



## Minutes

Meeting of the KID Board of Directors  
Carl W. Petersen Board Room  
Tuesday, January 6, 2015, 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  
David McKenzie, Vice President  
Gene Huffman, Director  
Patrick McGuire, Director  
Dean Dennis, Director

**Staff Present:**

Chuck Freeman, District Manager  
Seth Defoe, Planning Manager  
Colleen Storms, District Treasurer  
Jason McShane, Engineering/Operations Manager  
Lynda Rosenbaum, Real Property Manager  
Doris Rakowski, Executive Assistant

**Other Persons Present:**

Fran Forgette, Legal Counsel

**APPROVAL OF AGENDA: Director Dennis moved to approve the agenda and Director Huffman seconded. The motion carried.**

President Rathbun gave control of the meeting to Mr. Forgette.

**Oath of Office:** Mr. Forgette administered to oath of office to David McKenzie.

**Election of Board President and Vice President:** Mr. Forgette called for nominations for President and Director Huffman nominated Kirk Rathbun. There were no other nominations for President. Mr. Forgette called for nominations for Vice President and Director Dennis nominated David McKenzie. There were no other nominations for Vice President. Mr. Forgette called for a motion to close nominations.

**Director Huffman moved to close nominations. Director McKenzie seconded the motion and it carried unanimously.**

Mr. Forgette called for a motion to approve the President and Vice President as nominated.

**Director Dennis moved to approve the President and Vice President as nominated (Kirk Rathbun, president, and David McKenzie, vice president). Director Huffman seconded the motion and it carried unanimously.**

Mr. Forgette gave control of the meeting to President Rathbun.

**CONSENT AGENDA:** At the recommendation of Mr. Freeman, President Rathbun moved "Travel Request – Irrigation Leader" from the consent agenda to action items to allow the addition of Directors to be considered for travel approval to the workshop.

Mr. Freeman confirmed to Vice President McKenzie that the job description to be confirmed by the consent agenda was a revision of an existing position.

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

Items included on the modified consent agenda were:

1. Minutes, KID Board Meeting, December 15, 2014
2. Approve Belmont Business District Plat
3. Short Plat 2014-013 Rhoades
4. RH2 Engineering Contract Amendment Numbers 10 and 11
5. Confirm Job Description
6. Vouchers/Warrant Approval

**Accounts Payable**

Numbers:	69271 through	69327	\$	804,371.50	
	69328 through	69370		<u>66,832.60</u>	
	69371 through	69404		499,177.91	
	69621 through	69621		<u>301,602.50</u>	
<b>Total Accounts Payable</b>					<u>1,671,984.51</u>

**Payroll**

Numbers:	32941 through	32948	\$	1,350.00	
	32949 through	32958		8,343.68	
	32966 through	32969		1,528.09	
	32970 through	32979		10,122.17	
Direct Deposit		12/11/2014		84,104.69	
		12/24/2014		<u>85,639.04</u>	
<b>Total Payroll</b>					<u>191,087.67</u>
<b>Total Disbursements</b>					<u>\$ 1,863,072.18</u>

**Voided Checks:**

**Ck# 32959-32965, printer error; 69405-69620 – being used for 2014 AP Batches through 01/20/15**

**PUBLIC COMMENTS:**

Brent Keller introduced himself and Brent Keller Jr. to the Board. He said they had closed a purchase of real property from the District yesterday. He thanked the Board and said he appreciated the professionalism, promptness and attention to detail of Judy Smith and Lynda Rosenbaum as they worked on the transaction over the last six months. He briefly described plans for a Hilton Hotel, theater and three national restaurants.

**PRESENTATIONS:**

**Financial Report for November 2014:** Ms Storms displayed the November 30, 2014 financial reports and reviewed highlights. Pages reviewed included:

- Balance Sheet as of November 30, 2014
- Statement of Revenue & Expenditures – Comparative
- Fund Balance Change through November 30, 2014

**Director Huffman moved to accept the November 2014 financial report. Director Dennis seconded the motion and it carried unanimously.**

**PUBLIC HEARING:** None

**BOARD REPORTS:** None

**ACTION ITEMS:**

**Review of Policy 1.1 Conflict of Interest–Board Members/District Officers:** Mr. Freeman said Board Members and District Officers were required to review this policy and file an annual disclosure statement. He confirmed to President Rathbun that no motion was necessary, but requested the disclosures be completed and returned by Board Members and District Officers.

**Confirmation of Bylaws:** Mr. Freeman spoke about the practice of restricting attendance of Board members at non-District meetings, which was previously done on the advice of counsel. He said it was his opinion that it was in the interest of the District to have highly educated Board members and staff.

He read from RCW 42.30.020(3): *"Action" means the transaction of the official business of a public agency by a governing body including but not limited to receipt of public testimony, deliberations, discussions, considerations, reviews, evaluations, and final actions. "Final action" means a collective positive or negative decision, or an actual vote by a majority of the members of a governing body when sitting as a body or entity, upon a motion, proposal, resolution, order, or ordinance*".

Mr. Freeman said those actions would not be done at conferences or seminars. He said he attended a Washington State Water Resources Association (WSWRA) seminar and learned that other irrigation districts brought all of their directors to such events. He said staff recommended that attendance of two or more Directors be limited to training events, not regular meetings of groups such as the Yakima Basin Joint Board or WSWRA. He suggested the president assign regular meeting attendees, but the Board not inhibit attendance with its Bylaws.

Discussion ensued regarding why direction on this matter had changed from last year. Directors McGuire and Huffman spoke about the previous practice. President Rathbun and Director Dennis spoke in favor of the changing the practice.

**Director Dennis moved to confirm the KID Bylaws dated January 6, 2015 with changes as noted. Vice President McKenzie seconded the motion. Directors Rathbun, McKenzie, Huffman and Dennis voted in favor and Director McGuire voted against the motion. The motion carried.**

**Appointment of Committee Members and Chairs:** President Rathbun appointed:

- **Operations & Engineering Committee: David McKenzie, Chair, and Dean Dennis**
- **Finance Committee: Patrick McGuire, Chair, and Kirk Rathbun**
- **Realty Committee: Gene Huffman, Chair, and Dean Dennis**
- **Implementation Committee: Kirk Rathbun, Liaison**

**Confirmation and Appointment of District Officers and Board Secretary:** Mr. Freeman recommended Jason McShane be appointed Assistant Secretary for 2015 and that all other District Officers be retained.

**Director Huffman moved to appoint Jason McShane as Assistant Secretary and to retain the Board Secretary and other District Officers previously appointed. Vice President McKenzie seconded the motion and it carried unanimously.**

**Approval of Revised Organizational Chart:** Mr. Freeman said the organizational chart was revised to put the Public Relations Coordinator under the supervision of the Executive Assistant and the Real Property Manager under the supervision of the Planning Manager.

**Director Dennis moved to approve the revised organizational chart. Vice President McKenzie seconded the motion and it carried unanimously.**

**Approve Policy 3.1-2, Sexual Harassment & Equal Employment Opportunity, Rev. 3:** Mr. Freeman reported that the policy had been reviewed by the District's attorney and updated to reflect current law. He briefly noted that additional protected groups had been included, as well as more detail on the investigation process. Mr. Freeman said Mr. Iller would provide training on the policy at the all staff training meeting Thursday.

In answer to questions from Director McGuire, Mr. Freeman said the insurance company had not reviewed the revisions. Mr. Forgette confirmed HR was an area in which Mr. Iller practiced.

**Director Huffman moved to approve Policy & Procedure 3.1-2 Sexual and Other Harassment & Equal Employment Opportunity, Revision 3. Director Dennis seconded the motion and it carried unanimously.**

**Setting of Proposed Interest Rate for Red Mountain South LID Funding by KID:** Ms. Storms spoke about KID internally buying bonds issued to pay for part of the Red Mountain South LID (RMSLID) construction cost. She said RMSLID participants would receive the benefit of zero percent interest on the State of Washington's \$10 million loan. To cover administrative costs, 75 basis points, or .75 percent, were added to the market rate identified by the Piper Jaffray consultant for funding the additional \$9,214,552. The rate of 6.1% on KID funds, if approved by the Board, would be presented to the RMSLID participants at the hearing on January 8th. Ms. Storms said the overall weighed rate of 2.93% was lower than earlier estimates of 3% because final construction costs were about \$2 million less than expected.

Mr. Freeman noted that when RMSLID was approved by the participants in September of 2009, a 6% rate on the entire amount was estimated. He said the combined rate was better for the participants and still provided the District a return on the investment much higher than was possible through the Local Government Investment Pool. He recommended the Board approve the rate. Mr. Freeman said the project provided the District drought protection through trust water for drought years as well. He said a press release was planned.

Director Huffman spoke in favor in the recommendation. President Rathbun thanked staff and management for their contribution and spoke briefly about strong land values at Red Mountain.

**Director Huffman moved to approve a proposed interest rate of 6.1% for the 25 year LID obligation for the Red Mountain South LID (No. 192), for acquisition by the Kennewick Irrigation District, subject to review of the Board prior to adopting a final resolution and approval of a note or other instrument within 60 days of the public hearing (to commence on January 8, 2015); and, to suspend the application of Policy 2.21 to LID No. 192, except as otherwise referenced herein. Vice President McKenzie seconded the motion and it carried unanimously.**

**Travel Request – Irrigation Leader:** Mr. Freeman requested that he and Mr. McShane be authorized to attend the workshop. He briefly reviewed the event agenda and said the estimated cost per attendee was \$1,034.89.

Discussion ensued. Directors Dennis, McGuire and Rathbun said they were interested in attending the workshop and the recommended motion was amended to include them.

**Vice President McKenzie moved to authorize travel for Dean Dennis, Patrick McGuire, Kirk Rathbun, Chuck Freeman and Jason McShane, to the February 4-5, 2015 Irrigation Leader 3<sup>rd</sup> Annual Operations and Management Workshop in Phoenix, Arizona. Director Dennis seconded the motion and it carried unanimously.**

**RESOLUTIONS:**

**Resolution 2015-01, Setting the Rates and Charges and Assessments:** Mr. Freeman said the District, pursuant to KID policies and State regulations, was required to set charges and assessment rates to cover operating and maintenance expenses, appropriate reserves, and capital needs of the District. He said the assessment roll was equalized on December 2, 2014, and that following the equalization process, the District needed to adopt the roll by resolution.

He briefly reviewed aspects of the resolution which differed from the previous year's resolution, including Red Mountain South LID (RMSLID) surcharges. He spoke about the application of base rates and charges for customers receiving water, and assessments of those who did not.

Mr. Freeman confirmed to Vice President McKenzie that all RMSLID parcels were pressurized. Discussion ensued. Mr. Freeman noted for the record that higher costs for RMSLID was due in part to participant requested higher filtering levels, SCADA automation and metering.

In response to a question from Director McGuire, Mr. Freeman clarified that, if a parcel was isolated from KID's delivery system, but was a member of the original KID LID project and had an allotment, it was assessed because project water was available and contributed to the property's value. He said parcels that received project water were charged, not assessed. Discussion ensued. Mr. Freeman briefly described the relegation program. He said that, in the future, the Board could consider forced relegation for parcels not putting water to beneficial use.

Mr. McShane confirmed to President Rathbun that only the private line area (PLA) at the top of Red Mountain was not ready to receive water yet, but was working with engineering. Mr. Freeman spoke about terms of Policy 9.5, Red Mountain Irrigation Water Allocation Program, which would be sent to customers in that PLA. Discussion followed regarding a specific case.

Mr. Freeman said a future Red Mountain LID would have to follow the process used for the RMSLID. Discussion ensued about water allotment transfers.

Mr. McShane said KID had been charging and assessing customers since 2009 when the tier and toll system was adopted, but thought it was important to clarify meanings of those terms.

**Director Huffman moved to adopt Resolution 2015-01 setting the Rates, Charges & Assessments Roll-Tiers and Tolls, Surcharges applicable to certain locations or services, USBR debt payments, and excess water rates for 2015. Vice President McKenzie seconded the motion and it carried unanimously.**

At 10:15 a.m., President Rathbun called a break and open session continued at 10:23 a.m.

**STAFF REPORTS:**

**Finance Manager:** Ms. Storms reported:

- L&I rates increased 22% for field employees due to injuries, 12% for the out-of-office office employee classification and 4% for the in-office classification.
- The amount dedicated to Helping Hands from 30% of delinquency fees was \$15,771, of which about \$4,000 was committed with a balance of about \$11,000. The program helped

78 people this year, including 10 people who avoided foreclosure. The average assistance was \$262. Ms. Storms spoke about the Helping Hands process. She reported that there were 37 parcels on foreclosure list for the next cycle, which was lower than previous years.

- Ms. Storms commended Jamie Britton for a job well done in learning the process of preparing the annual audit report and spreadsheets for the auditors.

**Engineering/Operations Manager:** Mr. McShane reported:

- Over a mile of lining had been installed. Steel fabrications, concrete construction, earthwork and more lining continued. Work was underway on pump station maintenance, chemical applications, and SCADA. Additional Water Off Seasonal Employees were being hired.
- Chemical purchases were out to bid, not including a sole source purchase for Endothall.
- Water allocation transfer requests were coming in and being added to the list.

**Planning Manager:** Mr. Defoe displayed the USBR Hydromet webpage and discussed snow pack conditions and precipitation.

Director McGuire and Mr. Defoe attended an Integrated Plan (IP) meeting at which the WSU benefit cost report commissioned by the state legislature on individual components of the IP was presented. Except for fish passage, components were not penciling out, and there were concerns about the modeling not taking addressing return flow.

Director McGuire expressed concern that Roza Irrigation District had two representatives and reported that Ron Van Gundy announced that irrigation districts would pay for all water storage, contrary to the plan to seek state and federal funding. Mr. Defoe said Roza and Kittitas may have two seats, but KID was denied a second seat. Mr. Freeman said Mr. Van Gundy's comment was based on advice from consultants that federal money must be repaid. He said the ability to pay requirement from YRBWEP (Yakima River Basin Water Enhancement Project) I and II was taken out of YRBWEP III legislation. It was Mr. Freeman's understanding that both Roza and Kittitas had failed the ability to pay analysis but KID broke the model of a fictitious "farm" due to urbanization.

Director McGuire spoke about a recent editorial against large farms and said a report by Darryl Olsen had shown the benefit of irrigation to the national economy. He asked who spoke for people who couldn't absorb higher food costs and asked why the IP was not pursuing that.

President Rathbun requested review of the joint board and who held positions. Discussion ensued. Mr. Freeman reported that he had requested written reports from David Limbaugh, similar to the comprehensive reports provided by the fish biology consultant David Child.

Mr. Freeman spoke about IP participants attitudes towards anyone with a dissenting opinion, and said KID would likely be in that group soon because KID would be pushing for answers to concerns. He said KID had a vested interest in the outcome of the IP because it was affecting return flows, which was not mentioned in the plan despite requests, though it was mentioned in Dr. Yoder's report. He said he expected loss of return flows to result in KID having reductions of flows to prorated levels in drought, where return flows previously supplied additional water.

Discussion ensued about seeking legal counsel on treaties and further analysis of Mr. Iller's work on return flows. Mr. Freeman said the USBR's attitude disconcerting and the model was flawed because it did not model return flows. Mr. Defoe reported that KID was not in Dr. Yoder's draft report but was in the final.

Mr. Defoe also reported:

- He was working on federal permitting issues in Amon Basin. He noted that Hayden Homes had begun work in the channel.
- There were now one rural and two urban applicants for the Implementation Committee, following a press release and targeted email.
- The NWRA Leadership conference would be held next week at which Mr. Defoe expected discussion of federal issues for next year.
- On January 22<sup>nd</sup> there would be a follow up meeting with USBR and Department of Ecology representatives regarding KID concerns about the IP model.

**District Manager:** Mr. Freeman reported that the RMSLID confirmation public hearing would be held Thursday at 7:00 p.m., at which the Board would sit in quasi-judicial function. He spoke briefly about process and said KID exceeded statutory requirements for publishing and notice. He said a resolution would be considered at the following Board meeting.

**WORKSHOP:** None

**EXECUTIVE SESSION:** At 10:59 a.m., Mr. Freeman confirmed to President Rathbun that action was expected to follow executive session. President Rathbun announced that the Board would go into executive session for planning or adopting the strategy or position to be taken by the governing body during the course of any collective bargaining, professional negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or proceedings while in progress, pursuant to RCW 42.30.140 (4)(b) and to consider the minimum price at which real estate will be offered for sale or lease, pursuant to RCW 42.30.110(c), for an estimated 20 minutes.

Executive session was extended for five minutes at 11:22 a.m.

**OPEN SESSION:** At 11:27 a.m. the meeting returned to open session.

**ACTION:**

**Collective Bargaining Agreement:** Mr. Freeman reported that a tentative agreement had been reached through negotiation with representatives of the field union group. He listed highlights of changes in the new three year collective bargaining agreement, pending passage by the Board and the collective bargaining group, including:

- Pay reduction of \$8.47/hour in the event of loss of commercial driver license, until reinstatement occurs, with the caveat that they are insurable by the District's insurance company and that loss of driver license would result in termination. The pay cut is the difference between Maintenance Laborer position and the least skilled position in the group.
- Promotions to be based on skill, not seniority.
- Agree to current salary matrix based on 85% of the Consumer Price Index Urban Wage Earner and clerical workers with 2% floor and 3% ceiling effective every January 1<sup>st</sup>.
- Boot allowance increased \$75 due to wear and tear from the capital program lining project.
- Employee health insurance contribution, currently 92%, would increase to 90% in 2016 and 88% in 2017.
- The probationary period, now called introductory, would increase from six month to one year.
- Allowable vacation accumulation increased from 240 hours to 280 hours.
- The definition of holiday was clarified.
- Overtime and premium rates were struck with exception of unused sick leave.
- Removed the Board as a step in the grievance process.

- Other various minor edits and clarifications.

Mr. Freeman confirmed to Director Dennis that boots were required to meet a 75 pound minimum rated toe. Director McGuire asked if the union would give up the boot increase when the lining project was complete.

In response to a question from President Rathbun, Mr. Freeman spoke about the history of the \$8.47/hour increase upon obtaining a CDL and said that now management determined who was required to have a CDL for District business purposes. Mr. McShane spoke about the Board-approved field positions of Maintenance Laborer and Maintenance.

Mr. Freeman and Mr. McShane confirmed to Vice President McKenzie that they were satisfied with the result of the negotiations.

**Vice President McKenzie moved to approve the 3 year agreement with Local 280 (for the Field Employees). Director Huffman seconded the motion and it carried unanimously.**

**Real Property:** Mr. Freeman noted that the District recommended adoption of a resolution to declare surplus two parcels, and authorize marketing of the property. He noted that the District received an unsolicited interest in the parcels. He said that to move forward, the property would have to be declared surplus, advertise for three weeks and then entertain all reasonable offers for the property.

**Director Huffman moved to surplus parcels 1-0189-102-0001-017 and 1-0189-102-0006-001 as they are no longer needed and hereby authorize the marketing and sale if the property in accordance with RCW 87.03.136. Vice President McKenzie seconded the motion and it carried unanimously.**

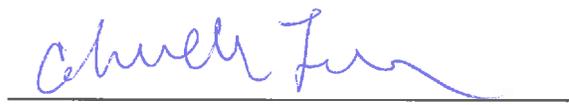
**Director Huffman moved to adjourn the meeting at 11:41 a.m. and Director Dennis seconded the motion. The motion carried.**

Attest:

Witness:



Kirk Rathbun, Board President  
Approved February 3, 2015



Chuck Freeman, District Manager

Prepared by Doris Rakowski