



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, November 3, 2015, 9:00 a.m.

Vice President McKenzie called the meeting to order at 9:00 a.m. and Mr. Freeman called roll.

Directors Present:

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

Absent: Kirk Rathbun, President

Staff Present:

Chuck Freeman, District Manager
 Colleen Storms, District Treasurer
 Jason McShane, Engineering/Operations Manager
 Doris Rakowski, Executive Assistant

Other Persons Present: Brian Iller, Legal Counsel

APPROVAL OF AGENDA: Vice President McKenzie announced that a revised agenda had been provided. Director Huffman moved to approve the revised agenda. Director Dennis seconded the motion. All present voted in favor and the motion carried.

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

Items on the consent agenda were:

1. Approve Final Plat - Klamath Cottages
2. Confirm Job Description
3. Vouchers/Warrant Approval

Accounts Payable

Numbers:	70975	through	71035	\$	1,399.64
	71036	through	71073		635,116.33
	71074	through	71104		141,703.33
	71105	through	71148		99,439.89
	100.09.2015	through	104.09.2015		1,695.93
	702.10.2015	through	705.10.2015		65,669.33

Total Accounts Payable

945,024.45

Payroll

Numbers:	33206	through	33208	\$	191.85
	33209	through	33217		7,997.83

Direct Deposit	10/20/2015		\$	94,790.88
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Total Payroll

102,980.56

Total Disbursements

\$ 1,048,005.01

Voided Checks: ACH 09/30/15 - \$1484.81, error in SB

PUBLIC COMMENTS:

James Wade, 1813 S Rainier Place, spoke against raising rates because people on social security would not get raises.

At Director McGuire's request, Ms. Storms spoke about the District's Helping Hands Program, which was available to aid the elderly and infirm with assessments. She said the District set aside about \$16,000 per year for that purpose, from part of the delinquency fees.

PRESENTATIONS: None

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

2016 Roll of Rates, Charges and Assessments and Notice of Equalization: Mr. Freeman presented the Schedule of Rates, Charges and Assessments and recommended November 6 and 8, 2015 for posting notice of Board of Equalization. He read the proposed notice.

In response to a question from Director McGuire, Mr. Freeman spoke about the purpose of the Board of Equalization. Director McGuire suggested that persons concerned about the budget should have come to the special meeting where it was discussed.

Director Huffman moved to give notice by publication in the Tri-City Herald legal notices on November 6 and 8, 2015 that the 2016 Roll of Rates, Charges and Assessments has been filed with the KID Board of Directors and that the Board of Directors, acting as a Board of Equalization, will meet on December 1, 2015 at 9:00 a.m. to equalize rates and charges and assessments. Director McGuire seconded the motion. All present voted in favor and the motion carried.

Election 2015 - Announcement of Candidates: Mr. Freeman briefly reviewed the nomination schedule and noted that staff verified each candidate and at least ten nominating electors for each candidate as holding title or evidence of title to assessable land in the District. He announced the candidates, listed below in alphabetical order by last name.

Position 2
Patrick McGuire
John Trumbo

Position 3
Gene Huffman
William (Bill) McKay

Mr. Freeman said staff would issue a press release with names of the candidates and, if candidates provided biographical statements, they would be posted, unedited, on the KID website. He noted that the press release was not the statutorily required notice of election, which would be posted on Monday, November 23rd, pursuant to RCW 87.03.085.

Mr. Freeman said absentee ballot request forms were available on the KID website, in the lobby or, upon request, by mail. Absentee ballot requests would be filled beginning Monday, November 9th, after the voter roll and ballots were printed.

Mr. Freeman confirmed the election would be December 8th and canvassing December 14th. He said staff would contact members of the 2013 election board about their availability this year.

Memorandum of Understanding (MOU) regarding the Duane Smith Multi-Family Site Plan:

Mr. Freeman reported that staff and legal counsel had been working with Mr. Smith regarding his multi-family development proposal adjacent to the west fork of the Amon Wasteway, also known as the East Badger Drain. He briefly reviewed the purpose of the MOU and the materials provided in the Board meeting packet. Mr. Freeman said the location was a drain for the District's Badger Canyon operational spills and the District needed to keep it open and functional for those purposes.

Mr. Iller noted that the MOU was provided at previous meeting. He said if there were questions or concerns of legal risks of entering into the MOU, the Board could go into executive session to discuss them.

In response to a question from Director Huffman, Mr. Freeman listed some other developments which had been allowed in the vicinity.

Mr. Freeman confirmed to Director Huffman that recommended distance from Wasteway was dependent on City zoning requirements. He listed some other entities which may have regulations with which the owner may have to comply, but said that was not an issue for KID.

Vice President McKenzie and Director Dennis spoke in favor of the MOU.

Director Dennis moved to approve the Memorandum of Understanding between Duane W. Smith and the District. Director Huffman seconded the motion. All present voted in favor and the motion carried.

Policy 3.1-10 Fragrance-Free Workplace: Mr. Freeman presented the proposed policy, which was in response to recent staff concerns about sensitivities and strong scents affecting productivity.

Mr. Freeman confirmed to Director McGuire that there was an accompanying procedure. Director McGuire suggested it might be more appropriate in the Employee Handbook. Discussion ensued about alternatives to the policy.

In response to a question about ADA requirements, Mr. Iller said that, under state law, an allergy would be a medical condition, for which there would be an obligation to accommodate. He suggested the matter be tabled. He noted that such a policy could not be enforced with members of the public.

Director Huffman and Director Dennis agreed with the recommendation to table. Discussion continued. Mr. Freeman said the issue would be taken to committee.

Vice President McKenzie tabled consideration of proposed Policy 3.1-10 Fragrance-Free Workplace.

Call Special Meeting regarding Lorayne J: Mr. Freeman reported that Lorayne J residents had requested a night meeting. He recommended it be held at 6:30 p.m. in the Board room on the 17th of November. Discussion ensued regarding scheduling.

Mr. Iller said that a quorum was not required to take input, but if action would be taken, a quorum and notice of a public meeting would be required.

Mr. Freeman spoke briefly about the condition of the well, staff recommendations, and testing protocol. He said the agenda would include staff presentations and input from residents, but the Board would not be asked to take action.

Vice President McKenzie said it was important that as many residents as possible could attend.

Vice President McKenzie called a special meeting on Tuesday, November 24, 2015 at 6:30 p.m. in the KID boardroom.

Mr. Freeman said staff would create the agenda and issue notice.

Mr. Freeman confirmed to Director McGuire that the well was useless only for potable water, but if allowable with water rights, could be used for irrigation.

RESOLUTIONS:

Resolution 2015-18, Oak Hills Country Estates Transmission Surcharge and Resolution 2015-36, Oak Hills Country Estates Distribution Surcharge: Mr. McShane gave background on the project and how the surcharges would be implemented, including the prepayment option and latecomers terms.

In response to a question from Director McGuire, Mr. McShane confirmed that construction of the system was paid from the capital improvement fund. He said repayment of the realty fund was set by the Board pursuant to Realty Reserve policy 2.11. The project was tracked through a separate GL account.

Director McGuire and Ms. Storms spoke about the opportunity cost of money used from realty reserves. Ms. Storms said the Board would need to set the interest rate at which it was willing to loan money.

Ms. Storms confirmed to Vice President McKenzie that she was comfortable with how the tracking was set up with an end date in KID's software.

At the request of Vice President McKenzie, Mr. McShane reviewed the reason for separating transmission and distribution systems.

Director McGuire moved to approve Resolution 2015-18, Authorization for Collection of Surcharges for D4 33.8 Lateral Improvements Transmission System. Director Dennis seconded the motion. All present voted in favor and the motion carried.

Director McGuire moved to approve Resolution 2015-36, Authorization for Collection of Surcharges for D4 33.8 Lateral Improvements Distribution System. Vice President McKenzie seconded the motion. All present voted in favor and the motion carried.

In response to a question from Vice President McKenzie, Mr. McShane spoke about implementation and scheduling of the work.

Resolution 2015-21, Dismissal of Oak Hills Country Estates LID Petition: Mr. McShane briefly reviewed the history of the LID petition. He said that through the course of investigation it was determined that the surcharge method was a better method of financing. He reported that it was supported by the LID petitioners.

In response to a question from Vice President McKenzie, Mr. Iller confirmed that the Board could reject the petition as not in the interest of the District and said it was helpful that the Board knew the petitioners were in favor of dismissal.

Ms. Storms and Mr. Freeman confirmed to Director McGuire that expended funds for which the petitioners were responsible were included in surcharge, including in the administrative fee.

Director Huffman moved to approve Resolution 2015-21, Dismissal of the Oakhills Country Estates LID Petition. Director McGuire seconded the motion. All present voted in favor and the motion carried.

Discussion ensued regarding whether to call a special board meeting and notification to Oakhills residents.

STAFF REPORTS:

Finance Manager: Ms. Storms distributed a graph and spoke about payment trends, including efficiencies of payments imported through the lock box and from mortgage companies, and refunds for double payments, often due to communication between mortgage companies and property owners.

Ms. Storms spoke about the Tyler Software implementation and said Jenny Willis and Sharon Ramos were taking the lead. She said Ms. Ramos had done an excellent job while implementing the new time clock at the same time.

Ms. Storms spoke about transition in the Finance Department and her retirement plans.

Engineering/Operations Manager: Mr. McShane reported on issues including:

- Status of new administration building
- Implementation committee and communication with Cantwell's office. He said KID's concerns were addressed and included in the bill markup.
- Lower River Committee's second meeting, interest in pump exchange project, and the National Marine Fisheries and NOAA fisheries presentation.
- Mr. McShane would be in Washington D.C. next week.

In response to a question from Director McGuire, Mr. McShane spoke about concerns related to a proposed temporary floating pumping station on Lake Kachess. Discussion ensued regarding funding sources, permitting and whether the Lake would refill or have enough active flow.

In response to a question from Vice President McKenzie, Mr. McShane spoke about the pulse flow last summer.

Land & Water Resources Manager: None

District Manager: Mr. Freeman spoke about the perception that Red Mountain took water supply from others in the District. He said that without the project, the District would have lost water through relinquishment. He said up-basin conservation was what harmed KID's supply, and that while conservation was good, some consequences of conservation were not so good.

Mr. Freeman said that those running the program now understood there was a lower river to consider. He said that District worked with them this year instead of litigating. He reported that

a letter was sent to the USBR Yakima Field Office Manager regarding how conserved water was treated and a letter with questions was sent to the USBR by the Yakima Basin Joint Board.

Mr. Freeman invited the Board candidates present to spend time with staff learning issues important to the KID, including the low-cost option of electrification of the Chandler pumping plant. He spoke about a tour of Chandler for Dawn Wiedmeier of the USBR.

Mr. Freeman also reported regarding:

- The new building anticipated occupancy date was February 15th.
- Recruiting was underway for field positions and the Comptroller/Treasurer.
- Beavers in the Highland Drain.
- Off season work
- The Water Off meeting would be Monday, November 9th at 11:30 a.m.

WORKSHOP: None

EXECUTIVE SESSION: None

Director Dennis moved to adjourn the meeting at 10:16 am. Director Huffman seconded the motion. All present voted in favor and the motion carried.

Attest:

Witness:



David McKenzie, 2015 Board Vice President



Chuck Freeman, District Manager

Approved January 19, 2016

Prepared by Doris Rakowski