could construct the Pump 13 East project over two winters.

Each phase that is added or eliminated affects the date at which the pump station replacement plan can be fully funded.

- The Board added \$100,000 per year to the pressure projects line item in the budget in 2024 to begin to address the increased prices for a total of \$2.5M annually.
- The plan has been revised with an eye to either pausing the ECS program for at least a few years at some point to redirect funds higher priority conservation projects which achieve higher water savings at lower overall costs per acre foot.
- Additional planning and preliminary design have occurred for expanding Wasteway 6 re-regulation reservoir due to the effects of enclosing the Pump 13 and 14 laterals which will exacerbate the need for the reservoir expansion.

#### **Pump Station Replacement Plan Background**

The plan was crafted in 2021 and included a total of \$60M from 2021 to 2045 and included a 3% inflation factor over that period. Pumps 16 and 14 were prioritized as the first two projects to undertake because Pump 16 was deemed to be the most at risk of failure and Pump 14 was being timed to integrate with the Pump 14 lateral canal enclosures and the addition of part of Pump 14 Low lateral into Pump 13 East.

Each pump station would be upgraded over three years following this plan:

- ✓ Year 1-Design
- ✓ Year 2-Purchase materials
- ✓ Year 3-Construction

The plan was revised in December 2022. Significantly rising costs have caused the need to update the plan again, and to again synchronize it with the ECS plan, which is also changing.

The pump station replacement plan relies heavily on directing nearly all capital funds to it from 2026 forward and, on ECS funds transitioning to implement the pump station replacement plan in 2043 when the last ECS project is completed.

Design for the first pump stations has been far more complex and slower than was anticipated in 2022.

Current estimates are \$XM to implement the plan over X years with completion in 2048.

**Water Conservation Cost Comparison**

Project	Cost	AF conserved	\$/AF	Notes
2024-2043 ECS plan	\$ M	4,892		Per 2024 plan update. w/ 5% inflation
WW6 Re-reg expansion & Main Canal piping		7,900 (w/out new re-reg savings)		X AF expansion to XX AF to allow for Main Canal piping lower 10 miles  Re-reg expansion = XAF in new conservation
Main Canal concrete line replacement	\$48M	14,645	\$3,277	10.1 miles in Moxee from MP 17.1 to MP 27.5 @ 1,450 AF/mile  Savings are less pump back water already being recovered
Main Canal concrete liner floor only	\$23.7M	14,645	\$1,618	10.1 miles in Moxee from MP 17.1 to MP 27.5 @ 1,450 AF/mile  Savings are less pump back water already being recovered
Main Canal Floor only in highest priority 6.2 miles	\$14.5M	7,500	\$1,933	6.2 miles in Moxee  Savings are less pump back water already being recovered
UGID				

Re-Check that net MC savings are less pump backs

### **Overall Plan Forward**

- ✓ Plan to pause the ECS program at some point in the next five years to redirect funds to other conservation projects;
- ✓ Plan to implement WW6 re-reg reservoir expansion and Main Canal piping before the main canal liner repairs;
- ✓ Plan to replace the floor only in the Main Canal in Moxee;
  - All 10.1 miles or the highest priority 6.2 miles?
  - How many phases?
- ✓ Pursue USBR funding for Pump 13 East project to compress phases;
- ✓ UGID may affect these steps further be can be added in

### **Variables which could affect implementing the steps above:**

- ✓ Pending IRA funding application;
- ✓ Viability of UGID (Costs and ability to move conserved water);
- ✓ USBR grant for Pump 13 East ECS;
- ✓ Availability of state capital funds for WW6 re-reg reservoir expansion/Main Canal piping & Main Canal floor replacement.

### **Outstanding Issues**

- ✓ Continue with Pump Station Replacement Plan after Pump 16 in the current manner or redirect some money to water conservation?

**2024 Operations and Maintenance Budget**

	2021*	2022 (as revised)	2023	2024	Change
<b>INCOME</b>	Budget				'23 v. '24
Assessments for O&M @ \$202/ac x 72,517 ac.*	\$13,024,800	\$13,480,910	\$14,061,046	\$14,648,434	+\$587,388
Assessments Const @\$4.10/ac	69,271	68,748	50,088	0	-50,088
USBR	0	0	0	0	0
Interest	100,000	285,000	400,000	850,000	+450,000
Rentals	5,000	5,000	5,000	6,000	+1,000
Misc.	323,500	326,000	329,900	383,900	+54,000
Tier II Water	500,000	500,000	500,000	500,000	0
Unbudgeted (Grants)	50,732	0	0	540,000	+540,000
Transfers from Reserves	<u>260,713</u>	<u>461,703</u>	<u>1,179,062</u>	<u>371,000</u>	<u>-808,062</u>
<b>Total Income</b>	<b>\$14,334,016</b>	<b>\$15,127,361</b>	<b>\$16,525,096</b>	<b>\$17,299,334</b>	<b>+\$774,238</b>
<b>EXPENSE</b>					
Main Canal	\$2,428,900	\$2,556,900	\$2,505,500	\$2,985,600	+\$480,100
Laterals	673,700	700,700	712,100	610,000	-102,100
Drains	332,600	332,600	382,400	402,200	+19,800
Pumps	784,000	1,244,000	375,000	390,000	+15,000
Safety-Drug Testing	32,000	32,000	32,000	32,000	0
Pressure Projects	2,400,000	2,400,000	2,400,000	2,500,000	+100,000
Reimbursables	75,000	75,000	75,000	75,000	0
Equip-Bldg	222,000	247,000	397,000	388,800	-8,200
Water Management	550,000	550,000	531,000	556,000	+25,000
USBR O&M/Power	1,953,691	2,117,000	2,234,350	1,631,350	-603,000
USBR Construction	69,271	68,748	50,088	0	-50,088
Admin.-Gen. Expense	2,901,300	3,087,300	3,250,300	3,504,300	+254,000
Legal	85,000	75,000	75,000	75,000	0
Insurance	363,471	448,581	537,992	640,705	+102,713
Phones	47,700	47,700	47,700	51,700	+4,000
RSBOJC	399,683	338,166	388,966	399,300	+10,334
Miscellaneous	132,200	135,700	135,700	136,700	+1,000
Vehicle Purchase	150,000	0	155,000	243,200	+88,200
Equipment Purchase	79,000	103,500	0	365,000	+365,000
Capital Improvements**			1,240,000	1,312,500	+72,500
Water Supply Development	<u>800,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
<b>Total Expense</b>	<b>\$14,334,016</b>	<b>\$15,559,895</b>	<b>\$16,525,096</b>	<b>\$17,299,355</b>	<b>+\$774,259</b>
Footnotes (see memo dated 1/9/24)					

\*Prior to 2022 the budget assumed 72,000 assessed acres rather than 72,517 acres

\*\*Prior to 2023 these expenses were included in the applicable line item. See capital plan. d

# Item #7

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To: Board of Directors  
From: Dave Rollinger, Watermaster DR  
Date: February 6, 2024  
Re: Recent Past and Future Maintenance Work

### **Summary for January**

Below normal temperatures forced a 1.5 day shutdown following the holiday, crews were unable to keep machinery running do to the diesel fuel gelling. The mechanics worked through the cold weather and added 911 fuel additive to all the machinery.

### **Water Delivery**

- Roza staff are preparing to divert water for the irrigation season beginning Monday March 18<sup>th</sup>.

### **Pump 14 enclosed conduit system**

- The P14 ECS project is down to 1 digging crew on the 30" mainline. Digging continues to be hard and the crew requires the Cat 320 rental excavator with a hammer to break up the rock, crews are also dealing with thawing snow and mud making it hard for the dump trucks to haul rock away from the project and then haul clean dirt back in to backfill the trench. 13 flowmeters have been installed and the concrete pads have been poured on the project leaving 6 left to install and pour.

### **Distribution System Maintenance**

- Trouble shooters have finished installing 6 stilling well culverts for the Main Canal check structures at MP 77.3, 91.1, 91.5, 92.4, 92.7 and 94.8.
- Crews continue digging silt and debris from Main Canal turnouts and pump plant forebays and are approximately 75% complete which is on schedule.
- Pump mechanics have installed a new control cabinet, bypass valve and a new priming system at Pump 10. H2 Electric has completed all of the wiring.
- Maintenance crews started to remove the old Pump 10 concrete regulation structure and will enclose the system with PVC pipe.
- Pump mechanics have installed a new priming pump system on the Terrace Heights Pump plant. THID will be billed for all the work being done.



- Trouble shooters have installed all scheduled Main Canal undershot culvert pipes at MP 63.8, 65.0, 65.1 and 90.4. Clean backfill material will be hauled in and compacted around the culverts when trucks and man power are available.

### **Equipment**

- The planetary final drive on #123 our 2013 305E excavator went out and will have to be replaced.
- The 42" digging bucket attachment for #120 our 1999 Caterpillar 330L excavator broke and needed to be removed and replaced. The bucket was previously repaired in December and failed.
- #59 our 2001 Ford F750 boom trucks injector pump went out and had to be replaced.

### **Projected for February**

- Continue to lay pipe, haul rock, backfill and install flow meter bottoms and concrete pads on the P14 enclosed conduit system.
- Crews will start laying 300' of 36" double walled HDPE pipe on Pump 2 high right.
- Crews will start laying 600' of 12" PVC pipe on Pump 2 low left.
- Continue working on Pump 10 PVC pipe hookup.
- Install water filling stations at Pump 4, 8, and 16.
- Finish digging Main Canal turn outs and pump plant forebays and re-install turnout screens and pump sweeps.
- Continue to clean open laterals with the 314 excavators.
- Start burning drains and laterals weather permitting.

# Item #8

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To: Board of Directors

From: Scott Revell, District Manager *Scott*

Date: February 6, 2024

Re: District Manager's Monthly Update

### Miscellaneous Items

1. WSWRA legislature update calls occur each Monday at 9:30 each week.
2. The Tri-State meeting will be in Portland on February 2.
3. David Bowen has been hired as the new Central Regional Director at Ecology and begins work on February 16<sup>th</sup>.
4. Staff has reviewed Yakima County's bill (SB 5992) concerning water rights for wind and solar projects and expressed support to Senator Warnick, which sponsored the bill. A companion bill in the House (HB 2042) was also introduced.
5. We received an inquiry from a water user looking to permanently move a water allotment from a parcel to another Roza parcel. The District does not have a policy on permanent water allotment internal transfers.
6. The abandoned delivery point at 58.3 has been removed. The Anderson family donated the dairy site to YVCC . YVCC ran it for some time using Tier II water (Tier II water used to be called extra water) beginning in the mid-1980s. That came to an end in the early 90s during the 3-year drought. Staff's understanding is that the Board had directed staff to stop delivering water because Roza growers were getting less than their full allotments and Tier II water isn't typically available in most drought conditions (there are some variables).

The area around the dairy was originally planned to be served by Pump #11 in the 1930s, but for unknown reasons Pump #11 was not built, which explains why it is in the district boundary and the land was classified irrigable. There are a couple of places in the district where tracts were planned for Roza service but the owners had opted out due to costs.

While the property should not have ever received Roza water because it doesn't have an allotment, it is worth noting that the property was irrigated before USBR's modern

water spreading policies were in place and before the litigation surrounding those policies had been resolved.

### **January Meetings Report**

- ✓ River Operations meeting (January 4<sup>th</sup>)
- ✓ SMID Lease (January 5<sup>th</sup>)
- ✓ Water Transfer Work Group (January 8<sup>th</sup>)
- ✓ Water Use Subcommittee (January 8<sup>th</sup>)
- ✓ Yakima Basin Integrated Plan Executive Committee, and Implementation Committee workshop (January 10<sup>th</sup>)
- ✓ 2024-25 Winter work plan preparation (January 11<sup>th</sup>)
- ✓ Yakima Basin Joint Board (January 18<sup>th</sup>)
- ✓ Cle Elum Pool Raise Technical Team (January 17<sup>th</sup>)
- ✓ WSWRA (January 17<sup>th</sup>)
- ✓ NPDES permit appeal settlement conference (January 30<sup>th</sup>)

# Item #9

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To: Roza Board Members  
From: Sage Park, Policy Director  
Date: February 6, 2024  
RE: Policy Director Report

### **January Highlights**

- Getting up to speed and learning more about the district.
  - I spent several days driving around the district with Scott and will go out with the supervisors over the next few weeks to get more familiar with the Roza system.
  - Getting to know staff at Roza.
- Getting to know other District Managers better – and learning more about other districts.
- Focused heavily on cloud seeding research and how to get a program started in the Yakima Basin.
- Researching Federal grant opportunities
  - Attending the winter work plan meeting helped to better understand the upcoming projects and how all the work plans fit together.
- Union Gap Irrigation District
- United State Bureau of Reclamation Title Transfer
- Tracking Snake River Dam Settlement and getting a better understanding of the issues.