



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, January 5, 2016, 9:00 a.m.

2015 President Rathbun called the meeting to order at 9:02 a.m. and Mr. Freeman called roll.

Directors Present:

Kirk Rathbun
 David McKenzie
 Patrick McGuire
 Dean Dennis
 Gene Huffman

Staff Present:

Chuck Freeman, District Manager
 Colleen Storms, District Treasurer
 Kipp Drummond, 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

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

President Rathbun gave control of the meeting to Mr. Iller.

Oath of Office: Mr. Iller administered the oath of office to re-elected Directors, Patrick McGuire and Gene Huffman.

Election of Board President and Vice President: Mr. Iller called for nominations. Director Huffman nominated David McKenzie for President. Director McKenzie nominated Gene Huffman for Vice President. Director McGuire seconded both nominations. There were no other nominations. A vote was taken and Director McKenzie was elected unanimously for President for 2016 and Director Huffman was elected unanimously for Vice President for 2016.

Mr. Iller gave control of the meeting to 2016 Board President McKenzie.

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

Items on the consent agenda were:

1. Vouchers/Warrant Approval

Accounts Payable

Numbers:	71337	through	71367	\$	21,315.68
	71368	through	71376		900.00
	71377	through	71417		69,625.54
	71418	through	71419		632.55
	71420	through	71496		85,725.76
	101.12.2015	through	101.12.2015		60.00
	702.12.2015	through	702.12.2015		66,243.00
	704.12.2015	through	704.12.2015		653.77
Total Accounts Payable					245,156.30

Payroll

Numbers:	33246 through	33256	\$	11,200.86
	33257 through	33257		1,722.39

Direct Deposit	12/21/2015	<u>94,488.99</u>
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Total Payroll	<u>107,412.24</u>
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Total Disbursements	<u>\$ 352,568.54</u>
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Voided Checks:

Check #70997 for \$332.53 voided and replaced with check #71419 due to a vendor name change

PUBLIC COMMENTS: None

PRESENTATIONS:

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

- Balance Sheet as of November 30, 2015
- Statement of Revenue & Expenditures – Budget to Actual – Comparative
- Fund Balance Change through November 30, 2015.

Ms. Storms confirmed to Mr. Freeman that the District would not exceed the trigger amount for a federal Single Audit.

In response to a question from Director Rathbun, Ms. Storms spoke about Red Mountain South LID Capital Fund structuring required by the Department of Ecology. Red Mountain South LID charges and their operations and maintenance charges were discussed.

Mr. McShane confirmed to Director McGuire that any projects to be paid using the portion of the LID loan repayment which would be available for conservation projects would have to be approved by Board as part of the Capital Plan. Discussion continued.

At President McKenzie's request, Ms. Storms spoke about loan balance report reporting.

Vice President Huffman moved to accept the November 2015 KID Financial Statements. Director Rathbun seconded the motion and it carried unanimously.

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Review of Policy 1.1 Conflict of Interest–Board Members/District Officers: Mr. Freeman briefly reviewed the policy. He confirmed that the annual disclosures had been completed by Board Members and District Officers.

Confirmation of Bylaws: Mr. Freeman reported that no changes to the Bylaws were recommended by staff, and he recommended confirmation. President McKenzie verified that no Directors wished to suggest changes. He called for a motion.

Director Rathbun moved to confirm the KID Bylaws. Vice President Huffman seconded the motion and it carried unanimously.

Confirmation and Appointment of District Officers and Board Secretary: Mr. Freeman recommended Kipp Drummond be appointed District Treasurer and Assistant Auditing Officer and that all other District Officers be retained.

Mr. Iller reported that his firm's name had changed to Rettig, Forgette, Iller & Adamson.

Vice President Huffman moved to appoint Kipp Drummond as District Treasurer and Assistant Auditing Officer and to retain the Board Secretary and other District Officers previously appointed. Director Dennis seconded the motion and it carried unanimously.

Authorized Positions: Mr. Freeman reported that, after two full time employees (FTE) were eliminated from the 2016 budget, it was determined that hiring a .75 FTE Janitor would be more cost effective and provide more frequent and thorough cleaning for the new building.

Mr. Freeman displayed the Project Tracking spreadsheet and spoke about why a Project Manager position was needed. He provided brief overviews of projects including:

Water Right Management

- Lower River Modeling
- Lower River Sub-Committee
- Senate Bill 1694
- Senate Bill 1894
- Pump Exchange
- Electrification of Chandler
- Lamprey

Strategic Planning and Special Projects

- Comprehensive Plan
- Conservation Plan
- Drought Relief Well
- All Drains and Wasteways Plan
- Control Gates
- Capital Improvement Program
- Title Transfer of District Facilities

Finance

- Tyler software conversion, especially staff training
- Banking Request for Proposals
- IT Master Plan
- Comprehensive Plan Financing Plan
- Administration Building Depreciation Schedule
- Investment Policy

Engineering/Operations

- Finley Property
- Lorayne J Potable System
- Edison upsizing drought project
- Sage Crest pump station improvements
- Brantingham and Applewood combination
- Vancouver Street

- Amon reservoir
- Cherry Creek Reservoir
- Clodfelter Master Plan
- Morbeck/Jean Street Project
- Ely Site
- 10th Avenue main
- 45th Avenue tie-in to Cherry Creek
- Kennewick Central/North Master Plan
- Cherry Glen
- Sherman Street
- Southridge Master Plan
- Hildebrand Transmission. Discussion followed.
- Technology Plan

Administrative

- Elliott Lake Potable Water System
- Elliott Lake Property. Discussion followed.

Mr. Freeman displayed the Technical Review Committee's tracking spreadsheet of private development projects that impacted the District and spoke about types of work created for staff.

Mr. Freeman displayed the Technical Review Committee's tracking spreadsheet of requested permits and other items. He spoke briefly about some projects on the list, including:

- 12-Raceway Flood Easement Relinquishment
- 16-Pinewood 26.3 T.O.
- 23-Country Ridge Dr. Driveway (PSA 150)
- 26-Aquilini
- 27-Teigs Re-alignment
- 30-Citadel Estates

Mr. Freeman displayed a third Technical Review Committee spreadsheet and spoke about the Panoramic Heights Filtration, Gage Pipeline Extension and Amon Realignment projects.

In response to a question from Director McGuire, Mr. McShane spoke about item #19 on the Permits spreadsheet, regarding the partially built bridge on PRSE 506. Discussion ensued.

Mr. Freeman said the Project Manager position was proposed due to project volume and to add management depth to cover the Engineering/Operations Manager, Land and Water Resources Manager and District Manager duties when they were unavailable. Mr. McShane spoke about types assistance needed.

Mr. Freeman confirmed that the Project Manager would report to himself or his designee, and would supervise departments only when substituting for a manager.

Mr. Freeman said that, if approved, he would advertize the positions and amend the budget at a future date. He confirmed that the Project Manager was a full-time, exempt, with an employment contract.

Director Rathbun moved to approve revised authorized salary ranges and positions. Vice President Huffman seconded the motion and it carried unanimously.

Policy 2.11 Realty Reserves: Ms. Storms reported that the proposed policy changes had been reviewed by the Finance Committee, Realty Committee, and legal counsel, Fran Forgette. She spoke about purpose of the revisions, controls in the policy, and allowable uses of the funds. She said the minimum floor to be kept in the fund would be set at \$3 million, barring a resolution of the Board for extraordinary unforeseen events.

Vice President Huffman spoke in favor of the revisions and the improvements to protection of the funds from what was in place years ago.

Director McGuire confirmed to President McKenzie that the revisions had passed Finance Committee. Director Dennis said it had passed the Realty Committee.

Vice President Huffman moved to approve Revision 2 of Policy 2.11 Realty Reserve Funds. Director Dennis seconded the motion and it carried unanimously.

President McKenzie called a five minute break at 10:38 a.m.
The meeting resumed in open session at 10:47 p.m.

RESOLUTIONS:

Resolution 2016-01, Rates, Charges and Assessments for 2016: Mr. Freeman reported that the draft assessment roll was presented to the Board for equalization on December 12, 2015. He noted Section 7.2 should be revised to read "...the Parcel under this Section 7." Section 7.3 should be revised to read "...under this Section 7..."

Director Rathbun moved to adopt Resolution 2015-01 setting the Rates, Charges and Assessments Roll - Tiers and Tolls, Surcharges applicable to certain locations or services, USBR debt payments, and excess water rates for 2016. Vice President Huffman seconded the motion. President McKenzie confirmed that the changes listed by Mr. Freeman would be included. **The motion carried unanimously.**

Resolution 2016-02, Authorized Signers-General Banking: Mr. Freeman said the resolution would remove Colleen Storms and add Kipp Drummond as authorized signers for banking.

Vice President Huffman moved to approve Resolution 2016-02, Authorized Signers for KID Banking and Investment Services. Director Dennis seconded the motion and it carried unanimously.

Resolution 2016-03, Authorized Signers-Yakima Federal Savings & Loan Association: Mr. Freeman said the resolution used language specifically required by the Yakima Federal Savings & Loan Association would remove Colleen Storms and add Kipp Drummond as authorized signers.

Director Rathbun moved to approve Resolution 2016-03, Authorized Signers for KID Banking and Investment Services at Yakima Federal Savings & Loan Association. Vice President Huffman seconded the motion and it carried unanimously.

Resolution 2016-06, Approving Klamath Cottages Voluntary Mitigation Agreement: Mr. McShane presented the proposed Voluntary Mitigation Agreement for Klamath Cottages. He

displayed a map and spoke about plans to serve the small subdivision. He reported that the amount of the agreement was \$3,534.06.

Director Rathbun moved to approve Resolution 2016-06, Approving Klamath Cottages Voluntary Mitigation Agreement. Vice President Huffman seconded the motion and it carried unanimously.

STAFF REPORTS:

Finance Manager: Ms. Storms reported that the State Audit exit conference was held last week. She reported that the audit focused on third party cash receipts and payroll, and complemented her staff for their work as the audit went smoothly and there were no findings.

Ms. Storms said she was working on completing projects and transferring the office to Mr. Drummond. President McKenzie commented that Mr. Drummond was inheriting a good staff and that the bar was set high.

Engineering/Operations Manager: Mr. McShane reported:

- WaterSMART Grant applications were due January 20th.
- New projects for the Integrated Plan were requested.
- Submission of \$5 million of projects for drought relief funding through the U.S. Bureau of Reclamation and the Integrated Plan were requested.
- Annual activities such as contractor and small works roster were underway
- Amon Wasteway work had begun.
- The Administration building was on schedule.
- The Vancouver Street piping project was starting.
- The Sherman Street project would start after the Vancouver Street project was complete.
- Canal lining, maintenance and vegetation control activity was underway.

Mr. McShane confirmed to Director Dennis that KID was working with principal of the school in the Vancouver Street area to assure access. In response to questions from Director McGuire Mr. McShane spoke about the public relations program about the closure which would include hand-delivered notices, reader boards, up-to-date information on the website, a press release and publication of the closure in the paper's road closure section. Mr. McShane asked that any complaints be passed on immediately to customer service, Lori Gibson or him.

Director McGuire asked that traffic to the closure page be tracked. Discussion ensued and Mr. Drummond said he would request Jennifer Defoe do so.

Mr. Freeman confirmed that press releases regarding the office move were ready.

Land & Water Resources Manager: Mr. Defoe reported:

- The Governor declined to extend the drought declaration into 2016. The Water Advisory Committee would meet February 11th to consider recommendations to the Governor.
- Roza Irrigation District cancelled their Lake Kachess Drought Relief Pumping Plant project.

Mr. Defoe displayed USBR Hydromet, Snotel and NOAA graphics and spoke about snow pack, reservoir conditions and climate outlook.

Mr. Defoe confirmed to Director Rathbun that USBR typically announced their preliminary estimate of water supply in March, but said water supply could change even after the estimate.

Discussion ensued regarding timing for drilling the emergency drought well, testing it and bringing it online if the project were approved. Mr. McShane noted it was not a permit well, but a use of KID project water. Mr. McShane noted that if KID waited for a drought declaration, the Department of Ecology would pay half of the cost, which was estimated at about \$100,000. President McKenzie recommended committees discuss the matter. Mr. Freeman said he would write a bid request and submit it to the committees. Well drilling challenges were discussed.

District Manager: Mr. Freeman reported

- The E-newsletter went out to directors and staff.
- Annual training would take place Monday.
- Mr. Freeman would deliver a speech tomorrow (at the Eastern Washington Ag Expo).
- A photograph and article on the building would be in the Journal of Business.

WORKSHOP: None

EXECUTIVE SESSION: At 11:30 a.m., Mr. Iller announced on behalf of the presiding officer that the Board would go into executive session to discuss with legal counsel pending litigation regarding Acquavella, pursuant to RCW 42.30.110(1)(i)(i), for an estimated 20 minutes, with action possible but not expected in open session following executive session.

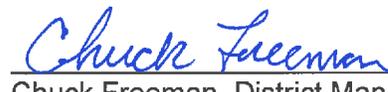
OPEN SESSION: Vice President Huffman moved to adjourn the meeting at noon. Director Rathbun seconded the motion and it carried unanimously.

Attest:

Witness:



David McKenzie, Board President
Approved April 19, 2016



Chuck Freeman, District Manager

Prepared by Doris Rakowski