



## Minutes

Meeting of the KID Board of Directors  
Carl W. Petersen Board Room  
Tuesday, October 7, 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  
Colleen Storms, District Treasurer  
Ben Woodard, Staff Engineer  
Jason McShane, Engineering/Operations Manager  
Jesse Turner, Instrumentation Technician  
Chris Sittman, CAD Specialist  
Doris Rakowski, Executive Assistant

### **Other Persons Present:**

Fran Forgette, Legal Counsel  
Mike Livingston, South Central Washington Regional Director, WA Department of Fish & Wildlife

**APPROVAL OF AGENDA:** President Rathbun called for a motion to adopt an amended agenda, which added Resolution 2014-22, Adoption of 2014 Salary Ranges and Positions, Revision 2.

**Vice President Huffman moved to approve the amended agenda. Director Dennis seconded the motion and it carried unanimously.**

**CONSENT AGENDA:** President Rathbun asked for discussion on the consent agenda. There being none, he called for a motion.

**Director McKenzie moved to approve the consent agenda. Vice President Huffman seconded the motion and it carried unanimously.**

Items on the consent agenda were:

1. Minutes, KID Board Meeting, September 2, 2014
2. Minutes, KID Board Meeting, September 16, 2014
3. 2014 Water Shut Down Letter to USBR
4. Approve Final Plat - The Dwellings
5. Approve Short Plat 2014-14 Schumacher
6. Approve Short Plat 2014-15 Czebotar
7. Relinquishment of Easement – Cherry Creek
8. Boulder Ridge Final Plat Amendment
9. Comment Letter on the Proposed Definition of "Waters of the United States" under the Clean Water Act
10. Comment Letter on the Proposed Rule Implementing Changes to the Regulations for Designating Critical Habitat under the Endangered Species Act
11. Comment Letter on the Proposed Definition of "Adverse Modification" under the Endangered Species Act
12. Travel Requests for National Water Resources Association Annual Conference
13. Vouchers/Warrant Approval

**Accounts Payable**

Numbers:	68909	through	68909	\$	10,296.95
	68910	through	68935		46,185.61
	68936	through	68963		152,508.62
	68964	through	68980		<u>124,995.38</u>

**Total Accounts Payable**

333,986.56

**Payroll**

Numbers:	32869	through	32880	\$	15,840.37
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Direct Deposit		9/18/2014			80,780.13
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**Total Payroll**

96,620.50

**Total Disbursements**

\$ 430,607.06

**Voided Checks: None**

**PUBLIC COMMENTS:**

**Councilman John Trumbo** said he saw on District's website that nominations were being accepted through November 4<sup>th</sup> for the election and encouraged the Board to notify the public.

<Preparer's note: Pursuant to RCW 87.03.075, petitions of nomination must be filed not later than five o'clock p.m. on the first Monday in November, which is November 3, 2014.>

Mr. Trumbo noted that the Kiona pump station was nearing completion and asked if testing was on track and completed. Mr. Freeman answered "yes."

Mr. Trumbo said, per the 2010 Red Mountain AVA (American Viticultural Area) Pump Project MOU (Memorandum of Understanding), the Kiona Diversion was to be done without injury to any other water rights. He said he hoped there were sufficient irrigated acres available offset acres to be irrigated at Red Mountain. He discussed USBR (United States Bureau of Reclamation) Hydromet data for the Chandler Diversion. Mr. Trumbo said his calculations showed the District was well within range, but he was concerned that the addition of Red Mountain South LID (Local Improvement District) acreage would put the District over its maximum allotment.

Mr. Trumbo asked the purpose of the canal testing planned for next week.

Director McGuire asked Councilman Trumbo if the Kennewick City Council was encouraging other irrigation districts within the city about their elections and why the Kennewick City Council cared about Red Mountain, which was clearly in the county.

Mr. Trumbo said he was speaking as a KID ratepayer, not a Kennewick City Councilman.

Mr. Freeman asked if Mr. Trumbo thought the USBR, Yakima Nation or Department of Ecology would have given the District any project money if it would negatively impact the remainder of the water right. Mr. Trumbo said he didn't know if there was full disclosure on all issues.

President Rathbun recommended Mr. Trumbo use the public records request process. Mr. Trumbo said he thought it was for records, not questions.

**Jim Wade** scolded Director McGuire for accusing Mr. Trumbo of representing the City Council.

About Resolution 2014-21, Mr. Wade asked where the \$5 million increased expenditure went.

Mr. Wade said he thought the federal construction loan had been paid off after 50 years and Mr. Freeman replied that it was a 66-year loan.

Mr. Wade said he would like to know the answer to what Mr. Trumbo asked.

Mr. Wade asked why water was being turned off on October 10<sup>th</sup> instead of the 15<sup>th</sup>.

Mr. Wade wondered how much was spent on travel expenditures and said it seemed like a lot of people were taking vacations.

Director McGuire and Mr. Freeman referred Mr. Wade to the September 16<sup>th</sup> Board meeting minutes for discussion of the water off date.

#### **PRESENTATIONS:**

**Shrub-steppe Mitigation Purchase:** Mr. Defoe introduced Mike Livingston, South Central Washington Regional Director for the Washington Department of Fish and Wildlife (WDFW), to give a presentation about the recent shrub steppe habitat purchase partially funded by Red Mountain South LID ratepayers as mitigation for Red Mountain shrub steppe habitat being converted to agricultural use due to the LID project to bring irrigation water to Red Mountain.

Mr. Livingston discussed his role with the habitat mitigation project. He spoke about why the WDFW was concerned about shrub steppe habitat. He displayed a map of current and historic areas of shrub steppe. He acknowledged that, though the Red Mountain site's habitat conditions were medium to low quality and not pristine, some shrub steppe dependent species such as burrowing owls and black-tailed jackrabbits were still present.

Mr. Livingston spoke about the memorandum of understanding between the WDFW, the Department of Ecology, the U.S. Bureau of Reclamation and KID to mitigate for impacts to wildlife from converting native shrub steppe to additional irrigated acres in the Red Mountain area.

Mr. Livingston described the WDFW mitigation sequencing, and said that, in this case, in kind, in place replacement is preferred, followed by in kind, out of place, then out of kind, out of place. He reported that the McWhorter Ranch was the first choice, but it was sold to a private party. He said the North Fork Cowiche project, an in kind, out of place area, was selected.

Mr. Livingston described the North Fork Cowiche Project as in a transition zone from Central Cascade to Shrub Steppe zones which was home to elk, mule deer and shrub steppe dependent species. He said department staff was in discussion with the property owners since 2000 and this was a high priority target.

Mr. Livingston the Rocky Mountain Elk Foundation and the Cowiche Canyon Conservancy were involved in the project. He said the Rocky Mountain Elk Foundation acted as point of contact with the seller, and due diligence and negotiations up to the point of sale. The Cowiche Canyon Conservancy, a local land trust, would hold a perpetual grazing easement, which was an

important point to local interests in the negotiations. There was also a five-year lease with the existing lessee on the property. He said a benefit to the department was that the Cowiche Canyon Conservancy had volunteers to help monitor the grazing, mend fences and help with on the ground activities.

Mr. Livingston said this land acquisition was important to maintaining a corridor for the Yakima elk herd migratory path. He spoke about the Cowiche Canyon Conservancy's participation in "citizen science," and the benefit of allowing people to hike in this area.

In response to a question from President Rathbun, Mr. Livingston said the property was about 2,900 acres. He confirmed that it would remain as working lands for grazing, which he said was working well with the wildlife and was at a sustainable level.

**PUBLIC HEARING:** None

**BOARD REPORTS:**

President Rathbun reported that the Joint Board tour met Tuesday in Ellensburg and went to the Teanaway purchase, made last year by the legislature as part of the Integrated Plan. They also visited the Cle Elem reservoir and the Kachess dam to look at proposed projects for pool raises and the K to K (Keechelus to Kachess) pipeline tunnel.

President Rathbun reported that at the Joint Board meeting on Friday, YRBWEP III (Yakima River Basin Water Enhancement Project III) draft legislation came out and an update from Urban Eberhart about his Integrated Plan outreach efforts.

Vice President Huffman briefly described the drought mitigation purpose of the Integrated Plan and the K to K pipeline.

President Rathbun spoke about management and operation of the Teanaway purchase.

In response to a question from Director McGuire, Mr. Freeman suggested questions regarding the Cle Elem pool raise be in Executive Session.

**ACTION ITEMS:**

**Policy 2.40 KID (RM-LID) Capital Development Account:** Ms. Storms spoke briefly about the purpose of the fund to be established by the proposed policy.

She confirmed to President Rathbun that \$5 million would go back to the Office of Columbia River, at the rate it was paid back by LID participants. President Rathbun spoke about the Department of Ecology's program and noted that the other half of the repaid funds would be managed by KID for future capital projects.

**Vice President Huffman moved to approve Policy 2.40 KID (RM-LID) Capital Development Account. Director McKenzie seconded the motion and it carried unanimously.**

**Irrigation Water Allotment Allocation:** Mr. Woodard reported that staff has maintained a list of persons interested in new allotments, but suspended receiving applications in order not to exceed allocation limitations. He said the list had been reviewed by staff and the board numerous times and said water was available to grant allocations to people on the list. He briefly reviewed the actions staff was requesting of the Board.

Mr. Freeman said a key term was irrigable acres. He clarified that the District could assess over 22,001 acres, but could not have water on the ground over that acreage. He said the suspension of acceptance of applications allowed staff time to verify where water was going in the District through the recalibration program. He assured the Board that the District could grant these requests and stay under the cap. He also reported that spot inspections were made of relegated properties this year to verify they were not using project water. Mr. Freeman said the allocations would appear on 2015 assessment roll and not challenges were anticipated.

Mr. Woodard confirmed to President Rathbun that the list has been compiled since 2010. Mr. Freeman reported that there was interest from outside the district in receiving water, as well, similar to the Red Mountain project.

In response to a question from Vice President Huffman, Mr. Woodard said the policy and procedure addressed the process for filing applications. He confirmed to President Rathbun that some people on the list needed to work with engineering to determine what improvements were needed to connect to the system. Mr. Woodard assured Director McKenzie that staff would follow up with everyone on the list about the process.

President Rathbun spoke to value of this action to the Tri-Cities.

**Vice President Huffman moved to accept the revised irrigation water allotment requests, version October 7, 2014; and accept applications pursuant to KID Procedure 3.2-2A, "Irrigation Water Allotment Allocations" from persons currently on the list of new water allotment allocation requests; and direct KID engineering staff to continue to maintain a list of property owners interested in receiving new or additional water allotment allocations, but not accept further applications from persons not on the approved October 7, 2014, list until the Board approves acceptance of future applications pursuant to KID Procedure 3.2-2A, "Irrigation Water Allotment Applications". Director Dennis seconded the motion and it carried unanimously.**

#### **RESOLUTIONS:**

**Resolution 2014-21, 2014 Budget Revision 1:** Ms. Storms briefly reviewed the changes to the 2014 budget. She said that while it appeared to be a significant change to the budget, it really had to do with one decision on Red Mountain, and that Operating & Capital Project Funds section was lower by \$3.1 million because the new estimates on the completion of Red Mountain South LID were significantly lower than expected. At the same time, the Equipment Replacement Reserve increased due to planned large equipment purchases and the Emergency Mitigation Reserve was used for about \$312,000 of unplanned breach repair expenses.

Ms. Storms said the big number was because it was determined to fund the Red Mountain South LID debt from Realty Reserves, and the anticipated amount was now shown as a debt to Realty Reserves. She noted that the actual amount that would be needed was not known yet, and that there would be a hearing and the Board would need to set the interest rate for funding the debt. She said the expected return on funding the debt would be much more than interest on Local Government Investment Pool investments or other federal security backed investments. Discussion ensued about the process for funding that debt.

Mr. Freeman spoke briefly about remaining work to be completed at Red Mountain so the final cost of the project could be known. He added that the Red Mountain Assessment Principles would be discussed in committee again. Discussion continued regarding use of the revenue

stream from funding the debt. Ms. Storms noted that the principle and interest would go in the Realty Reserves, as source of the funding, and an additional resolution would be needed to use it for other purposes.

**Director McGuire moved to approve Resolution 2014-21 adopting the Revised 2014 Budget. Director McKenzie seconded the motion and it carried unanimously.**

**Resolution 2014-22, 2014 Salary Ranges and Positions Revision 2:** Mr. Freeman said it was important the Board clearly establishing positions and salaries and benefits. He said the Employee Handbook needed to be revised regarding how part-time employees were treated in regard to deferred compensation. He recommended changing that passage to allow deferred compensation to employees working at least 90% of a full-time equivalent. He noted that new positions had been created, including Instrumentation Technician and Public Relations Coordinator, and that there were staffing changes in the Engineering Department.

**Director McKenzie moved to approve Resolution 2014-22, adopting Authorized Positions and Salary Ranges; Revised page 26 of the employee handbook eliminating a conflicting sentence an allow part-time employees to continue to participate in the Deferred Compensation Program at a reduced level as provided in the section titled “District-Sponsored Benefits and Services” of the 2013 Employee Handbook. Vice President Huffman seconded the motion and it carried unanimously.**

**Resolution 2014-23, Adopt Policy 2.13 Revision 3 General Purchasing:** Ms. Storms said this policy needed to be adopted by resolution pursuant to state law if the District were going to use alternative purchasing methods. She spoke about the KID’s purchasing policy and recommended revisions based on the auditor’s suggestion that RCWs be clearly cited in its policies and procedures. She noted that statutory requirements for irrigation districts were different than the requirements for cities.

Ms. Storms reported that the alternate competitive method limits had increased from \$40,000 to \$50,000, and said policy revisions would take advantage of that change. She briefly highlighted passages which were changed, and identified a clerical error in section 3, which would be corrected before signing to include the RCW citations.

**Director Dennis moved to approve Resolution 2014-23, Adopt Policy 2.13 Revision 3 General Purchasing. Vice President Huffman seconded the motion and it carried unanimously.**

President Rathbun called a 10 minute break at 10:22 a.m. and the meeting resumed in open session at 10:35 a.m.

**STAFF REPORTS:**

**Finance Manager:** Ms. Storms said the State Audit exit interview would be scheduled soon. She confirmed to Director McGuire that the Red Mountain South LID project was reviewed by the auditor this year. She said expected to be audited again next year and that the State would perform a federal audit of the WaterSMART grant.

In response to a question from Director Dennis, Ms. Storms discussed the applicability of recent training to the audit process.

**Engineering/Operations Manager:** Mr. McShane spoke briefly about internal processes used to be certain purchasing requirements were met.

Mr. McShane introduced Jesse Turner, KID's Instrumentation Technician. He reviewed the state of the SCADA system prior to the arrival of Mr. Turner and reported that Mr. Turner had fixed radio connectivity problems and that five sites were communicating back at this time.

Mr. Turner displayed various pages of data from the SCADA system while Mr. McShane explained the displays and discussed uses of the data. Topics presented included pond gate automation and canal flow control, flow gauge repairs, radio systems, SCADA security and plans for future automation.

In response to a question from President Rathbun, Mr. McShane spoke about automated pond control relative to various pumps.

In response to a question from Director McKenzie, Mr. McShane spoke about future pressure fluctuations data. He said new developments were all SCADA-ready.

In response to a question from Director McGuire, Mr. McShane spoke about how monitoring would be utilized as more systems came on line.

Mr. McShane also reported:

- WaterSMART grant capital work was underway and, as soon as the ditch was dry, in-prism shaping would be done preparatory to lining. He expected to begin lining by December 1<sup>st</sup>.
- Red Mountain South LID testing began earlier this summer. Mr. McShane discussed schedule challenges with the pumping plants and said some testing of the 810 reservoir was anticipated in October.
- Baseline testing, required by the WaterSMART grant as a performance measure to verify water savings, would take place outside normal water delivery, but before October 31<sup>st</sup> as allowed by the water right.
- Heavy equipment purchase would be ready soon. Mr. McShane spoke about rented equipment used this year.
- As much maintenance and lining as possible would be completed in the off season.

**Planning Manager:** Mr. Defoe reported:

- Mr. Defoe attended a meeting regarding the Bateman Island Causeway breach project, which was intended to benefit fish.
- The Joint Board tour was held September 30<sup>th</sup>.
- An Integrated Plan Workgroup meeting would be held October 22<sup>nd</sup>.
- The updated Food Safety Modernization Act rules had been released.
- Clearwater Creek plat was approved, and some Amon Wasteway issues remained to be resolved.

**District Manager:** Mr. Freeman reported that the Water off meeting was being scheduled.

**WORKSHOP:** None

**EXECUTIVE SESSION:** At 11:13 a.m., Mr. Forgette announced on behalf of the presiding officer that, following a two minute break, the Board would go into executive session for an estimated 15 minutes to discuss with legal counsel litigation or legal risks of a proposed action

or current practice as authorized by RCW 42.30.110(1)(i)(iii). No action was expected following executive session.

At 11:30 a.m., executive session was extended by ten minutes, and at 11:40 a.m. executive session was extended by fifteen minutes. The Board returned to open session at 11:57 a.m.

**Vice President Huffman moved to adjourn the meeting at 11:58 a.m. and Director Dennis seconded the motion, which carried unanimously.**

Attest:

Witness:

  
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Kirk Rathbun, Board President  
Approved November 4, 2014

  
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Chuck Freeman, District Manager

Prepared by Doris Rakowski