



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, December 1, 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
 Dean Dennis, Director
 Gene Huffman, Director

Staff Present:

Chuck Freeman, District Manager
 Colleen Storms, District Treasurer
 Jason McShane, Engineering/Operations Manager
 Seth Defoe, Land and Water Resources Manager
 Lynda Rosenbaum, Real Property Manager
 Jenny Willis, Senior Accountant
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel
 Kipp Drummond, Incoming District Treasurer

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

CONSENT AGENDA: Director Huffman 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 Special Meeting, October 27, 2015
2. Short Plat 15-06 Bruce
3. Binding Site Plan 15-09 Moore
4. Short Plat 15-02 Hildebrand
5. Short Plat 2015-015 Cottonwood
6. Travel Authorization - USBR 2016 Water Management Workshop
7. Vouchers/Warrant Approval

Accounts Payable

Numbers:	71201	through	71224	\$	139,292.69
	71225	through	71268		542,164.53
	71269	through	71284		12,145.78
	702.11.2015	through	702.11.2015		59,797.11

Total Accounts Payable 753,400.11

Payroll

Numbers:	33226	through	33232	\$	5,915.75
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Direct Deposit	11/20/2015			\$	86,213.74
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Total Payroll 92,129.49

Total Disbursements \$ 845,529.60

Voided Checks: None

PUBLIC COMMENTS:

Betty Thorpe, 8933 W Bonnie Ave., asked how long an assessment could be delinquent before foreclosure began, and when Gene Huffman and Patrick McGuire became Directors.

Ms. Storms said assessments were due in full April 30th unless half was paid then, in which case the second half was due October 31th. Assessments were subject to foreclosure when they were three years overdue from the April 30th due date. If the oldest year could be paid off, the customer would have the year to try to catch up.

Director McGuire said he and Director Huffman were first elected in 2008 for terms beginning in 2009.

James Wade, 1813 S Rainier Pl., said committee minutes were not up to date on the website.

Mr. Freeman said that minutes were not required and that those posted on line were there as a courtesy. He said staff recommended not posting committee meetings on the new website. President Rathbun said the Finance and Operations & Engineering committees did not record minutes. Director McGuire said minutes were available by public records request.

PRESENTATIONS: None

PUBLIC HEARING:

Board of Equalization: Mr. Freeman said the 2016 Roll of Rates and Charges and Assessments was presented to the Board on November 3, 2015, and had been available for inspection in the Secretary/Manager's office since that date, pursuant to RCW 87.03.250. The District gave notice by publication in the Tri-City Herald legal notices on November 6 and 8, 2015 that the 2016 Roll of Rates and Charges and Assessments had been filed with the KID Board of Directors and that the Board of Directors, acting as a board of equalization, would meet on December 1, 2015 at 9:00 a.m. to equalize assessments, pursuant to RCW 87.03.255.

Director Huffman moved to open the Board of Equalization. Director Dennis seconded the motion and it carried unanimously.

President Rathbun opened the meeting to comments from the public, for the Board to hear and determine any objection to the 2016 Roll of Rates and Charges and Assessments. He said staff would provide information requested by the Board and any changes to be made to the Roll should be noted by the Secretary/Manager for preparation of the Resolution Setting Assessments, which was historically approved and signed at the first Board meeting in January.

In response to a question from Director McGuire, Mr. Iller said the statute addressed individual properties, but noting precluded expressions of concern about general methodology and how that would affect their property.

Mr. Freeman confirmed to Director McGuire that no one had come in to inspect the roll in the month since it was presented to the Board, though there were 23,411 parcels.

Mr. Wade said if notices were sent directly to property owners, more people would come in. He said no one read classified ads and a lot of people did not take papers or have computers, so did not know what was happening. He said he was against the Board of Equalization because it wasn't equal if a person with a quarter acre paid \$400 per year, someone with ten acres paid less than \$300 per acre and someone with around a hundred acres paid about \$90 per acre.

Mr. Freeman said the District followed statues required by law. Cities, counties and other special districts did the same. He encouraged Mr. Wade to attend their Board meetings to express his opinion. He said that postcard mailings sent to each owner cost about \$11,000 per mailing. He recommended that the board continue to follow statue to the letter of law.

President Rathbun said that the district provided different levels of service. Mr. Freeman said the District conducted a \$90,000 rate study, led by a Harvard educated economist, and could defend the District's method of assessment. He said it was more costly to deliver water to urbanized pressurized customers than to large farms.

President Rathbun asked if anyone else wanted to address the Board and none answered. Director McGuire recommended keeping Board of Equalization open until the end of the meeting. President Rathbun agreed to do so and legal counsel confirmed that was acceptable.

BOARD REPORTS: None

ACTION ITEMS:

CIAW Renewal: Mr. Freeman reported the District's insurance premiums decreased by 4.8%. This first decrease in six years was due to robust claims management, the Risk Management program and committee, and efforts to quickly mitigate property damage in emergencies. Also, employment contracts for non-union employees provided for arbitration rather than litigation in case of dispute over separation.

Mr. Freeman said staff verified policy coverage included the addition of Red Mountain, Cherry Creek Reservoir and additional rolling stock.

Mr. Freeman reported that annual staff training on diversity, harassment, ethics and the whistleblower policy would be held January 11th.

Mr. Iller briefly spoke about the ongoing Acquavella adjudication for the Yakima Basin which started in 1977. He said the final decree may be issued in 2016.

Director Huffman moved to approve the application for renewal of insurance with Cities Insurance Association of Washington working through our agent, HUB International. Vice President McKenzie seconded the motion and it carried unanimously.

Addendum to Woods Lease - 6 Month Extension: Vice President McKenzie said he was a neighbor of the property, recused himself and left the room.

Ms. Rosenbaum briefly reviewed the background of the lease of KID's Finley property to the Sharon and Melvin Woods and said the District planned to discontinue leasing the property. She reported that Mrs. Wood requested a six month extension, and an agreement had been reached. Terms of the lease included that cattle, fencing and private property must be removed from the KID property no later than June 30, 2016. Ms. Rosenbaum confirmed that the Woods planned to move the cattle to property they own.

Director Huffman moved to approve Addendum 2, extending the current Lease agreement six months for Melvin and Sharon Wood with a new expiration date of June 30, 2016. Director Dennis seconded the motion. All present voted in favor and the motion carried unanimously.

Vice President McKenzie returned to the meeting.

RESOLUTIONS: None

STAFF REPORTS: None

Finance: Ms. Storms reported:

- Refund requests were expected because notices of credit balances and reminders of balance due for the second half of assessments were mailed. Credit balances were usually due to poor communication between mortgage companies or third party vendors and property owners.
- The scheduled foreclosure was averted by a payment made the afternoon before the sale.
- Customer Service recently organized blueprints and maps in new cabinets for Engineering.
- State audit was underway and no federal single audit was scheduled this year.

The incoming Comptroller-Treasurer, Kipp Drummond, was introduced. Mr. Drummond applauded choice of cash basis accounting instead of GAAP for clarity.

Mr. Freeman confirmed to Vice President McKenzie that Mr. Drummond's appointment as District Treasurer would take place at the first Board meeting in January. He spoke briefly about annual actions typically done on at that meeting.

Engineering/Operations: Mr. McShane reported:

- The WSWRA annual meeting would be held this week.
- Operations working on inspection and maintenance of canal inlet and under drains.
- Last year's concrete work was being finished.
- Chandler electrification funding was existing authorization and not in the new \$92.1 million funding authorization in Senate Bill 1694. Mr. McShane spoke briefly about projects included in the new authorization. He noted that the Kachess Drought Relief Pumping Plant and the K to K (Keechelus to Lake Kachess Conveyance Project) pipeline were listed as privately financed. He spoke about the authorization and appropriation process.
- Application for a new WaterSMART grant with either a \$300,000 or \$1 million match was being considered.
- \$350,000 had been authorized for appropriation at the State level for KID conservation projects. Mr. Freeman said the District may refuse that money. Mr. McShane said using the money for canal lining conservation projects was discussed at the Water Use Committee meeting. Additionally, \$606,000 remained from the last biennium. Discussion ensued regarding matching levels and requirements to relinquishing some or all of water conserved.
- Work was underway to clear deadfall and re-channelize the Amon Wasteway.
- Staff met with a developer regarding building at Southridge which could lead to the Hildebrand to Steptoe connection going out to bid as soon as February. KID must make decisions on pipeline location. Mr. McShane said cost would be higher if the work were not done now. In response to a question from Director Huffman, Mr. McShane said there were not adequate funds in capital budget for this. He spoke about scheduling the project relative to collection of mitigating funds from developers.

President Rathbun called a short break at 9:49 a.m.

The meeting resumed in open session at 9:55 a.m.

Land & Water Resources: Mr. Defoe displayed a graph of 2016 Yakima Basin Precipitation and spoke about what El Niño and the weather outlook may mean for reservoirs and snow pack. He displayed a graph of total storage in the five Yakima River reservoirs relative to the previous

year and compared this and last year. Mr. McShane spoke about the role of snow pack and melt off in filling the reservoirs and getting irrigators through the end of the growing season.

In response to a question from Director Dennis, Mr. Defoe spoke about how water was released from water was controlled by gates at the reservoirs. He spoke briefly about other uses of the water, such as flood control and flow for fish.

In response to a question from President Rathbun, Mr. Defoe displayed the USBR Hydromet webpage. Discussion ensued regarding active and dead storage.

Mr. Defoe reported that the Integrated Plan K-Drip (Kachess Reservoir Inactive Storage Project) plan to access dead storage at Lake Kachess was going through the environmental process, but Roza Irrigation District had applied for a temporary emergency permit to access up to 50,000 acre feet of the dead storage with temporary pumps (Kachess Emergency Temporary Floating Pumping Plant), a \$50-60 million project. He spoke about some operation challenges of the project.

Funding sources for the temporary pump were discussed. Mr. Freeman said Senate Bill 1694 must pass and be signed to allow private funding of projects on federal land.

Discussion continued regarding who owned the water in dead storage, whether the small watershed could fill the large reservoir if it were drained, potential impact to KID, volume to be taken by Roza, and construction plans.

Upcoming meetings and schedule:

- Water Supply Availability Committee - December 3rd
- Washington State Water Resources Association - December 2nd - 4th in Spokane
- Survey of introduced Coho redds in the Amon Wasteway with Yakima Basin Joint Board biologist, David Child, next week.
- Yakima Basin Joint Board - December 11th
- Integrated Plan Quarterly workgroup - December 16th

Mr. Freeman confirmed to President Rathbun that projects which were authorized, such as Chandler electrification, could be bypassed and not appropriated.

Executive: Mr. Freeman reported:

- Chandler electrification had been on SB1894 to de-authorize projects inactive for ten years, but the USBR assured Mr. Freeman that it had been removed from the list. KID and Water Strategies were monitoring the legislation.
- Contracts were received for the Department of Ecology drought grants for media and code enforcement, and temporary pumps. Staff would request payment and send project reports.
- The District would apply for a drought relief well in Badger Canyon. A site was identified near the Wiser well. If the Governor extended or issued a new drought declaration, an application was mostly done for a grant. He said a pump would be rented when needed.
- The new building was progressing under Ms. Rosenbaum's watch to be sure the design was being achieved. Small tours were possible. Work was on target to finish on February 15th and KID had purchased back days.
- The new Parking lot would be paved Thursday.
- Customer Service was helping prepare for the move.
- Basement contents had been moved to six cargo containers at the Ely site.
- A new Assistant Operations Manager would be hired by the end of the week.

- New job descriptions for a Project Manager and a part-time Janitor would be brought to the Board in January.
- K-Club Awards Banquet - January 18th at Pasco Red Lion
- Annual All-Staff Training in January
- Additional Training in March at new building about changing the culture in the workplace.
- Kingsley Berg was doing a great job and communicating well as the Interim Assistant Operation Manager.
- A few employees left KID to work for the City of Kennewick Water Department.
- Employee of the Year nominations were requested.

WORKSHOP: None

EXECUTIVE SESSION: None

In response to a question from Director McGuire, Mr. Freeman said he was not aware of any letters or emails about the Board of Equalization.

In response to a question from a guest, Mr. Freeman said he was not aware of any unit of government sending out information about candidates for election. He said he was in favor of following statute and that election information was put on the website and posted. He said KID may have sent postcards about the election years ago, but it was a little late to do so this year. He said it cost almost \$11,000 to send a postcard mailing to all rate payers. He said the District did not buy an advertisement.

Board of Equalization: Director Dennis moved to close the Board of Equalization. Director McGuire seconded the motion and it carried unanimously.

Director Huffman moved to adjourn the meeting at 10:37 a.m. and Vice President McKenzie seconded the motion. The motion carried unanimously.

Attest:

Witness:



 Kirk Rathbun, 2015 Board President



 Chuck Freeman, District Manager



 David McKenzie, 2016 Board President
 Approved April 5, 2016

Prepared by Doris Rakowski