

ICICLE STRATEGY

Icicle Work Group Meeting

Confluence Technology Center, 285 Technology Center Way #102, Wenatchee¹

Thursday, February 8, 9:30-11:00am

A G E N D A

9:30-9:35am	Welcome, Introductions, Agenda Review, Decisions Requested Today
9:35-10:40am	Cascade Orchards Irrigation Company Project (COIC) <ul style="list-style-type: none">• Project update• Funding needs and funding strategy• Q&A / discussion / funding decision(s)
10:40-10:50am	Short Updates <ul style="list-style-type: none">• Eightmile Lake Dam Rebuild and Restoration update• Domestic Water Subcommittee status report• Outreach• Other?
10:50-10:57am	Public Comment
10:57-11:00am	Wrap Up, Next steps, Adjourn <ul style="list-style-type: none">• IWG requests to Steering Committee• Upcoming meeting dates<ul style="list-style-type: none">○ Steering Committee meeting – March 14, 2024○ IWG – April 11, 2024

¹ Zoom link available upon request to ccarlstad@nhcweb.com

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Icicle Work Group Meeting Summary

Thursday, February 8, 2024; 9:30-11:00am
Confluence Technology Center, Wenatchee

Members/Alternates Present: Theo Burgoon, TU; Shon Smith, Chelan County Commissioner; Erica Taecker, USFS (online); Nate White, WDFW (online); Carl Florea, City of Leavenworth (online); Cory Kamphaus, YN (online); David Blodgett, YN (online); Mike Kaputa, Chelan County; Levi Jantzer, IPID; Mat Maxey, USFWS; Bill Gale, USFWS; Chuck Brushwood, CTRC; Greg McLaughlin, WWT (online); Nicole Ahlem, BOR; Brock Hoenes, WDFW; Sharon Lunz, ICWC (online); Shaun Seaman, ICWC; Clint Wertz, BOR (online); Daryl Harnden, Agricultural Representative; Dan Wilkinson, COIC; Tim Walsh, COIC

Guests Present:; David Ortman, member of the public; Rick Evans, Senator Cantwell's Office; Norm Stoddard, COIC; Ariel Edwards, UCSRB; Nicole Jordan, WDFW; Joe Rehberger, COIC counsel; Margie Van Cleve, Sierra Club; Bruce Williams, ICWC

Staff/Consultants Present: Dan Haller, Aspect Consulting; Peter Dykstra, IWG Facilitation; Cynthia Carlstad, IWG Facilitation; Dave Rice, Anchor QEA; Abby Hendrickson, Chelan County; Ingrid Eckstrom, Ecology-OCR

Decisions Today

- No decisions requested

Cascade Orchards Irrigation Company Project (COIC)

Mike Kaputa gave a status update to the group. The County opened construction bids on January 29; they received 6 bids for the pipeline and 2 for the pump station. All bids were higher than the engineer's estimate. Strider was the low bid for both contracts.

Mike walked the group through the COIC Funding table provided as a meeting handout. The table shows all funding sources and line-item details. The total estimated funding gap is \$2.9 million.

The COIC project team analyzed why the bids were higher than the engineer's estimate. Differences occurred throughout bid items; there wasn't one area of significant difference. They believe the difference arose primarily from the presence of an unstable market with prices varying widely. The significant inflation since 2021 likely played a role in contractor's pricing. Although Anchor QEA (design consultant) updated the engineer's estimate, Dave Rice believes the local inflation is much higher than national indices that he used. He is hearing this from local contractors. Mike noted that the project funding sources approved fixed amounts that have not increased since the 2021 estimates.

The project team has considered whether re-bidding or design revisions would be advantageous. They have concluded that neither action is advisable given the tight in-water work window, the likelihood that construction would be pushed out a year, and the uncertainty of getting a qualified lower bid.

Q&A / Discussion

- Cory Kamphaus asked if the expedited bid process contributed to the increased price. Dave responded that he believes contractors knew about the project and the expedited bid process was

not a factor. He noted that the construction will be complicated, and contractors likely factored that into their estimates.

- Commissioner Smith asked if there was there a funding gap already, and Mike responded that the engineer's cost estimate was on par with funding that had been approved, including from the IWG.
- Bill Gale asked about the 300,000 funding gap for "COIC Equipment Replacement / Adaptive Management. Dan Wilkinson explained that COIC shareholder approval for the project was contingent on establishing a \$1.5 million maintenance and repairs fund to keep COIC whole because the new system will have costly maintenance/repair needs while the current gravity-fed system does not. The funding source is the water transaction, which was last appraised in 2016. So there are uncertainties with current pricing and also excise tax impacts that did not exist in 2016. Mike added that the situation is complicated by the need for a 3-party agreement between the County, COIC, and Washington Water Trust to enable funding the various project components correctly. Sharon asked if there could be an opportunity to go back to the shareholders and seek agreement to lower the required maintenance and repairs fund. Dan responded that this would significantly delay the project and the outcome of such a request is uncertain.
- Cory asked about the 8% contingencies shown in the table for the pump station and pipeline. Mike responded this is to address legitimate unidentified costs items that could arise during construction. This is different from the 20% contingency in the engineer's estimate. The goal is to not use these funds.
- Mike explained the following funding strategy approach and timeline:
 - The project team is working with the Colville Tribes, PRCC, RCO-SRFB, and BPA on funding. While the project team is working with other funders on commitments, they are hoping that the IWG is interested in backstopping the project funding so that contracting can proceed, and the project can be delivered this year. This funding decision is not being requested today, but as soon as funding interest from other funders clarifies more, the project team will make a specific request to the IWG. The IWG has committed up to \$1 million to the project this biennium; the new request will be in addition to that. It's possible this could impact other IWG projects that have been funded this year. Mike also asked if there are any other funding sources that IWG members could help with. None were volunteered.
 - The County needs an indication from funders that they are interested and able to participate by 2/16
 - The County needs to make a decision by 2/19 to enable contract award by 2/20.
 - By March 20, the County needs the funding agreement in place for the \$2.9 million to enable them to issue Notice to Proceed to Strider.
- Brock commented that he appreciated the transparency and getting the uncertainties on the table.
- Mary Jo advised that the IWG currently has \$1.7 million unallocated for this biennium.

- Greg commented that while the discrepancy in the bid versus engineer’s estimate is large, it is not unusual given what he has seen recently.
- Bill reminded the group that this project supports multiple guiding principles and is a key project for the Icicle Strategy.

Cynthia closed the discussion with the next step being a follow-up to the IWG next week when more is known about the specific funding need. There will be a funding request to the IWG with that update.

Short Updates

- Eightmile Lake Dam Rebuild and Restoration – Ecology is finalizing Draft EIS comment response and plans to issue the final EIS in late May.
- Domestic Water Supply Subcommittee - No meeting this week, nothing to report
- Outreach
 - Abby is planning for the Leavenworth Engagement Night on May 7
 - Abby is working with Peter to plan a community meeting in Seattle at the Good Shepard Center, likely in June or July
 - She is also working with agency outreach staff to support Icicle outreach efforts.
 - Peter is scheduling a stakeholder meeting on Alpine Lakes Automation similar to the meetings held for the Eightmile Dam project a few years ago. He is working with Margie Van Cleve to schedule this.

Public Comment

Margie Van Cleve provided the following comment: Speaking as an irrigator- no one wants to pay more for irrigation infrastructure. But we have no baseline for what a shareholder should pay for irrigation. We don’t know what is reasonable from an irrigation district to ask from their members. It would be great to have Ecology or an agency establish that baseline so we know what is reasonable for shareholder responsibilities.

Wrap Up, Next steps, Adjourn

- Upcoming meeting dates
 - Steering Committee meeting – March 14, 2024
 - IWG – April 11, 2024