



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, October 6, 2015, 9:00 a.m.

President Rathbun called the meeting to order at 9:02 a.m. and Mr. Freeman called roll.

Directors Present:

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
 Seth Defoe, Land and Water Resources Manager
 Lynda Rosenbaum, Real Property Manager
 Doris Rakowski, Executive Assistant

Absent: Kirk Rathbun, President

Other Persons Present: Brian Iller, Legal Counsel

APPROVAL OF AGENDA: Mr. Freeman asked to add Short Plat 2015-008 Wood - Dry to action items and to table the August 2015 Financial Reports until October 20th.

Director Huffman moved to approve the agenda as modified. Director Dennis seconded the motion. All present voted in favor and the motion carried.

CONSENT AGENDA: Director Huffman moved to approve the consent agenda. Director Dennis seconded the motion. All present voted in favor and the motion carried.

Items on the consent agenda were:

1. Minutes, KID Board Meeting, September 15, 2015
2. Approve Final Plat - Canyon Ranch Phase 5 & 6
3. Travel Requests - WSWRA Annual Meeting
4. Letter of Support for Consolidation of Elliot Lake Water System with City of Kennewick
5. Vouchers/Warrant Approval

Accounts Payable

Numbers:	70800	through	70848	\$	105,677.62
	70849	through	70873		751,752.88
	70874	through	70897		84,834.37
	70898	through	70913		28,668.81
	70914	through	70915		19,852.20
	70916	through	70945		91,225.86
	701.09.2015	through	702.09.2015		134,137.66
Total Accounts Payable					1,216,149.40

Payroll

Numbers:	33190	through	33197	\$	8,221.28
Direct Deposit			9/21/2015		97,950.06
Total Payroll					106,171.34

Total Disbursements \$ 1,322,320.74

Voided Checks: None

PUBLIC COMMENTS: None

PRESENTATIONS:

Financial Reports for August 2015: Tabled until October 20th Board meeting.

PUBLIC HEARING: None

BOARD REPORTS: Director Huffman reported that Scott Revell (District Manager at Roza Irrigation District and Integrated Plan Committee member) visited him at home and signed his Board of Directors nomination petition.

ACTION ITEMS:

Policy 8.3, Drought Plan, Revision 1: Mr. Defoe reviewed proposed changes to Policy 8.3, Drought Plan, as discussed at previous Board meetings. He said this revision further defined “perennial crops,” in Section 1.8, as requested by the Board.

Mr. Defoe confirmed to Director McGuire that some people in the District had supplemental wells, but the quantity of wells was not known. Whether the District could or would restrict KID water during a drought to people with supplemental water rights was discussed.

Director McGuire moved to approve Policy 8.3, Drought Plan, Revision 1. Director Huffman seconded the motion. All present voted in favor and the motion carried.

Short Plat 2015-008 Wood - Dry: Mr. Freeman reported that Columbia Irrigation District (CID) requested the Board consider approval of a short plat within the KID boundaries which did not have a water allocation. KID conditions were met and there was no budget impact to the KID. He said the property was intended for a CID re-reg reservoir.

Mr. McShane spoke about the location and why the KID needed to sign off on the short plat.

Director Huffman moved to approve the proposed Short Plat 2015-008 Wood - Dry. Director Dennis seconded the motion. All present voted in favor and the motion carried.

RESOLUTIONS:

Resolution 2015-20, Project Acceptance - PW2015-12 Division 4 33.8 Lateral Improvements Phase: Mr. McShane reported that the project was completed satisfactorily and releases were received from the Department of Revenue, Employment Security Department, and Department of Labor and Industries.

Director Dennis moved to approve Resolution 2015-20, Project Acceptance and Release of Retainage for Public Works Contract PW2015-12 Division 4 33.8 Lateral Improvements Phase 1. Director Huffman seconded the motion. All present voted in favor and the motion carried.

Resolution 2015-27, Project Acceptance - PW2013-02 Red Mountain South LID, Irrigation Main Installation, Schedule C: Mr. McShane said the project was open longer than usual due to damage to KID piping by the Aquilini Group, which the contractor repaired. He reported that work was completed and releases were received from the appropriate state agencies. He said no Washington Department of Labor and Industries prevailing wage release was required.

Mr. McShane confirmed to Vice President McKenzie that two more Red Mountain contracts were had pending project acceptance and release of retainage.

Director Huffman moved to approve Resolution 2015-27, Project Acceptance and Release of Retainage for Public Works Contract PW2013-03 Red Mountain South LID, Irrigation Main Installation, Schedule C. Director Dennis seconded the motion. All present voted in favor and the motion carried.

Resolution 2015-29, 2015 Budget Revision 1: Spreadsheets were displayed on the screen. Mr. Freeman reported that 2015 events, including drought, consulting contracts for IT and water supply defense, and increased fund transfer activities, created some extraordinary expenses. He said the budget revision added those expenses and anticipated close-out expenses for Red Mountain. The revised budget included unanticipated carry over from 2014 for Red Mountain expenses and Capital fund expenditures, as well as transfer of Realty funds to cover administrative building construction and one-time loan guarantee funds for Red Mountain.

Mr. Freeman referred to the Summary of Revised Budgeted Revenues/Expenditures for Fiscal Year 2015 and briefly reviewed significant changes to the budget and the interfund transfers.

At Director Dennis's request, Mr. Freeman identified expenses for contracted IT security work.

Ms. Storms described how significant changes were called out on the budget spreadsheet. She made note of heavy equipment purchases and payment of Red Mountain expenditures from Realty Reserves and for the Administrative building.

Mr. Freeman confirmed to Vice President McKenzie that the revision helped with preparation of the 2016 budget by pinning down reserve balances. 2016 budgeting and planning for drought response and capital projects were discussed.

Director Huffman moved to approve Resolution 2015-29 adopting the Revised 2015 Budget. Director Dennis seconded the motion. All present voted in favor and the motion carried.

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- KID was randomly selected by the State Auditor for a special audit of the retirement system. Ms. Storms distributed copies of the Examination Report. Sharon Ramos was responsible for reporting during the audit period and the District had a clean audit. There was no cost to KID for the audit. State Auditors were expected at the end of October for the regular audit.
- The Helping Hands Program was well utilized and had a carry forward balance for next year. A report of Revenue and Expenditures from 2011 through August 31, 2015 was distributed.
- One property was slated for foreclosure this year.
- Senior Accountant Jenny Willis was working with Tyler Software staff on implementation.

Engineering/Operations Manager: Mr. McShane reported:

- Water shut off, which would be October 13th due to a scheduling conflict at the U.S. Bureau of Reclamation (USBR).
- The plans for off season maintenance and capital work would be complete soon.
- The vegetation control program went well this year despite very warm water conditions.
- Lining grant reporting was due this month.
- The Red Mountain intake structure filtration system and decanting chamber would be tested.
- Operational guidelines for drought conditions were being prepared.

- Preparation work, including entering segregations, was underway for the assessment roll.
- Structural steel was in place for the administration building and framing would start soon.
- The first meeting of the Integrated Plan (IP) Lower River Subcommittee would be held today in Sunnyside. Discussion ensued regarding the subcommittee's structure. National Marine Fisheries, Washington Department of Fish and Wildlife, Benton County, Sunnyside Valley Irrigation District, the Yakama Nation, the Department of Ecology and the USBR had been invited to be on the subcommittee and discussion would take place at the meeting regarding other entities to invite. Mr. McShane said the subcommittee was formed in response to KID concerns about the speed with which legislation was progressing. KID was pleased with the Department of Ecology's interest in making sure the subcommittee was formed and the concerns were heard. KID's concerns were heard and addressed in the 1994 law and KID was anxious to maintain those protections in the current legislation.
- Construction work was occurring in the basement.
- A grading permit request would be submitted to City of Kennewick for the Ely Shop site expansion.

Mr. McShane confirmed to Director Huffman that KID asked for a year extension of the lining grant and to change the location of one section of lining due to delays at a planned location.

In response to a question from Vice President McKenzie, Mr. McShane spoke about review of the use of ponds for storage and possible future opportunities to use ponds. He said additional costs would require de-prioritizing other projects or finding different funding sources.

Land & Water Resources Manager: Mr. Defoe reported:

- Senator Maria Cantwell's Central Washington Director David Reeploeg was given a tour of Chandler pumps and the Prosser diversion two weeks ago.
- At the Lower River meeting of the Yakima River Recovery Board last week, water star grass and related concerns about fish passage, spawning grounds and water quality were the main topic. Anecdotal thoughts were that pulse flows could break and send it down river.

Alex Conley, Executive Director of the Yakima Basin Fish and Wildlife Recovery Board, said he had seen records from the Richland Wastage Gauge, which recorded 30 cfs in summer before storage at its location on the lower Yakima between West Richland and Richland. Mr. Defoe would try to obtain some of those records.

Mr. Freeman recommended looking at Lewis and Clark's notes. Mr. Defoe said surveyors' notes from around 1870, which did not mention the Amon Wasteway as it was an insignificant feature which had been a dry wash for millennia.

Mr. Defoe told Director McGuire that Adam Fyall represented Benton County and was invited to the Lower River IP meeting.

- At the River Operations meeting yesterday, carry over for total system storage was reported at 54% of normal, which was low enough that even with a wet season, it may not fill up. Various predictions for winter weather were discussed.
- KID was monitoring the conserved water "bucket" since the District allowed it to be used for fish this year despite it being return flows, most of which would have been available to KID. KID agreed to this with understanding that the USBR would work with KID to find a more permanent solution through Chandler electrification, pump exchange, etc. The bucket was used to augment flows and for a not very effective summer pulse. How approximately 7,000 acre feet left in the bucket would be used was unknown.

Mr. Freeman reported to Vice President McKenzie, that he spoke to Dawn Wiedmeier and Tim McCoy about USBR plans to update the Chandler Electrification feasibility study. Mr. Wiedmeier was offered a tour of Chandler on November 9th. Mr. Freeman reminded Ms. Wiedmeier that the deal on conserved water was one year only.

District Manager: Mr. Freeman reported:

- Bill Ferry, USBR Upper Columbia Area Office, sent an email reversing his opinion on KID's Badger Canyon Well Recovery project and said KID may go ahead with the project. Sage Park, recently promoted to Central Office Regional Director for the Department of Ecology, contacted Olympia to ask if the \$186,000 Drought Grant application can be restarted or if KID needs to resubmit the paperwork.
- President Rathbun and Mr. Freeman would meet with Senator Cantwell's staff and other in Washington D.C. next week. Kris Polly invited Mark Limbaugh to join the meetings, with the caveat that KID's concerns were the topic, but did not know if he would accept the offer.
- KID's concern that the Implementation Committee was making KID go through process other participants did not with respect to legislative language, specifically 1694, was on the agenda for the Lower River Subcommittee meeting.
- A letter was written to Lorayne J members inviting them to attend the October 20th Board meeting discussion of a rate increase of up to \$22/month.
- The proposed Elliot Lake rate increase would be between \$60 and \$101 per month.
- Board members were asked to tell Mr. Freeman if they were contacted by members of the Integrated Plan as Director Huffman was.

Mr. Freeman distributed a packet regarding the Amon Wasteway and a developer wanting to construct an apartment building. Mr. Iller said a developer of property next to the Amon right-of-way proposed a memorandum of understanding (MOU) setting forth their and KID's understanding of the law regarding that location. The City of Richland was trying to impose restrictions on the development on the basis that it was a jurisdictional wetland. Since KID wanted to avoid any conclusion that the Amon and adjacent lands were jurisdictional wetlands, Mr. Iller said it would be reasonable for KID to set forth that position in this type of MOU. He recommended that the Board discuss legal risks of a proposed action at the next Board meeting and that Directors send any legal questions they have as they review the material. Mr. Iller noted that Mr. Freeman's title would need to be corrected on the document.

WORKSHOP: None

EXECUTIVE SESSION: None

Director Huffman moved to adjourn the meeting at 10:25 a.m. Director Dennis seconded the motion. All present voted in favor and the motion carried.

Attest:

Witness:



David McKenzie, Board Vice President
Approved October 20, 2015



Chuck Freeman, District Manager

Prepared by Doris Rakowski