



Minutes

**Meeting of the KID Board of Directors
Carl W. Petersen Board Room
Tuesday, February 21, 2017, 9:00 a.m.**

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

Directors Present:

Gene Huffman, President, via telephone
Dean Dennis, Vice President, presiding
Patrick McGuire
David McKenzie
Kirk Rathbun

Staff Present:

Chuck Freeman, District Manager
Kipp Drummond, District Treasurer
Ben Woodard, Assistant Engineering Manager
Seth Defoe, Land & Water Resources
Lindy Brooks, Customer Service Specialist
Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, KID Legal Counsel
Paul Cross, RH2 Engineering

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

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

Items on the consent agenda were:

1. Minutes, KID Board Special Meeting, February 16, 2017
2. Confirm Job Description
3. Vouchers/Warrant Approval

Accounts Payable

Numbers:	73922	through	73922	\$	9,954.76
	74292	through	74292		2,221.45
	74293	through	74333		24,606.42
	74334	through	74384		100,717.12
	74385	through	74385		100.00
	APPKT00366	through	APPKT00366		84,413.79
	APPKT00377	through	APPKT00377		529.01
	APPKT00376	through	APPKT00376		4.95
Total Accounts Payable					222,547.50

Payroll

Numbers:	33546	through	33551	\$	4,249.36
	33552	through	33553	\$	2,874.89
Direct Deposit			2017-02-06		124,483.82
Total Payroll					131,608.07

Voided Checks: AP checks #73923 – 73925 voided due to bad check stock and #73926-74291 voided due to bad check stock.

PUBLIC COMMENTS: None

PRESENTATIONS:

2016 Year-End Financial Reports: Mr. Drummond said the year-end reports would be presented later. He presented highlights of the December month-end statements including:

- Balance Sheet - Comparative
- Statement of Revenues & Expenditures - Budget to Actual
- Statement of Revenues & Expenditures - Comparative
- Grant & Matching Funds Schedule
- Fund Balance Change through December 31, 2016.

At Director McGuire's request, Mr. Drummond agreed to include footnotes explaining anomalies on the year end reports.

In response to a question of Director McGuire, discussion ensued regarding repayment of the Elliot Lake LID debt service. Mr. Freeman confirmed that Elliot Lake residents would receive a bill for irrigation from KID and potable water from the City of Kennewick.

Director McGuire move to accept the budget report as presented. Director Rathbun seconded the motion and it carried unanimously.

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS

Contract Amendment #1, RH2 Engineering: Mr. Freeman reported that the groundwater recovery well was constructed, tested and ready to operate. He said the approximately \$6,800 remaining in the original contract would be used for a draw down study.

Mr. Freeman presented the request for a contract amendment not to exceed \$20,825 to drill and test a second well. He noted that Paul Cross was present to respond to any questions.

In response to questions from Director McGuire's, discussion ensued regarding the draw down study and measuring water that drains from Amon Wasteway. Mr. Cross said he thought the single well would probably be de minimis in impact, but a baseline and tracking would be prudent as other wells were developed. He said other factors could mask impact in the short term, but it should be part of a long term monitoring plan.

In response to questions from Director Rathbun, the scope of the amendment, expected schedule, and method used to complete drilling the first well were discussed.

In response to a question from Director McGuire, Mr. Cross spoke about avoiding monitoring domestic wells, and monitoring of the KID well. He said since Wiser's well pumped at a higher rate than KID's well, if they were not impacting KID's well, KID well should impact theirs even less. Mr. Woodard suggested a monitoring option that avoided going in to wells repeatedly.

Director Rathbun moved to approve RH2 Engineering Contract Amendment #1 for the Groundwater Recovery Well Construction and Testing not to exceed \$20,825 and approve using the small works roster process for drilling services not to exceed \$300,000. Director McKenzie seconded the motion and it carried unanimously.

Due to technical difficulties, President Huffman left the meeting.

PW 2015-01 Cherry Creek Pond and Pump Station Change Orders: Mr. Woodard briefly reviewed the project and presented the change orders. He referred to list of changes and reported that Cherry Creek was up and running well.

Mr. Woodard confirmed to Director Rathbun that the contractor was working on the punch list and retainage was being withheld until it was complete.

Director McKenzie moved to prove change order 1 through 7 for PW 2015-01 Cherry Creek Pond and Pump Station, as set out in the attachment, and authorize Charles Freeman to execute the associated change orders. Director Rathbun seconded the motion. All present voted in favor and the motion carried.

RESOLUTIONS

Resolution 2017-04, Project Acceptance and Release of Retainage for PW 2015-01 Cherry Creek Pond and Pump Station: Mr. Woodard requested project acceptance and release of retainage for the project discussed in the previous item.

Director Rathbun moved to approve Resolution 2017-04, Project Acceptance and Release of Retainage for Public Works Contract PW 2015-01 Cherry Creek Pond and Pump Station. Director McGuire seconded the motion. All present voted in favor and the motion carried.

Resolution 2017-05, Exploration of Title Transfer: Mr. Freeman reported that the District had collected and set aside enough money to pay off the original loan obligation to the USBR, which sunsets in 2022. He spoke about potential benefits from transfer of the USBR facilities to the District. He said the proposed resolution was to explore the idea of transfer, not actually transfer at this time, and noted that a clerical change to the date was needed on the resolution.

Mr. Freeman confirmed to Director Rathbun that transfer of facilities all the way to the dam would be explored. He noted that legal analysis of proposed actions would be needed.

Mr. Freeman spoke bringing in a consultant who had already done a title transfer from the USBR and would know the right questions to ask.

Mr. Freeman reported about a conference call with the USBR Denver Technical Center and Gary Weatherly of JUB Engineering regarding the Chandler Electrification project. He said it was decided that JUB Engineering would conduct a transient analysis of the siphon and pump. He spoke about the good condition of the siphon.

Mr. Freeman confirmed to Director McGuire that historical agreements would be researched. He listed some factors to be considered regarding full or partial transfer, and asserted that nothing would be done without Board action. Mr. Freeman said an ad hoc Board committee to oversee project may be needed.

In response to Director Rathbun's inquiry, Mr. Iller spoke about liability regarding the dam. Mr. Freeman said Kris Polly thought the political environment was conducive for title transfer.

Director McKenzie requested a future executive session regarding legal questions and Director McGuire asked that questions be given to Mr. Iller in advance. Mr. Iller said attorney client

privilege could be maintained for communications between himself and Directors about legal questions, and that he could begin researching the issues before the meeting.

Director Rathbun moved to approve Resolution 2017-05, Exploration of Title Transfer of United States Bureau of Reclamation owned reserved and transferred works and other matters relating properly thereto. Director McKenzie seconded the motion.

Director McGuire asked for clarification of “and other matters relating properly thereto.”

All present voted in favor and the motion carried.

Consulting Services Agreement, Water Management Solutions, LLC: Mr. Freeman spoke about Water Management Solutions owner Tom Knudson’s expertise regarding title transfer, due to his experience successfully completing title transfer for his district in Nebraska. He presented the request to contract Water Management Solutions for consulting services and briefly reviewed contract terms.

Mr. Freeman reported that Mr. Knutson was tentatively scheduled to attend the March 7th Board meeting and tour KID’s facilities. He said Mr. Knutson was recommended by Water Strategies.

Mr. Freeman confirmed to Director McGuire that the consultant would provide activity summaries with his invoices.

Director McKenzie to approve a consulting services agreement with Water Management Solutions, LLC. Director Rathbun seconded the motion. All present voted in favor and the motion carried.

Mr. Woodard confirmed to Director Rathbun that use of the structures for low head hydro was possible.

Resolution 2017-06, Approving Cross Valley Estates Voluntary Mitigation Agreement (VMA): Mr. Woodard spoke about the proposed subdivision. He introduced Mr. Mark Peterson and his consultant engineer, Dale Van Schoiack.

Mr. Woodard reported that the preliminary plat application had not arrived from the county for official comments. He briefly reviewed the requirements typical to such projects, and the terms of this particular mitigation agreement. Payment would be made to KID to use an existing turn out and install a pump station, in lieu of an on-site storage pond, allowing farming of the land prior to development. Mr. Woodard spoke about use of the payment and noted that staff was developing a master plan for other undeveloped land in the area. He said KID would make slight modifications to turn out.

Mr. Woodard said additional storage was favorable, but this proposal for mitigation was proposed by the developer and there was one other direct connection allowed in his memory. Mr. Woodard recommended committee discussion of mitigated on demand connections.

Director Rathbun moved to approve Resolution 2017-06, Approving Cross Valley Estates Voluntary Mitigation Agreement. Director McKenzie seconded the motion. All present voted in favor and the motion carried.

Resolution 2017-07, Authorized Positions and Salary Ranges: Pursuant to the February 16, 2017 Special Meeting workshop discussion, Mr. Freeman asked for approval to add five field positions, to free skilled staff to work on previously identified construction projects.

In response to a question from Director McGuire, Mr. Freeman spoke about key groups of employees and clarified that two maintenance employees, two maintenance laborers and one pump and control specialist position were requested. He explained to Director McGuire that employees who obtained CDL licenses were only promoted to positions requiring those licenses when openings occurred.

Mr. Drummond said the spreadsheet showed authorized positions if the resolution was approved.

In response to a question from Director Rathbun, Mr. Freeman spoke about projects for which existing employees with expert skills could be used and potential savings from using District labor. He spoke about the ten year outlook and financial sustainability. He went into further detail about timing of the project on 45th Avenue.

Mr. Freeman confirmed to Director McGuire that he was expecting a corrected agreement shortly from the Department of Ecology for the storage reservoir. He said once the agreement was in place, the temporary engineer approved previously could be hired.

Director Rathbun spoke about keeping cost down while delivering best services, and noted that the District may need to address paying for extra people down the road. He said he hoped people would look back one day and be glad for today's forward thinking. He commended staff for thinking about the future.

Director McKenzie noted that, due to the condition of streets following the snow and ice, the cities' paving plans could change. Discussion ensued.

Director Rathbun moved to approve Resolution 2017-07, Authorized Positions and Salary Range. Director McKenzie seconded the motion. All present voted in favor and the motion carried.

At 10:15 a.m., Vice President Dennis called a short break.

At 10:22 a.m., the meeting reconvened in open session.

STAFF REPORTS

Finance Manager: Mr. Drummond reported regarding:

- Preparation of assessments for printing. Mailing expected in early March.
- Testing of Vocantas IVR project to start on March 1st
- Letter to be mailed with assessments

Director McGuire asked staff to investigate why the District began sending reminders years ago, before implementing the decision not to send paper reminders.

Mr. Drummond agreed with Vice President Dennis's suggestion to remind people to verify with their mortgage companies who would pay, to avoid double payments.

Engineering/Operations Manager: Mr. Woodard reported regarding:

- Rubicon considering manufacturing a 12-inch slip meter, which might be usable on KID's 12-inch turn outs
- Receipt of a grant extension due to the cold weather

- Construction on Badger East
- Removal of snow melt water

Discussion ensued about scaling back project plans due to weather delays, primarily in areas where the ground was not yet disturbed.

Land & Water Resources Manager: Mr. Defoe displayed data from USBR, USDA and NOAA websites and spoke briefly about storage levels, snow pack and Yakima weather conditions. Mr. Defoe said La Nina was over and the chance of La Nina or El Nino conditions were about equal.

Mr. Defoe reported regarding:

- Closing of property sale to Gensco
- Agreement with the Finley School Board regarding use of KID's Finley property
- Voluntary Stewardship meeting
- Rachel Road meeting consideration of impact of possible road crossing locations, concerns of various parties, and possible mitigation. Mr. Defoe invited board members to attend an upcoming open house. Sizing of box culverts sufficiently to handle a canal dump or breach, road alignment and KID facilities in the vicinity were also discussed.

District Manager: Mr. Freeman reported regarding:

- Elliot Lake potable system transfer and sale closing
- Lorayne J potable system and the City of Richland's annexation requirement
- Economic study of the electrification project
- Water on meeting to be held March 9th
- Tom Knutson to attend March 7th Board Meeting
- Chad Steward to attend March 21st Board Meeting
- Winter work

Progress on the Perry claim was discussed.

Mr. Freeman said startup of areas served by the Highland Feeder may be delayed until lining could be completed. Mr. Woodard confirmed that there were a few permanent crops served by the Highland Feeder. Discussion ensued. Mr. Freeman said tenting the work area to allow seaming lining in inclement weather, and working around the clock were options under consideration. Mr. Woodard said staff was considering measures to mitigate impact of a late start on orchards.

WORKSHOP: None

EXECUTIVE SESSION: None

Director Rathbun moved to adjourn the meeting at 11:07 a.m. Director McGuire seconded the motion. All present voted in favor and the motion carried.

Attest:



 Dean Dennis, Board Vice President
 Approved April 18, 2017

Witness:



 Chuck Freeman, District Manager

Prepared by Doris Rakowski