

November 9, 2016

The Board of Directors for the Roza Irrigation District met and convened in special session in the Spruce room at the Red Lion Hotel in Pasco, Washington on Wednesday, November 9, 2016. Present were President Ric Valicoff, Vice President Jim Willard, Director Dave Minick, Director Will Jones, Director Jason Sheehan and District Manager Scott Revell, Engineering Manager Wayne Sonnichsen, Watermaster Clay Bohlke, Assistant Watermaster Dave Rollinger, Policy Director Ron Van Gundy and via telephone conference Assessment Clerk/Assistant Secretary Kristel Espinoza. District Legal Counsel Tom Cowan arrived at 11:55 A.M.

The President called the meeting to order at 10:00 A.M. and requested the Board consider the consent agenda as presented:

- a. Minutes of October 11, 2016 Board meeting.
- b. Minutes of October 27, 2016 Board meeting.
- c. Treasurer's Financial Statement Report-October 31, 2016.
- d. Status of Investments Report-October 31, 2016.
- e. Statement of Income and Expense Report, for the nine periods ending September 30, 2016.
- f. Authorize claims.

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

District Manager Scott Revell presented the Board with a guide for the discussion during the retreat noting that it was an open public meeting. He explained that the packet included a list of staff's understanding of the Board's priorities, baseline assumptions, variables outside of the baseline, and the factors applied to various maintenance and capital projects to prioritize them.

Mr. Revell then discussed in detail the information on page 3 of the packet material dated 11/9/16 pertaining to activities that the current O&M assessment of \$138.90/ac did and did not fund. He went on to explain a typical 218 day water season and a 145 day off season, noting how the field staff were typically deployed during those times and the number of staff available to perform maintenance work at various points during both the water season and the off season. He explained that the enclosed conduit projects and main canal floor replacement absorbed over 85% of the available off season worker days. Director Minick expressed his view that the enclosed conduit projects had functionally become part of the baseline for the district for many years and that the district had fourteen more years of enclosed conduit projects planned.

Mr. Revell explained that the equipment replacement plan was based on the district spending \$300,000 per year, and that the district had gone over ten years without replacing equipment other than a few used water and boom trucks. He also explained the equipment repair costs that the district had been incurring.

Watermaster Bohlke and Assistant Watermaster Rollinger presented a detailed compilation of maintenance projects throughout the Roza system and their relative priority to one another. Mr. Bohlke showed a series of several dozen pictures of maintenance work that was underway, planned or in some cases was of a lower comparative priority. Director Sheehan noted that in some cases additional work could be expedited by hiring private contractors in addition to or instead of using District crews. Staff expressed agreement. Board members asked numerous questions of staff about individual sites and projects depicted.

The president declared a break for lunch at 11:45 A.M. The meeting resumed at 12:30 P.M..

Mr. Bohlke and Mr. Revell discussed the various efficiency measures listed on page 10 that had been implemented in recent years to optimize the field staff's time and noted that the maintenance crew is now operating about 50% more efficiently during the off season.

Mr. Revell presented potential 2017 assessment scenarios to fund the work described in the Board packet, specifically the known cost increases facing the District in 2017 such as electrical power, aquatic chemicals, proposed maintenance staff increases and contractual wage increases and further explained that the primary unknown cost variable in 2018 and 2019 related to the pending inventory of the 18 pumping stations, and the ongoing siphon and tunnel inventory.

Mr. Minick inquired about near term KDRPP costs and expressed a willingness to support \$500,000 of the assessment plus \$500,000 of Tier II revenue to be designated for the project. Board

members asked several questions about aging infrastructure and the priorities for repairs and rehabilitation.

At 4:55 p.m. on Wednesday, November 9, 2016 the Board recessed until 7:00 a.m. on Thursday November 10 in the same location. The Board did not conduct an executive session.

The Board reconvened at 7:05 a.m. on Thursday November 10, 2016 in the Spruce room at the Pasco Red Lion.

Mr. Revell explained that he would be proposing a 2017 assessment of \$176 per acre at the December 6th meeting to fund four additional maintenance positions along with the with items listed in the meeting packet on page 11, which would include \$6.94 per acre to fund water supply development and specifically the Kachess Drought Relief Pumping Plant design and permitting, and \$9.94 per acre toward the capital reconstruction items listed on page 8 of the packet materials.

Mr. Revell also stated that the 2015 assessment had been accompanied by a letter to all water users explaining the assessment increase and that a similar letter could be crafted if the Board chose to implement changes to the assessment in 2017.

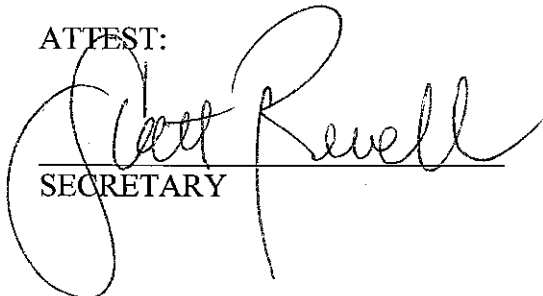
Mr. Revell referenced the irrigation assessment comparison chart on page 11 of the packet materials and explained that at \$176 per acre Roza would be in the upper middle of the range.

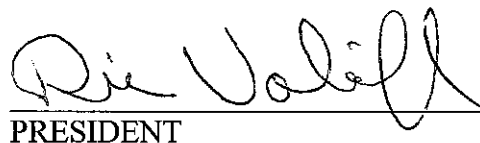
Mr. Sonnichsen stated that the \$4.10 per acre construction repayment charge was included in the \$176 per acre and that Blocks 1, 2 and 3 had been fully paid out by the landowners in those blocks and their assessment would be \$4.10 per acre less.

The Board members asked a series of questions about the work that could be performed over a ten year and longer period, particularly on the Main Canal with the capital reconstruction funds, the need to fund additional maintenance positions and equipment replacement.

The Board adjourned at 8:34 a.m.

ATTEST:


SECRETARY


PRESIDENT