



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, September 15, 2015, 9:00 a.m.

President Rathbun called the meeting to order at 9:01 a.m. and Mr. Freeman called roll.

Directors Present:

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

Staff Present:

Chuck Freeman, District Manager
 Colleen Storms, District Treasurer
 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 added consideration of Resolution 2015-24, Approving Addendum 1 to the Declaration of Mutual Access Road Easement with Amara Development Company to the agenda and moved Policy 2.13, General Purchasing, Revision 4 from Action Items to Resolutions as Resolution 2015-25.

President Rathbun noted a correction to the September 1, 2015 minutes, changing the adjournment time from 12:03 a.m. to 12:03 p.m.

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

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

Items on the consent agenda were:

1. Minutes, KID Board Meeting, August 18, 2015
2. Minutes, KID Board Meeting, September 1, 2015
3. Pre-Plat - The Ridge at Hansen Park
4. Approve Final Plat – Morbeck Addition
5. Travel Requests for NWRA Annual Conference
6. 2015 Water Shut Down Letter to USBR
7. Vouchers/Warrant Approval

Accounts Payable

Numbers:	70736	through	70768	\$	404,394.39
	70769	through	70796		27,439.10
	70797	through	70799		11,201.70
	100.08.2015	through	102.08.2015		3,141.72
		through			-

Total Accounts Payable

446,176.91

<u>Payroll</u>				
Numbers:	33180 through	33189	\$	16,184.96
Direct Deposit		9/4/2015		<u>95,717.90</u>
Total Payroll				<u>111,902.86</u>
Total Disbursements				<u>\$ 558,079.77</u>

Voided Checks: Check #70662- City of Kennewick (12,588.20)

PUBLIC COMMENTS: None

PRESENTATIONS: None

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Policy 2.22, Capital Assets, Revision 1: Ms. Storms presented proposed changes to the policy, necessary due to new regulations regarding management of federal grants. The policy revision would define the District treatment of capital assets which would be financed in part or whole with federal funds and change the threshold for small and attractive assets to \$500 from \$300. She said there would be a fixed asset module in the new accounting software.

Director Huffman moved to authorize Revision 1 of Policy 2.22, Capital Assets. Vice President McKenzie seconded the motion and it carried unanimously.

RESOLUTIONS:

Resolution 2015-22, Voluntary Mitigation Agreement - Badger Canyon Apartments: Mr. Freeman spoke about the Edward Rose Millennial Development and said Mr. Rose had made irrigation improvements on the site, including upsizing the MC 23.2 lateral pipeline. He said the agreement would allow Mr. Rose to contribute funds towards KID's planned regional system in lieu of the construction of a pond, pump station, and other appurtenant facilities to service the site with irrigation.

Mr. Freeman confirmed to President Rathbun that recalibration of this area was a possibility at some time in the future.

Vice President McKenzie moved to approve Resolution 2015-22, "Approving Badger Canyon Apartments Voluntary Mitigation Agreement." Director Dennis seconded the motion and it carried unanimously.

Resolution 2015-23, Voluntary Mitigation Agreement - Morbeck Addition: Mr. Freeman spoke about the Morbeck Addition and said the developer would like to enter into a voluntary mitigation agreement with KID to pay into a regional facility in lieu of meeting KID standards and conditions for plat approval. He listed options for serving the property by next year, such as expanding Cherry Creek Pressurized Service Area (PSA) or coming off the Highlift Canal, which he said would be discussed by the Engineering and Operations Committee.

In response to a question from Director Huffman, Mr. Freeman said unpressurized and private line systems the Highland area complicated service issues. He recommended the Board hold a meeting for owners of potentially impacted properties if the Cherry Creek option were selected.

Director Huffman moved to approve Resolution 2015-23, Approving the Morbeck Addition Voluntary Mitigation Agreement with Lien Provisions. Vice President McKenzie seconded the motion and it carried unanimously.

Resolution 2015-24, Approving Addendum 1 to the Declaration of Mutual Access Road Easement with Amara Development Company: Ms. Rosenbaum reported that Amara Development Company requested a three month extension to complete construction of KID Lane in the City View development in anticipation of possible delays for asphalt delivery in the winter. She asked the Board to approve the written agreement between Amara and KID, and the resolution required to modify the original declaration. She said the agreement had been reviewed by legal counsel.

In response to a question from Vice President McKenzie, Ms. Rosenbaum said the requirement for KID Lane was negotiated by KID to keep the District's remaining lots accessible.

Director Huffman moved to approve Resolution 2015-24, authorizing the signatures of the Board President and Secretary Manager to approve Addendum 1 of the Declaration of Mutual Access Road Easement with Amara Development Company. Director Dennis seconded the motion and it carried unanimously.

Resolution 2015-25 Adopting Policy 2.13 General Purchasing, Revision 4: Ms. Storms referred to materials distributed at the meeting and reviewed the proposed policy addendum related to new regulations about procuring goods or services when the federal government was, in part or whole, paying for the purchase. She spoke about the importance of demonstrating commitment to following the new rules and described some of the tools in place to help staff follow the regulations.

Mr. Freeman spoke about efforts made by Ms. Storms to guide the District in compliance with the new rules. He emphasized that the Board would analyze the costs, benefits and risks before accepting grants. He encouraged the Board to approve the policy revisions.

Ms. Storms said each federal grant would require a key manager to devote about 20% of their time to grant management, a reviewing manager, and staff trained to handle the purchasing.

Discussion ensued regarding impact of the new requirements on projects such as electrification of the Chandler Pumps or the Amon Reservoir if grants were used for those projects.

In response to a question from President Rathbun, Ms. Storms said the Single Audit wrapped federal audit issues into State audits. She said separate program audits only occurred occasionally due to tight federal budgets. Discussion ensued. Mr. Freeman said audit findings could damage bond ratings.

Director Huffman moved to adopt Resolution 2015-25 adopting the Revised Policy 2.13, which also includes the Federal Addendum and references to the federal statutes. Vice President McKenzie seconded the motion and it carried unanimously.

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- There were about \$1,040,000 in delinquent assessments and about \$3.1 million in current assessments for the upcoming payment period.
- September 29th was proposed for the next Finance Committee meeting.
- The State Audit would start in October.
- Tyler Software expects that 80-90% of project manager's time would be spent on the conversion project until the process was completed. She anticipated that the new Senior Accountant would be very involved in this process.

Engineering/Operations Manager Mr. McShane reported:

- Return flows were increasing.
- A three day per week schedule was being tested for possible use next year in response to customer feedback.
- Roza Irrigation District would shut down October 4th, which would impact return flows.
- Staff would review the 2015 drought response and plan for next year, which could be significantly worse than this year due to lack of carryover storage.
- Staff was preparing for the off-season preventative maintenance and capital work program.
- Aquatic weed management was a challenge due to debris in the Yakima River.

Director Huffman thanked Mr. McShane and Operations staff for their work this season.

Mr. McShane confirmed that the last day of full delivery would be October 12th, followed by a few days of baseline testing.

In response to a question from President Rathbun, Mr. McShane spoke about the District's stock of lining material and HTPE resin market conditions. Earthwork and road surfacing scheduling, rock hauling, and planning purchases based on market conditions were discussed.

Land & Water Resources Manager: Mr. Defoe reported:

- As mentioned at the last meeting, the Bureau released a pulse flow at SOAC's recommendation, using conserved water which included return flow previously available to KID. Data after the pulse indicated fish started moving upstream earlier than the pulse due to water temperature and the pulse may not have had much impact. Remaining conservation water could supplement winter flows or the very low carryover in reservoirs.

In response to a question from Director McGuire, Mr. Defoe said there were no SOAC guidelines for summer pulse flows, but there were experimental guidelines for spring pulses. Mr. Defoe did not expect SOAC would produce a report on the pulse, but Mr. Defoe's information came from USBR (U.S. Bureau of Reclamation) Project Biologist Joel Hubble's summary, and Joint Board Fish Biologist David Child was looking at the data.

- Mr. Defoe gave an impromptu presentation on how KID weathered the drought at the September 9th quarterly YRBWEP (Yakima River Basin Water Enhancement Project) meeting. Many workgroup members had not heard about KID's challenges before. Mr. Defoe said KID just did not want to be harmed, but after ten years of upstream conservation efforts, the District's supply was different in this drought year. Director McGuire and Mr. Freeman noted that up-basin irrigators were given time to prepare presentations with materials and guests, but KID was given no notice.

Mr. Freeman said Ecology wanted to know what water was saved by KID, but KID just used what was available more effectively and there was no number to give them.

Mr. Defoe said KID was working to establish a Lower Basin subcommittee of the IP (Integrated Plan) so the District's voice would be heard.

The next workgroup meeting would be in December. The Implementation Committee meeting schedule was unknown, but at least monthly.

In response to a question from Director McGuire, discussion ensued about the IP's goals, purposes and participation, and whether there were charter documents.

- Upcoming meetings:
 - Washington State Water Resources Association (WSWRA) - September 16th
 - Columbia Snake River Irrigators Association (CSRIA) - September 25th
 - Yakima Basin Joint Board (YBJB) - September 24th

Mr. Defoe reported to Director McGuire that a worst case scenario of 27% supply due to less carryover was discussed by the USBR yesterday, but it was too early to know.

Director McGuire spoke about xeriscaping and suggested the Board consider a policy to allow people to opt out of the District.

District Manager Mr. Freeman reported:

- The new commercial was part of the media buys made through a drought grant funded by the DOE (Department of Ecology).
- The Water Movers grant was received from the DOE.
- The Water Recovery project was stymied by the USBR, not the DOE. Mr. Iller was looking into the USBR's reasons. Previously, the USBR would not allow the BMID (Badger Mountain Irrigation District) water purchase, though the DOE approved.
- The concrete for the new building was poured yesterday and the building was to be delivered September 23rd. Contractors for the interior, site work, landscaping and lights were mobilizing this week.
- Mr. Freeman spoke to the WSWRA Executive Director about what needed to be in a letter of support for the IP, which WSWRA would be considering tomorrow, for the KID to support it.
- Senator Maria Cantwell's Central Region Director would be given a tour of Chandler Thursday following a conference call with her D.C. staff. President Rathbun and Mr. Freeman would travel to D.C. to meet with them in October.
- Mr. McShane will be in charge next week while Mr. Freeman on vacation
- The Water Off meeting was tentatively scheduled for November 9th.

Mr. Freeman confirmed to Director McGuire that the USBR had not answered what it means to call for storage, but staff would continue to ask. He discussed staff turnover at the USBR.

WORKSHOP: None

EXECUTIVE SESSION: At 10:34 a.m., Mr. Iller announced on behalf of the presiding officer that the Board would go into executive session after a short break for an estimated 15 minutes to discuss with legal counsel pending litigation related to water rights and the Acquavella case, pursuant to RCW 42.30.110(1)(i).

Executive session was extended for 10 minutes at 10:50 a.m. and again at 11:00 a.m. The meeting returned to open session at 11:10 a.m.

Director Dennis moved to adjourn the meeting at 11:10 a.m. and Director Huffman seconded the motion. The motion carried unanimously.

Attest:

Witness:



David McKenzie, Board Vice President
Approved October 6, 2015



Chuck Freeman, District Manager

Prepared by Doris Rakowski