



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, May 20, 2014, 9:00 a.m.

President Rathbun called the meeting to order at 9:00 a.m. and Mr. Freeman called roll.

Directors Present:

Kirk Rathbun, President
 Gene Huffman, Vice President
 Patrick McGuire, Director
 David McKenzie, Director
 Dean Dennis, Director

Staff Present:

Chuck Freeman, District Manager
 Seth Defoe, Planning Manager
 Jason McShane, Engineering/Operations Manager
 Judy Smith, Real Property Manager
 Lynda Rosenbaum, Administrative Assistant
 Dana Hernandez, Customer Accounts Supervisor
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel

APPROVAL OF AGENDA: Director McKenzie moved to approve agenda. Director Dennis seconded the motion and it carried unanimously.

CONSENT AGENDA: Vice President Huffman moved to approve the consent agenda. Director Dennis seconded the motion and it carried unanimously.

Items on the consent agenda were:

1. Minutes, KID Board Meeting, May 6, 2014
2. Approve Vehicle Purchase
3. Approve Binding Site Plan 14-02 - Jensen - Dry
4. Approve Plat Amendment - Cherry Creek Phase 1
5. Approve Final Plat - Southridge Terrace Phase 1
6. Vouchers/Warrant Approval

Accounts Payable

Numbers:	68274 through	68311	\$	216,211.99
	68312 through	68351		<u>468,650.24</u>

Total Accounts Payable

684,862.23

Payroll

Numbers: through

Direct Deposit

Total Payroll

-

Total Disbursements

\$ 684,862.23

Voided Checks: None

PUBLIC COMMENTS: None

PRESENTATIONS: None

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Call Special Meeting: Mr. Freeman reviewed the draft agenda for a meeting proposed to be held on May 29th from about 9:00 a.m. to 1:00 p.m. He said the meeting would be held in executive session to discuss with legal counsel pending litigation and potential litigation in the form of the legal risks of a proposed action and/or current practice as it relates to drought water issues; new water supply issues; Yakima Basin Integrated Plan and electrification.

Vice President Huffman moved to call a special meeting of the Board of Directors to commence at 9:00 a.m. in the KID board room on May 29, 2014. Director McKenzie seconded the motion and it carried unanimously.

Proposed Re-reg Reservoir Site – Geotechnical Testing Right of Entry: Mr. Freeman briefly discussed the right of entry agreement for KID and its consultant to drill test holes to see if the site could support a re-regulation reservoir. He said that, following approval of the agreement, KID would contract for geotechnical services off the roster.

Mr. Freeman said approval of the agreement was a no-cost action, but since it was a first step on a project from the capital project list, Board approval was being sought.

Discussion ensued regarding testing procedures and the reservoir project. Mr. Freeman confirmed to President Rathbun that if test results were positive, KID would negotiate site acquisition with the owner, who amenable to the project at this time.

Director McKenzie moved to approve the District Manager entering into a Right of Entry with HFRP, LLC to perform geotechnical testing. Vice President Huffman seconded the motion and it carried unanimously.

Piper Jaffray & Co. Financial Consultant: Mr. Freeman reported that Seattle Northwest Securities was acquired by Piper Jaffray & Co, necessitating a new contract under the previous procurement process. He said legal counsel assisted in preparation of the contract. He noted that fees associated with the Red Mountain South project would be borne by the LID.

Vice President Huffman moved to authorize Charles Freeman, Secretary, to execute the attached contract for services with Piper Jaffray & Co. Director Dennis seconded the motion and it carried unanimously.

RESOLUTIONS:

Voluntary Mitigation Agreement - Southridge Terrace: Mr. McShane referred to the resolution and voluntary mitigation agreement distributed before the meeting and talked briefly about terms of the agreement and benefits to the District.

In response to questions from Vice President Huffman, Mr. McShane reviewed which portions of the project would be installed by the developer and said the District would commit to install piping from the Sagecrest Pumping Station to the project by April 2015.

Mr. McShane spoke about lien provisions and interest charges. He noted that the developer would receive benefit from the regional facility project and so would pay interest on the balance of the mitigation amount.

In response to questions from Director McKenzie, Mr. McShane said the mitigation amount was based on elements of onsite improvements the developer would not be required to install because of participation in the regional facility project through the voluntary mitigation agreement. He said the agreement was similar to the Kennewick General Hospital agreement.

Director McKenzie asked if a reserve should be created for these monies. Mr. McShane said the idea had been discussed and spoke about the timing of expenditures and mitigation payments. He noted that the project was a line item in the capital budget. Discussion continued regarding terms and cost determination at the time of pre-plat.

Vice President Huffman moved to approve Resolution 2014-09, Approving Southridge Terrace Voluntary Mitigation Agreement with Lien Provisions. Director McKenzie seconded the motion and it carried unanimously.

STAFF REPORTS:

Finance Manager: Ms. Hernandez reported there was a steady stream of visitors at the Saturday Community Event at Lowes and said she received feedback recommending more hands-on displays.

Director Dennis reported that the Kennewick Home Depot location had constant supply of visitors. He said Mr. Freeman handled the two irate visitors well.

Vice President Huffman suggested starting future events earlier in the day, as people were likely to be getting supplies for the day's projects. He noted that traffic tapered off later in the event.

Director McGuire said the Richland Home Depot location event went great. He said Mr. McShane and Robert Blain provided good information. A private line area customer was given information he didn't have before and another person asked to hear the District's side of the Amon Wasteway story. Mr. McShane also spoke with a person who did not like KID rates.

Ms. Hernandez said two people asked what the events cost and were glad they took place.

Mr. McShane said Director McGuire set an example on how to engage the public and help people know why they wanted to talk with District representatives.

Engineering/Operations Manager: Mr. McShane reported:

- Red Mountain South LID project was on schedule for testing in early August. POW Contracting was six weeks ahead of schedule with the 1070 reservoir site and was waiting for the steel company to install the tank. The pump house was being built at the intake structure.
- One service area was down for pump maintenance. Two private line areas were down, as KID awaited notification that private repairs were complete and water could be turned back on.
- Capital work would start again on canal lining sites, heavy earthwork, pipe installation in south Richland and at Olympia Street in Kennewick, and completion of roadwork at 45th.

Vice President Huffman recommended no swimming signs at bridges over canals. Mr. McShane described installations of escape wires with buoys and ramps or steps.

Planning Manager: Mr. Defoe reported:

- USBR was preparing a biological assessment for Endangered Species Act consultation. They consult with National Marine Fisheries Service and US Fish & Wildlife about Yakima Project operations impact on listed species. The draft should be ready for review by June.
- Mr. Freeman, Tom Myrum and Mr. Defoe gave Ian Lyle, NWRA (National Water Resources Association) Director of Federal Affairs, a tour of Southridge, Amon Wasteway and Red Mountain. Mr. Lyle requested more information on wetlands regulations that exclude irrigation influenced wetlands from certain regulations.
- Mr. Freeman had an article on Red Mountain published in Irrigation Leader magazine.
- Mr. Freeman and Mr. Defoe met with Washington Department of Fish and Wildlife (WDFW) personnel about Amon issues.
- At the Tri-State meeting, Lorri Lee, USBR Pacific NW Regional Director, verified that the USBR asked the Department of Justice for a decision on use of federal water for marijuana farms. She didn't want the USBR or irrigation districts put into enforcement positions.
- A revision of the Food and Drug Administration's Food Safety Modernization Act rule was expected in June. At the same time, a NEPA scope was done on the old rule.
- The new Clean Water Act rules from the US Environmental Protection Agency and US Army Corps of Engineers did not clearly define irrigation ditches and tributaries, and may be an expansion. An extension may be requested, but KID may send in a comment letter.
- The Forest Service just issued a rule that they would begin to manage ground water on Forest Service lands and take an interest in ground water and lands adjacent to Forest Service land. Most irrigation headwaters and many transmission and storage facilities are on Forest Service land. If there will be additional regulations or stipulations, KID may wish to comment.

District Manager: Mr. Freeman reported:

- Encroachments were discussed at the Tri-State meeting. KID came out well on the USBR's contracted inspection of encroachments.
- Mr. Freeman was the Yakima Tributary representative for WSWRA (Washington State Water Resources Association) at a meeting with Spokane and Colville tribe members representing fifteen tribes from the Upper Columbia Basin and their fish biologist. They were interested in ecosystem planning and would like the treaty opened. They were looking for parallel issues and concerns with irrigators. Fish passage at Grand Coulee was desired, and, though there was no habitat above the dam, if salmon were present, there would be a requirement to mitigate and develop habitat for salmon.
- A WSWRA meeting would be held at East Wenatchee tomorrow.
- A Yakima Basin Joint Board meeting would be held Friday.
- There was little agreement between the WDFW and KID. KID would meet with Yakima and Columbia sister districts on the issues. KID may not want to sign a memorandum of understanding with the WDFW or give up any authority. Staff would request a copy of an Attorney General Opinion that was referenced by WDFW.
- One customer at the Community Event was unhappy about poor customer service from KID in the past. KID was focusing on good customer service and courtesy. Staff would follow up with this individual.
- The NWRA tour went well and staff would meet with them again in Flagstaff this year.

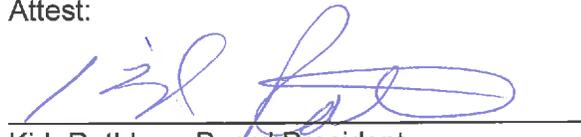
Mr. Iller reported that he received an alert from McClatchy during the meeting that the USBR announced it would not allow federally controlled water to be used on marijuana crops. Mr. Freeman said he would forward the article to two parties who had inquired about water for marijuana crops. Discussion ensued.

WORKSHOP: None

EXECUTIVE SESSION: None

Vice President Huffman moved to adjourn the meeting at 9:56 a.m. Director Dennis seconded the motion and it carried unanimously.

Attest:



Kirk Rathbun, Board President
Approved June 3, 2014

Witness:



Chuck Freeman, District Manager

Prepared by Doris Rakowski