



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, July 7, 2015, 9:00 a.m.

President Rathbun called the meeting to order at 9:02 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
 Jason McShane, Engineering/Operations Manager
 Colleen Storms, District Treasurer
 Jaime Britton, Senior Accountant
 Seth Defoe, Land and Water Resources Manager
 Lynda Rosenbaum, Real Property Manager
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel

APPROVAL OF AGENDA: President Rathbun moved executive session to between Board Reports and Action Items. Director Huffman moved to approve the agenda as modified. Vice President McKenzie seconded the motion and it carried unanimously.

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

Items on the consent agenda were:

1. Minutes, KID Board Meeting, June 16, 2015
2. Pre-Plat 15-01 - Klamath Cottages
3. Pre-Plat 15-02 - The Boulevard Townhomes
4. Pre-Plat Alteration 15-02 - Southridge Development
5. Confirm Job Description
6. Authorized Positions - 2015 Revision 3
7. Vouchers/Warrant Approval

Accounts Payable

Numbers:	70315	through	70359	\$	70,612.15
	70360	through	70390		114,868.19
	70391	through	70409		601,210.79
	ACH (06/15)	through	ACH (06/15)		114,131.30

Total Accounts Payable

900,822.43

Payroll

Numbers:	33105	through	33111	\$	6,260.25
	33112	through	33118		6,548.20

Direct Deposit	6/11/2015		85,436.29
	6/25/2015		85,761.89

Total Payroll

184,006.63

Total Disbursements

\$ 1,084,829.06

Voided Checks: None

PUBLIC COMMENTS:

Randy Jackson, 501 S Keller, renewed his June 16, 2015 request to remove section 1.8 from Policy 8.3, Drought Plan.

Steven Wuerl, 2762 Rue Court, said he had no water on his scheduled days for three weeks. He said when he called KID he never seemed to get the right answer and was told to stay on the schedule. Mr. Wuerl observed that no Richland or Kennewick neighborhood was drier than Willowbrook Heights. He said he was tired of irrigating with city water. Mr. Wuerl didn't care if KID had to hire someone to work 24/7 if the pump needed to be replaced. He said he paid for water to be there and was asking for his water source. Mr. Wuerl said if KID would not enforce the schedule, he would water outside of his cycle, but he was trying to abide by KID's policy.

Mr. McShane reported that pressurized service area (PSA) 141 had an on demand pump station from the canal and that high aquatic weed growth caused challenges with plugging. He said the system had been on when he visited the site September 26th. He asked to speak with Mr. Wuerl outside the meeting for more details.

Canal management at the location was discussed. Mr. McShane said an ecology block was installed to speed flushing flows past the screen and that further investigation was needed.

In response to a question from Director McGuire, Mr. Freeman said the communication problem may have been the message, not lack of response. He said aquatic weed growth due to high heat and clogging after treatment was a problem in some locations and could be the issue here.

Mr. McShane spoke about previous service orders on Mr. Wuerl's account and said he would look into service orders for Mr. Wuerl's calls yesterday.

PRESENTATIONS

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

- Balance Sheet as of May 31, 2015 – Final
- Statement of Revenue & Expenditures – Budget to Actual – Comparative
- Fund Balance Change through May 31, 2015
- Cash Investment Report by Investment Maturity Date as of May, 2015

In response to a question from Vice President McKenzie, Ms. Storms said money in the Red Mountain Local Improvement District (LID) Fund was capital from loan balances paid off by some LID members. Discussion ensued. Ms. Storms spoke further about the loan's interest rate and terms of repayment to the State of Washington. She confirmed to Director McGuire that loan payments were tracked in software and on a separate ledger.

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

PUBLIC HEARING: None

BOARD REPORTS: None

EXECUTIVE SESSION: At 9:25 a.m., Mr. Iller announced on behalf of the presiding officer that, following a short break, the Board would go into executive session to consider the minimum

price at which real estate will be offered for sale or lease, pursuant to RCW 42.30.110(c) and to discuss with legal counsel potential litigation, in the form of legal risks of a proposed action or current practice pursuant to RCW 42.30.110(i)(iii) as it relates to lobbying and the drought issue for approximately 30 minutes.

At 9:55 a.m., executive session was extended for 15 minutes. At 10:13 a.m., the Board left executive session and a two minute break was called. Open session resumed at 10:15 a.m.

Director Huffman moved to amend the agenda to add to Action Items a Water Strategy Agreement, Dozer Financing and a Land Sale for Lot #16, KID #1416. Vice President McKenzie seconded the motion and it carried unanimously.

ACTION ITEMS:

Award PW 2015-14 New Administrative Building Slab & Foundation: Mr. McShane reported only one bid was received for the building slab, and utility and site work under the slab. He said LCR Construction's bid of \$357,007 including tax was higher than the engineer's estimate of \$275,834. Mr. McShane said that because the first phase of the project was under budget, the project as a whole was still under budget.

Discussion ensued regarding building design and project schedule. Mr. Freeman said a project update could be brought to the next Board meeting.

Director Huffman moved to approve the award of Contract PW2015-14 Administrative Building Slab and Foundation to LCR Construction, LLC, in the amount of \$357,007.00, including tax. Director Dennis seconded the motion and it carried unanimously.

Set Hearing Date for Potable Water System Rate Change: Mr. Freeman spoke about the Elliot Lake and Lorayne J potable water systems and said revenues needed to cover expenses and reserves for those two systems. He reported that due to cost of the intertie and capital needs of both systems, the District needed to consider raising the rates for those systems. He recommended the Board convene a hearing at the August 4th Board Meeting and said a notice would be mailed to customers.

At the request of Director Dennis, Mr. Freeman spoke further about the reasons increases were needed. He noted that irrigation customers would not pay for needs of the potable systems, which must stand on their own. He said the new proposed rates would be brought to the hearing, but he expected both systems to need a substantial increase.

Mr. Freeman confirmed to President Rathbun that if a potable system was sold, its funds would be transferred with the system.

Director Huffman moved to set a hearing for the customers of Elliot Lake and Lorayne J systems to be held with the regular Board Meeting August 4, 2015 at 9:00 a.m. Vice President McKenzie seconded the motion and it carried unanimously.

Water Strategy Agreement: Mr. Iller spoke about an agreement for consulting services related to seeking funding and presenting KID's claim to certain funds for electrification of the Chandler pumping plant. He said recommended the Board authorize Mr. Freeman to execute the agreement between Water Strategies and Kennewick Irrigation District after it was modified and approved by legal counsel.

Director McGuire moved to authorize the District Manager to sign, on behalf of the Kennewick Irrigation District (KID), a Water Strategies and KID agreement for consulting services, after it was revised and approved by District Counsel. Vice President McKenzie seconded the motion and it carried unanimously.

Dozer Financing Agreement: Mr. McShane reviewed the used John Deere 850K Dozer sole source purchase authorized by the Board on June 16, 2015. He said that, because the District's insurance company did not like the terms of the proposed John Deere financing, staff recommended the purchase be funded by the Equipment Replacement Reserve fund and paid back from the Capital Upgrade and Improvement Fund based on usage at \$28.98 per hour, representing the cost of ownership of the purchase price only (calculated as \$266,000 less \$145,000 divided by remaining life of the machine). \$145,000 would be refundable if the machine were returned to John Deere at the end of five years. He spoke about costs of purchase and rental or leasing.

Mr. McShane confirmed to President Rathbun that the primary use for the machine would be for the lining project, which was expected to continue for nine to ten years. He spoke about features and uses of the dozer. Mr. McShane spoke further about management of the equipment replacement reserve and schedule.

Director Huffman moved to approve the use of \$266,951.44 plus tax from the Equipment Replacement Reserve Fund, with an hourly repayment to this fund from the Capital Upgrade and Improvement Fund. Director Dennis seconded the motion and it carried unanimously.

Authorizing the Sale of Vista Business & Technology Park Lot #16, KID #1416: Ms. Rosenbaum presented terms of P&L Land Company's offer to purchase Lot #16 in the Vista Business & Technology Park. She reported that the Realty Committee considered the offer for approximately \$7.43 per square foot to be a fair and reasonable price.

Director Huffman spoke in favor of the sale. Discussion ensued regarding the value of other District properties in the area and the location of this lot.

Vice President McKenzie moved to approve the sale of Lot 16, Vista Business & Technology Park, KID #1416, in the amount of \$385,000.00 to P&L Land Company, LLC, and authorize the Board President and Secretary manager to sign the Purchase and Sale agreement this date. Director Huffman seconded the motion and it carried unanimously.

RESOLUTIONS: None

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- Staff would discuss the schedule for migration to Tyler software with the project manager.
- After completion of Red Mountain South LID close out items, reserves would be established.
- Policies were being drafted and revised for information technology and security.
- Purchasing policy revisions were being considered.

Director McGuire clarified proceeds of the land sales would go to Realty Reserves and the dozer purchase would be funded by a completely different reserve.

In response to a question from Vice President McKenzie, Ms. Storms spoke further about management of the Red Mountain South LID loan repayment.

Engineering/Operations Manager: Mr. McShane reported:

- Aquatic weed and algae control was especially challenging because water was 80 degrees at the head of the canal. Thanks to continual vegetation management treatments, the Endothall treatment was still expected to be needed on the planned schedule.
- Mr. McShane displayed and interpreted a graph of flows from June 1, 2015 to present, created to help predict water flow in the lower Yakima River. He said the flows between Parker and Prosser Dam and return flows to the river were very hard to predict. Mr. McShane said that this year return flows were less than half of those in a normal operating year. Average flows across Prosser Dam, not instantaneous flows were the critical numbers to be considered. He noted that there was only a 29 hour warning of flow problems.
- The Kennewick School District volunteered to stop irrigating during this anticipated low water period and the Canyon Lakes Golf Course volunteered to water from their storage.
- Temporary pumps were being installed at Cherry Creek and Zirkle's Farm reservoirs.
- Testing and reducing elevation on Rubicon pools would begin.
- An agreement was drafted for purchase of water from Badger Mountain Irrigation District.
- An agreement in principle with Columbia Irrigation District (CID) for use of their canals for recapture, transfer and reuse of KID waste water was being put in writing. Mr. McShane reported that the CID Board said they recognized that this was a hard time for the community and they wanted to be part of working for solutions.
- Remote monitoring of Rubicon gates was being installed.

Flow levels during this and the last drought were discussed. Director Huffman thanked the public for cooperation during short water times and Operations for their behind the scenes work.

Mr. Freeman spoke about drought violation letters being mailed and shifts in demand times. He reported that demand for city water went up over 1 million gallons per day over night. Kennewick was asking people not to irrigate with city water, but was not enforcing at this time. Use of potable water for irrigation in Richland was against city code and was being enforced.

In response to a question from President Rathbun, Mr. McShane said that if Chandler Pumps were electrified, the District would not be having a problem with supply at this time this year. He said with continued conservation upstream, KID could be negatively impacted because target levels at Parker and Prosser were moved up as conservation occurred. Discussion ensued.

Mr. McShane said prioritization of delivery in the Drought Plan was based on American Water Works Association and standard practices in many states. Mr. McShane said the drought policy provided general guidelines that could be used to protect the District's limited resources during droughts. He described how the District tried to equitably distribute water. He said he thought prioritization of uses would only occur if there were not enough water to go around, and that most people would understand prioritization of orchards and trees over residential lawns.

Mr. McShane said Mr. Wuerl had offered to help communicate with his neighborhood to find a better way to water. He said people in the community were doing an excellent job, providing feedback and working together.

Mr. McShane confirmed to President Rathbun that we were at drought level 3, but could have to move to drought level 2 if the low levels continue for a prolonged time. He noted that there was about a 29 hour lead lag time and spoke about the difficulty in modeling the lower Yakima River.

Land & Water Resources Manager: Mr. Defoe reported:

- One of the easiest and cheapest sources of additional water storage in the Integrated Plan was accessing 200,000 acre feet of dead storage in Lake Kachess. A flawed “value engineering” event took place last week, which was not conducted with outside unbiased engineers, but the HDR and U.S. Bureau of Reclamation (USBR) engineers. The final report had not yet been released. Kittitas Reclamation District and Roza Irrigation District were in favor, Wapato was non-committal, and KID did not have enough information to make a decision. The project faced major financial and environmental challenges. KID was never told how the District might benefit and there were no assurances or modeling showing that KID could call on or receive water from this project. Discussion ensued.

At the request of Director Huffman, Mr. Defoe spoke about the Wymer Dam and Bumping Lake storage expansion.

Mr. Freeman reported he had spoken with Dawn Wiedmeier of the USBR about operational guidelines for protecting KID water if KID participated and questions about KID storage rights. He said he hoped USBR staff was now considering those questions.

Mr. Defoe pointed out that the Integrated Plan was an upper basin plan which had been sold as a whole basin plan but really had negative impacts for the lower basin. He spoke about the potentially staggering environmental costs of the projects.

- Staff was monitoring YRBWEP III legislation which was introduced in the Senate and similar legislation introduced in the House.
- At the last River Operations meeting, the target flow at Prosser, with State trust waters and fallowed field conservation, but not Basin conservation water under YRBWEP II legislation, was 359 at Prosser Dam. Mr. Defoe spoke about the use of pulse flows for fish, and the water being too warm for salmonids. He said prorationing held at 44% through this month.
- The June 16th presentation to City of Richland was well received. Mr. Defoe answered questions about recapture of KID water in Amon Basin and Badger Drain through Gage Pumps and Willowbrook Pond, and KID’s intent to further development of that resource.
- A WSWRA meeting would be held July 15th at Lake Chelan.

District Manager: See Project Tracking.

WORKSHOP

Project Tracking: Mr. Freeman briefly updated progress on projects including:

Water Right Management

- Control Gates
- Lamprey

Strategic Planning and Special Projects

- Comprehensive Plan
- Water Resource Study
- All Drains and Wasteways Plan

Finance

- Tyler software replacement of remaining components of Springbrook
- Update of IT policies
- IT Master Plan
- Potable Systems - rate increases
- TruePoint #1 Title company access

- TruePoint #2 Water usage reports
- TruePoint #4 GIS
- TruePoint #5 Outage Board

Engineering/Operations

- Scope of work for design of Amon reservoir
- Cherry Creek Reservoir
- Capital Improvement Plan (CIP)

Realty

- Properties
- Relegations for 2015
- Move to Ely location

Mr. Freeman noted that of about 23,500 accounts, only one person was at the Board Meeting. He spoke about public information work through social media, live radio and commercials.

Mr. Freeman said the modeling work was helping KID, the USBR and other understand that the Integrated Plan had already had negative impact to KID. He said it was shocking that the USBR ran the system for about 50 years with no understanding of it south of the Parker gauge. Staff and District Counsel would attend the next meeting with the modelers. He said he had to remind the group that KID attended so it did not need a FOIA request for the model. He said he did not want other stakeholders who were not impacted commenting on lower basin modeling.

President Rathbun suggested surveys of KID's customers regarding appetite for filling the supply hole and its costs. Mr. Freeman said an informative memo followed by a survey was under development.

Mr. Freeman said Councilman Trumbo wrote letter to the Board and himself and Mr. Freeman was drafting a response. He said Councilman Trumbo took what was said at a workshop and misinterpreted it. He noted that Federal government funding was authorized for Chandler electrification since 1974, but not yet appropriated.

President Rathbun spoke about water strategies. He noted that KID largely funded its own conservation projects, while most upper basin district received federal help. He suggested that KID be compensated with changed target flows.

In response to a question from Director McGuire, Mr. Freeman said he called the paper to alert them about Mr. Trumbo's draft article and errors. He said the Board did due diligence in hiring an engineering firm to investigate accusations Mr. Everaert made after being suspended for other issues. He said Mr. Trumbo was totally incorrect that Red Mountain coming on line contributed to low flows.

Director Huffman moved to adjourn the meeting at 12:01 p.m. and Director Dennis seconded the motion. The motion carried unanimously.

Attest:

Witness:



Kirk Rathbun, Board President
Approved July 21, 2015



Chuck Freeman, District Manager

Prepared by Doris Rakowski