



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, May 1, 2018, 9:00 a.m.

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

Directors Present:

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

Staff Present:

Charles Freeman, District Manager
 Melissa Olheiser, Accountant II
 Jason McShane, Engineering/Operations Manager
 Seth Defoe, Land & Water Resources Manager
 Shelbea Voelker, Public Relations Coordinator
 Jonathan Haller, GIS Analyst/Developer
 Lori Gibson, Executive Assistant
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, KID Legal Counsel

APPROVAL OF AGENDA: Director McKenzie noted that the agenda was revised to correct the numbers of the resolutions under consideration. He also noted that the approval date on the April 17, 2018 minutes was corrected to read May 1, 2018.

Director McKenzie moved to approve the revised agenda. Vice President Rathbun seconded the motion. The motion carried.

CONSENT AGENDA: Vice President Rathbun moved to approve the consent agenda as amended. Director McKenzie seconded the motion. The motion carried.

Items on the consent agenda were:

1. Minutes, KID Board Meeting, April 17, 2018
2. Final Plat - Olympia Estates Ph. 2 - Wet
3. Final Plat - Southcliffe Ph. 4 - Dry
4. Short Plat 18-06 - Galat - Wet
5. Binding Short Plat 18-04 - Leslie Road Development - Wet
6. Gilbert Jones - Release of Easement Interest
7. Confirm Revised Job Descriptions
8. Vouchers/Warrant Approval

Accounts Payable

Numbers:

	76660	through	76720		\$ 105,096.78
	76721	through	76721		\$ 350.00
	76722	through	76722		\$ 6,571.32
	76723	through	76723		\$ 150.00
	76724	through	76734		\$ 10,315.19
Bank Drafts	FSA				\$ -
Bank Drafts	General				\$ -
Bank Drafts	AP				\$ 100,393.06
Total Accounts Payable					\$ 222,876.35

Payroll

Numbers:

	-	through	-		\$ -
Direct Deposit			2018-04-20		\$ 150,580.92
Total Payroll					\$ 150,580.92
Total Disbursements					\$ 373,457.27

Voided Checks:

Check # 76664 – Check request made out to incorrect payee. Void and Reissue to correct payee.

PUBLIC COMMENTS:

Jim Hobbs, 903 S Nelson, reported that a water pipe in his neighbor's yard broke and water was off for his neighborhood last week. When his wife called customer service about no water pressure, they sent someone to his house to check. He said it should show on customer service computers immediately if a pipe broke. He said that could eliminate a lot of calls and save the cost of dispatching people unnecessarily. He also recommended an email or text be sent to everyone in the area as soon as a pipe broke.

Chuck Torelli, 3314 S Dennis Ct, said he was impressed with the Operations and Engineering Committee meeting he attended. He suggested posting Master Plans online for the reference of developers. He said he observed that the KID Board did a good job of listening to experts.

PRESENTATIONS: None

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Short Plat 18-07 - Rathbun - Wet: Director Rathbun recused himself and left the room.

Mr. McShane identified the location of the short plat and reported that the developer had met KID's conditions of approval. He said three new services would be installed by the developer and no challenges were expected from this short plat.

Director Huffman moved to approve the Proposed Short Plat 18-07 – Rathbun conditioned upon the developer meeting KID's conditions of approval. Director McKenzie seconded the motion. The motion carried.

Director Rathbun returned to the meeting.

Clearwater Creek Sub-division Level of Service: Mr. Freeman said KID had met with City of Richland and Hayden Homes over two years about the City's Willowbrook Well service area.

Mr. Freeman noted that, in 2014, the Board reserved an allocation to serve 321 parcels on 115 acres of the 201.67 acres of the Clearwater Creek Sub-Division via the Willowbrook Irrigation Pond. He said 92 of the 321 parcels were inside KID boundaries and served by City of Richland utilities via the Willowbrook Well. The well had challenges including an uncertain lifespan, and the City was interested in KID serving customers in this area.

Mr. Freeman said the City, KID, and the developer agreed to have a neighborhood meeting on May 3rd to give the residents a say in whether to switch to the KID system. He reviewed content of City of Richland "Clearwater Creek Irrigation Service Change Frequently Asked Questions."

Mr. Freeman suggested phasing KID's billing system for up to eight years. During that time, KID would charge City of Richland's rates, including any rate increases during that period. He also suggested waiving the \$25 new account setup fee.

Mr. Freeman said staff recommended that KID not curtail the area in pro-rated years as long as the pond did not need to be supplemented by another source.

Mr. Freeman reviewed budget impact of a phase-in period. Assessments would be \$8,200.01 less per year for the duration of the phased billing period, or \$65,600.08 for the eight year period. Discussion ensued regarding how City of Richland rates were determined.

Capital cost for connection would be partially offset by a developer contribution of approximately \$116,000 to be applied to pumping facility improvements and distribution piping upsizing. Mr. Freeman said impact to KID's capital improvement fund would be about \$24,000.00.

In response to a question from Director Huffman, Mr. McShane spoke about working with the City of Richland on the challenges of the intertie agreement the City requested.

Mr. Freeman referred to the map and spoke about future projects.

Mr. Freeman confirmed to Vice President Rathbun that the existing irrigation and potable systems were separate.

In response to a question from Vice President Rathbun, Mr. Freeman said uniqueness of their supply source made this area different from the rest of the district in times of drought.

Mr. Freeman confirmed to Director McKenzie that the water allotment allocations reserved in 2014 were sufficient to serve the area. Mr. McShane noted that the City of Richland subdivision standards were acceptable to KID.

Vice President Rathbun moved to authorize the District Manager to offer the following: A phased in billing migration period not to exceed eight (8) years for the existing 92 currently served parcels; waiver of the new account set up fee for the 92 parcels that are currently billed under the City of Richland system of charges; and authorization of the sub-division to receive more than a future pro-rated amount, provided that the Badger Drain supply supports such flows required to meet the demand and that the Willowbrook Pond is not supplemented with any other project water off the Badger East Canal. Director Huffman seconded the motion. The motion carried.

Clearwater Creek Repayment: Mr. McShane said the payment was related to the November 2017 agreement with Hayden Homes LLC and Richland 132 LLC. He said the design was intended to reduce long term costs, anticipating possible Columbia River water in the future.

Mr. McShane commended engineering staff for their design work on short order.

Director McKenzie moved to approve \$152,497.37 to the Developer per the License and Construction agreement for the design changes made by KID to the installation of a culvert sleeve from the Capital Upgrade and Improvement Fund. Vice President Rathbun seconded the motion. The motion carried.

Contract PW2018-02 Badger Coulee Recapture Well #2 Change Order: Mr. McShane spoke about KID's recapture well program. He said that during installation of the second well, staff negotiated a change order to drill a third well at a savings to the District, for \$142,229.00, though further savings were possible via negotiation.

Use of the wells and productivity of the shallow aquifer recharged by canal seepage were discussed. Mr. Freeman confirmed that KID would stay in communication with people currently using water from this aquifer regarding their concerns. Mr. McShane noted that the Wisers water right was junior to KID's water right.

Mr. McShane confirmed to Vice President Rathbun that he thought water from these wells could be used outside the dates KID received water from the U. S. Bureau of Reclamation (USBR), but Mr. Iller could provide legal advice on the question in executive session if needed.

Director Venkata moved to approve Change Order #1 for contract PW2018-02 Badger Coulee Recapture Well #2 in the amount of \$142,992.00 and authorize Charles Freeman to execute the Change Order.

Director Huffman re-read the motion.

Vice President Rathbun seconded the motion. The motion carried.

Approve Land Use Agreement – Easement for Power to Supply the Badger Coulee Recapture Wells: Mr. McShane reported that, during previous well development, a diesel generator was used to run the pump due to insufficient power available on the site. This was costly, so a plan to provide power was made with Benton PUD, but an easement on an adjacent parcel was needed. He said that for time considerations, an easement on parcel 1-1588-102-0000-001 owned by Wisers Farms LLC was recommended.

Mr. McShane reviewed terms of the land use agreement for the easement, including KID's considerations for the grant of easement.

Plans for additional wells were discussed. Mr. Freeman suggested subsequent wells be in a different location. Mr. McShane said the PUD was sizing lines to be able to serve future wells.

Vice President Rathbun moved to approve entering into the Land Use Agreement – Easement for Power to Supply the Badger Coulee Recapture Wells between KID and Wisers Farms LLC and authorize Charles Freeman to execute the associated Land Use Agreement. Director McKenzie seconded the motion. The motion carried.

RESOLUTIONS:

Resolution 2018-17 Southridge Development and Southridge Estates Voluntary Mitigation Agreement: Mr. McShane said the proposed voluntary mitigation agreement (VMA) was an opportunity to have the developer of the Southridge Development and Southridge Estates proposed subdivisions to contribute to the regional system. He briefly reviewed terms of the VMA and said improvements would be installed per the Southridge Master Plan.

Mr. McShane confirmed to Vice President Rathbun that there would be a per lot contribution. Discussion followed regarding serving future development.

Director McKenzie moved to approve Resolution #2018-17 approving Southridge Development and Southridge Estates Voluntary Mitigation Agreement. Vice President Rathbun seconded the motion. The motion carried.

Resolution 2018-02 Approving Lattin Meadows Voluntary Mitigation Agreement: Mr. McShane briefly described changes the developer wanted to facilities originally installed in 2010

to serve the proposed Lattin Meadows and Lattin Meadows Phase 2 subdivisions. He reviewed conditions of approval for the VMA and spoke briefly about accounting for the project funds.

Director Huffman moved to approve Resolution #2018-02 approving Lattin Meadows and Lattin Meadows Phase 2 Voluntary Mitigation Agreement. Vice President Rathbun seconded the motion. The motion carried.

STAFF REPORTS:

Finance Manager: On behalf of Mr. Drummond, Ms. Olheiser reported regarding:

- Recent Tyler Incode training
- State Auditor's report
- May 16th Governmental Accounting training
- Purchasing module implementation

Engineering/Operations Manager: Mr. McShane reported regarding:

- Current and expected diversions
- Current outages and repairs of pressurized service areas
- Challenges regarding private line area outages
- Metaline project and capital project planning

In response to a question from President Dennis, Mr. McShane spoke about customer notifications during outages. He said the online Water Status Map or the automated phone system provided water status, but repair date estimates were rarely given because it was not known what else might occur. He said outages shown were not always precise, as only parts of systems might be off, so sometimes operators were sent out to check.

Mr. McShane confirmed to Director Huffman that the recent wind storm had little impact on KID.

Land & Water Resources Manager: Mr. Defoe displayed and discussed web pages including:

- usbr.gov - Yakima River Five Reservoir Diagram and Water Year Graph
- usda.gov - Washington SNOTEL maps and graphs
- noaa.gov - Pasco weather station Precipitation and Temperature graphs
- noaa.gov - 3-class Three-Month Outlook maps

District Manager: See Project Tracking.

WORKSHOP:

Project Tracking: Mr. Freeman provided brief overviews of projects including:

Water Right Management

- Lower River Modeling
- Lower River Sub-Committee
- Chandler Electrification, including MOU received from USBR Technical Services Center; USBR Commissioner Burman tour of Chandler with USBR Regional Manager Gray and Ecology Office of Columbia River Director Tebb; mitigation payment options; Kachess draft Environmental Impact Study (EIS) review; and outreach to districts served from below Prosser Dam.
- Lower River Smolt Survivability Study
- Integrated Plan, including Bateman Island presentation to Army Corps of Engineers.
- Call on Storage

Strategic Planning & Special Projects

- Title Transfer

Finance

- Health Insurance Committee
- Lorayne J

Engineering/Operations

- Finley Property signs installed
- Amon reservoir (central storage)

Administrative

- Land Use Policy Act (LUPA)
- City of Prosser
- Elections

At Mr. Freeman's request, Mr. McShane and Vice President Rathbun recused themselves and left the room. Assistant Engineering Manager Ben Woodard joined the meeting.

Mr. Freeman said KID entered into an agreement with Roger Gray last year for his Private Line Area (PLA) system to directly connect, with the condition that the system be evaluated for possible conversion to a Pressurized Service Area (PSA) with neighborhood support. Records were transferred to KID, but neighborhood meetings had not been held. Mr. Gray was having challenges and requested an interim agreement for KID to operate the system this year. Billing would be according to the KID fee schedule and there would be a hold harmless agreement.

Mr. Woodard said review was still being done, but the system appeared to meet the highest classification (1-A) of systems, pursuant to KID Policy 8.2. The system plans were reviewed a construction and met KID standards at that time. The installation was inspected by KID, and maintenance records were kept. Mr. Woodard noted that conversion of PLAs was encouraged.

Mr. Freeman spoke further about the proposal and asked if the Board wanted to move further with the agreement. He said the Board could add an executive session discussion with counsel of legal risks of a proposed action regarding this matter.

EXECUTIVE SESSION: At 10:49 a.m., on behalf of the presiding officer, Mr. Iller announced that the Board would go into executive session following a ten minute break for an estimated 20 minutes until 11:20 a.m., to discuss with legal counsel representing the agency in pending litigation regarding the Land Use Petition Act (LUPA) and land use matters as authorized by RCW 42.30.110(1)(i), to discuss the legal risks of a proposed action or current practice regarding water use and delivery as authorized by RCW 42.30.110(1)(i)(iii), and to discuss the legal risks of a proposed action or current practice as it relates to operating private line systems as authorized by RCW 42.30.110(1)(i)(iii). He said action was possible after the executive session.

Executive session was extended for five minutes at 11:20 a.m. and five minutes at 11:25 a.m.

OPEN SESSION: Open session resumed at 11:30 a.m. Mr. Freeman noted for the record that Mr. McShane and Vice President Rathbun had left the room.

Mr. Iller reported that his firm had represented Roger Gray in the past, but not recently, to his knowledge. He asked the board to waive any possible conflict of interest over this matter with Roger Gray and said if the parties reached an impasse, the firm would represent neither.

Director McKenzie moved to waive potential conflict of Rettig Forgette Iller Bowers, LLP with Roger Gray. Director Huffman seconded the motion. All present voted in favor and the motion carried.

Mr. McShane and Vice President Rathbun returned to the room

Director Huffman moved to adjourn the meeting. Director McKenzie seconded the motion. The motion carried.

Attest:

Witness:



Dean Dennis, Board President
Minutes Approved May 15, 2018



Charles Freeman, District Manager

Prepared by Doris Rakowski