



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, November 17, 2015, 9:00 a.m.

President Rathbun called the meeting to order at 9:03 a.m. and Mr. Freeman called roll.

Directors Present:

Kirk Rathbun, President
 Patrick McGuire, Director
 Dean Dennis, Director
 Gene Huffman, Director

Absent:

David McKenzie, Vice President

Staff Present:

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

Other Persons Present: Brian Iller, Legal Counsel

APPROVAL OF AGENDA: Director Huffman moved to approve the 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 McGuire seconded the motion. All present voted in favor and the motion carried.

Items on the consent agenda were:

1. Minutes, KID Board Meeting, October 20, 2015
2. Purchased Service Contract 2015-51 Sherman St Transmission Piping (Materials Only)
3. Inspiration Estates Phase 7 (Dry)
4. Vouchers/Warrant Approval

Accounts Payable

Numbers:	71149	through	71149	\$	11,008.72
	71150	through	71199		144,453.06
	71200	through	71200		2,869.68
	015.10.2015	through	015.10.2015		22,263.11
	701.11.2015	through	701.11.2015		67,162.50

Total Accounts Payable

247,757.07

Payroll

Numbers:	33218	through	33225	\$	6,576.11
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Direct Deposit	11/5/2015		96,641.00
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Total Payroll

103,217.11

Total Disbursements

\$ 350,974.18

Voided Checks:

Check 71142 10/29/15 - \$11,008.72 error in SB, corrected vendor info and reissued check 71149

PUBLIC COMMENTS: Lars Olsen, spoke on behalf of his real estate client Iris Herrin, owner of 49 acres at 203509 E Game Farm Road, regarding financial difficulties getting water to the property since her ex-husband removed pumps and cut the water line. He said Ms. Herrin had prospective buyers for 35 acres, but could not afford to get water to the property and owed KID over \$20,000. He asked if the Board could reduce the amount she owed.

Discussion ensued. Ms. Storms confirmed the foreclosure process was beginning for 2012 debt. Mr. Freeman said Ms. Storms researched and verified that no payments were misapplied. Mr. Freeman said the property was in a private line area and the KID did not make a distinction for fallow properties. He said a meeting was held to find the best way to bring water back to the property. Mr. Olsen said the property could not be subdivided while money was owed to KID.

Mr. McShane said KID could not burden the District as a whole to benefit one person. He spoke about the standards to subdivide and said buyers have fronted money for improvements in some cases. He said the Board once allowed short plat improvements to be carried as a lien on the future properties in lieu of a bond, however debt must be paid. Discussion continued.

Mr. Iller spoke briefly about the allotment relegation program for properties with no way to access water. He said KID could not give away \$20,000 of operations and maintenance funds.

Mr. Freeman spoke about Helping Hands. Ms. Storms said Helping Hands programs were meant to help save homes, not extended properties, and that KID's program had a \$750 cap. Ms. Storms confirmed the amounts paid on the property in 2010 and 2011. She said the 1% interest per month was statutory, not a KID invention.

Mr. Iller said assessments would be the same for any similarly sized and situated property. Mr. Olsen said there should be a case-by-case basis for helping people. Mr. Freeman said KID must to follow the law.

Mr. Olson said roadblocks to short platting broke a recent sale. Mr. McShane said short plat requirements were current payment of assessments, installation of an irrigation system, going through the County's short plat process. He agreed it cost a lot to subdivide a large property.

Mr. McShane said the property was well situated for physical infrastructure, but its size required a lot of pipe. He said cost must be borne by those benefitting, not the District's other ratepayers.

Mr. Olsen left the meeting.

Discussion continued regarding the subdivision process, demand for allocations and private line areas challenges. President Rathbun thanked staff for patience dealing with people's frustration.

PRESENTATIONS:

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

- Fund Balance Change through September 30, 2015
- Balance Sheet - Comparative. Ms. Storms confirmed that Red Mountain LID expenses would be paid by LID members and spoke briefly about the LID loan terms.
- Statement of Revenue & Expenditures - Budget to Actual - Summary. Mr. Freeman said the 2016 CIAW insurance premium would be 4.8% lower than in 2015.
- Statement of Revenue & Expenditures – Budget to Actual – Comparative

Accounting for developer mitigation fees was briefly discussed.

Ms. Storms further reviewed line items on the Fund Balance Change report.

At Director Huffman's request, Mr. Freeman spoke briefly about KID's performance in comparison with other districts.

Director McGuire moved to accept the September 2015 KID Financial Report. Director Huffman seconded the motion. All present voted in favor and the motion carried.

PUBLIC HEARING: None

BOARD REPORTS: Directors McGuire and Huffman reported on topics discussed at the National Water Resources Association annual conference including:

- Bureau of Land Management "areas of environmental concern," where they were starting to take over areas and rescind well rights and rights-of-ways.
- Dianne Feinstein's proposal to fund the California Drought Bill (SB 1894) by defunding all authorized but inactive projects. Director McGuire said Mr. Freeman and staff were following to be sure electrification keeps progressing.
- The cost of doing nothing
- Mr. Freeman spoke with the Commissioner and his staff.
- Predictions for winter weather and El Niño conditions.
- Director McGuire spoke with East Columbia representatives about their reserve of 400,000 acre feet of Columbia River water.

Mr. Freeman reported he met with USBR Area Manager Dawn Wiedmeier, who indicated Chandler Electrification had been on the SB 1894 de-authorizing list, but was removed.

ACTION ITEMS:

Election 2015 - Appointment of Board of Election, Designation of Polling Place, and Notice of Election: Mr. Freeman reviewed the statutory requirement for appointment of one inspector and two judges to constitute a board of election. He reported that electors Bob Gudgel, Bette Gudgel and Karen Woofler acted as poll workers in the several past elections and confirmed to staff that they were available to serve for this election.

Mr. Freeman reviewed the statutory requirement to designate the place the election would be held and said staff recommended continuing the practice of holding the election at the 12 W Kennewick Avenue Administrative Office.

Mr. Freeman reviewed the statutory requirement to post notices of the election time and place in three public places and in the KID office on or before Monday, November 23, 2015

Mr. Freeman said a press release or purchased advertisement was not required by statute. He said he was in favor of following statutory requirements only. In response to a question from Director McGuire, Mr. Freeman said he was not aware of cities or counties purchasing advertisements of elections.

Mr. Freeman reviewed statutory requirements for receipt of absentee ballots and canvassing the election. He said the canvassing date was a regular Board meeting date per the KID Bylaws.

Mr. Freeman confirmed to President Rathbun that only the first three items required action.

Director Huffman moved to appoint Bob Gudgel as inspector, and Bette Gudgel and Karen Woofter as judges for the 2015 election. Director Dennis seconded the motion. All present voted in favor and the motion carried.

Director Dennis moved to designate the KID Administrative Office as polling place for the 2015 Election. Director Huffman seconded the motion. All present voted in favor and the motion carried.

Director Dennis moved to instruct the Secretary of the Board to cause notices of the time and place for the 2015 election to be posted in three public places and in the KID Administrative Office, on or before November 23, 2015. Director McGuire seconded the motion. All present voted in favor and the motion carried.

Director McGuire favored a press release but not a paid advertisement. Statutory requirements were discussed.

Amendment to SOLARC Agreement: Mr. Freeman reviewed terms of professional services contract with SOLARC and said an amendment was needed to clarify reimbursable travel expenses, which were commonly paid by entities.

Discussion ensued regarding whether it was a cost of doing business to live with the terms of the contract. Mr. Freeman said the request was not extraordinary, and the additional expense was because the out of state firm was on site twice weekly. He said the District's standard terms and conditions were used and this was the first time the issue had arisen.

Deadlines and schedule were discussed. Mr. Freeman confirmed to President Rathbun that SOLARC was responsible for keeping contractors on schedule, and did well. He said KID would incur \$750 per day liquidated damages if not out of the old building by March 1st. He said those costs were not passed on to LCR since delivery of the building was out their control.

Mr. McShane said travel expenses were a normal expense. He said KID's template for terms and conditions was used, and the scope of services provided by SOLARC, who missed adding their terms and condition page with travel expenses to the contract. He said SOLARC's presence at the jobsite might reduce to once a week if KID refused to pay travel costs, and that could impact schedule. He recommended approval of the amendment.

Mr. Iller offered to discuss legal risks of the proposed action in executive session.

Regarding the election, Mr. Iller reported that he found nothing in RCW 87.03 obligating KID to purchase a newspaper advertisement to publicize an election after formation.

President Rathbun announced that legal risks of this proposed action would be added to the executive session, with possible action to follow in open session.

Change orders for Administration Building: Mr. McShane presented the summary change order #4 for \$56,478, which was below the budgeted amount planned for the building. He confirmed that there were both additions and subtractions, with a net increase of \$131,957.58.

Director McGuire moved to approve Change Order 4 for Administration Building Contract 3 as set out in the attachment and authorize Charles Freeman to execute the associated

change orders. Director Dennis seconded the motion. All present voted in favor and the motion carried.

President Rathbun called a break at 10:24 a.m. and open session resumed at 10:31 a.m.

RESOLUTIONS:

Resolution 2015-35, Northwest Irrigators Operators Association Purchasing Coop: Mr. Freeman spoke about the cooperative for purchase of vegetation control chemicals. He said if KID had purchased through the group in 2015, the District would have saved about \$5,500. He reported that the cooperative was run by USBR staff in the Boise office.

Discussion ensued regarding the group and its Board of Directors.

Director Huffman moved to adopt Resolution 2015-35 approving the intergovernmental cooperative purchasing agreement with Northwest Irrigation Operators, Inc. Director McGuire seconded the motion. All present voted in favor and the motion carried.

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- A Finance Committee meeting would be held December 10th at 1:30 p.m.
- Staff was doing well on implementation of Tyler software. Springbrook was not compliant with Affordable Care Act W2 reporting, so Sharon Ramos had to re-input every payroll in Tyler. Ms. Storms briefly discussed the implementation and training schedule.
- New time clock adoption was going well. Managers would be trained on enhanced reporting.
- Ms. Storms asked for suggestions for items to be done before she left. Director McGuire requested Realty Reserve policy revision.

Engineering/Operations Manager: Mr. McShane reported:

- The recent trip to Washington DC with the Integrated Plan Implementation Committee was to answer questions from people working on SB 1694 (YRBWEP III). The legislation included authorization for private parties to work on federal land, and funding increases for the Wapato Irrigation Project and Cle Elum fish ladders. KID concern was that legislation continues KID's YRBWEP I and YRBWEP II protections, against supply reduction in years of water proration, such as due to conservation projects. KID came to a negotiated agreement with constituent groups including American Rivers and the Yakama Nation on what the IP Implementation Committee staff would recommend to Senator Cantwell and her staff. KID staff would continue to monitor as the bill move towards passage into law. Senator Cantwell spoke with Mr. McShane and Congressman Newhouse's staff were concerned KID's issues had been addressed. Director McGuire interest in making sure KID concerns were heard.
- The USBR was refining their lower river modeling, which was now expected after the beginning of the year. Some USBR staff disagreed with the District's position that KID's concerns were not considered by the USBR. KID staff was working with USBR staff at different levels, including meetings with Dawn Wiedmeier and Commissioner Lopez.
- New WaterSMART Grants were open for application. Mr. McShane acknowledged grant reporting challenges.

WIP funding through the Bureau of Indian Affairs and the Basin Conservation Program were briefly discussed, as was who would indemnify private entities building on federal land.

Mr. Freeman assured Director McGuire he had a plan to cover the Operations/Engineering Manager job duties when Mr. McShane was working on other District issues. Director Huffman thanked Mr. McShane for his representation of the District.

Land & Water Resources Manager: Mr. Defoe reported:

- Precipitation was 147% of average and storage in the Yakima system was 79% of average. The El Niño weather pattern could be one of the strongest on record. Discussion ensued regarding storms, snow pack, temperatures and recent conditions. Director McGuire asked for comparison reports in future reservoir reports.
- There was a record fall Chinook return to the Columbia River this year, but the Coho numbers were low. Mr. Defoe would be doing a spawning survey in the Amon Wasteway with David Child next month.

Director Huffman and Mr. McShane spoke briefly about the concrete work at Olympia Street.

Mr. McShane confirmed at President Rathbun that Division 4 gravel work was completed.

Director Dennis thanked staff for the good water off meeting.

District Manager: Mr. Freeman reported:

- Mr. Freeman was interviewed yesterday for a legislature presentation on the drought tomorrow. The Governor created a task force was to be formed to create a statewide drought plan.
- A special meeting for Lorayne J would be held at 6:30 p.m. on November 26th. The workshop (not a hearing) would be on the condition of the system, capital needs, and rates by consumption. Metering to bill by consumption is hoped to drive down use which was quite high in the area. The meeting would be noticed and door hangers delivered.
- Mr. Defoe and Mr. Freeman met with Dawn Wiedmeier and toured Chandler. Mr. Freeman's thank you note would be mailed today. Mr. Freeman said the Board may need advice from the attorney regarding the expected receipt of the USBR's answer to the Joint Board's letter.
- Kipp Drummond accepted the District's offer of the Comptroller/Treasurer position and would start December 9th. He and Ms. Storms would work together until Ms. Storms retired.
- Assistant Operations Manager Blain's last day is this Thursday, November 19th. Two candidates were invited to take leadership tests and interviews were scheduled for Monday. Mr. Freeman said this position may fill leadership gaps while Mr. McShane worked on other matters. Discussion ensued.

In response to a question from Director McGuire, Mr. Freeman spoke about the Badger Coulee water study and options to move forward on the project, whether or not there were a drought and with or without drought grant funds. He briefly reviewed the plan. Discussion ensued regarding well depths, geography of the area, and the shallow aquifer that was recharged with applied irrigation water.

Mr. McShane confirmed to Director McGuire that a meeting was planned with the City regarding the Willowbrook well and Lorayne J. There would be a tour first. He spoke about the Willowbrook well.

WORKSHOP: None

EXECUTIVE SESSION: At 11:25 a.m., Mr. Iller announced on behalf of the presiding officer that the Board would go into executive session for 15 minutes to discuss with legal counsel legal

risks of a proposed action or current practice as authorized by RCW 42.30.110(1)(i)(iii) relative to the contract amendment and an election issue. Mr. Iller said that the two Directors who were candidates should step out of the room while the discussion of election issues took place. He said action was possible following executive session.

Executive session was extended by 7 minutes at 11:40 a.m.
The meeting returned to open session at 11:50 a.m.

There being no further action, President Rathbun called for a motion to adjourn.

Director Huffman moved to adjourn the meeting at 10:50 am. Director Dennis seconded the motion. All present voted in favor and the motion carried.

Attest:

Witness:


Kirk Rathbun, 2015 Board President


Chuck Freeman, District Manager

Approved February 2, 2016

Prepared by Doris Rakowski