



Minutes

**Meeting of the KID Board of Directors
Carl W. Petersen Board Room
Tuesday, August 2, 2016, 9:00 a.m.**

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

Directors Present:

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

Staff Present:

Chuck Freeman, District Manager
Kipp Drummond, District Treasurer
Jason McShane, Engineering/Operations Manager
Dana Hernandez, Customer Accounts Supervisor
Lori Gibson, Executive Assistant
Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel

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

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

Items on the consent agenda were:

1. Revised Minutes, KID Board Meeting, July 2, 2016
2. Release of Easement Interest - Quit Claim Deed
3. Vouchers/Warrant Approval

Accounts Payable

Numbers: 72827	through	72831	\$	76,611.35
APPKT00186	through	APPKT00199		76,191.37
GLPKT00381				409.20
Total Accounts Payable				153,211.92

Payroll

Numbers: 33441	through	33441	\$	808.90
33442	through	33442		230.21
Direct Deposit		2016-07-20		109,315.25
Total Payroll				110,354.36
Total Disbursements				\$ 263,566.28

Voided Checks: None

PUBLIC COMMENTS: None

PRESENTATIONS: None

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Policy Revisions: Mr. Freeman reported that use of the relegation program to protect the District's water rights was discussed in committee. He said staff recommended that the allocation relegation program be rescinded and the recalibration program be used instead. He briefly reviewed proposed changes to the three impacted policies: Policy 3.2-2 Water Allotment, Policy 4.17, Irrigable Land Recalibration Principles, and Policy 9.5, Red Mountain Irrigation Water Allocation Program. He reported that no water was available for allocation at this time.

Director McGuire asked about occurrences of new water allocations not being put to beneficial use in a timely fashion and whether it was wise to change the policy if there were such cases. Mr. Freeman said that was a question for the attorney and Mr. Iller offered to discuss the matter in the scheduled executive session. Mr. Freeman noted that the allocation section of the policy would remain active.

President McKenzie table action until after the scheduled executive session.

Director McGuire moved to rescind the policies and procedures. The motion died for lack of a second.

RESOLUTIONS:

Resolution 2016-21, Setting Fees: Mr. Freeman reported that the fee resolution was last updated in 2012. He briefly reviewed some of the proposed changes.

Mr. Freeman said new connection fees were common business practice with other entities. He distributed statistics on ownership changes and practices at other local agencies. He said the recommended fees would take pressure off the rates and be consistent with other agencies.

Mr. Freeman spoke about staff's recommendation to not charge fees for permits, but to levy a fine if a permit is not obtained. Mr. McShane further explained staff's intention of encouraging use of encroachment and temporary access permits so the District was aware of encroachments and use of rights of way. Purposes for the permits were discussed.

Encroachment control was discussed. Mr. McShane noted that it was outside the scope of the Resolution. Mr. Freeman noted that one encroachment case was a legal action at this point. He said the U.S. Bureau of Reclamation would help rectify some of these cases.

A question from President McKenzie regarding authority to issue a fine was referred to Mr. Iller for discussion in executive session. Mr. Freeman said coordinating with cities could be beneficial in regards to out of town contractors.

Mr. Freeman said other changes were to equipment and salaries and Mr. Drummond spoke about how the new were determined based on actual cost and just making district whole, not making money. In response to a question from Director Rathbun, Mr. Drummond said the District could potentially index the rates annually.

Mr. McShane spoke about the equipment charges which were based on the Army Corps of Engineers reimbursement rates used for the WaterSMART grants, and changes to the Engineering and Operations sections.

Mr. Freeman recommended an effective date of September 1, 2016.

Director Rathbun moved to approve Resolution 2016-21, superseding all previous fee resolutions and setting fees for the District effective September 1, 2016. Director McGuire seconded the motion and it carried unanimously.

STAFF REPORTS:

Finance Manager: Mr. Drummond distributed a Foreclosure Comparison chart comparing statistics from 2016 through 2017 and spoke about the foreclosure process. He also reported on Incode implementation progress.

Engineering/Operations Manager: Mr. McShane reported:

- The Gage system was being extensively flushed. Mr. McShane displayed a sample and picture of the debris. Debris was common in north Kennewick, but coarse sand in this system was new. Pump and filters were online.
- Crews were flushing, cleaning and monitoring the Red Mountain system. Chlorine slugs were administered Wednesdays and Saturdays if temperatures were over 90 degrees.
- About 600 feet of piping were left to install at the Bob Olson Parkway. In dirt work was almost complete. Mr. McShane spoke about project schedule and said crews were preparing for pressure testing.
- Earthwork near Wake Siphon at mile 39 on Division 4, preparatory to lining, would begin after Bob Olson Parkway completion, as would finishing Cherry Glen work at 12th and Morain. Additional piping at Hildebrand would be done when the contractor was ready.
- Segregations were up to date and an audit list was received.
- Accounting to USBR for the 2016 WaterSMART grant was almost done.

Land & Water Resources Manager: None

District Manager: Mr. Freeman reported:

- Parker wide swings were below federally mandated target flow rate last week and were now above it. Prosser was more level. The USBR was not generating power though they could.
- KID was meeting full deliveries, filling ponds, and spilling a little everywhere.
- Mr. Freeman was unable to attend the Benton PUD key customer rate informational meeting this morning. The proposed 4.9% increase would cost KID over \$18,000. Mr. Freeman read questions he sent to the Benton PUD in lieu of attending the meeting and said KID was concerned with the proposed increase and strongly encouraged the PUD to evaluate their systems, procedures and staffing levels prior to implementation of any increase.
- A letter would be mailed to Chad Stuart at the USBR today. KID was requesting further discussion after lower river modeling was done. Mr. Freeman briefly reviewed various communications with the USBR on what remained to be done on the modeling.
- Kingsley Berg commended for representing KID well in a letter to the editor from people displaced by canal breach.
- Nikki Liudahl was selected as Employee of the Quarter.
- The Retention Committee would review the June employee survey and make recommendations for improving the work environment.
- City of Kennewick issued KID a permit to build a block wall and start filling, but crews would wait until the swallows migrate to beginning to move the dirt behind the shop.

Mr. Freeman said that Jose Chavallo would attend a future Board meeting regarding vacating an easement for his block wall in Division 4. KID agreed, but wanted a \$10 million liability policy. Mr. Chavallo was proposing a \$2 million policy and spending the premium difference to

over-engineer wall. Mr. Freeman suggested he write a letter and talk to the Board and invite public comment. The Board would have to decide whether to grant a reduction in liability.

Director McGuire briefly reviewed previous concerns of the Board that the hillside might slough off and damage the canal below. Discussion continued regarding the mitigation. Mr. Iller suggested the Board hear the proposal then discuss risks of a proposed action in executive session.

In response to a question from Director McGuire, Mr. McShane said there would be an escalation clause in the policy.

Mr. McShane confirmed that the wall was not yet engineered.

In response to a question from Vice President Huffman, Mr. Freeman said he would provide the USBR report on the site to the Board. He noted that the homes would be build with or without project water.

Upcoming meetings:

- Mr. Freeman reported he would talk to Lorri Lee (USBR Pacific Northwest Regional Director) at the NWRA meeting regarding the Alliance for the Wild Rockies trout lawsuit.
- WSWRA Executive Committee - August 17th in Sunnyside

In response to a question from Director McGuire, discussion ensued regarding desirability of obtaining rural development monies due to the high interest rate. Mr. Freeman said he would research whether it was advantageous to the District.

WORKSHOP: None

Executive Session: At 9:57 a.m., Mr. Iller announced on behalf of the presiding officer that the Board would go into executive session for an estimated 30 minutes, starting at 10:05 a.m. and ending at about 10:35 a.m. to discuss with legal counsel potential litigation in the form of legal risks of a proposed action or current practice pursuant to RCW 42.30.110(1)(i)(iii) and to discuss with legal counsel pending litigation pursuant to RCW 42.30.110(1). President McKenzie and Mr. Iller said action was probable following executive session.

Executive session was extended by 30 minutes at 10:35 a.m.

OPEN SESSION: The meeting returned to open session at 11:03 a.m.

Policy Revisions: President McKenzie called for further questions and hearing none, called for a motion.

Director Rathbun moved to approve Policy 3.3-2, Water Allotment, Revision 8. Vice President Huffman seconded the motion and it carried unanimously.

Director Dennis moved to approve Policy 4.17, Irrigable Land Recalibration Principles, Revision 3. Director Rathbun seconded the motion and it carried unanimously.

Director Dennis moved to approve Policy 9.5, Red Mountain Irrigation Water Allocation Program, Revision 1. Vice President Huffman seconded the motion and it carried unanimously.

Alliance for the Wild Rockies lawsuit: Without disclosing communications from the executive session, Mr. Iller provided background on the Alliance for the Wild Rockies lawsuit targeting USBR and Corps of Engineers dams which produce electricity in the Columbia Basin seeking to force section 7 consultations on their operations. The District was enormously interested in the continued operation of Prosser Dam, which diverts KID's water to fulfill KID's rights and obligations to its customers. The question was whether KID in conjunction with other irrigation district and Yakima Basin Joint Board (YBJB) should intervene in the lawsuit to be a party to lawsuit and be sure its interests were protected to the extent possible. A decision was expected at YBJB meeting the end of the month regarding whether the YBJB or individual districts with named dams would intervene, or both.

Mr. Iller said a Board decision authorizing KID to Intervene in Alliance of the Wild Rockies lawsuit was desired. He said he understood attorney fees would be paid by the group. He noted it was possible that the Defense Coalition could be named party instead of the YBJB because one party in the YBJB may not be able to be a party.

At the request of Director Rathbun, Mr. Iller spoke about section 7 of the Endangered Species Act, which required consultation when federal agencies took action that might harm listed species. He briefly described the process. He noted that this consultation was already going on with regards to Prosser Dam and Roza Dam operations, so it was puzzling why these dams were included in the lawsuit. He said USBR already provided a biological assessment to the fisheries agencies, which would review the assessment and issue a biological opinion. This was nearing completion and Mr. Iller was not expecting a long litigation.

President McKenzie said it was important for the District to stay involved and called for a motion.

Director Rathbun moved to authorize the Kennewick Irrigation District involvement to intervene in the bull trout lawsuit by either the Yakima Basin Join Board, the Defense Coalition or KID versus the Alliance for the Wild Rockies. Vice President Huffman seconded the motion and it carried unanimously.

Director Dennis moved to adjourn the meeting at 11:12 a.m. and Vice President Huffman seconded the motion. The motion carried unanimously.

Attest:

Witness:



David McKenzie, Board President
Approved September 6, 2016



Chuck Freeman, District Manager

Prepared by Doris Rakowski