



Minutes

**Meeting of the KID Board of Directors
Carl W. Petersen Board Room
Tuesday, August 16, 2016, 9:00 a.m.**

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

Directors Present:

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

Staff Present:

Chuck Freeman, District Manager
Kipp Drummond, District Treasurer
Jason McShane, Engineering/Operations Manager
Seth Defoe, Land & Water Resources Manager
Lynda Rosenbaum, Real Property Manager
Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, KID Legal Counsel

APPROVAL OF AGENDA: President McKenzie added to the agenda an executive session to discuss potential litigation in the form of legal risks of a proposed action or current practice.

Vice President Huffman moved to approve the modified agenda. Director Dennis seconded the motion and it carried unanimously.

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

On the consent agenda were:

1. Minutes, KID Board Meeting, July 19, 2016
2. Binding Site Plan 15-12 Maldonado - Dry
3. Short Plat 16-07 BMB Development - Wet
4. Matthew E & Dana M Storms - Release of Easement Interest
5. Vouchers/Warrant Approval

Accounts Payable

Numbers: 72832	through	72922	\$ 197,291.69
APPKT00204	through	APPKT00209	<u>71,338.70</u>
Total Accounts Payable			<u>268,630.39</u>

Payroll

Numbers: 33443	through	33443	\$ 306.52
Direct Deposit		2016-08-05	<u>101,895.18</u>
Total Payroll			<u>102,201.70</u>
Total Disbursements			<u>\$ 370,832.09</u>

Voided Checks: AP check #72531 was voided 7/29/16 due to being lost in the mail, reissued new check #72910.

PUBLIC COMMENTS: None

PRESENTATIONS:

Financial Report for July 2016: Mr. Drummond reported that work had begun on the 2017 budget. He presented highlights of report pages including:

- Balance Sheet as of July 31, 2016 - Final
- Balance Sheet - Comparative. In response to a question from Director Dennis, Mr. Drummond said he had only found a minor entry error which was being corrected.
- Statement of Revenues & Expenditures - Summary - Budget to Actual
- Statement of Revenues & Expenditures - Comparative
- Fund Balance Change through July 31, 2016

Director McGuire moved to accept the July 2016 Financial Reports as presented. Vice President Huffman seconded the motion and it carried unanimously.

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Policy 1.10, Director Absenteeism, Rev. 2: Mr. Freeman said the recommended change was to count unexcused absences from regular Board meetings only. He recommended that whether absences were excused be noted in the minutes in the future.

In response to a question from Director McGuire, Mr. Iller offered to discuss State law regarding elected official absenteeism in executive session. Whether a policy was needed was discussed and, while not giving advice in the open session, Mr. Iller said State law not specific and clear, and District policy provided expectation and process guidance, not in conflict with State law. Discussion ensued.

At Director McGuire's request, it was verified that current Bylaws did not address absenteeism.

Director Rathbun spoke in favor of the revision. Committee meeting attendance was discussed.

Vice President Huffman moved to approve Policy 1.10, Director Absenteeism, revision 2. Director Rathbun seconded the motion and it carried unanimously.

RESOLUTIONS:

Resolution 2016-22, Project Acceptance and Release of Retainage for Public Works Contract PW2015-18 Vancouver Asphalt Restoration: Mr. McShane spoke briefly about public works contract PW2015-18 and reported that all terms of completion had been met.

Director Rathbun moved to approve Resolution 2016-22 Project Acceptance and Release of Retainage for Public Works Contract PW2015-18 Vancouver Asphalt Restoration. Vice President Huffman seconded the motion and it carried unanimously.

Resolution 2016-23, Project Acceptance and Release of Retainage for Public Works Contract PW 2016-05 Sherman St Asphalt Restoration: Mr. McShane spoke briefly about public works contract PW2016-05 and reported that all terms of completion had been met.

In response to questions from Director Rathbun, discussion ensued regarding the quantity of asphalt work expected in the next few years, costs of materials and installation, and machines used for paving. In house versus contracted paving was also discussed.

Vice President Huffman moved to approve Resolution 2016-23 Project Acceptance and Release of Retainage for Public Works Contract PW2016-05 Sherman St Asphalt Restoration. Director Rathbun seconded the motion and it carried unanimously.

President McKenzie asked that paving expenditures for the last three years be reported and Vice President Huffman asked for a cost comparison of in house and contracted paving.

STAFF REPORTS:

Finance Manager: Mr. Drummond reported:

- A non-binding contract was signed with PiperJaffray for potential bond counsel services.
- A request for proposals for IVR automated phone services was posted and four entities had shown interest in bidding. A required bidders' meeting would be held.
- Training for purchasing using Incode was being scheduled.
- Susan Herriford's retirement event was held last Friday.

In response to a question from Director McGuire, distribution of costs through the tier and toll structure was discussed. Mr. Freeman said costs were being tracked but had not been analyzed and offered to bring the matter to Finance Committee. President McKenzie recommended the topic for a workshop.

Engineering/Operations Manager: Mr. McShane reported:

- Water supply was strong at 94%, so no shortages were anticipated this year.
- Chlorine treatments were reducing water quality issues at Red Mountain & Gage.
- Aquatic vegetation control was going well and the terrestrial vegetation control and pre-emergent programs were being adjusted.
- Mr. McShane briefly reviewed Bob Olsen project work underway and said crews were cutting into Sherman St. He said completing KID's work would avoid conflict with other contractors' work.
- Crews were pre-watering at Division IV for WaterSMART projects.
- People were responding regarding encroachment removal.
- Badger East and Division IV designs for off-season work were underway.
- Regarding the Integrated Plan (IP), at the request of Tom Tebb (WA Department of Ecology Director), Mr. McShane would brief Megan Thomson, Senator Maria Cantwell's legislative assistant for energy and environmental issues, on KID's challenges and provide a tour tomorrow.
- The IP Implementation Committee's Benton County outreach effort regarding lower river issues would be led by KID and Jeff Tayer from Washington Department of Fish & Wildlife, with assistance from Jennifer Defoe, KID's Public Relations Coordinator.
- Tom Tebb was invited to speak to the Operations & Engineering Committee about Columbia River water supply availability.

In response to a customer request brought by Director Dennis, Mr. McShane said maintenance was scheduled for terrestrial weed control on canal banks, including near Canyon Lakes Drive.

Director McGuire expressed concern about IP messaging in Benton County and Mr. Freeman said KID's support of the IP was qualified because they had to mitigate impact on the District.

Mr. McShane said KID was collaborating with the other members of the IP Work Group and Implementation Committee on the message to Benton County. He said people in Benton County were less interested in up-Basin activities like Yakima flood plain restoration, than audiences in Kittitas or Yakima County. Benefit to Yakima Basin fisheries continued to be

touted to Benton County, but KID was helping the IP groups to understand that the real benefit to Benton County was securing KID's water right and making sure the District's water supply was as it had traditionally been.

Mr. McShane said droughts in the 1990s had almost no impact on KID, but upstream conservation efforts since that time took water from KID's supply. He said KID still supported conservation because it gave flexibility to put water when and where it was needed, but reiterated that upstream water conservation activities could not come at the expense of KID ratepayers losing the secured water supply they have always had. He said that since 2001, KID had seen reductions in water supply.

Mr. McShane said that in addition to being supportive of the IP, KID was very supportive of them following through on legislation passed over twenty years ago addressing these activities not harming KID's ratepayers.

Mr. McShane said KID was asked to lead the Benton County messaging effort and was looked to for connections and the ability to go talk to people. He said KID spoke about the IP in every meeting with legislative officials, with the understanding that KID had to be made whole. He said for the tour tomorrow, he was asked to address KID's portion of irrigation efficiencies and urbanization, and to attend the tour to the Prosser fish hatchery and talk about Chandler electrification on the way.

In response to a question from Director McGuire, Mr. Freeman said the temporary booster pump at Red Mountain was still operating. He said Mr. Iller spoke to the Aquilini attorney once but they had been non-communicative and were silent about the outstanding invoice for damages to KID facilities as well. He said KID was ordering a permanent pump, but expected installation next year after Benton County put in three-phase power. He reported KID was manually treating the water and received no further water quality complaints from the Aquilinis.

Land & Water Resources Manager: Mr. Defoe reported pending land sale for 2.41 acres of Vista Field, Phase IV, fell through due to funding issues. Escrow money less fees incurred would be returned and the file closed.

Ms. Rosenbaum reported a new sale for a different property was pending.

Mr. Freeman suggested that, in view of a change to state law, the Board may be interested in considering long term leases in lieu of selling properties.

Director McGuire asked about the District's obligations for the pending sale of KID's Vista Entertainment District land to the City of Kennewick since the tax increase for the City of Kennewick's entertainment district failed at the polls. Mr. Freeman said the District had an agreement with the City of Kennewick and the City Manager indicated they intended to use proceeds from a previous general use bond.

Director McGuire clarified that he was concerned that the city might sit on the land as speculators and noted the KID processes were intended to prevent speculation on land bought from the District. Discussion continued and Director McGuire asked that Legal Counsel Forgette address options if the land were not used for the stated purpose.

Mr. Freeman said an August 31 meeting with City of Kennewick was regarding conditions the District would put on the development in view of CCRs (covenant, conditions, and restrictions) on the property. He said he would report back to Board.

Mr. Defoe reported the Realty Committee discussed bringing to the Board the option to auction lease of the Finley properties. The properties have an irrigation water allotment and engineering was working on a design to bring water to the parcels. Boundary line adjustments were being considered. Access to one parcel from SR 397 was a possibility.

Mr. Defoe spoke about precipitation and weather conditions and reservoir storage. He expected little change from the September water supply update.

Illustrating a tangible impact of up-basin conservation over the last decade, Mr. Defoe said that though it was a near full supply water year, the USBR was running the system tightly and not sending any extra water past Parker. He reported that in late July, flow at Parker fell below the target. He said the river operators were trying to raise the level, but had trouble getting water from reservoirs to flow in the river, perhaps due to dry flood plains.

Mr. Defoe said a little power was being generated at Prosser at this time. Power generation helped KID because water in the canal could help stabilize KID's diversion.

Mr. Defoe confirmed to Director McGuire that he was documenting flood plain absorption issues. He said KID continued to be concerned whether if the District called on water it would make it.

Mr. Defoe confirmed to Director Rathbun that Roza Irrigation District was working on obtaining an engineering estimate for the fourth option for the Kachess Drought Relief Pumping Plant (KDRPP) and was fairly committed to the project regardless of cost. Mr. McShane said Roza's District Manager Scott Revell indicated that if anyone were unwilling to pay for a share of the water, Roza was willing to buy all water coming from it.

WSWRA (Washington State Water Resources Association) would meet tomorrow in Sunnyside.

District Manager: Mr. Freeman reported:

- The Lower River meeting to review modeling results was moved from August 31 to September 13. They plan to reveal the results to everyone else on the 19th, but that may need to be cancelled if additional analyses and sensitivity tests have not been completed.
- December 13 was a possible date for auction of the Finley property, if the Board approved. The soil analysis report was expected to be completed in late October. Mr. Freeman confirmed to Director Dennis that there were eight 8 parcels, but the boundary lines might be moved without changing the number of parcels. Director McGuire noted that the election was on December 13 and Mr. Freeman said the date would be moved.
- The September issue of Irrigation Leader would be Washington profile. Mr. Defoe was already interviewed about "Salmon Springs" (cold water refugia).
- At the NWRA summer conference, attendees had speed meetings with chairs of tasks forces. KID signed up to be on the Water Quality, Water Supply, Finance, and the new Public Affairs task forces. Jennifer Defoe shared the tool kit with the Public Affairs group. Eastern Municipal District, CA discussed how they kept up with growth and increasing service connections.
- The WSWRA Annual meeting would be in San Diego in November.
- A new account setup postcard was being prepared.
- Customer service was working to update account information including phone numbers to work with the new IVR system.

- TruePoint needed until October to get the Water Master portal running, after which, Water Master training would be scheduled. Format for the training was discussed. Training videos were suggested by Director McGuire.
- Because the level of service after hours from Kelly's was unsatisfactory, other options for after hours calls were being considered, including internal staffing.
- Finance Committee would talk about the budget. A policy memo with key questions about the capital plan would be prepared to seek direction from the Board. A special meeting might be needed.

WORKSHOP: None

EXECUTIVE SESSION: At 10:26 a.m., on behalf of the presiding officer, Mr. Iller announced an executive session 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), regarding election procedures. He estimated the executive session would take 15 minutes starting at approximately 10:35 a.m. and ending at 10:50 a.m. Mr. Iller said action could follow executive session, but was not expected.

OPEN SESSION: The meeting resumed in open session at 10:50 a.m. There being no further business, President McKenzie called for a motion to adjourn.

Vice President Huffman moved to adjourn the meeting at 10:50 a.m. Director Rathbun seconded the motion and it carried unanimously.

Attest:

Witness:



David McKenzie, Board President
Approved October 4, 2016



Chuck Freeman, District Manager

Prepared by Doris Rakowski