

Columbia-Snake River Irrigators Association Transmittal Memorandum

DATE: May 29, 2014

TO: Board of Directors and Mr. Craig Simpson, Manager, East Columbia Basin Irrigation District
Mr. Richard Lemargie, Legal Counsel, ECBID
Ms. Stephanie Utter, Manager, and Ms. Christina M. Davis-Kerman, Water and Land Contract Specialist, Ephrata Field Office, U.S. Bureau of Reclamation (Columbia Basin Project)
Mr. John J. Hockberger, Office of Solicitor, U.S. Dept. of Interior, Boise, Idaho
Mr. Derek Sandison, Office of Columbia River-Ecology, and Mr. Keith Stoffel and Mr. Kevin Brown, Eastern Region Office-Ecology.

FROM: Ron Reimann, President, CSRIA
Darryll Olsen, Ph.D., CSRIA Board Representative

SUBJECT: Request for Formal Review and Execution of Water Service Contract (Review Draft WSC) and Supplemental No.4 (Master Contract), for New Water Service Delivery to the N-I-90 System 1 Project

The CSRIA Board of Directors respectfully submit the attached Water Service Contract, and Supplement No.4 to the Master Water Service Contract, to the Manager and Board of Directors, East Columbia Basin Irrigation District, and the Columbia Basin Project Managers, USBR, for your review and execution consideration.

We acknowledge the dedicated leadership of the ECBID and the Columbia Basin Project, USBR, managers/directors to bring about our ability to present this WSC request to you. Your path has led to the current development of the System 1 Project, and it will bring forth additional System Projects, to serve Eastern Washington's irrigated agriculture industry.

We acknowledge the highly capable efforts of the OCR-ERO-Ecology water resources managers to complete the intricate regulatory process leading to the issuance of the State Secondary Water Use Permit, and your collaborative assistance with CSRIA in preparing this WSC, for ECBID-USBR review.

As earlier discussed with you, we would request that USBR staff initiate and complete a general eligibility review of the System 1 Project acres. As well, our technical representatives and legal counsel are available to you, at any time, to review specific contract provisions implementation features.

**3030 W. Clearwater, Suite 205-A, Kennewick, WA 99336
509-783-1623, FAX 509-735-3140, E-Mail DolsenEcon@AOL.com**

To ensure consistency with our recent discussions on the primary acres water permits, we would request to review further with OCR-ERO-Ecology managers the primary acres designated under the existing groundwater rights, to be served by replacement surface water. The total place of use acres do not expand the base water allocation, as calculated for the primary acres.

We also will be making a final re-confirmation of the specific acres assigned to the N-I-90, System 1 Project, with the Project Participants and their financial representatives.

CSRIA representatives/Project Participants are readily available to meet with the ECBID Board/Manager, and CBP-USBR Managers, to discuss this WSC request; and our legal counsel is available to discuss this WSC review draft with your legal counsel per your direction.

The System 1 Project pre-construction engineering has been completed, the Participants have secured approved Project financing (with lending rates locked-in for near-term funding dispersion), and we are in a position to commence immediately Project construction engineering and development, with the execution of the WSC. We are prepared to engage construction activity this summer, allowing for water service delivery to the Participants by the spring of 2016. Your support in meeting this water delivery schedule is important.

Again, we offer our full acknowledgement for your work to bring additional surface water to the Odessa Subarea, and we look forward to building this first system project, with your approval of the WSC/Master Contract Supplement.

Attachments

cc: Sen. Mark Schoesler, Senate Majority Leader, WA State
 Sen. Jim Honeyford, Capital Budget Committee, WA State
 Rep. Hans Dunshee, Capital Budget Committee, WA State
 Rep. Judy Warnick, Capital Budget Committee, WA State (Senate Candidate)
 U.S. Sen. Maria Cantwell, WA State
 U.S. Rep. Doc Hastings, WA State
 Ms. Maia Bellon, Director, Ecology-WA
 Ms. Lori Lee, PNW Regional Dir., USBR
 Adams County Commission
 Franklin County Commission
 Grant County Commission
 Mr. Brian Kuest, Project Financial Coordinator, and Tom O'Brien, Clifton-Larson-Alan CPAs
 Mr. Jeff Fagg, Riley Mengarelli, and Terry Hansen, NW Farm Credit
 Jim Boone, AXA Equitable Insurance
 Mr. Mike McKay, KeyBank
 Mr. Steve Lancaster and Terry Weimer, WA Trust Bank
 Mr. Fred Ziari and Tom Buchholtz, IRZ Consulting Engineers
 N-I-90, System 1 Participants

***ECBID Water Service Contract
For
North I-90-System One Water Supply***

EAST COLUMBIA BASIN IRRIGATION DISTRICT
Columbia Basin Project, Washington

WATER SERVICE CONTRACT

FOR

FIRST PHASE CONTINUATION ACRES

IN THE ODESSA GROUND WATER SUBAREA UTILIZING

NORTH I-90 SYSTEM ONE WATER

FOR GROUND WATER REPLACEMENT

THIS CONTRACT, Made this ____ day of _____, 2014, between the EAST COLUMBIA BASIN IRRIGATION DISTRICT, an irrigation district organized and existing under the laws of the State of Washington, hereinafter called the District, and the Columbia Snake River Irrigators Association, as the Participant's Representatives for certain parties to the Water and Primary Irrigation System Agreement (System One, North I-90), hereinafter called the Participants,

WITNESSETH, That:

EXPLANATORY RECITALS

1. WHEREAS, the following preliminary statements are made in explanation:

(a) The United States has entered into a repayment contract with the District dated October 9, 1945 (Contract and Symbol No. 11r-1442 which was last amended and supplemented on December 18, 1968), relating in part to the water supply for the irrigation of lands in the District, operation and maintenance of facilities, and repayment of the construction obligation; and

(b) The United States and the District have also entered into a Master Water Service Contract dated August 27, 1976 (Contract No. 14-06-100-9165), and Supplement No. 1 dated October 8, 1982, and Supplement No. 2 dated September 13, 2005, as amended on March 6, 2014; and Supplement No. 3 dated March 6, 2014; and Supplement No. 4, dated _____, 2014; and

(c) The District is authorized pursuant to Supplement No. 4 to the Master Water Service Contract to enter into contracts with District water users for the delivery of the additional First Phase Continuation Water available as a result of the issuance of secondary Water Right No. S4-33091, the implementation of the Water and Primary Irrigation System Agreement (System One, North I-90) and the utilization of capacity in the main conveyance facilities to certain First Phase Continuation Acres located within the Odessa Ground Water Subarea (Odessa Subarea); and

(d) The United States has determined that water under secondary Water Right No. S4-33091 is available for use on the First Phase Continuation Acres described herein without adversely affecting or having a significant detrimental impact on Existing Acres, fish and wildlife interests or the environment in general; and

(e) The Participants are the holders of irrigable land identified as First Phase Continuation Acres as evidenced by land classification and drainage determinations, in the vicinity of an existing Project irrigation facility within the operation of the District; and

(f) The Participants are the holders of ground water permit(s) or ground water certificate(s) issued by the Washington State Department of Ecology which authorizes the use of said ground water for the irrigation of the same acreage identified herein as First Phase Continuation Acres said certificate or permit being listed in Appendix 1 hereto; and

(g) The Participants have applied to the Washington State Department of Ecology for superseding ground water permits or certificate pursuant to RCW 90.44.510;

NOW THEREFORE, it is agreed as follows:

DEFINITIONS

2. The following terms, for purposes of this contract, shall have the following respective meanings:

"Irrigation" shall mean the use of contract water to irrigate land primarily for the production of commercial agricultural crops or livestock, and domestic and other uses that are incidental thereto.

"Municipal and Industrial" shall mean the use of contract water for municipal, industrial, and miscellaneous other purposes not falling under the definition of "irrigation" use above or within another category of water use under an applicable Federal authority.

"First Phase Continuation Water" under this contract shall have the same meaning as it is defined in the Master Water Service Contract and made available under this contract pursuant to Supplement No. 4.

"North I-90 System One Water" shall mean the additional First Phase Continuation Water supply available through secondary Water Right No. S4-33091 and as a result of implementation of the Water and Primary Irrigation System Agreement (System One, North I-90) and the utilization of capacity in the main conveyance facilities, which can be provided by the District pursuant to this contract for the irrigation of First Phase Continuation Acres located within the Odessa Subarea.

"First Phase Continuation Acres" shall have the same meaning as it is defined in the Master Water Service Contract and shall include those lands for which water is made available under this contract pursuant to Supplement No. 4.

"Ground Water Replacement Water" shall mean changing the source of irrigation water from ground water being withdrawn from the Odessa Subarea to surface water from the Columbia Basin Project being made available pursuant to the terms of Supplement No. 4 to the Master Water Service Contract and this contract.

TERM OF CONTRACT

3. (a) This contract becomes effective on the date first above written and covers the District delivery of North I-90 System One water as a source of Ground Water Replacement Water to the lands described herein. This contract shall be in effect until the expiration of the Master Water Service Contract and Supplement No. 4, on July 2, 2020, unless terminated earlier as otherwise provided herein.

(b) If the Master Water Service Contract, as supplemented, is renewed, this contract, unless terminated earlier as provided herein, with the consent of the District may be renewed for additional 10 year periods following July 2, 2020, provided such 10 year periods may not extend beyond the renewed or extended expiration dates of the Master Water Service Contract.

CONDITIONS OF WATER DELIVERY

4. (a) The District has heretofore entered into a repayment contract with the United States, dated December 18, 1968, which, together with the August 27, 1976 Master Water Service Contract and Supplement No. 4, dated _____, 2014 and the terms of this contract, govern the delivery of irrigation water and the Participants' obligations hereunder.

(b) The Participants may, after making advance annual payment therefore in accordance with Article 6 hereof, divert, when available, water from the East Low canal at approximate GPS coordinates N47° 12.12", W119° 10.95" for the irrigation of 14,530 acres of land, identified as First Phase Continuation Acres, which are shown on the map attached hereto as Exhibit A.

(c) The Participants shall receive said water at the above point of diversion and the Participants shall be wholly responsible for the cost and expense thereof, and for taking said water at that point and diverting, conveying, and utilizing it. The water to be delivered hereunder shall be measured by means of a measuring device satisfactory to the District and the United States. Such device shall be furnished, installed, and maintained by and at the expense of the Participants, but subject to the control of the United States or the District who may at all

times have access to them over any land of the Participants. All losses of water from seepage, evaporation, or other cause, below said point of measurement, shall be borne by the Participants.

(d) The Participants, without cost or expense to the District or the United States, shall acquire all necessary rights-of-way and construct all necessary facilities to furnish water to the Participants' land from the point of delivery. The Participants will be required to obtain a permit from the District and, if required, from the United States for all construction on Project rights-of-way. All plans for proposed construction of canalside plants, including measuring facilities, shall be approved in advance by the District and, if required, by the United States.

(e) The Department of Ecology will issue superseding surface water right permits or certificates pursuant to RCW 90.44.510. The Participants shall reduce or cease withdrawal of ground water from the Odessa Subarea as provided in the superseding permits or certificates during the term of this contract. The specific groundwater permits or certificates and associated acreage are listed in Exhibit A hereto.

PAYMENT FOR WATER

5. (a) The Participants shall make payments to the District as set forth herein, *provided that* notwithstanding execution of this single contract by the Participant's Representative, in implementing this Agreement each Participant shall be separately billed and charged and there shall in no case be joint and several liability of Participants for obligations hereunder.

(b) The payment to the District shall be _____/acre/year, of which no more than 50% may be billed in advance.

(c) In the event the Participant is unable to utilize any North I-90 System One Water provided for in the year this contract is entered into, any charges so paid shall be credited against the charges to be paid by the Participant for the following year. In the event that the Participant utilizes less than 50 percent (50%) of the minimum quantity of water provided for hereunder during the year the contract is entered into, the charges for that year shall be prorated based upon the amount of water actually utilized and any credit to which the Participant is entitled to shall be applied against the charges to be paid under this contract for the following year. In no event shall the provisions of this paragraph extend the payment of charges, or the prorating thereof, beyond the year following the year that the contract is entered into.

(d) The required payment in advance of any delivery of water is a condition precedent to the delivery thereof. The District reserves the right to refuse delivery of water unless and until any charges owing to the District are paid including charges owing to the District for work performed by the District on behalf of a Participant. The District further reserves the right to specify the method of irrigation to be used on the subject lands.

WASTE, SEEPAGE, AND RETURN FLOW WATERS

6. (a) Each Participant assumes responsibility, during the life of this contract, for disposal of wastewater in connection with irrigation farming of the said land so as not to damage Project facilities or other properties and also for any necessary drainage of the said land. Failure of a Participant to properly dispose of wastewater shall be grounds for the termination of this contract in accordance with Article 10 hereof.

(b) Neither the United States nor the District abandons or relinquishes any waste, seepage, or return-flow water resulting from the water being made available to a Participant under this contract, and all such waters are reserved and retained as a source of water supply for the Project.

WATER MANAGEMENT AND CONSERVATION

7. Each Participant shall develop and carry out any water management and conservation program that may be required by the District.

DISCLAIMER

8. It is understood and agreed between the parties that no provision for the delivery of North I-90 System One Water under this contract will be construed to bind the United States or the District to make such water available on a continuing basis to the Participants or be the basis of a permanent water right; that the United States and the District assume no responsibility for any permanent, continuing delivery of such water, and that neither they nor their officers, agents or employees shall have any liability for or on account of:

(a) The control, carriage, handling, use, disposal, or distribution of North I-90 System One Water diverted from Project delivery facilities then being operated and maintained or utilized by the United States or the District;

(b) Damage claims of any nature whatsoever, including, but not limited to, property loss or damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of North I-90 System One Water;

(c) Any damage, whether direct or indirect, arising out of or in any manner caused by seepage, absence of drainage, or shortage or absence of North I-90 System One Water, whether such shortage or absence be on account of inspections, repairs, improvements, new construction, changes in operation, drought, hostile diversion, supplying other irrigated lands, prior or superior claims, administrative or court order, or any other causes;

TERMINATION

9. This Contract shall become effective as of the date first written above and will have a term which is to run concurrent with the Master Water Service Contract between the District and the Bureau of Reclamation, including all renewals, with the Master Water Service Contract having renewal rights as set forth therein, and *provided that* the Participants shall have the same right of renewal as against the District as the District has against the United States.

10. In the event of any failure by the Participants to comply with all the terms and requirements of this contract or any regulations issued in connection therewith, or if the use or attempted use of water furnished hereunder is in any way unreasonably wasteful or harmful to the Project as determined by the District or the United States, or if water is used for any purpose other than irrigation of the above-described land, the District or the United States may terminate this contract, after giving reasonable notice and opportunity to comply therewith.

COVENANTS

11. All the terms, conditions, covenants and agreements herein made including the rules and regulations attached hereto and made a part hereof by reference shall be deemed to be covenants running with the land and shall be binding on the Participants and their heirs, administrators, executors, assigns, and successors.

REPORTS AND RECORDS

12. The Participants shall develop and maintain annual records of reasonable estimates of land use and crop production on lands receiving Project water hereunder. Reports thereon shall be furnished to the United States in such form and on such date or dates as may be required by the United States.

OFFICIALS NOT TO BENEFIT

13. (a) No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise herefrom. This restriction shall not be construed to extend to this contract if made with a corporation or company for its general benefit.

(b) No official of the District shall receive any benefit that may arise by reason of this contract other than as a Participant within the Project and in the same manner as other Participants within the Project.

EXCESS LANDS

14. Project water made available under the terms of this agreement shall only be delivered by the District in compliance with the excess land provisions of Reclamation Law as they now exist or may hereafter be amended. Under no conditions will recordable contracts be

executed for the sale of excess lands or be accepted as a condition for delivery of water from the Project to First Phase Continuation Acres served under the terms of this agreement.

RULES AND REGULATIONS

15. The United States or the District may make rules and regulations, not inconsistent with the provisions of this contract and the Water and Primary Irrigation System Agreement (System One, North I-90), and the Participants shall observe the same. Attached hereto and hereby made a part of this contract are rules and regulations entitled, "Rules and Regulations for Water Service Contracts for First Phase Continuation/Ground Water Replacement Acres, East Columbia Basin Irrigation District." Said Rules and Regulations shall be duly complied with by the Participants. The District reserves the right to hereafter formulate and adopt such supplemental rules and regulations as it may deem necessary or advisable for the distribution and management of First Phase Continuation/Ground Water Replacement Water and such supplemental rules and regulations shall be adhered to by the Participants, their heirs, administrators, executors, assigns and successors.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the date first above written.

EAST COLUMBIA BASIN IRRIGATION
DISTRICT

(SEAL)

By
President
Board of Directors

ATTEST

By
District Secretary

Columbia Snake River Irrigators Association
by Dr. Darryll Olsen
as Participants' Representative for the Participants
set forth in the Water and Primary Irrigation System
Agreement (System One, North I-90)

STATE OF WASHINGTON)
COUNTY OF)

On this ____ day of _____, 20____, personally appeared before me _____, to me known to be the President of the Board of Directors of the East Columbia Basin Irrigation District, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(SEAL)

Notary Public in and for the State of
Washington Residing at: _____
Commission expires: _____

STATE OF WASHINGTON)

COUNTY OF) On this day personally appeared before me _____, to me known to be the individual(s) described in and who executed the within and foregoing instrument and acknowledged that _____ signed the same as free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this ____ day of _____ 2014.

(SEAL)

Notary Public in and for
the State of Washington
Residing at:
Commission expires:

RULES AND REGULATIONS FOR WATER SERVICE CONTRACTS FOR FIRST
PHASE CONTINUATION/GROUND WATER REPLACEMENT ACRES
EAST COLUMBIA BASIN IRRIGATION DISTRICT

The following Rules and Regulations and the District wide Rules and Regulations annually adopted by the Board of Directors of the East Columbia Basin Irrigation District which are incorporated herein by reference shall be a part of this water service contract granted by the East Columbia Basin Irrigation District for the irrigation of First Phase Continuation/Ground Water Replacement Acres and the terms and conditions thereof, where applicable as determined by the District, shall be fully complied with by the Participants.

I

Construction of Irrigation Facilities to Serve Participants' Lands

1. Participants shall obtain a District permit approving of the plans for the construction of canalside facilities, including but not limited to the diversion facilities, water measuring device and pumping plants. Construction shall be subject to the approval of the District and shall be at Participants' expense. The canalside diversion facilities and the water measuring device shall be under the District's exclusive control.
2. The Participants shall furnish to the District construction plans. The plans shall include a lockable headgate, which shall be under the control of the District, water measuring device and pumping plant. The plans shall show in detail the location of the proposed diversion facilities, water measuring device, pumping plant, the power meter(s), and the size and length of the pipelines, together with any such other information as may be required by the District Manager. Participants shall furnish to the District a map showing the location of the distribution system at completion of construction engineering, including dimensions of circle sprinkled areas and other areas and the acreage to be irrigated, and the point of water diversion from the Participants' pipeline or other conveyance facility to each of said areas. If the size of the Participants' proposed diversion, in the event of an operation failure, could adversely affect the District's operation, the District may require the Participants to install an automatic alarm system.
3. An approved water flow meter shall be installed by the Participants at the location designated by the District Manager and shall be of the type and size required by the District. The meter shall be for the purpose of determining the amount of water used by the Participants and shall be read and recorded by the District at such times as deemed necessary by the District. All water diverted from the District's facility must be measured. In the event the water flow meter becomes inoperative, the District Manager shall estimate the amount of water diverted under this contract for the irrigation of any

lands served from the headgate, and such estimate and the resulting cost of water so estimated to have been diverted shall be binding upon and shall be paid for by the Participants as in this contract provided.

4. When necessary as determined by the District, the Participants shall secure or convey a valid nonexclusive, perpetual easement(s) over the land on which the diversion facilities, water measuring device, pumping plant, power meter and distribution system and other required facilities are to be installed and constructed. Said easement(s) shall include the District's right of vehicular ingress and egress over, along and across the lands described in the easement(s) for purposes of conducting operation and maintenance activities, for the purpose of determining whether the terms and conditions of this contract are being kept and performed, and for other uses and purposes relative to this contract. The area of said easement shall be that required by the District, which shall include any necessary ingress and egress thereto. The District's title to said easements shall be subject to District approval and any title costs incurred in determining the validity of the District's title shall be paid for by the Participants.

II.

Conditions of Water Delivery

1. Water shall be delivered in the quantities and to the acres identified in Exhibit A.

III.

Miscellaneous Provisions

1. The District, in the event it becomes necessary to enforce the terms and conditions of this contract, in its sole and uncontrolled discretion, may shut off the water to enforce the terms of this contract by locking the diversion facility.
2. The Participants shall pay annually the cost of the quantity of water provided for in this contract. In the event more than one area of land is being irrigated from a single diversion facility, additional quantities of water utilized over the minimum quantity shall be prorated among the two or more separate areas of land entitled to receive water and payment therefore shall be as in this contract provided.
3. Water will not be diverted from the District's facility by the Participants at such time, during the year that the District, in its sole and uncontrolled discretion in considering the

best interests of all water users of the District, determines that water should not be made available from its facilities.

4. Unless the written consent of the District is obtained, Participants shall not irrigate, nor cause or permit any land to be irrigated from the Participants' irrigation facilities, any land other than that described in this contract, nor shall any water from the District's facility be utilized for any purpose other than agricultural irrigation of land.
5. In the case of a common pipeline constructed from the point of diversion of water from the District's facility to serve the lands of the Participants, or any land to be served therefrom under any other water service contract entered into by the District with any third party or parties, and in the event the Participants, or any third party utilizing said common pipeline, or any of them, or their lessees, heirs, assigns or successors, fails to pay to the District any amounts due under this contract, or any amendment or modification thereof, or fails to perform any other term or condition of this contract, the District may, after reasonable notice and an opportunity to cure, at its sole and uncontrolled discretion and without liability to any person, shut off the water at the point of diversion from the District's facility until such default has been corrected, or the District may take any other enforcement action herein provided. The fact that one or more persons has complied with all contract requirements shall not derogate from this provision.
6. Because of the demand for the District's available water, no water service contracts shall be granted for the irrigation of lands other than by pressurized irrigation delivery systems or other conservative distribution alternative(s). Variations from this condition will be permitted only if specifically authorized by the Board of Directors of the District.
7. The District shall not be liable for the construction, breaking, leakage, repair or maintenance of any pipeline, including any common pipeline serving Participants' lands and/or lands of any third party, nor for the securing and retention by the Participants and/or any third party of any easement or right-of-way required for the delivery of water to the Participants' lands or to the lands of any third party which may be served by any common pipeline. The District shall not be responsible for any damage, loss, cost or expense, occasioned to the Participants or any other person, from the construction, breaking, leaking, seepage, or operation of any of the irrigation facilities, including pipelines, of the Participants, and the Participants shall hold the District harmless from any such loss, cost or expense.
8. To enable the District to comply with the excess lands provisions of the District's Repayment Contract dated December 18, 1968, with the United States of America, all

land ownerships of the Participants, or any of them, or any transfer thereof, must be recorded with the Auditor of the county in which the land is located. In the event the Participants, or any of them, or any third party, being served from the District's facility becomes the owner of excess lands, by operation of law or otherwise, and in the event the lands are being supplied with irrigation water by a common pipeline in conjunction with other Participants, the District shall refuse to deliver water to the common pipeline from its facilities for the excess Participants unless and until the excess status of any Participants or third party shall have been resolved.

9. Violation or default of any of the terms and conditions herein contained shall entitle the District to terminate this water service contract. Further, in the event the Participants utilize water made available hereunder in a manner that is unreasonably wasteful or harmful to the District facilities or downstream water users, (including the return of irrigation wastewater to District facilities containing undue or harmful amounts of silt and debris), or in the event the irrigation of the Participants' lands occasions damage, by seepage or otherwise, to District facilities, the District may terminate this contract.
10. In the event any Participant sells or conveys the land covered by this contract, such sale or conveyance shall constitute an assignment of this contract by the Participant and the terms and conditions hereof shall be binding upon the Participant's grantees or successors. In the event a grantee or successor is not entitled to receive irrigation water from the District for any reason whatsoever, including the excess land provisions of federal reclamation law, the District shall have the right to terminate this contract. In event any person acquires title, including a purchaser's interest from the Participant of all or a portion of the lands covered by this contract, the District may, at its option, terminate this contract and require the then Participant or Participants to enter into a new contract or contracts with the District.

***Supplement No.4
to the Master Water Service Contract
Between USBR and ECBID***

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

SUPPLEMENT NO. 4 TO THE MASTER WATER SERVICE CONTRACT
BETWEEN THE UNITED STATES OF AMERICA
AND THE EAST COLUMBIA BASIN IRRIGATION DISTRICT

COLUMBIA

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MWSC No.
Supplement No.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

COLUMBIA BASIN PROJECT, WASHINGTON

SUPPLEMENT NO. 3 TO THE MASTER WATER SERVICE CONTRACT
BETWEEN
THE UNITED STATES OF AMERICA
AND
THE EAST COLUMBIA BASIN IRRIGATION DISTRICT

1. THIS SUPPLEMENTARY CONTRACT, hereinafter referred to as Contract, is made this ____ day of _____, 2014, pursuant to the Act of Congress of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, particularly the Act of August 30, 1935 (49 Stat. 1028), Section 9(e) of the Act of August 4, 1939 (53 Stat. 1187), the Act of March 10, 1943 (57 Stat. 14), and the Act of October 1, 1962 (76 Stat. 677), collectively known as the Federal Reclamation Laws, between the UNITED STATES OF AMERICA, acting through the Regional Director, Pacific Northwest Region, Bureau of Reclamation, hereinafter referred to as the Contracting Officer, and the EAST COLUMBIA BASIN IRRIGATION DISTRICT, an irrigation district duly organized and existing under the laws of the State of Washington, hereinafter referred to as the District or the Contractor;

WITNESSETH THAT:

EXPLANATORY RECITALS

2. WHEREAS, the United States and the District entered into a repayment contract providing for the development of the Columbia Basin Project dated October, 9, 1945 (Contract

and Symbol No. 11r-1442) which was last amended and supplemented on December 18, 1968 by an Amendatory, Supplemental and Replacement Repayment Contract (Contract No. 14-06-100-6419) and

3. WHEREAS, the United States and the District on August 27, 1976, entered into a Master Water Service Contract (Contract No. 14-06-100-9165), hereinafter referred to as the Master Water Service Contract, providing for the construction of additional facilities for the delivery of First Phase Continuation Water to First Phase Continuation Acres in the District and for other purposes; and

4. WHEREAS, First Phase Continuation Water has been delivered to First Phase Continuation Acres in the District pursuant to the execution of supplements to the Master Water Service Contract (Supplement No. 1 dated October 8, 1982, as amended on December 31, 1987, Supplement No. 2 dated September 13, 2005, as amended March 6, 2014, and Supplement No. 3 dated March 6, 2014); and

5. WHEREAS, the delivery of additional water to First Phase Continuation Acres within the Odessa Subarea is conditioned upon execution of this Supplement to the Master Water Service Contract, the intent of which is to provide for the terms and conditions of water delivery and to establish the irrigation water service charges to be paid to the United States for water made available hereunder; and

6. WHEREAS, the Bureau of Reclamation and the Washington State Department of Ecology prepared and issued the Odessa Subarea Special Study Final Environmental Impact Statement in August 2012, which evaluated impacts associated with implementation of Alternative 4A; and

7. WHEREAS Alternative 4A contemplates, among other things, constructing a pipeline distribution system distribution system to areas north of I-90; and

8. WHEREAS, the Bureau of Reclamation issued its Record of Decision for the Odessa Subarea Special Study Final Environmental Impact Statement adopting Alternative 4A on April 2, 2013, noting that construction of facilities would start in phases from north to south

and that the State of Washington and irrigators anticipate moving forward with non-federal funding; and

9. WHEREAS, the State of Washington has issued the Bureau of Reclamation a secondary use water right (Water Right No. S4-33091) to be utilized in connection with implementation of Alternative 4A to irrigate areas within the Odessa Subarea; and

10. WHEREAS certain Participants within the Odessa Subarea have entered into a "Water and Primary Irrigation System Agreement (System One, North I-90)" to finance and construct a new primary irrigation system to irrigate additional acreage within the Odessa Subarea (hereafter, the "Participants"), proposing to implement, in part, Alternative 4A; and

11. WHEREAS this additional acreage has been determined to lie within the First Phase Continuation Acres and is eligible for Bureau of Reclamation Service; and

12. WHEREAS, the Bureau of Reclamation has met all environmental compliance requirements for the execution of this contract;

NOW, THEREFORE, in consideration of the foregoing recitals, and the terms, conditions, covenants, and agreements set forth herein, the parties to this Contract agree as follows:

DEFINITIONS AND MEANINGS

13. This Contract uses terms appearing in the Amendatory, Supplemental, and Replacement Repayment Contract, Contract No. 14-06-100-6419, between the United States and the District, hereinafter referred to as the Repayment Contract, and the Master Water Service Contract and Supplements No. 1 and 2. The meaning of such terms shall be governed by the applicable usage or definitions appearing in those contracts, unless expressly provided to the contrary in this Contract.

(a) "Irrigation" shall mean the use of contract water to irrigate land primarily for the production of commercial agricultural crops or livestock, and domestic and other uses that are incidental thereto.

(b) "Municipal and Industrial" shall mean the use of contract water for municipal, industrial, and miscellaneous other purposes not falling under the definition of "irrigation" use above or within another category of water use under an applicable Federal authority.

(c) "North I-90 System One Water" shall mean the additional First Phase Continuation Water supply available through the issuance of new secondary water right No. S4-33091 and the utilization of capacity in the main conveyance facilities, which can be made available to the District for meeting the irrigation requirements of First Phase Continuation Acres located within the Odessa Subarea.

CONTRACT SCOPE AND TERM

14. (a) This Contract shall become effective as of the date first written above and will have a term which is to run concurrent with the Master Water Service Contract, including any renewals thereof, with the Master Water Service Contract having continued rights of renewal as set forth therein.

(b) This Contract does not affect other contracts between the United States and the District unless the terms of those other contracts are contrary to the terms of this Contract, in which case the terms of this Contract shall prevail.

(c) If any provision of this Contract or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Contract and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced unless doing so would result in such a material change as to cause a loss of fundamental benefits otherwise afforded to either party.

FACILITIES CONSTRUCTED BY THE UNITED STATES

15. (a) The United States has constructed facilities which allow North I 90 System One Water to be made available to lands within the District and which lands are situated within the Odessa Subarea.

(b) The District recognizes that the United States is not constructing the System One, North I-90 distribution systems and that further construction of any facilities by the

United States is contingent upon federal appropriations and subsequent contractual arrangements as identified in Article 8(b) of the Master Water Service Contract.

LANDS FOR WHICH WATER IS DELIVERED — LIMITATIONS ON DELIVERIES

16. (a) The District is hereby authorized to deliver up to a maximum of 30,075¹ acre-feet of irrigation water annually to 9,733 direct groundwater replacement acres and additional acreage not to exceed the 14,350 place of use acres, all being First Phase Continuation Acres within the Odessa Subarea as identified in Exhibit A hereto attached and by this reference made a part hereof, *provided that* the irrigation water made available pursuant to this Contract shall be delivered in amounts not exceeding 3.09 acre-feet per acre and shall be measured by the District at [each farm turnout] serving such acres. The water so delivered shall be measured in second-foot-days and converted to the annual quantity in acre-feet.

(b) It is agreed that the delivery of water pursuant to this Contract shall be only under the terms of the Master Water Service Contract, this Contract and the forms of water service contract(s) expressly approved for use by the Contracting Officer, including the form of water service contract for irrigation attached hereto and by this reference made a part hereof. Forms of water service contracts previously approved or used under the terms and provisions of the Repayment Contract shall not be used to furnish water under this Contract.

(c) First Phase Continuation Acres in the Odessa Subarea, except in the case of federal development of distribution and drainage facilities, may be delivered water in accordance with Article 12 of the Master Water Service Contract and this Contract: *Provided*, that while receiving water service pursuant to this Contract and the form of water service contract for irrigation set forth in Exhibit B, Participants shall reduce or cease withdrawal of ground water from the Odessa Subarea as provided for in a superseding permit or certificate for ground water right to be acquired by the Participants from the Washington State Department of Ecology under RCW 90.44.510.

¹ This number is derived by multiplying the 9,733 direct groundwater replacement acres times a 3.09 acre-foot/acre water duty.

(d) The District, with the written approval of the Contracting Officer, may for purposes of adjustments and matters of its own internal administration make changes in the irrigable acreage from time to time: *Provided*, that such changes do not result in the irrigation of greater than the 14,530 place of use acres under this Contract.

CONDITIONS OF WATER DELIVERY

17. (a) The United States does not abandon or relinquish any waste, seepage, or return flow water resulting from activities hereunder, and all such water is reserved to the United States as set forth in its Repayment Contract with the District.

(b) Federal funds shall not be utilized under this Contract for irrigation or drainage facilities or related works for the irrigation of land within the Odessa Subarea with First Phase Continuation Water other than as provided for in Article 8(a) of the Master Water Service Contract, as supplemented by amendment, unless otherwise authorized in writing by the Contracting Officer.

(c) The District may, or when directed by the Contracting Officer shall, terminate the water service contract with Participants after giving reasonable notice and opportunity to comply therewith in the event of any failure by Participants in the Odessa Subarea irrigating land with First Phase Continuation Water to comply with the terms and conditions of this Contract, and Participants' water service contract with the District, or any rules issued in connection therewith, or if the Participants' attempted use of water furnished hereunder is any way wasteful or harmful to the United States or the District, or if water is used for any purpose not authorized by this Contract.

(d) The District acknowledges the Bureau of Reclamation's authority to conduct periodic contract compliance reviews in accordance with Reclamation Manual Policy, *Periodic Review of Water Deliveries with Respect to Contract Terms* (WTR P08), and Reclamation Manual Directive and Standards, *Periodic District Reviews of Water Deliveries with Respect to Contract Terms — Process for Resolving Unauthorized Use* (WTR 08-01).

RATE AND METHOD OF PAYMENT

18. It is hereby acknowledged by the parties that a review of the water service rate under the Master Water Service Contract has not been made prior to execution of this Contract, therefore it has been necessary to establish an initial composite rate as follows:

(a) The initial irrigation water service rate and method of payment for North I 90 System One Water delivered by the District is hereby established as \$ _____ per acre-foot.

This is a composite rate comprised of the following components:

- (1) \$ _____ per acre-foot: representing the current irrigation water rate in effect and established in Article 10 of the Master Water Service Contract as amended by Article 13 of Supplement No. 1 to the Master Water Service Contract.
- (2) \$ _____ per acre-foot: representing in per acre-foot terms the present annual average per-acre construction charge under the Repayment Contract.

(b) Water shall not be delivered by the District to any user of irrigation water who is in arrears of advance payment.

(c) To ensure that the Contracting Officer has accurate and appropriate information for the accounting and crediting of revenues derived from the District's water use pursuant to the Master Water Service Contract as supplemented, the District shall include the following information in writing each year when remitting payment to the United States for irrigation water made available pursuant to the Master Water Service Contract as supplemented:

- (1) The quantity of irrigation water in acre-feet, delivered to First Phase Continuation Acres within the Odessa Subarea.
- (2) The quantity of First Phase Continuation Acres within the Odessa Subarea to which irrigation water is delivered.
- (3) The quantity of First Phase Continuation Water, in acre-feet, delivered pursuant to the Master Water Service Contract and Supplement No. 1.
- (4) The quantity of First Phase Continuation Acres to which First Phase Continuation Water in (3) above is delivered.

(d) The irrigation water service rate is subject to adjustment as follows:

(1) From time to time, but not less often than once every 5 years, the irrigation water service rate shall be reviewed by the Contracting Officer and revised, as determined to be necessary by the Contracting Officer, taking into account any changes in Reclamation law and policy, Columbia Basin Project costs, allocation of costs, the rate at which First Phase Continuation Acres have been or are anticipated to be developed, and other related factors. The District may at any time request, in writing, the Contracting Officer to review the irrigation water service rate. The District shall be responsible for funding District requested reviews of the irrigation water service rate.

(2) Any revision of the irrigation water service rate by the Contracting Officer will apply only to future payments and shall be announced by written notice to the District at least ninety (90) days prior to the beginning of the irrigation season to which the new irrigation water service rate would be applicable.

(e) The costs, which make up the irrigation water service rate described in (a) of this article, shall embrace all expenditures of whatsoever kind in relation to the function for which the charge is made, including, but without limitation by reason of this enumeration, cost of surveys and investigation, labor, property, material and equipment, engineering, legal work, superintendence, administration, overhead, general expenses, inspection, special services, and damage claims of all kinds: *Provided*, that such costs shall be exclusive of amounts which the law does not require to be treated as reimbursable or which the Secretary determines as a matter of policy are to be treated as non-reimbursable: *Provided, further* that such costs shall be exclusive of charges for operation and maintenance of the project reserved works apportionable to the District and payable to the United States pursuant to the terms and conditions of the Repayment Contract.

NOTICES

19. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, on behalf of the District, when mailed, postage prepaid or delivered to the Regional Director, Pacific Northwest Region, Bureau of Reclamation, 1150 North Curtis

Road, Suite 100, Boise ID 83706-1234, and on behalf of the United States, when mailed, postage prepaid or delivered to the East Columbia Basin Irrigation District, P.O. Box E, Othello WA 99344. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this article for other notices.

GENERAL PROVISIONS

20. The general provisions applicable to this Contract are listed below. The full text of these articles is attached as Exhibit C and is incorporated herein by this reference.

- a. CHARGES FOR DELINQUENT PAYMENTS
- b. GENERAL OBLIGATION-BENEFITS CONDITIONED UPON PAYMENT
- c. OPERATION AND MAINTENANCE OF TRANSFERRED WORKS
- d. EXAMINATION, INSPECTION, and AUDIT of PROJECT WORKS, RECORDS, and REPORTS for DETERMINING ADEQUACY of OPERATION and MAINTENANCE
- e. CONFIRMATION OF CONTRACT
- f. CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS
- g. OFFICIALS NOT TO BENEFIT
- h. CHANGES IN CONTRACTOR'S ORGANIZATION
- i. ASSIGNMENT LIMITED-SUCCESSORS AND ASSIGNS OBLIGATED
- j. BOOKS, RECORDS, AND REPORTS
- k. COMPLIANCE WITH FEDERAL RECLAMATION LAWS
- l. ADMINISTRATION OF FEDERAL PROJECT LANDS
- m. PROTECTION OF WATER AND AIR QUALITY
- n. CONTAMINATION OF POLLUTION OF FEDERAL PROPERTY
- o. WATER CONSERVATION
- p. EQUAL EMPLOYMENT OPPORTUNITY
- q. COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

- r. PRIVACY ACT COMPLIANCE
- s. PEST MANAGEMENT
- t. MEDIUM FOR TRANSMITTING PAYMENTS
- u. CONSTRAINTS ON THE AVAILABILITY OF WATER
- v. CONTRACT DRAFTING CONSIDERATIONS

IN WITNESS WHEREOF, the parties hereto have signed their names on the date and year first above written.

EAST COLUMBIA BASIN IRRIGATION
DISTRICT

(SEAL)

By
President
Board of Directors

ATTEST

By
District Secretary

UNITED STATES OF AMERICA

By
Regional Director
U.S. Bureau of Reclamation
Pacific Northwest Region
1150 N. Curtis Road, Suite 100
Boise, ID 83706-1234

STATE OF WASHINGTON)
COUNTY OF _____)

On this ____ day of _____, 20____, personally appeared before me _____, to me known to be the President of the Board of Directors of the East Columbia Basin Irrigation District, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(SEAL)

Notary Public in and for the State
of Washington Residing
at: _____
Commission expires: _____

STATE OF WASHINGTON)
COUNTY OF _____)

On this day personally appeared before me _____, UNITED STATES OF AMERICA that executed the within and foregoing instrument and acknowledged said instrument to be free and voluntary act and deed of said United States, for the uses and purposes therein mentioned, and on oath stated the he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal as of the day and year first above written.

(SEAL)

Notary Public in and for
the State of Washington
Residing at:
Commission expires:

Exhibit A:
Primary Groundwater Right Acres
Eligible for Replacement Surface Water
Secondary Use Permit
And
Total Allowed Place of Use Acres for New
Secondary Use Permit Coverage

CSRIA Odessa North-I-90, System 1

Primary Acres Water Rights by Ownership (with ERO-Ecology Pre-review)

	Water Right No.		GPM	Acre-ft.	Acres	Af./Acre	Included in Primary Acres
1	See Below						
2	See Below						
3	G3-22907C	RE	3,000	1,505	600		Included
	G3-25581C	RE-S	1,000	0	0		Included
	G3-01235C	RE	2,500	700	280		Included
	Subtotal		5,500	2,205	880	2.5	
4	See Below						
5	G3-22987	S-POW	300	2,931	1,688		
	G3-22988	S-POW	2,400	2,931	1,688		
	G3-22989C	S-POW	2,400	2,931	1,688		
	G3-22991C*		2,400	2,931	1,688		Included
	Subtotal		2,400	2,931	1,688	1.7	
6							
7							
8	G3-01140	S	5,000	3,437	1,375	2.5	Included
	Subtotal		5,000	3,437	1,375		
9							
10	G3-01578C		4,050	2,400	960		Included
	G3-23404C		2,200	700	280		Included
	G3-00213C	O	2,250	2,390	880		Included
	G3-01329C	O	2,250	2,390	960		Included
	G3-01329C(A)	?					
	G3-22987	?					
	G3-22988C	WSC-O					
	G3-22991C*	WSC-O					
	G3-22989C*	WSC-O	2,400	2,931	1,688		
				Rights	728		Noted Above
				WSC	960		Noted Above
	Subtotal		8,500	5,490	3,080	1.8	1.8
11	G3-01329C		2,092	1,280	640		Included
	(1999)	?					
	(7604-A)(C)	?	-----	-----	1,435		Included
	G3-26234C		900				
	G3-00213C	CA					
	Subtotal		2,992	1,280	2,075	0.6	0.6
12	G3-22987	CA					
	G3-22988C	CA					
	G3-22989C	CA					
	G3-01430C		2,250	1,900	475		Included
	G3-01567C		1,600	640	160		Included
	G3-22991C	CA					
	Subtotal		3,850	2,540	635	4.0	4.0
13							
14							
	Total for Primary Rights		23,242	14,446	9,733	1.5	1.5

5-25-2014

NOTE: RE is Relinquishment Exemption form on file; S for supplemental; O for overlap; CA is counted above. POW is point of withdraw. WSC indicates displacement under an existing water service contract.

NOTE: The above acres refer to the primary groundwater water rights and the namplate value of the rights (acres). The rights are acknowledged as not subject to relinquishment given water non-availability under RCW 90.14

NOTE: The primary water right acres convert to 30,075 acre-ft. of replacement surface water (Secondary Use Perm at 3.09 acre-ft./acre for new allocation.

The total acres for allowed place of use total to 14,350. The system-wide average water duty is about 2.1 acre-ft./acre.

**CSRIA Odessa North-I-90, System 1
Cost Allocation by Acreage, Zone, and Ownership**

System 1

Owner	Zone 1			Zone 2			Total		
	Zone 1 Acres	Marginal Cost/Acre	Zone 1 Cost	Zone 2 Acres	Marginal Cost/Acre	Zone 2 Cost	Zone 1-2 Acres	Zone 1-2 Cost	Total Costs
1 Classen	258	\$2,433	\$627,714				258		\$627,714
2 Stahl				125	\$4,561	\$570,125		X	\$570,125
3 Hyer	2,086	\$2,433	\$5,075,238				2,086		\$5,075,238
4 Keller (Stahl)	248	\$2,433	\$603,384				248		\$603,384
5 Meyer (Stahl)	259	\$2,433	\$630,147				259		\$630,147
6 PC Jantz (Stahl)				540	\$4,561	\$2,462,940		X	\$2,462,940
7 Phillips-1 (Stahl)	125	\$2,433	\$304,125	1,669	\$4,561	\$7,612,309	1,794		\$7,916,434
8 Phillips-2 (Hyer)	813	\$2,433	\$1,978,029		\$4,561	\$0	813	X	\$1,978,029
9 Schmauder (Stahl)	0	\$2,433	\$0				0		\$0
10 Stahl	1,606	\$2,433	\$3,907,398	2,607	\$4,561	\$11,890,527	4,213	X	\$15,797,925
11 Stucky	490	\$2,433	\$1,192,170	688	\$4,561	\$3,137,968	1,178	X	\$4,330,138
12 Triple C	1,878	\$2,433	\$4,569,174				1,878		\$4,569,174
13 Schaffer				810	\$4,561	\$3,694,410	810	X	\$3,694,410
14 Franks (Stahl)	148	\$2,433	\$360,084				148		\$360,084
Total	7,911		19,247,463	6,439		29,368,279	14,350		\$48,615,742

NOTE: Costs per acre are marginal costs allocated to each zone.

Confirmed designation refers to signed Water System Agreement (WSA) received by CSRIA for certification.

5-15-2014 Revised

Odessa Groundwater Replacement Project North of I-90

System 1

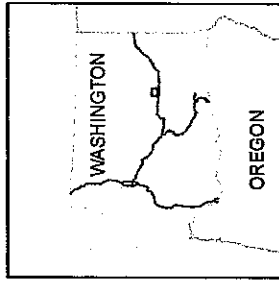
Map 1. Ownership & Delivery Sources

Legend

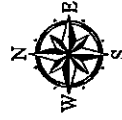
Clasasen	258 Ac	Phillips	2382 Ac
Friesen	125 Ac	Ramm	250 Ac
Hyer	2,066 Ac	Schmauder	236 Ac
Keller	248 Ac	Stahl	4,568 Ac
Meyer	258 Ac	Stucky	1,178 Ac
PC Jantz	540 Ac	Triple C	1,901 Ac

- Delivery Points
- Delivery Mainlines
- Zone Dividers

Numbers inside circles represent delivery source and acreage.
Note: Pipeline sizes and flow needs to be modified to accommodate flow to modified/added circles.



NOTES:
Aerial Image from USGS-Aerial Photo 2011
Generated from GISRA
Boundary Layer from P188
Projection: UTM Zone 11
Map Date: 8/21/2014



irz.com
(541) 587-0252

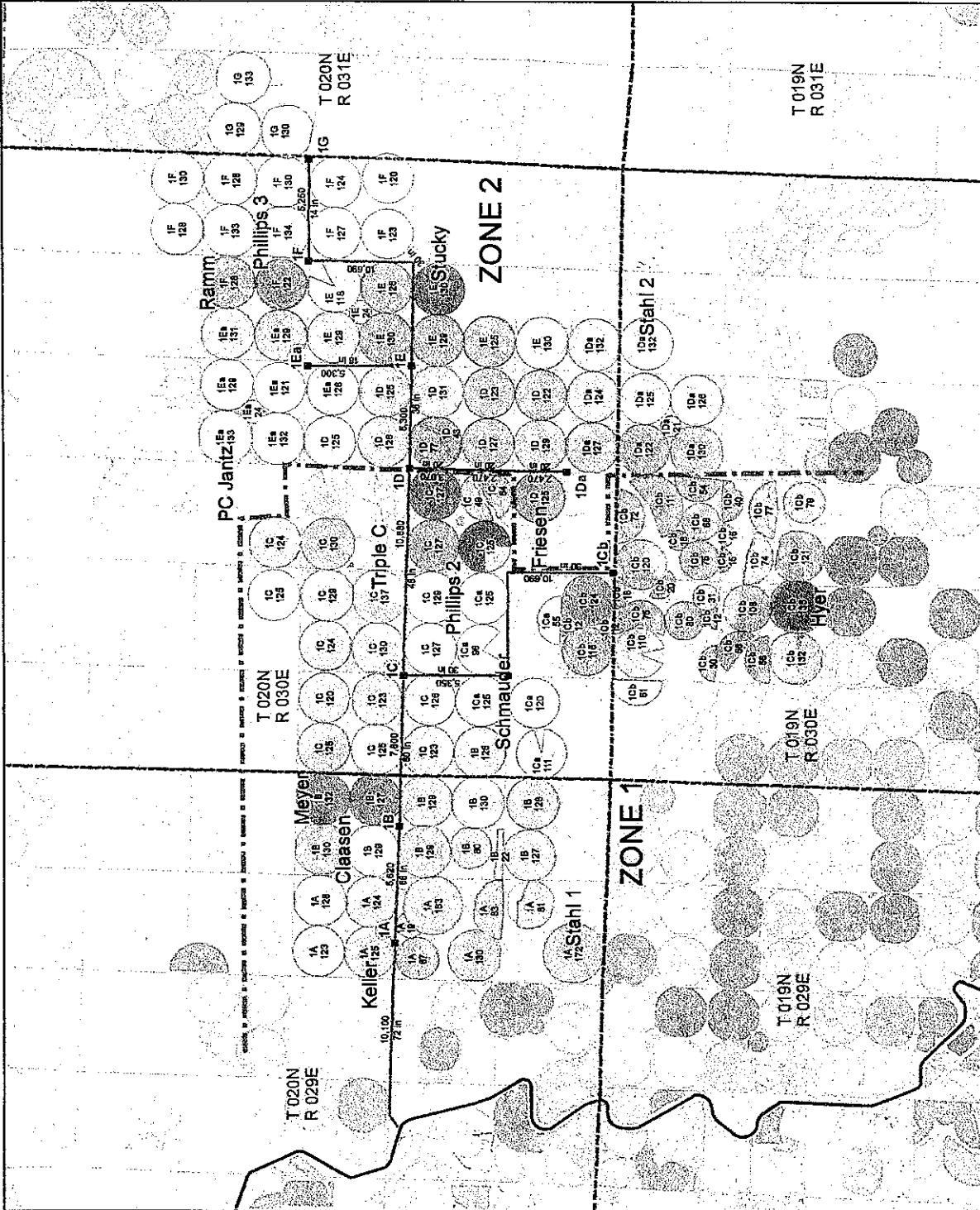


Exhibit B:

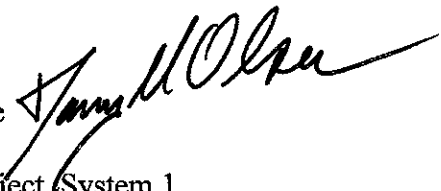
***Participants Water System Agreement Copy
For N-I-90, System 1***

(Original Document Held by CSRIA)

Columbia-Snake River Irrigators Association Policy Memorandum

DATE: October 15, 2013

TO: N-I-90, System 1, Project Participants and Lenders
and Financial Agent/Trust Representative

FROM: Darryll Olsen, Ph.D., CSRIA Board Representative 

SUBJECT: Executed Water System Agreement for N-I-90 Project, System 1

Per the authorization of the CSRIA Board of Directors, the attached Water System Agreement (WSA) for the North-I-90 Project, System 1, is hereby signed and executed, and the WSA will become effective with the certified counter signatures of the Project Participants. The Participants' counter signatures commit them to financial responsibilities for Project completion, as designated under the WSA.

As the Participants' Representative, the CSRIA will certify receipt of the Participants' counter signatures, with final participation and financial obligations for the Participants documented and deemed sufficient for Project development.

The WSA Exhibits 1 and 2 provide for the final Project construction budget and schedule, and the allocated acreage costs by Participant. On the counter signature page, each Participant should designate/confirm their water delivery acres and associated portion of construction costs. Exhibit 2 provides the allocated costs for each Participant.

Under this WSA, the CSRIA will complete the tasks stipulated under Section 1a-d, and thereafter require that Participants deliver Project construction funds to the Project Account, under the supervision of their Financial Agent/Trust Representative. The schedule for dispersed funding will be jointly determined by CSRIA and the Financial Agent, working with the Project lenders.

The CSRIA is preparing a formal draft Water Service Contract for consideration by the ECBID Board of Directors, with USBR/Ecology review. The WSA acreage data, and Project financial confirmation, will be used to prepare the Water Service Contract.

Consequently, the CSRIA is requesting that Participant counter signatures be returned to CSRIA by November 6, 2013. If it is determined that inadequate participation exists, then CSRIA will revoke its execution of the WSA.

Please feel free to direct any questions regarding the WSA to me at 509-783-1623.

3030 W. Clearwater, Suite 205-A, Kennewick, WA 99336
509-783-1623, FAX 509-735-3140, E-Mail DolsenEcon@AOL.com

WATER AND PRIMARY IRRIGATION SYSTEM AGREEMENT (SYSTEM ONE, NORTH-I-90)

WHEREAS the undersigned Participants wish to enter into an agreement to develop a project to deliver water to supply their lands at cost, with a system of pumps and mainlines to specified points of deliveries in separate water delivery zones (collectively, the “Project”); and

WHEREAS, the Columbia Snake River Irrigators Association (“CSRIA”) has developed, in consultation with IRZ Consultants (“IRZ”), a capital budget and engineering specifications for the Project that are attached as Exhibit 1 (which need not be included in recorded copies of this Agreement); and

WHEREAS the Participants have engaged in an iterative process to adjust the number of zones and points of delivery in accordance with the numbers, locations, and land ownership of Participants, thereby producing the acre-foot amounts, zone designations, cost share percentages and Total Obligations set forth in Exhibit 2, and the Participants have fully reviewed and are satisfied with the specifications of the Project as set forth in Exhibit 1; and

WHEREAS the Participants wish to engage CSRIA to coordinate permits and contracts and generally act as their agent, and to engage IRZ to construct the Project as set forth herein;

IT IS HEREBY AGREED THAT:

1. **Participants’ Representative.** CSRIA is engaged by the Participants to act as Participants’ Representative with such powers, as their agent, as may be reasonably necessary to complete the tasks set forth herein, including:

(a) Work with the Washington State Department of Ecology to issue a conditional water right permit or permits to the U.S. Bureau of Reclamation for the benefit of Participants,

with water sufficient to meet the specifications of the Project, including a minimum delivery of 2.5 acre/feet per acre (the “Minimum Delivery”) to each Participant;

(b) Use best efforts to cause the U.S. Bureau of Reclamation, on behalf of the Participants, to provide access to water from the Bureau’s East Low Canal.

(c) Use best efforts to secure a water service contract from the East Columbia Basin Irrigation District or such other party as may reasonably be agreed upon for the operation of the Project, which water service contract shall be on conditions reasonably satisfactory to a majority in interest of the Participants for the delivery of water.

(d) Develop a construction contract with IRZ on terms and conditions reasonably satisfactory to a majority in interest of the Participants, pursuant to which IRZ shall serve as Project Manager and Project Engineer for the Project, agreeing to complete the construction phase of the Project on the terms generally set forth in Exhibit 1, with appropriate review and approval by the Participants’ Representative during the construction process, and, in consultation with the Participants’ Financial Representatives, a schedule for disbursements from the Project account for construction and other expenses (the “Disbursement Schedule”). Such contract shall provide Participants, Participant’s Representative, or Participant’s Financial Representatives to periodically inspect the progress of the construction Project.

(e) Develop a detailed contract on terms and conditions reasonably acceptable to a majority in interest of the Participants, pursuant to which a Project Operator will be contractually authorized by the Participants to provide ongoing maintenance and operation of the Project consistent with the terms of this Agreement, and either (i) use best efforts to cause the East Columbia Basin Irrigation District to serve as the Project Operator; or (ii) create an alternative entity to serve as the Project Operator and provide such maintenance and operation services.

(f) The contracts described in paragraphs 1(b) through (e) shall provide no joint and several liability of Participants. The Participants' Representative may execute these contracts on behalf of the Participants no sooner than thirty days after providing copies thereof for Participant review and, in the case of contract set forth in paragraphs 1(b) through (d), the certification under paragraph 3.

(g) Provide continuing oversight and other services to assist in completion of the Project until water is delivered, whereupon the duties of the Participants' Representative shall be complete and the Project Operator shall assume operational responsibility.

(h) As compensation for services until the Project is turned over to the Project Operator, CSRIA shall pay itself a reasonable stipend not to exceed \$120,000. Any such payment may only be made from Total Contributions paid hereunder.

2. **Project Account.** The Participants, through their Financial Representatives, hereby designate CliftonLarsenAllen LLP as the Financial Agent to manage financial disbursements and reporting for the Project. The Participants shall deliver all required funds to an interest bearing account to be established at Key Bank, the "Project Account," with all checks to be jointly signed by the Participant's Representative and the Financial Agent. Funds shall be disbursed at the direction of the Participants' Representative, *provided that* such disbursements shall be generally consistent with the Disbursement Schedule and may be subject to periodic inspections by Participants or Participants' Representative. The Financial Agent or such other designated party shall provide Participants with an accounting of the Project Account on a periodic basis, but no less than within 30 days of the calendar year-end.

3. **Capital Contributions.** Participants shall be obligated to provide the Total Obligations to the Financial Agent set forth below when, and only when, Participant's

Representative certifies completion of the tasks set forth in paragraphs 1(a) through 1(d), *provided that* Participants may provide the Total Obligation in payments staged over time consistent with the Disbursement Schedule. In the event that Project costs exceed the amount set forth in Exhibit 1, Participants shall be liable to contribute such additional capital as the Participants' Representative may reasonably require for the Project, with such additional contributions weighted by Total Obligation over the Project as a whole or within particular zones as the Participants' Representative may reasonably determine. In the event that the contingency fund included in Exhibit 1 is not exhausted upon Project completion, or the Project is terminated before completion, Participants shall be entitled to refund of their proportional share of available funds. The total of the Total Obligation, plus any additional assessments demanded by the Participants' Representative, shall be defined as the Participant's Capital Contribution.

4. **Ownership and Control of Project.** To the extent Participants exercise control over the Project, including but not limited to (a) replacement of Participants' Representative, (b) rejection of any certifications provided pursuant to paragraph 3 hereof, or (c) termination of the Project before completion, they must act by a majority in interest weighted by Capital Contribution ("Majority in Interest"). Participants shall be joint owners in the pumps and mainlines and other equipment comprising the Project in proportion to their Capital Contribution, and a Majority in Interest may elect to transfer ownership of the entire Project, subject however, to any lien interests of a Superior Lender in the pumps, mainlines and other equipment comprising the Project and subject further to the terms and conditions of this Agreement. Participants acknowledge and agree that they may grant a Superior Lender a security interest and lien in the Project in proportion to the Participant's Capital Contribution and that such Superior Lender may succeed to Participant and foreclose upon such Participant's

interest in the Project as set forth in Appendix A. Participants shall have the reasonable opportunity to audit the records and data of the Participants' Representative and any Project Operator formed by the Participants' Representative pursuant to paragraph 1(c) at reasonable intervals.

5. **Rights of Way and Easements.** In addition to making all required Capital Contributions, Participants also grant to the Participants' Representative and/or Project Operator, and their designees, all rights of ingress and egress, easements and rights-of-way reasonably necessary for construction of the Project, ongoing operation and maintenance of the pumping stations, mainlines and points of delivery, and all other purposes necessary for obtaining and delivering the specified quantities of water with the Project, including the right to use all governmental permits.

(a) Participants agree to execute such instruments as the Participants' Representative or Project Operator may reasonably require to document rights running with the land burdened, and to permit the recording of such instruments, *provided that* the maximum width of any permanent easement for pipeline use shall not exceed sixty feet.

(b) All easements shall benefit and bind each Participant, each Participant's heirs, successors and assigns, and shall be covenants running with the land and specifically enforceable by equitable relief.

(c) The Project may be terminated before completion by the Participants for an inability to obtain other necessary easements or other reasons, in which case all easements granted pursuant to this paragraph shall be null and void and appropriate instruments terminating such easements shall be recorded.

6. **Water Deliveries.** Subject to their performance of all obligations hereunder, Participants and their successors shall be entitled to and receive the Minimum Deliveries of 2.5 acre-feet/acre to be used in accordance with the terms of the contract(s) and permit(s) developed pursuant to paragraph 1(a) & (b) hereof, and to be used on the acreage set forth below and in Exhibit 1 (“Participant’s Property”), *provided that* the system is designed to be operated at a 70% capacity factor, and *provided further* that any general shortage beyond the control of the Project Operator shall be allocated pro rata among the Participants. Participants and their successors shall have the right to specifically enforce the performance of duties hereunder for delivery of water to Participant’s Property. The Parties agree that a separate water services agreement may be entered into between Participants and the Project Operator setting forth the terms and conditions of such water deliveries consistent with the terms of this Agreement.

7. **Assignment of Rights.** The right to use water under this Agreement shall be deemed a covenant running with the land comprising Participant’s Property. In the event all or a portion of Participant’s Property is sold, the Participant shall (a) make the conveyance of record; (b) execute a written assignment of the appropriate share of the Project showing the number of acres conveyed and resulting percentage interest in the Project; (c) record said assignment; and (d) provide a copy thereof to the Participants’ Representative or Project Operator.

8. **Water Quantities.** Notwithstanding any reference to Minimum Deliveries hereunder, Participants understand that surface water deliveries are based on the acre-foot amounts of water provided under their existing state groundwater rights or the rights of the respective water right holder. Upon completion of the Project and the completion and delivery of the contract(s) and permit(s) developed pursuant to paragraph 1(a), 1(b) and 1(c) hereof, the

existing groundwater wells associated with a Participant's groundwater rights shall be placed in emergency status with the Department of Ecology

9. **Curtailing Water Deliveries for Default or Otherwise.** The parties agree that the Project Operator may only shut off the water supply to any Participant in the event of emergency circumstances causing the continuing supply of water to constitute a substantial risk of damage to the Project or lands serviced thereby, or in the event of a Participant's default in obligations under this Agreement, including the use of excess water by any Participant or their tenant or agent, *provided that* in the event of excessive water use, the Project Operator shall give notice and an opportunity to reduce the use. The Project Operator shall not be responsible for any damages incurred by a Participant as a result of action properly taken pursuant to this paragraph, or for loss or damage caused by circumstances beyond the reasonable control of the Project Operator. A Participant shall be liable to other Participants or the Project for damages proximately caused by excessive water use by that Participant.

10. **Assessments.** As a condition to receiving water under this Agreement, Participants or their successors in interest shall pay upon demand when assessed by the Project Operator: (a) the Participants' proportional share of electricity costs for pumping water to them, which shall be equal per unit of water delivered within any zone, plus (b) other operation, maintenance, replacement, and administrative costs, which shall generally be equal per acre within the Project except as reasonably allocated by zone by the Project Operator, plus (c) costs to establish or maintain such reserves for capital expenditures as the Project Operator may reasonably determine. The Project Operator shall not assess greater than 50% of estimated costs prior to the commencement of the irrigation season. All costs shall be assessed in proportion to the acreage set forth below as such acreage total may be amended by the Project Operator from

time to time to reflect changes in ownership of Participant's Property, but may be reasonably adjusted by metering data when generally available.

11. **Lien on Participants.** Each participant hereby grants the Project Operator the right to record a notice of lien for assessments that remain unpaid more than 30 days after notice thereof, plus 12% per annum simple interest, against all of Participant's real property that is served by the Project. The lien may be foreclosed in accordance with RCW Chapter 60.04, subject to the rights of Superior Lenders set forth in Appendix A hereto.

12. **Priority of Rights.** This Agreement and all the obligations, rights and easements provided in this Agreement are prior to any and all liens placed on any portion of Participant's Property, subject to the rights of Superior Lenders set forth in Appendix A hereto. The Participants' Representative may record a notice of the existence of this Agreement to impart constructive notice and carry its provisions into effect against third parties other than Superior Lenders.

13. **Other Project Remedies Against Participants.** The Participants' Representative or Project Operator shall be entitled to exercise all remedies available against any defaulting participant, and shall be entitled to reasonable attorney fees if he prevails against a defaulting Participant. In addition to such remedies, Participants hereby grant to the Participants' Representative, for assignment to an individual Participant or Participants as set forth herein, a limited-time option, which shall expire when the Project is turned over to the Project Operator, to purchase Participant's Property at fair market value, in the event of their default with respect to any obligations hereunder, which option shall become exercisable 60 days after written notice is given by the Participant's Representative of intent to exercise, during which time Participant may complete a sale of the land to any other person or entity who

assumes the obligations of this Agreement in the closing. If such option is exercised, Participant irrigating acreage nearest to the defaulting Participant shall have the right to exercise the option and assume the liabilities of the defaulting Participant, or the next nearest if he does not do so, and so forth, subject to the rights of Superior Lenders as set forth in Appendix A hereto. A Participant exercising this right may freely assign it to another Participant.

14. **Duty of Cooperation; Additional Documents.** The Participants acknowledge that water is essential to the lands involved and that cooperation in the use of the Project is essential to appropriate irrigation of the lands served thereby, and, to that goal, each party agrees to cooperate with the other in the use of the water. The Participants further covenant and agree that they shall from time to time execute such reasonable agreements, modifications or enter into such other reasonable arrangements as are necessary for the continued successful operation of the Project and not inconsistent with this Agreement.

15. **Damages Caused by Participants.** Notwithstanding any provisions contained above, it is agreed that in the event any maintenance and repair costs are occasioned for the Project solely by the negligent or intentional acts of any Participant, its agents, employees, or tenants, that Participant shall be solely responsible for such repair or maintenance costs. In addition, Participants shall be responsible for any damages caused to other Participants beyond the Project-incurred maintenance and repair costs.

16. **Termination; No Expansion Rights.** This Agreement may not be amended or terminated without the prior written consent of all mortgagees holding bona fide mortgages for value on any of Participant's Property. Nothing in this Agreement is intended to provide any rights with respect to any future expansion of the Project.

17. **Complete Agreement.** This Agreement is the entire, final and complete agreement of the parties hereto, and supersedes and replaces all prior written and oral agreements heretofore made or existing by and between the Participants and Participants' Representative. In the event any portion of this Agreement is deemed unenforceable upon arbitral review, the remaining provisions of this Agreement shall nevertheless remain in full force and effect.

18. **Arbitration.** Any and all disputes arising under or related to this Agreement shall be settled by binding arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award may be entered in the Superior Court of Grant County, Washington. Washington law shall apply, and any arbitral hearings shall be held in Moses Lake, Washington.

19. **Representation.** Each of the Participants acknowledges that it has had the opportunity to seek independent advice and counsel from such parties as Participant deems appropriate, including the advice and counsel of attorneys as to the legal effect of this Agreement and Participant's rights and obligations hereunder.

20. **Execution and Effectiveness.** This Agreement may be signed in counterparts. The Participants' Representative shall execute this Agreement and circulate it for signature to the persons and entities listed in Exhibit 2. Thereafter, the Agreement shall become effective when the Participants' Representative has certified that sufficient persons or entities listed in Exhibit 2, or their assigns, have executed the Agreement to cover the Total Obligations, and that the stated information contained in the execution paragraphs 22 is correct, at which point the Participants' Representative shall enter the effective date in paragraph 21 and circulate final executed copies of the Agreement to the Participants.

21. AGREEMENT EFFECTIVE:

Dated and effective this _____ day of _____, 2013.

PARTICIPANTS' REPRESENTATIVE
APPROVAL FOR WSA EXECUTION

A handwritten signature in black ink, appearing to read "Darryll Olsen", is written over a horizontal line.

Dr. Darryll Olsen for CSRIA
3030 W. Clearwater, Ste. 205-A
Kennewick, WA 99336
509-783-1623

Appendix A

Mortgagee Provisions Required By Lender

The following provisions are for the benefit of any current or future lender and its successors and assigns (each a "Superior Lender") of a mortgage or lien made in good faith and for value (each a "Superior Mortgage") on real property owned by any Participant included in the Project and Participant's proportional interest in the pumps, mainlines and other equipment comprising the Project (each a "Parcel").

_.1 Notices of Action. Any Superior Lender who provides a written request to the Participants' Representative or Project Operator (such request to state the name and address of such Superior Lender and the Parcel subject to the Superior Mortgage), shall be entitled to written notice, within 30 business days, with respect to the following:

_.1.1 Any damage or destruction, abandonment, condemnation loss, or casualty loss exceeding a value of \$10,000, which affects the Project;

_.1.2 Any Event of Default under this Agreement by a Participant owning a Parcel subject to a Superior Mortgage held by Superior Lender, and any action taken by the Participants' Representative or Project Operator or any Participant with respect to such Event of Default.

_.1.3 Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Participants' Representative or Project Operator.

_.2 Priority of Superior Mortgages. No provision of this Agreement gives or shall be construed as giving the Participants' Representative or Project Operator or any Participant, or any lien created by the Participants' Representative or Project Operator or any Participant under this Agreement (whether for assessments, contributions, or other amounts due under this Agreement), priority over any Superior Mortgage or the rights of any Superior Lender with respect to any Parcel upon which a Superior Mortgage is duly recorded. Notwithstanding all other provisions hereof, the liens and assessments created under this Agreement shall be subject and subordinate to the rights of any Superior Lender with respect to any Superior Mortgage where the Superior Lender, or other purchaser of a Parcel, obtains possession of a Parcel as a result of judicial or non-judicial foreclosure or deed in lieu thereof (a "Purchaser"), and such Purchaser and its successors and assigns shall not be liable for the share of any assessment or lien due under this Agreement created prior to the date such possession of the Parcel is taken.

_.3 Rights of Superior Lenders. A breach of any of the provisions, conditions, restrictions, covenants, easements or reservations herein contained, or referenced in this Agreement, shall not affect or impair the lien or charge of any Superior Lender in or to a Superior Mortgage.

_.4 Effect of Amendments. No amendment to this Agreement shall be effective to modify, change, limit or alter the rights expressly conferred upon any Superior Lender in this instrument with respect to any Superior Mortgage duly recorded, unless the amendment shall be consented

to in writing by the Superior Lender. Any provision of this Section concerning rights of Superior Lenders inconsistent with any other provision of this Agreement shall control over such other inconsistent provisions.

_.5 Furnishing of Documents. Any Superior Lender who provides a written request to the Participants' Representative or Project Operator will be entitled to, within 10 business days, current copies of any documents governing the Project, the most recent balance sheet and income/expense statement for the Project and financial reports for the Project, any insurance policies or certificates held by the Project or issued for its benefit, and an estoppel certificate executed by the Participants' Representative or Project Operator setting forth the status and condition of the Project, any Events of Default under this Agreement, any unpaid assessments or monetary obligations due by any Participant or the Project, the status of all insurance policies held by the Project or for its benefit, and any other items or certifications reasonably required by the Superior Lender.

_.6 Right to Encumber Parcel or Participant's Interest. Any Participant may encumber, pledge, assign, mortgage, or otherwise grant a security interest in his or her Parcel to a Superior Lender, and any Participant may encumber, pledge, assign, mortgage, or otherwise grant a security interest in his or her Participant's Interest to a Superior Lender, without further approval of the Manager or any other Participant. In connection with the foreclosure (or deed in lieu thereof) of any Superior Mortgage, a Superior Lender or Purchaser (defined above) may foreclose the Participant's Interest under the Washington Uniform Commercial Code or any other applicable law (or obtain ownership of the Participant's Interest by assignment, bill of sale, or transfer in lieu of foreclosure), and the Purchaser obtaining ownership of the Participant's Interest shall be immediately entitled to all rights of a Participant under this Agreement (including without limitation all rights with respect to the Project), provided that (a) the Purchaser agrees in writing to be bound by the provisions of this Agreement, and (b) the Purchaser shall not be liable for any assessments or monetary obligations of the Participant under this Agreement arising prior to the date upon which the Purchaser took ownership of the Participant's Interest.

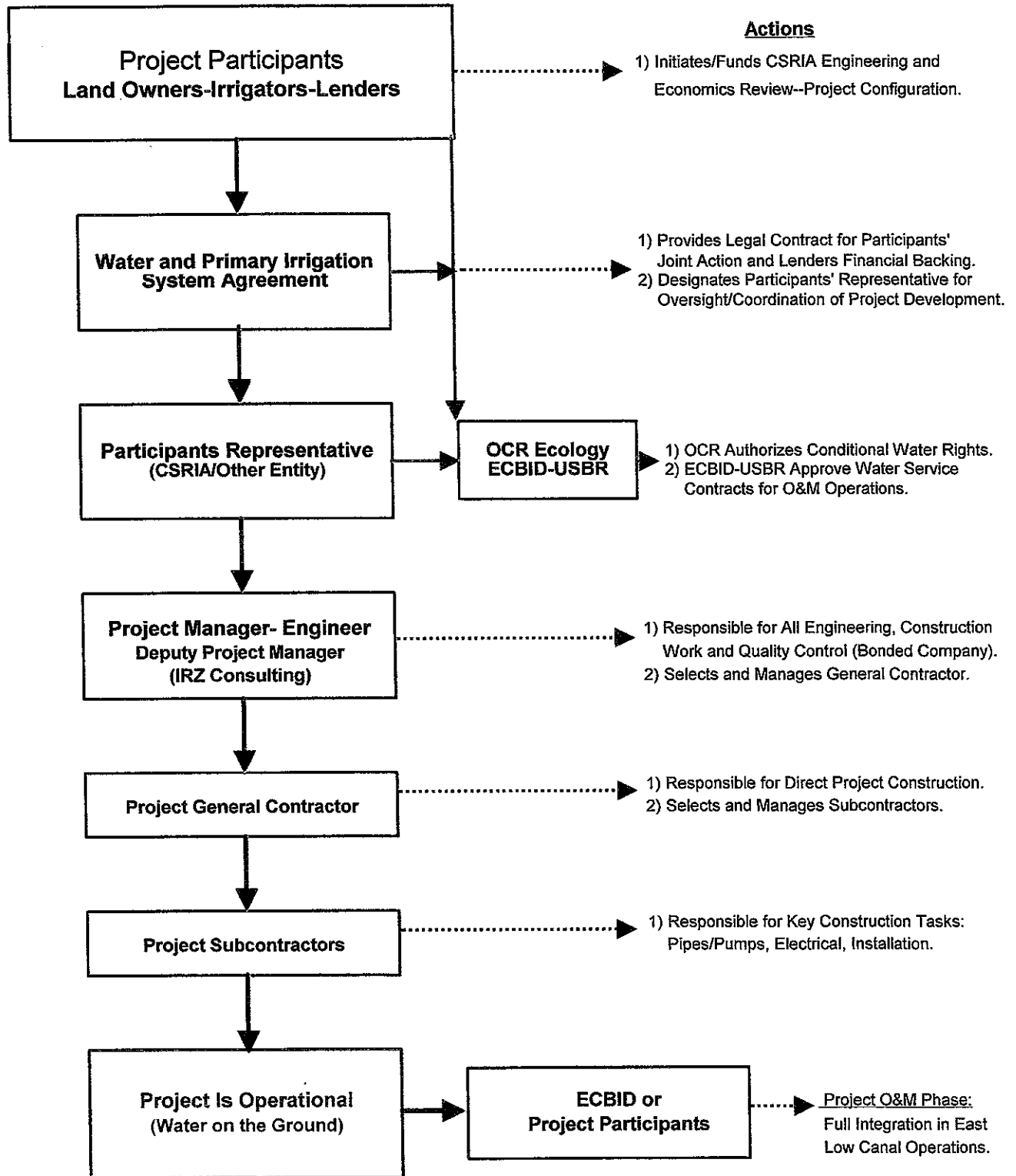
_.7 Waiver of Options. The Participants hereby waive the right exercise any right of first offer, right of first refusal, or option, granted under this Agreement or any document recorded against any Parcel under the terms of this Agreement, against any Superior Lender or Purchaser (defined above) with respect to any Parcel or Participant's Interest.

_.8 Notice to Project and Rights of Project. Upon request, each Participant shall furnish to the Participants' Representative or Project Operator the name and address of any Superior Lender holding a Superior Mortgage on such Participant's Parcel. If any Superior Lender intends to commence foreclosure proceedings or consummate a deed in lieu thereof with respect to any Parcel or Participant's Interest, such Superior Lender shall provide written notice to the Participants' Representative or Project Operator of such intent ("Lender Notice") at least 30 days prior to commencement or consummation thereof. During such 30 day period, the Participants' Representative or Project Operator or any Participant shall have the right to cure the default set forth in the Lender Notice.

Exhibit 1

Project Management, Schedule, Capital Budget

Figure 1. Odessa Subarea, North-I-90 Project, System One Organizational Structure, Management, and Development



ODESSA N I-90
PROPOSED ACTIVITIES AND SCHEDULE

Item	Description	Time Frame
1	Start Background Work A. Confirm Environmental Assessment Is Complete B. Identify & Select General Contractor, Partners and Sub-Contractors C. Meet With BOR & ECBID	December 2013
2	Perform Initial Groundwork A. Review Individual Farm Maps & Modify Delivery Points and Pipeline Routes B. Determine and Acquire Easements and Modify Pipeline Routes As Needed	December 2013 March 2014
3	Perform Field Work and Design System A. Survey Final Routes and Model Revised System B. Design Canal Pump Station To Meet BOR's Requirements C. Design Pipelines and Booster Pump Station and Develop Plans & Specifications & Material Lists D. Final Review	March 2014 May 2014
4	Prepare Bid Documents, Put Out To Bid, Review and Award Bids	June 2014 July 2014
5	Order Pipe, Pumps and Misc. Materials	July 2014
6	Site Prep & Mobilize Equipment	July 2014 August 2014
7	Fabrication of Pump Stations & Deliveries	August 2014 December 2014
8	Construction of Canal Pump Station	November 2014 February 2014
9	Construction of Booster Pump Station	January 2014 February 2014
10	Power For Pump Stations and Delivery Points	October 2014 February 2014
11	Construction of Road Crossings	August, 2014 November 2014
12	Installation of Pipelines and Appurtenances	August 2014 February 2015
13	Connections to Existing Systems (by others)	January 2015 May 2015
14	Start Up and Shake-Down of System	March 2015 May 2015
15	Full Operation – June 1, 2015	June 1, 2015

Odessa Area Groundwater Replacement Project

COST ESTIMATE
SYSTEM 1: ZONES 1 & 2

SUMMARY

Total Area Served: 13,004 Acres

	COSTS			UNIT COST (\$/ac)
	Materials (\$)	Installation (\$)	Total (\$)	
Pipelines	\$14,197,000	\$7,826,000	\$22,052,000	\$1,696
Pump Stations	\$4,740,000	\$747,000	\$5,487,000	\$422
Utilities	\$5,900,000	\$0	\$5,900,000	\$454
Sub-Total System 1	\$24,837,000	\$8,573,000	\$33,439,000	\$2,571
Contingency @ 15%			\$5,015,850	\$386
Engineering & Legal @ 5%			\$1,671,950	\$129
Washington State Sales Tax @ 8%			\$3,210,144	\$247
Total			\$43,337,000	\$ 3,333

Odessa Area Groundwater Replacement Project

COST ESTIMATE SYSTEM 1: ZONES 1 & 2

COST BY ZONES

	Zone 1	Zone 2
Area (Ac)	7,525	5,479
Pipelines: Pipe, Apputenances, and Installation	\$15,515,000	\$6,508,000
Pumping Stations: Structures, Pumps, and Panels	\$3,397,000	\$2,090,000
Utilities: Sub-Stations and Transmission Lines	\$5,500,000	\$400,000
Sub-Total for all Construction	\$24,412,000	\$8,998,000
Contingency @ 15%	\$3,661,800	\$1,349,700
Engineering and Legal @ 5%	\$1,220,600	\$449,900
Washington Sales Tax @ 8%	\$2,343,552	\$863,808
TOTAL	\$31,638,000	\$11,662,000
Total Cost per Acre	\$2,433	\$4,561

Note: The total cost for each zone is the actual cost of the system located in that zone.
The cost per acre for each zone is the prorated system cost up to and including that zone.

**CSRIA Odessa North of I-90
Cost Estimates - System 1, Zone 1 & 2**

Estimated Canal Pump Station Costs

Item	Description	QTY	Unit Cost		Total Cost		
			Material (\$/Qty)	Install. (\$/Qty)	Material (\$)	Install. (\$)	Total (\$)
1	Pump & Motor (13,500 gpm @ 352ft) 1500 HP 4160V 1180 RPM	5	\$200,000	\$10,000	\$1,000,000	\$50,000	\$1,050,000
2	1500 HP VFD 4160V	1	\$200,000	\$20,000	\$200,000	\$20,000	\$220,000
3	1500 HP Soft Start 4160V	4	\$85,000	\$15,000	\$340,000	\$60,000	\$400,000
4	13500 gpm plumbing	5	\$40,000	\$20,000	\$200,000	\$100,000	\$300,000
5	Pump & Motor (4495 gpm @ 352ft) 500 HP 480V 1180 RPM	2	\$80,000	\$3,000	\$160,000	\$6,000	\$166,000
6	500 HP Soft Start 4160V	1	\$16,000	\$4,000	\$16,000	\$4,000	\$20,000
7	9100 gpm plumbing	2	\$25,000	\$12,000	\$50,000	\$24,000	\$74,000
8	Pump & Motor (1124 gpm @ 352ft) 125 HP 480V 1180 RPM	1	\$35,000	\$2,000	\$35,000	\$2,000	\$37,000
9	125 HP Soft Start 4160V	1	\$16,000	\$4,000	\$16,000	\$4,000	\$20,000
10	4560 gpm plumbing	1	\$10,000	\$4,000	\$10,000	\$4,000	\$14,000
11	By-Pass	2	\$15,000	\$9,000	\$30,000	\$18,000	\$48,000
12	Intake Structure	2	\$100,000	\$50,000	\$200,000	\$100,000	\$300,000
13	Intake Screens	14	\$20,000	\$2,000	\$280,000	\$28,000	\$308,000
14	Building and Fence	2	\$100,000	\$20,000	\$200,000	\$40,000	\$240,000
15	Miscellaneous	2	\$100,000		\$200,000		\$200,000
Totals:					\$2,937,000	\$460,000	\$3,397,000

Estimated Booster Pump Station #1 Costs

Item	Description	QTY	Unit Cost		Total Cost		
			Material (\$/Qty)	Install. (\$/Qty)	Material (\$)	Install. (\$)	Total (\$)
1	Pump & Motor (5212 gpm @ 232ft) 400 HP V 1770 RPM	6	\$175,000	\$10,000	\$1,050,000	\$60,000	\$1,110,000
2	400 HP VFD 480V	1	\$85,000	\$15,000	\$85,000	\$15,000	\$100,000
3	400 HP Soft Start 4160V	5	\$40,000	\$10,000	\$200,000	\$50,000	\$250,000
4	5212 gpm plumbing	6	\$40,000	\$20,000	\$240,000	\$120,000	\$360,000
5	Pump & Motor (1303 gpm @ 232ft) 100 HP V 1185 RPM	1	\$30,000	\$3,000	\$30,000	\$3,000	\$33,000
6	100 HP Soft Start 4160V	1	\$14,000	\$4,000	\$14,000	\$4,000	\$18,000
7	1303 gpm plumbing	1	\$14,000	\$10,000	\$14,000	\$10,000	\$24,000
8	By-Pass	1	\$10,000	\$5,000	\$10,000	\$5,000	\$15,000
9	Building and Fence	1	\$100,000	\$20,000	\$100,000	\$20,000	\$120,000
10	Miscellaneous	1	\$60,000		\$60,000		\$60,000
Totals:					\$1,803,000	\$287,000	\$2,090,000

CSRIA Odessa North of I-90
Cost Estimates - System 1, Zone 1 & 2

Estimated Pipe Costs

Area Served: 13,010 acres

Size (in)	Description	QTY (feet)	Unit Cost		Total Cost		
			Pipe (\$/ft)	Install. (\$/ft)	Pipe (\$)	Install. (\$)	Total (\$)
72	0.270" Wall Steel Pipe	10,100	\$325	\$258	\$3,308,760	\$2,605,800	\$5,914,560
66	0.250" Wall Steel Pipe	5,620	\$292	\$184	\$1,654,168	\$1,034,080	\$2,688,248
60	PVC C905 100 PSI Pipe	7,800	\$270	\$71	\$2,119,546	\$553,800	\$2,673,346
48	PVC C905 165 PSI Pipe	10,680	\$234	\$52	\$2,514,161	\$555,360	\$3,069,521
36	PVC C905 125 PSI Pipe	5,300	\$86	\$37	\$459,446	\$196,100	\$655,546
30	PVC C905 100 PSI Pipe	26,730	\$49	\$30	\$1,320,248	\$801,900	\$2,122,148
20	PVC C905 125 PSI Pipe	2,470	\$27	\$21	\$66,726	\$51,870	\$118,596
20	PVC C905 165 PSI Pipe	5,540	\$36	\$21	\$201,036	\$116,340	\$317,376
18	PVC C905 100 PSI Pipe	5,300	\$20	\$19	\$106,848	\$100,700	\$207,548
14	PVC C905 100 PSI Pipe	5,250	\$15	\$16	\$79,380	\$84,000	\$163,380
Basalt blasting for 72" Pipeline						\$300,000	\$300,000
78	Paved Rd Crossing 8 NE	80	\$0	\$271	\$0	\$21,680	\$21,680
78	Gravel Rd Crossing P NE	80	\$0	\$244	\$0	\$19,520	\$19,520
78	Gravel Rd Crossing Q NE	80	\$0	\$244	\$0	\$19,520	\$19,520
78	Gravel Rd Crossing S NE	80	\$0	\$244	\$0	\$19,520	\$19,520
36	Paved Rd Crossing 8 NE	80	\$0	\$104	\$0	\$8,320	\$8,320
36	Gravel Rd Crossing 7 NE	80	\$0	\$85	\$0	\$6,800	\$6,800
26	Paved Rd Crossing 8 NE	80	\$0	\$76	\$0	\$6,080	\$6,080
26	Gravel Rd Crossing 7 NE	80	\$0	\$60	\$0	\$4,800	\$4,800
42	Paved Rd Crossing U NE	80	\$0	\$125	\$0	\$10,000	\$10,000
42	Gravel Rd Crossing V NE	80	\$0	\$104	\$0	\$8,320	\$8,320
42	Paved Rd Crossing W NE	80	\$0	\$125	\$0	\$10,000	\$10,000
30	Gravel Rd Crossing 9 NE	80	\$0	\$69	\$0	\$5,520	\$5,520
30	Gravel Rd Crossing 9 NE	80	\$0	\$69	\$0	\$5,520	\$5,520
Pipeline Appurtenances (20% of pipe costs)					\$2,366,064	\$1,279,990	\$3,675,174
Totals:					\$14,197,000	\$7,826,000	\$22,052,000

**CSRIA Odessa North of I-90
Cost Estimates - System 1, Zone 1 & 2**

Estimated Utility Costs

Item	Description	QTY	Unit Cost		Total Cost
			Lump Sum (\$/Qty)	Lump Sum (\$)	Total (\$)
1	For Canal Pump Station; New Grant Co. PUD Sub-Station.	1	\$3,000,000	\$3,000,000	\$3,000,000
2	For Canal Pump Station; Build 3 miles of Grant Co. PUD OH 230 kV Transmission.	1	\$2,500,000	\$2,500,000	\$2,500,000
3	For Booster Pump Station 1; Build 4 mile of Grant Co. PUD OH Transmission.	1	\$400,000	\$400,000	\$400,000
Totals:			\$5,900,000	\$5,900,000	\$5,900,000

**CSRIA Odessa North of I-90
Cost Estimates - System 1, Zone 1 & 2**

System 1. Pumping Requirements

Station	TDH (feet)	Capacity (gpm)	Total BHP (hp)	Full Load Demand (kW)
Canal Pump Station	352	64,051	7,119	5,900
Booster Pump Station 1	232	27,362	2,005	1,700
Totals:			9,124	7,600

System 1. Estimated Annual Energy Usage By Zone

Zone	TDH (feet)	Station Efficiency (%)	Rate of Usage (kWh/ac-ft)	Area Served Per zone	Area Served (acres)	Annual Water Application (Ac-ft/Ac)	Volume Pumped (ac-ft)	Energy Usage (kWh)	Energy Use/Acre kWh/Ac
Zone 1 (Canal Pump Station Only)	352	72%	500	7,525	13,004	2.5	32,510	16,255,000	1,250
Zone 2 (Canal Pump Station & Booster Station)	232	72%	330	5,479	5,479	2.5	13,698	4,514,000	2,074
Totals:				13,004					

Exhibit 2

Project Cost Allocation and System/Zone Acres

CSRIA Odessa North-I-90, System 1
Cost Allocation by Acreage, Zone, and Ownership

System 1

	Owner	Zone 1			Zone 2			Total	
		Zone 1 Acres	Marginal Cost/Acre	Zone 1 Cost	Zone 2 Acres	Marginal Cost/Acre	Zone 2 Cost	Zone 1-2 Acres	Total Costs
1	Classen	258	\$2,433	\$627,714				258	\$627,714
2	Stahl				125	\$4,561	\$570,125	125	\$570,125
3	Hyer	2,086	\$2,433	\$5,075,238				2,086	\$5,075,238
4	Keller (Stahl)	248	\$2,433	\$603,384				248	\$603,384
5	Meyer (Stahl)	259	\$2,433	\$630,147				259	\$630,147
6	PC Jantz (Stahl)				540	\$4,561	\$2,462,940	540	\$2,462,940
7	Phillips-1 (Stahl)	125	\$2,433	\$304,125	1,669	\$4,561	\$7,612,309	1,794	\$7,916,434
8	Phillips-2 (Hyer)	813	\$2,433	\$1,978,029		\$4,561	\$0	813	\$1,978,029
9	Schmauder (Stahl)	0	\$2,433	\$0	Removed			0	\$0
10	Stahl	1,606	\$2,433	\$3,907,398	2,607	\$4,561	\$11,890,527	4,213	\$15,797,925
11	Stucky	490	\$2,433	\$1,192,170	688	\$4,561	\$3,137,968	1,178	\$4,330,138
12	Triple C	1,878	\$2,433	\$4,569,174				1,878	\$4,569,174
13	Schaffer				810	\$4,561	\$3,694,410	810	\$3,694,410
14	Franks (Stahl)	148	\$2,433	\$360,084				148	
	Total	7,911		19,247,463	6,439		29,368,279	14,350	48,255,658

NOTE: Costs per acre are marginal costs allocated to each zone.
 Confirmed designation refers to signed Water System Agreement (WSA) received by CSRIA for certification.

5-15-2014 Revised

Odessa Groundwater Replacement Project North of I-90

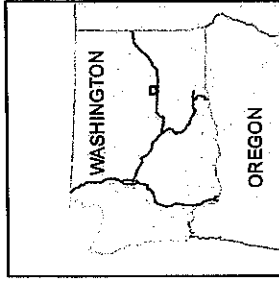
System 1 Map 1. Ownership & Delivery Sources

Legend

Classen	258 Ac	Phillips	2382 Ac
Friesen	125 Ac	Ramm	250 Ac
Hyer	2,066 Ac	Schrauder	236 Ac
Keller	248 Ac	Stahl	4,568 Ac
Meyer	259 Ac	Stucky	1,178 Ac
PC Jantz	540 Ac	Triple C	1,901 Ac

■ Delivery Points
 — Delivery Mainlines
 - - - Zone Dividers

Numbers inside circles represent delivery source and acreage.
 Note: Pipeline sizes and flow needs to be modified to accommodate flow to modified/added circles.



NOTES:
 Aerial Image from USDA-FSA Aerial Photography, 2011
 Overlaid on top of the map
 Projection: UTM Zone 11
 Map Date: 02/12/14

