



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, June 20, 2017, 9:00 a.m.

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

Directors Present:

Gene Huffman, President
 Dean Dennis, Vice President
 David McKenzie
 Kirk Rathbun

Staff Present:

Jason McShane, Engineering/Operations Manager
 Kipp Drummond, District Treasurer
 Seth Defoe, Land & Water Resources Manager
 Lynda Rosenbaum, Real Property Manager
 Shelbea Voelker, Public Relations Coordinator
 Lori Gibson, Executive Assistant
 Dan Tissell, Staff Engineer
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, KID Legal Counsel

APPROVAL OF AGENDA: Vice President Dennis moved to approve the agenda. Director Rathbun seconded the motion. All present voted in favor. The motion carried.

CONSENT AGENDA: Director McKenzie moved to approve the consent agenda. Director Rathbun seconded the motion. All present voted in favor. The motion carried.

On the consent agenda were:

1. Vouchers/Warrant Approval (including March through May Bank Draft certification)

Accounts Payable

Numbers:

	74920	through	75009		\$ 169,219.74
	75010	through	75013		\$ 1,328.43
	75014	through	75022		\$ 147,361.49
	75023	through	75023		\$ 22,847.89
Bank Drafts	FSA				\$ 838.73
Bank Drafts	General				\$ -
Bank Drafts	AP				\$ 88,173.33
Total Accounts Payable					\$ 429,769.61

Payroll

Numbers:

	-	through	-		\$ -
Direct Deposit			2017-06-05		\$ 123,866.19
Total Payroll					\$ 123,866.19

Total Disbursements **\$ 553,635.80**

Voided Checks: No voided checks.

Accounts Payable

Bank Drafts	3/3-3/15	FSA	\$	-	
		General	\$	531.64	
		AP	\$	87.50	
					\$ 619.14
Bank Drafts	3/16-3/21	FSA	\$	3,249.83	
		General	\$	57.60	
		AP	\$	547.71	
					\$ 3,855.14
Bank Drafts	4/1-4/14	FSA	\$	-	
		General	\$	8,001.59	
		AP	\$	-	
					\$ 8,001.59
Bank Drafts	4/15-4/26	FSA	\$	-	
		General	\$	90.65	
		AP	\$	75.00	
					\$ 165.65
Bank Drafts	4/27-5/9	FSA	\$	1,088.33	
		General	\$	20,301.19	
		AP	\$	5,525.84	
					\$ 26,915.36
Bank Drafts	5/10-5/23	FSA	\$	-	
		General	\$	156.50	
		AP	\$	75.00	
					\$ 231.50
Total Disbursements					<u>\$ 39,788.38</u>

Voided Checks: No voided checks.

PUBLIC COMMENTS: None

PRESENTATION: Annual Fish Count Report: Mr. McShane introduced David Child, Yakima Basin Joint Board and Yakima Basin Coalition Fish Biologist.

Mr. Child spoke briefly about his background and activities. He presented his annual report, 2016 Returns of Yakima River Basin Salmon and Steelhead Trout, highlighting topics including:

- Spring Chinook salmon
- Fall Chinook salmon
- Reestablishment of Coho salmon
- Ocean-going Steelhead trout and resident Rainbow trout
- Reestablishment of Sockeye salmon. In response to a question, it was confirmed that reintroduced species were not eligible for Endangered Species Act status at this time.
- Other species: Summer Chinook, Pacific lamprey, and Bull trout

In response Director Rathbun's question, Mr. Child spoke about the 2017 biological assessment flows, which he said were released in the name of spring out-migration.

At Director Rathbun's request, Mr. Child spoke about the Amon Wasteway study conducted in 2009 for the 2010 report on Salmonid habitat in the Amon Wasteway. He also spoke about the subsequent report on conditions in the West Fork of the Amon Wasteway.

In response to a question from Mr. McKay, discussion ensued regarding reduction of flows in the Amon Wasteway if KID water were no longer applied, as well as historic conditions in that location prior to the application of irrigation water.

In response to a question from Mr. Venkata, Mr. Child spoke about video counting, fish size and run timing. Regulations on the harvest of spring Chinook salmon were also discussed.

At Mr. McShane's request, Mr. Child spoke about the Roza Reach Smolt Survival Study and its applicability to the lower Yakima River. He described factors that affected smolt survival. Discussion ensued. Mr. McShane said hypothesized that there were less expensive ways to encourage smolt survival than flow releases. Mr. Child spoke about fish counting technology.

Financial Reports for April and May 2017: Mr. Drummond presented highlights of the May 2017 Financial Report pages including:

- Statement of Revenues & Expenditures - Budget to Actual - Summary Year to Date
- Fund Balance Change as of May 31, 2017
- Cash Investment Report by Investment Maturity Date as of May 31, 2017

In response to a question from Mr. Venkata, Mr. Drummond spoke briefly about the Local Government Investment Pool (LGIP).

Director Rathbun moved to approve the April and May Financial Reports. Vice President Dennis seconded the motion. All present voted in favor. The motion carried.

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Amendment to the 2016 Water Delivery Agreement with the City of Richland regarding the Lorayne J Service Area: Mr. McShane spoke about the Lorayne J water system's intertie to the City of Richland's water supply. He presented the proposed Amendment to the District's 2016 Water Delivery Agreement with the City regarding rates for water delivery to the Lorayne J service area. He said the agreement was to expire at the end of June and the Richland City Council would consider the proposed extension of the agreement this evening.

Mr. McShane said staff would notify Lorayne J customers if the agreement was extended.

Director McKenzie moved to authorize Charles Freeman to sign the First Amendment to the 2016 Water Delivery Agreement between the City of Richland and the Kennewick Irrigation District. Director Rathbun seconded the motion. All present voted in favor. The motion carried.

Policy 7.7 Change Management: Mr. Defoe presented the draft policy, which was intended to minimize disruption of day-to-day operations from conflicts and system outages during IT changes, by formalizing the process for the changes.

President Huffman spoke in favor of adopting the policy. Discussion ensued regarding planned outages and emergency response to unexpected outages.

Vice President Dennis moved to approve Policy 7.7, Change Management. Director McKenzie seconded the motion. All present voted in favor. The motion carried.

Policy 2.43 Private Line Area Conversion Fund: Mr. McShane spoke about difficulties stemming from private line areas (PLA), which were not built, owned or serviced by KID. He said it caused confusion when KID could not service privately owned systems.

Mr. McShane spoke about previous use of local improvement districts to address PLA problems and the new surcharge system. He said the PLA Conversion Fund was intended to help make conversion from a PLA to a publicly-owned system financially feasible. He described conditions where conversion was a good option. Mr. McShane said the fund would start with \$1.5 million from reserves.

Mr. Drummond spoke about the cost of fixing PLAs, development of a system to facilitate fixing these problems, and the benefits of PLA conversions.

President Huffman said some of the problems were from loss of knowledge about a parcel's irrigation service because of ownership turnover. He said he thought the fund would help.

Mr. McShane offered examples of problem in PLAs where conversion would be a solution.

In response to a question from Director Rathbun, Mr. McShane said there was no interest rate with surcharges, but there was a financing fee, dependent on the source of financing. He spoke about defensibility of the process. Discussion followed regarding the terms of the surcharges.

Director McKenzie spoke in favor of the policy and said it was a reasonable investment for the District. Mr. McShane said there would be long term benefits from conversions.

Director McKenzie moved to accept Policy 2.43, Private Line Conversion Fund effective June 20, 2017. Director Rathbun seconded the motion. All present voted in favor. The motion carried.

Cherry Creek Upsizing: Mr. McShane spoke about the proposed pipe upsizing for the Kennewick Southeast Regional Consolidation (Cherry Creek) project. He listed pump stations that would be consolidated by the project.

Discussion ensued regarding the project location. Mr. McShane confirmed to Director Rathbun that this would be an agreement between the KID and the developer, who would put in the pipe. He said KID would pay for the difference in cost for the larger pipe.

Director Rathbun moved to approve \$92,328.46 to be used for upsizing pipe in the Cherry Creek Estates Phase 3 subdivision. Vice President Dennis seconded the motion. All present voted in favor. The motion carried.

RESOLUTIONS:

Resolution 2017-20, Sole Source Purchase - Endothall: Mr. McShane said United Phosphorus, Inc. produced the aquatic herbicide, Endothall, and sold it as Cascade and Tieton directly to consumers without using vendors. He said staff recommended a sole source purchase of one treatment of Endothall (approximately 500 gallons) to augment the District's existing supply.

In response to a question from Vice President Dennis, Mr. Iller said Board approval was required for each sole source purchase, despite the action being repetitive.

Mr. Venkata spoke about his experience with sole source procurement, and the financial and technical justification of such purchases. He advised not purchasing far in advance, as other products or economic circumstances could arise.

Director McKenzie moved to approve Resolution 2017-20, Authorization to Waive Competitive Bidding and Award a Sole Source Contract to Purchase Endothall Aquatic Herbicide Formulation, pursuant to RCW 87.03.535(3)(c). Vice President Dennis seconded the motion. All present voted in favor. The motion carried.

STAFF REPORTS:

Finance Manager: Mr. Drummond distributed and presented a report on Helping Hands Revenue and Expenditures. He confirmed to Director McKenzie that receipt of these funds was limited to four occurrences, though the Board could revisit that limit. He provided background about the program for the benefit of guests.

Engineering/Operations Manager: Mr. McShane reported regarding:

- Aquatic and terrestrial weed control
- Canal lining and pump station upgrade work
- Fabrication work for capital projects

Upcoming meetings:

- Integrated Plan (IP) - June 21st
- Washington State Water Resources Association (WSWRA) - June 21st
- Yakima Basin Joint Board (YBJB) - June 23rd
- Columbia Snake River Irrigators Association (CSRIA) - June 29th

At the Board's request, Mr. McShane spoke about lining completed this year and plans for future lining.

At Director McKenzie's request, Mr. McShane spoke about scheduling of vegetation control treatments and various chemicals used. How to best communicate when treatments occurred was discussed. Director McKenzie said it was helpful for people managing ponds to know when treatments were applied and information following applications would be sufficient if timely.

Land & Water Resources Manager: Mr. Defoe displayed the USBR website Yakima River 5 Reservoirs graphs and spoke about reservoir storage, which was at 100%. He displayed noaa.gov graphs and spoke about temperature and precipitation. He displayed the usda.gov SNOTEL map and graphs, and spoke about snowpack. He displayed noaa.gov maps and spoke about climate predictions.

Mr. Defoe also reported regarding:

- Posting employment opening for a GIS Analyst-Developer
- City of Richland's Critical Areas Ordinance
- Rachel Road crossing alignment
- Benton County Voluntary Stewardship Program

District Manager: None

At 10:50 a.m., President Huffman called a five minute break.

The meeting resumed in open session at 10:56 a.m.

WORKSHOP:

Interviews of Applicants for Appointment to KID Board Position 2: Interviews were conducted in the order applications were received: William D. McKay, James J. Holmes, and Ramen M. Venkata. Applicants not being interviewed waited outside the Board room.

Questions asked of the applicants included:

1. You told us about yourself in the application. Please tell us about the most important thing you will bring to KID.
2. What goals and priorities do you have for your service as a director and for the district?
3. Why is ethics important for a board member and what would you characterize as ethical behavior of a director?
4. What is the difference between policy and procedure, and what it is the director's role in each?
5. As a director, who would you represent?
6. What is your duty as a director in regards to representing the district to a variety of constituent groups, stakeholders and the community at large?
7. In your opinion, what is the public perception of KID?
8. What specific things would you do to change or enhance the public perception?
9. Is the customer always right?
10. How can management and staff best support you in fulfilling your duties as a director?
11. Is there anything else you would like to tell us?
12. Do you have any questions for us?

Following the interviews, President Huffman recommended that the Board consider the applicants at the next meeting.

In response to a question from Vice President Dennis, Mr. Iller said there was no particular procedure for the county to follow in making the appointment, but KID had the opportunity to make a recommendation. Discussion ensued. Mr. Iller noted that the recommendation would not be binding.

Director Rathbun moved to consider recommendations for appointment to KID Board Position 2 at the July 6th Board meeting. Vice President Dennis seconded the motion. All present voted in favor and the motion carried.

EXECUTIVE SESSION: At 12:05 p.m., on behalf of the presiding officer, Mr. Iller announced that the Board would go into executive session to consider the minimum price at which real estate will be offered for sale or lease, pursuant to RCW 42.30.110(1)(c), and to discuss with legal counsel and consultants potential litigation in the form of litigation or legal risks of a proposed action or current practice as it relates to a water user pursuant to RCW 42.30.110(1)(i)(iii), for an estimated ten minutes. He said action was expected following executive session.

Executive session was extended for five minutes at 12:15 p.m. and ten minutes at 12:20 p.m. Open session resumed at 12:30 p.m.

OPEN SESSION:

Authorizing Sale of Vista Field, KID Phase IV (Portion): Ms. Rosenbaum presented Springview, LLC's offer to purchase a 2.85 acre portion of Vista Field Phase IV for a Chuck E Cheese Franchise Restaurant Building. She said the Realty Committee reviewed the offer and recommended authorization of the sale. She highlighted terms of the proposed sale for \$962,132 (\$7.75 per square foot), subject to record survey, and said closing by November 18, 2017 was anticipated.

President Huffman spoke in favor of the sale and said it would add value to adjacent property.

Ms. Rosenbaum confirmed to Vice President Dennis that the buyer would pay for the boundary line adjustment.

Vice President Dennis moved to approve the sale of a 2.85 acre portion of KID Phase IV, Vista Field, to Springview, LLC, in the amount of \$962,132.00 and authorize the Board President and Secretary Manager as signature authorities to execute the Purchase & Sale Agreement with all terms and conditions contained therein. Director Rathbun seconded the motion. All present voted in favor and the motion carried.

Relegation Request - Wick: Mr. McShane briefly reviewed Mr. Gerald Wick's request to relegate the water allotment to his property in Kiona. He reported that Mr. Wick had applied for relegation but missed deadline.

Mr. Iller said concern was expressed regarding the proposed action setting precedent. He said his understanding was that these circumstances were unique, in that Mr. Wick was told relegation was possible but the program was eliminated before he relegated. He said some neighbors were granted relegation resulting in a checkerboard pattern that impacted the ability of the neighborhood to join together to replace the PLA.

Mr. Iller explained that the Board could waive of the relegation deadline, without setting a new precedent or undercutting the Board's position that relegation was not a good practice to continue. He said case law confirmed that land within the district was subject to assessment regardless an owner's choice not to use the water.

Mr. McShane said the Board could choose to approve the relegation and have staff bring a resolution to another meeting, deny the relegation or table the matter. Discussion ensued. Mr. McShane said terms under which relegation had been allowed would need to be met and that Board action was only one step.

Mr. McShane confirmed to Director Rathbun that there was no irrigation water to this property and that it was too costly to access.

Mr. Iller spoke about PLAs and said which conditions are compelling enough to release people from the district and the underlying expense was a policy decision for the Board. He reiterated the circumstances of this case.

In response to a question from Director McKenzie, Mr. Iller said the deadline for application for relegation was established by Board policy, not state law, so the Board could waive the deadline.

Ms. Rosenbaum confirmed to Mr. McShane that this situation was unique in her experience. She noted that the relegation program had been open for a decade.

Director McKenzie moved to approve staff to prepare a Resolution allowing the relegation of Gerald Wick's water allocation for the 2018 assessment. Vice President Dennis seconded the motion. All present voted in favor and the motion carried.

Director McKenzie moved to adjourn the meeting at 12:48 p.m. Vice President Dennis seconded the motion. All present voted in favor and the motion carried.

Attest:

Witness:


Gene Huffman, Board President
Approved July 6, 2017


Jason McShane,
Engineering/Operations Manager

Prepared by Doris Rakowski