



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, June 16, 2015, 9:00 a.m.

President Rathbun called the meeting to order at - a.m. and Mr. Freeman called roll.

Directors Present:

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

Staff Present:

Chuck Freeman, District Manager
 Colleen Storms, District Treasurer
 Jason McShane, Engineering/Operations Manager
 Seth Defoe, Land and Water Resources Manager
 Jennifer Defoe, Public Relations Coordinator
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel
 Paul Cross, RH2 Engineering

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

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

Items on the consent agenda were:

1. Minutes, KID Board Meeting, June 2, 2015
2. Relinquishment of Irrigation Easement
3. Binding Site Plan Pratt Construction at Belfair – Dry
4. Professional Services Agreement: Water Resource Management-Main Canal and Irrigation Laterals-Phase 1
5. Vouchers/Warrant Approval

Accounts Payable

Numbers:	70243	through	70277	\$	185,368.92
	70278	through	70313		99,616.76
	70314	through	70314		15,761.10
	ACH (01/15)	through	ACH (01/15)		113,956.52
	ACH (02/15)	through	ACH (02/15)		120,376.05
	ACH (03/15)	through	ACH (03/15)		139,984.61
	ACH (04/15)	through	ACH (04/15)		286,310.11
	ACH (05/15)	through	ACH (05/15)		118,768.07
					1,080,142.14

Total Accounts Payable

Payroll

Numbers:	33099	through	33104	\$	5,564.50
Direct Deposit			5/29/2015		82,681.65
					88,246.15

Total Payroll

Total Disbursements

\$ 1,168,388.29

Voided Checks: ACH (01/15) \$97.51 – switch to paper checks; ACH (04/15) \$18961.15 – wrong amount; ACH (05/15) \$25034.45 – wrong amount

PUBLIC COMMENTS:

Randy Jackson asked the Board to remove section 1.8 from Policy 8.3, Drought Plan. He said the section anticipated scenarios in which water users at the bottom of the priority list would be shut off or given less than a pro rata share of water. He said that would be in conflict with KID's repayment contract and Title 87.

Mr. Jackson noted that Mr. Iller stated at the last Board meeting that once water was beneficially applied to land, land owners had a vested property interest in the right, which neither the district nor the federal government could remove, even if land use changed, and that the vested right was an equitable share of whatever water was available in the district in a particular year, which could beneficially be used on the property.

Mr. Jackson said the Drought Plan anticipated taking water from one user group and giving it to another, which could reduce value of lands at the bottom of the priority list and increase value of land at the top. Mr. Jackson said water rights were assigned based upon beneficial use, which was not ranked and suggested the section be removed from the Drought Plan.

Mr. Freeman recommended that Mr. Iller look at Mr. Jackson's concerns and respond. Mr. Iller said he would do so and report to the Board his conclusions about the points raised.

Jim Wade, 1813 S Rainier Place, asked:

What was cost to run the hydraulic pumps at Chandler for a year?

What would be the cost to run electrification pumps for one year, as \$50 million was estimated to electrify Chandler?

Would large parcel owners and owners of a fraction of an acre both pay \$84?

What was the payback on that?

What did KID pay U.S. Bureau of Reclamation to get water from Chandler?

What authority did KID have to fine customers for watering outside the mandatory schedule?

Did any KID staff get special favors from large parcel holders such as developers or farmers?

PRESENTATIONS:

Paul Cross, RH2 Engineering: On behalf of the Board of Directors and staff of RH2 Engineering, Mr. Cross presented two framed posters commemorative of the Red Mountain South Local Improvement District (LID) project to the KID Board and staff and thanked the District for the opportunity to work on the project.

Financial Reports for April 2015: Ms. Storms displayed the April 2015 financial reports and reviewed highlights of pages including:

- Balance Sheet as of April 30, 2015 – Final
- Balance Sheet as of April 30, 2015 – Comparative
- Statement of Revenue & Expenditures – Budget to Actual – Summary
- Statement of Revenue & Expenditures – Budget to Actual – Comparative
- Fund Balance Change through April 30, 2015
- Cash Investment Report by Investment Maturity Date as of April, 2015

Director McGuire noted that KID received .4% interest on certificates of deposit with Yakima Federal, but loaned money to the Red Mountain South LID at an interest rate of 6.1%. Ms. Storms said it was a very fair interest rate for the LID because funding on land improvements costs more in the public bond market. Additionally, since the State loaned part of the money at 0%, the LID had a combined interest rate under 3% for 25 years.

Ms. Storms confirmed to President Rathbun that by internal policy KID keeps funds for three months in reserve to cover the three month spread between payments, so operations could continue, were there a devastating economic turn.

Director McGuire moved to accept the April 2015 KD Financial Statements. Director Huffman seconded the motion and it carried unanimously.

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS: None

RESOLUTIONS:

Resolution 2015-14, Project Acceptance – Emergency Canal Break Repairs and Property Restoration: Mr. McShane said work and contract obligations were completed by Ray Poland & Sons, Inc. for the August 28, 2014 canal break emergency repairs and property restoration.

Mr. Freeman confirmed to President Rathbun that the District was responsible for repairs to its own canals, but there were some claims covered by insurance after KID met the deductible.

Director Huffman moved to approve Resolution 2015-14 Project Acceptance and Release of Retainage for Emergency Canal Break Repairs and Property Restoration. Vice President McKenzie seconded the motion and it carried unanimously.

Resolution 2015-15, Project Acceptance & Release of Retainage – PW2014-16 Earthwork Haul for WaterSMART Grant: Mr. McShane reported that work and obligations were completed on January 9, 2015 for KID Contract PW2014-16, and said staff recommended final acceptance and release of retainage.

Discussion ensued about the project and plans to lay rock. Sources for rock were discussed.

Vice President McKenzie moved to approve Resolution 2015-15 Project Acceptance and Release of Retainage for PW2014-16 Earthwork Haul for WaterSMART Grant. Director Huffman seconded the motion and it carried unanimously.

Resolution 2015-16, Sole Source - Allen-Bradley products from Columbia Electric Supply: Mr. McShane displayed a map and spoke about the SCADA project. He said the proposed purchase would be used at 25 additional sites. He spoke about purposes of various installations and the products selected.

In response to a question from Director Huffman, Mr. McShane said a purchase for additional sites could be proposed in six to eight months. He showed locations of all KID pumping sites on the map and spoke about the capital program and investment in technology and automation.

At President Rathbun's request, Mr. McShane spoke about reasons SCADA was being implemented, including risk mitigation, providing data for efficient preventative maintenance, and reduction of labor efforts for certain tasks. He spoke about costs of the installations.

In response to a question from President Rathbun, Mr. McShane spoke about SCADA use by other irrigation districts and said KID was catching up to using the technology. He noted that

KID had many more pumping sites than most other districts, mainly due to the number of pumping plants needed to serve residential areas.

Mr. McShane spoke about justification for the proposed sole source purchase. He said Allen-Bradley PLCs were proposed for consistency, to maintain system continuity and limit expense of personnel training. Rockwell Automation's sole distributor of Allen Bradley's PLCs and RTUs in this area was Columbia Electric Supply.

Ms. Storms spoke about RCW 87.03.435(3)(c), the statute supporting the sole source purchase.

Director Huffman moved to approve Resolution 2015-16, Authorization to Waive Competitive Bidding and Award a Sole Source Contract to Purchase 25 Allen Bradley ML 1100 PLCs, 25 Allen Bradley Analog Expansion Modules, 25 communication cables, and Allen Bradley Software RSLogix 500 and RSLogix 5000 from Columbia Electric Supply, pursuant to RCW 87.03.435(3)(c). Director Dennis seconded the motion and it carried unanimously.

Resolution 2015-17, Sole Source - Used 2014 John Deere 850 Dozer: Mr. McShane spoke about the District's uses for the dozer. He said staff was previously authorized to purchase a new dozer, but staff learned of the used John Deere 850K Dozer, available for \$266,951.44 from Rowand Machinery. He spoke briefly about the specific dozer selected for purchase and said it represented a good value to the District.

Mr. McShane said the costs for the machine would be offset by a reduction in the projected rental costs for approved canal lining projects, as the purchase was equivalent to 24 months of rental fees. He reviewed the cost analysis for purchase of this and other machines.

Mr. McShane confirmed to Director Huffman that there was a standard warranty.

In response to a question from Director Dennis, Mr. McShane spoke about hours of usage for dozers which had been rented last winter. He spoke about the buy-back option. He said if the purchase were approved, staff planned to bring a financing resolution to a future Board meeting.

Discussion ensued regarding makes and models of equipment. Mr. McShane spoke about plans for canal lining over the next five to ten years.

Mr. McShane said funds would come from the Capital Improvement fund because those projects were primarily where the dozer would be used, rather than for maintenance.

Vice President McKenzie moved to approve Resolution 2015-17 Authorize 850K Dozer Purchase in the amount of \$266,951.44 plus tax. The funds for this purchase will come from the Capital Upgrade and Improvement Fund, to be financed. Director Huffman seconded the motion and it carried unanimously.

President Rathbun called a short break at 10:11 a.m. and the meeting resumed at 10:20 a.m.

STAFF REPORTS

Finance and Customer Service: Ms. Storms distributed booklets on internal controls. She spoke about how Board members could have a positive impact on internal controls. She recalled that Vice President McKenzie initiated discussions leading to better protection for the district from false vendor set ups after fraud was reported in Franklin County. She said Director

McGuire motivated staff to work to higher standards by asking hard questions. She asked the Board to read the booklet and bring her questions and challenges.

Ms. Storms said a report on the Helping Hands program would be provided at the next meeting.

The range of questions asked of Customer Service was discussed.

Engineering and Operations: Mr. McShane reported:

- The overwhelming response to KID at the farmers market was supportive.
- Staff had been issuing warnings about watering schedule violations.
- Peak demands increased during the middle of the night. Mr. McShane said some people may be trying to mask their water use and other could be trying to be efficient. He said that, due to the canal system, spreading use out over all hours was best.
- Canal flows at Prosser dropped significantly on Friday. He said only KID had modeled the lower part of the river for return flows and staff spoke with USBR regularly.
- Algae blooms were occurring earlier this year due to higher temperatures and were being treated with chelated copper and algaecide on alternate weeks.
- Pumps had been rented to help use of storage at the Cherry Creek facility and Zirkle pond.
- Mr. McShane had a general agreement from Columbia Irrigation District about pulling water from KID drains to CID canals and back to KID's system further downstream.
- Staff started the process to purchase water from Badger Mountain Irrigation District (BMID) if they have any available to KID.

Negative downstream impacts from dumping of yard clippings in the canal were discussed.

Land and Water Resources: Mr. Defoe reported:

- Mr. Defoe provided updates about the drought and took questions from callers yesterday on Kristine Brown's noon 870 AM radio show.
- Planning was working with Engineering to update the conservation plan.
- Mr. Defoe was working on the expedited drought application to Ecology to allow KID to contract with BMID to purchase water from them and put it into KID's canal system.
- Staff got the conditional use permit application and environmental materials for the new building in to the city. The environmental portion was complete and the conditional use comment period would end Monday.
- A meeting would be held June 22nd to June 26th on the KDRPP water storage project. Cutting the project in half because of increased costs was being considered. Value engineering was a formal process where outside engineers, not involved in the project design, would be consulted to try to find ways to cut cost.
- Upcoming meetings:
 - Implementation Committee, new member orientation, June 17
 - Washington State Water Resource Association, June 17
 - U.S. Bureau of Reclamation, regarding modeling the lower Yakima River, June 19
 - Columbia Snake River Irrigators Association,
 - Yakima Basin Join Board, June 26
- Government climatologists have declared that an El Nino weather pattern was in effect. In the Pacific Northwest it was likely to lead to warmer and drier conditions. The ocean conditions could impact salmon.

Executive: Mr. Freeman reported that the City of Kennewick presentation went well and he would present to the City of Richland tonight.

At the request of Mr. Freeman, Ms. Defoe spoke about public relations efforts including:

- Television informational spots and “live toss” on KNDU/KNDO and KVEW
- KVEW banner ads and demographic and key work targeting
- Radio advertisements and interviews
- Social media
- Public outreach at farmers markets and to various public entities and large groups

She spoke about the cost of the campaign and said the estimated total to date was \$55,302.

Ms. Defoe said the community response was largely positive. Only a very small percentage of the District’s 50-60,000 customers were making negative comments on social media.

Ms. Defoe spoke about reputation monitoring and messaging partnerships available from Impress Local, and how it could repeat messages beyond the reach of KID’s limited staff time. She said they would use KID’s messages and protocol for responding to relevant questions in social media. Analytics from the campaign would be useful to determine what was effective.

Ms. Defoe said staff started working with Artmil about six months ago to create a new website that was user-friendly and secure. She displayed the new draft website and said it would be accessible on mobile devices and connects with the District’s Facebook site.

Ms. Defoe distributed copies of a new draft logo. She spoke about the colors and symbolism of the logo. She said the designers were trying to avoid literalism and to size elements to create immediate response and recognizability.

Ms. Defoe said rebranding was not just website and logo; that every time we reach a customer and educate that was part of rebranding. She noted that the website and rebranding project began long before anyone realized we were in a drought.

Mr. Freeman said Artmil added urban elements to the logo based on feedback from earlier draft. Discussion ensued regarding the design. Ms. Defoe said considerations for logo design included black and white versions, replication, scaling, and recognizability at a small scale.

Discussion continued regarding logo design and the timing of rebranding. Ms. Defoe reported that Artmil found KID now had a positive reputation in the community, especially with young customers and new arrivals.

Workshop: None

Executive Session: None

Director Dennis moved to adjourn the meeting at 11:18 a.m. and Director Huffman seconded the motion. The motion carried unanimously.

Attest:



Kirk Rathbun, Board President
Approved July 7, 2015

Witness:



Chuck Freeman, District Manager

Prepared by Doris Rakowski