

**RED MOUNTAIN LID**  
**PROPERTY OWNERS INFORMATIONAL MEETING**

December 9, 2008

6:30 p.m

Terra Blanca Winery

Presenters: John Jaksch, KID Board President  
Tom Tebb, Manager of the Department of Ecology's Central Region.  
Scott Revell, KID District Planner  
Richard Evans, KID Professional Engineer  
Derrick Smith, MacKay & Sposito, Inc.  
Paul Harmsen, MacKay & Sposito, Inc.

John Jaksch, KID Board President, thanked everyone for attending the meeting. Mr. Jaksch introduced District Planner Scott Revell, who would be facilitating the meeting, and introduced Tom Tebb, Manager of the Department of Ecology's Central Washington Region.

Mr. Tebb reported that the KID and Department of Ecology (DOE) have been collaborating for two years. The project offers multiple benefits; i.e., allows KID to do more with less and deliver the same amount of water to more lands leaving the necessary water in the Yakima River for fish. A draft agreement in principal with other partners has been reached. The DOE has committed \$15,000,000 as anchor funding for the McNary Pool component in hopes of drawing other federal, state, and local partners to the project.

2. Progress

Water right application process- Mr. Revell explained that the process was very detailed and that the permit was expected in 2009.

Cost estimates- Mr. Revell explained that the initial estimates from earlier in 2008 had undergone two peer reviews and the project costs were now estimated to be \$18 million to \$22 million depending on several variables.

New alternatives being studied- Mr. Revell explained that there were four ways to get water to Red Mountain. That two options were studied for using the Lewis and Clark Ranch withdrawal points had been examined and dismissed due to the costs exceeding \$30 million. He explained that an extension of the Badger East Lateral canal was also examined. The most cost effective option for service on the south side of Red Mountain is a pump station at Kiona.

3. Overview

Power costs – Mr. Revell stated that the electrical power costs may be paid by the United States Bureau of Reclamation (USBR) under the authority of the YRBWEP (Yakima River Basin Water Enhancement Project) Act.

The LID process – Mr. Evans provided an overview of the LID formation process and spoke from a Power Point presentation.

Environmental review – Mr. Revell stated that the project would be reviewed under SEPA (State Environmental Policy Act), which was a public process. He stated that, to date, a decision has not been made on the need for an environmental impact statement. There are four species of concern on Red Mountain and the KID has been working with State Fish & Wildlife to work out a solution which could include the payment of mitigation fees. He also stated that KID had briefed several statewide environmental groups about the project.

4. System Planning – Mr. Derrick Smith and Mr. Paul Harmsen of MacKay & Sposito Engineering then gave a slide presentation on the following items:
  - Water duty planning
  - What type of system performance do the property owners expect?
  - What’s included and what’s not included?
  - Projected costs
5. Summary- Mr. Revell gave a brief summary of the main issues.

**6. Public Questions & Answers-** The meeting was opened to questions from the floor.

- Q:** If a property owner signed the petition and decides he doesn’t want to be in the LID, what does he need to do?
- A:** The property owner needs to file a written protest at the time of the LID formation hearing. If a property owner doesn’t remember if they signed the petition, they can contact Mr. Revell at the KID to confirm. Property owners will not be forced to join the LID.
- Q:** How much money has the KID invested in this project to date?
- A:** The KID has expended approximately \$65-75,000 to date. The Red Mountain South LID property owners and the District’s current water users will each be paying the costs for their portion of the permitting process.
- Q:** What was meant by the phrase “commitments needed from property owners to be included,” in the summary portion of the MacKay & Sposito presentation?
- A:** The property owners wishing to be included will need to be involved in the entire LID process; e.g., petition, public hearing, etc., and need to provide input such as acre feet per acre needed, type of system, etc. If a property owner wishes to become a part of the LID after the LID is formed, statute requires that they have

to be included as if they were original petitioners. Property owners who do not want to be included if they have already signed the petition also need to “commit” to being excluded so the system can be designed to its best configuration, etc.

**Q:** Are there any requirements or limits as to what the water can or cannot be used for?

**A:** The water can be used for any crop and in emergency cases for fire suppression.

**Q:** What happens if a person signs up for water but doesn't ever use it? Will they still have to pay for the water and the LID?

**A:** Those who choose to be included in the LID will be given a water allotment, will have their proportionate share of the total construction amount liened against their property and will be sent an annual service assessment, whether they use any water or not. KID will also be monitoring use and if it is determined that an owner is not using all of the water allotted, the KID will either reduce or remove the allocation after an appropriate amount of time (to be set), but no later than five years after the allotment is assigned, to avoid relinquishment of the water.

**Q:** How did the consultant arrive at the electrical costs assumption?

**A:** Compared with current residential rates the \$.06 per KWH appears high. KID staff has met with Benton PUD and Bonneville Power Administration and have been advised that \$.06 per KWH is expected to be the rate that will apply for all new users after 2010.

**Q:** If you don't use your allotment of water do you pay for it anyway?

**A:** Yes. If you are in the LID, you will be paying the LID construction repayment and will also be paying an assessment for maintenance and operation once the system has been constructed. This will not be a meter based billing. It is important to note that the total LID repayment cost will be a lien on the property owner's title to their property and the property owner is cautioned to take this into consideration if they enter into an agreement to sell their property because this lien must be paid off to sell the property.

**Q:** What is the time frame for construction and what would the costs be if there was a 2012 delivery?

**A:** If everything goes well, construction could begin in 36-48 months or the irrigation season of 2012 or 2013. The projected costs are 2008 costs and would be adjusted for inflation for the actual period of construction. The estimate will be adjusted appropriately to reflect refinement of the design and for inflation and will be presented at the formation hearing.

- Q:** When do you expect the LID formation hearing to be held?
- A:** If all goes well, the timing for the LID formation hearing projection is five to six months. If the permit comes through quickly, this time frame could be condensed. There will need to be workshops and a preliminary assessment roll will be prepared before the formation hearing.
- Q:** For those property owners with existing well/ground water rights and because of the uncertainty of long term well production, if they should opt in, what will the DOE do with the existing water permits for the wells.
- A:** Mr. Tebb explained that DOE does not have any intention of affecting anyone's water rights. There is legislation proposed to allow ground water rights to be put into the trust water program which will protect each owner from relinquishment. Currently, the relinquishment statute states if the water right is not used within a five year period by statute an owner could potentially lose their water right.
- Q:** Will the modified water permit that gets water to Red Mountain and to McNary be junior water rights?
- A:** Yes. However, the 2009 water permit in question will be fully mitigated with/by the existing water right so it will not be at any greater risk than KID's current 1905 water right.
- Q:** What if there is a drought?
- A:** The proposed 2009 permit will be treated the same as KID's water right is treated today. If junior rights in the Yakima Basin are prorated, so will the Red Mountain and McNary Pool water. KID's effort to counteract the effect of a drought is through the new 82 cfs Columbia River permit. The permit pending for an additional 82 cfs will help drought proof the District's current water supply. KID is on top of the list to get additional water. Also, if an owner's well water rights are allowed to be put into trust, they could be used during a drought.
- Q:** Are property owners that are not paying for irrigation going to have to pay for everyone else at some point, say 10 years from now?
- A:** If you do not participate in the LID and do not receive an allocation of water, there is no chance KID will unilaterally assign you water and send you bills down the road. There will be an opportunity to transfer water; however, through the LID process all of the water will be allocated and someone is going to have to give up their allocation before it can be transferred.
- Q:** If there are water rights dating to 1896 which allow pumping out of the Yakima River between Prosser Dam and McNary Pool, is there going to be any affect on their water rights?

- A:** No, DOE's review process requires that there will be no impairment of existing water rights.
- Q:** What are the costs associated with the LID that have been expended so far and how much will it cost going forward to the formation hearing date?
- A:** Costs expended to date are approximately \$65,000 to \$75,000, and are spread over 2,000 acres, which equates to about \$35/acre. Ecology provided a \$95,000 grant to the KID and which has paid for the alternatives analysis. If the construction cost at bid is higher than the engineer's estimate and the price is too excessive, the participants can stop the LID process at that time. In addition, the entire LID can be set aside at the time of the LID formation hearing if the total project costs are too high. The total cost then becomes a condition of non-feasibility and the LID will not be formed. There will be another workshop to discuss the minimum/maximum volume irrigators will need. The KID can then get a better estimate of costs and what level of environmental review will occur. Setting the LID boundary will be a refining process. The proposed boundary will be provided to the proposed LID participants prior to the LID formation hearing. The KID Board of Directors has the authority by statute to adjust the boundary to include or exclude any property that expresses their preference after hearing the "testimony" at the formation hearing.
- Q:** Of the three cost estimates, what is the decision process and when will the best alternative be selected?
- A:** At the formation hearing the final alternative will be selected. Additional workshops will be needed between now and then to assess the interest level and to formulate one option that will most likely succeed to move to the formation hearing. If boundaries will need to be adjusted to include property owners who wish to be added in or deleted out, the KID Board can set the final boundary at the public hearing.
- Q:** Can there be a lesser amount of water allotted to people who are not farming?
- A:** Yes, it is possible to allot water to only irrigate say, one of two acres. Most of the people in the LID petition are farming. Most rural residents would prefer not to participate.
- Q:** If the system is built for 3,000 acres at the 2.5/acre feet per acre, how much water loss will there be in some locations downstream in the River?
- A:** None. The drive water previously used to run the pumps at the Chandler pump station stays in the river from Prosser Dam all the way to McNary Pool and the level of the river will actually go up as a result of changing the point of withdrawal to Kiona and to McNary Pool.

- Q:** If a property owner doesn't want to be in the LID and is not a petitioner, do they have to belong?
- A:** No.
- Q:** If a property owner is outside the proposed boundary, how is it going to affect their personal property taxes?
- A:** The KID has no authority on how the county assessor assesses property taxes. However, if developed areas around these properties increase in value, then the outside properties might possibly increase also. This issue should be discussed by property owners with the county commissioners and county assessor directly.
- Q:** What impact will the pump station have to residents on the Benton City side of the pump station?
- A:** Noise, lighting and other issues will be examined through the environmental review process and has been identified with consultants.
- Q:** Will there be a net increase in flow in the Yakima River?
- A:** Yes. The water that now is all diverted to the Chandler pump station will not be diverted into KID's Main canal at Chandler and will stay in the river until it is taken out at Kiona and at McNary Pool.
- Q:** What needs to be done by a non-petitioner who wants to stay out of the LID?
- A:** Nothing.
- Q:** Related to the previous question, there are a lot of parcels in the Red Mountain north and West Richland areas that did not petition. How is KID going to deal with this and how will the final alternative be selected?
- A:** In the Red Mountain North and West Richland alternatives, KID and MacKay and Sposito assumed that not every property owner would want to be included and as part of the informational meetings, the level of interest or lack thereof will determine if any water can affordably be extended to these areas. Mr. Evans asked if anyone in the audience was from the Red Mountain North or West Richland areas. No one indicated so.
- Q:** What if a property owner is above the 1,060 ft elevation?
- A:** The system can go over the 1,060 ft elevation, all the way to the top of Red Mountain. Doing so requires five to six different pressure zones. There are a range of pressure zones above the 750 ft elevation and the consultants have done

their best to include identify them. Property owners at those elevations can expect those costs to increase because of the pump costs. The initial reason is that KID's earlier planning did not go completely to the top of the mountain. If the water entitlement is lowered from 2.5 AF/acre that was used in this study, it may be possible to include more acreage, but KID would need to know this in time to have the water permit reflect the change.

**Q:** Can the KID provide a better timeline when they will be able to narrow the cost estimates and at what point will KID be able to say what those costs will be?

**A:** KID will have a better estimate at the next workshop which should be within the next three to four months and will have a precise estimate for the preliminary assessment roll in advance of the LID formation hearing.

**Q:** What is it going to boil down to, for a per acre cost for each involved?

**A:** Estimates range from \$700-1200 per acre per year.

**Q:** What if a portion of a property owner's acreage is non-irrigable?

**A:** The water will only be allotted to the actual acreage that can grow something and the assessment will be based only on the "wet acres" each year.

**Q:** Will the distribution network be above or underground?

**A:** Completely underground.

**Q:** Will there be a line going down Kennedy Road?

**A:** There are not expected to be lines running along Kennedy Road at this time.

**Q:** What is KID going to do with their land?

**A:** The KID Board has not made a formal decision yet as to whether the District will lease or sell the land.

These meeting notes can be emailed and will be posted on KID's website.  
The next meeting will be in 60-90 days and the KID will issue notice.

The meeting adjourned at 8:10 pm.