



Minutes

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
 Kipp Drummond, District Treasurer
 Seth Defoe, Land & Water Resources Manager
 Ben Woodard, Assistant Engineering Manager
 Jason McShane, Engineering/Operations Manager
 Lynda Rosenbaum, Real Property Manager
 Shelbea Voelker, Public Relations Coordinator
 Melissa Olheiser, Accountant II
 Jonathan Haller, GIS Analyst/Developer
 Lori Gibson, Executive Assistant
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, KID Legal Counsel

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

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

Items on the consent agenda were:

1. Minutes, KID Board Meeting, May 15, 2018
2. Travel Request - NWRA Western Water Seminar
3. Travel Request - Rockwell Training
4. Approve Final Plat Canyon Ranch Phase 9
5. Vouchers/Warrant Approval

Accounts Payable

Numbers:

76809	through	76865	\$	132,454.34
76866	through	76907	\$	73,887.38
76908	through	76910	\$	155,948.69
76911	through	76911	\$	4,476.90
76912	through	76930	\$	4,470.20
76931	through	76931	\$	16,406.28
Bank Drafts	FSA		\$	1,774.22
Bank Drafts	General		\$	14,021.88
Bank Drafts	AP		\$	102,056.27
Total Accounts Payable			\$	505,496.16

Payroll

Numbers:

34013	through	34013	\$	1,512.61
Direct Deposit		2018-05-15	\$	1,261.36
Direct Deposit		2018-05-21	\$	139,968.69
Total Payroll			\$	142,742.66
Total Disbursements			\$	648,238.82

Voided Checks:

- Check # 76822 - VOID and Cancel Payable - Incorrect payee
- Check # 76189 - VOID and Reissue - Vendor lost check affidavit
- Check # 75586 - VOID and Cancel Payable - Vendor to submit new invoice and supporting docs

PUBLIC COMMENTS: **Evan Meacham**, reported that when he addressed the Board as the Shadow Run HOA president several years ago, staff followed up and his concerns were addressed. He also said that when he called in a no water report a few weeks ago, someone came out and the problem was resolved. Mr. Meacham recommended that updated messages be added to the water status map when the water is off so the public knows what is happening.

At 9:04 a.m., Director Venkata joined the meeting in progress.

PRESENTATIONS:

December 2017 Financial Reports: Mr. Drummond briefly presented highlights of the December 2017 financial reports, which had been finalized following submission of the 2017 year end reporting to the Washington State Auditor's Office. He thanked Ms. Olheiser for her work on the reports.

Annual Washington State Auditor's Office Filing for 2017: Mr. Drummond presented the 2017 year-end reports which had been provided to the Washington State Auditor's Office. He spoke briefly about report sections including:

- Annual Report Certification
- Fund Resources and Uses Arising from Cash Transactions
- Note 1 - Summary of Significant Accounting Policies
- Note 2 - Risk Management
- Note 3 - Deposits and Investments
- Note 4 - Interfund Loans
- Note 5 - Debt Service Requirements
- Note 6 - Pension Plans
- Schedule 01 (BARS Accounts and Names; Amounts)
- Schedule of Liabilities
- Schedule of Expenditures of Federal Awards
- Local Government Risk Assumption

April 2018 Financial Reports: Mr. Drummond presented highlights of report pages including:

- Balance Sheet – Comparative as of April 30, 2018 and 2017
- Statement of Revenues & Expenditures-Budget to Actual, Summary-Year to Date. Discussion ensued regarding legal expenses and Ms. Olheiser offered to provide details. Overtime was also discussed.
- Statement of Revenues & Expenditures- Actual, Comparative-4 Months Ended
- Grant & Matching Funds Schedule
- Fund Balance Change, as of April 30, 2018
- Cash Investment Report, as of April 30, 2018

At President Dennis' request, Mr. Drummond said reports similar to the annual State Auditor's Office filing could be developed and be provided to the Board halfway through the year.

Vice President Rathbun moved to accept the December 2017 and April 2018 financial report. Director McKenzie seconded the motion. The motion carried.

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Policy 2.44, Non-Infrastructure Capital Project Fund 432: Mr. Drummond said the purpose of the policy was to have the Board formally acknowledge the previous creation of the fund. He said Fund 432 was used to collect resources for support infrastructure.

In response to a question from Vice President Rathbun, Mr. Freeman clarified that this fund had existed for several years and spoke briefly about its purpose. Discussion followed. Mr. Freeman confirmed to Vice President Rathbun that the policy did not have a cap or amount, but that the Board would determine amounts during the budget process.

Vice President Rathbun moved to approve Policy 2.44 Non-Infrastructure Capital Project Fund – Fund 432. Director Huffman seconded the motion. The motion carried.

Policy 2.45, Capital Contribution Reserve Fund 473: Mr. Drummond spoke briefly about the proposed policy to confirm the establishment of the existing Capital Contributing Reserve. He noted that a revised policy draft was distributed at the meeting, with the word “fee” was changed to “charge” in two locations.

Mr. McShane spoke briefly about use of the account and confirmed that monies for separate projects were tracked separately and only used for corresponding purposes.

Director Huffman moved to approve Policy 2.45 the Capital Contributions Reserve Fund. Director McKenzie seconded the motion. The motion carried.

Policy 2.46, Unemployment Insurance: Mr. Drummond spoke about the District’s practices concerning unemployment insurance. He briefly reviewed highlights of the proposed policy, which would codify current practices.

Director McKenzie moved to approve Policy 2.45 Unemployment Insurance. Discussion ensued regarding the policy number. Director McKenzie revised his motion to approve Policy 2.46 Unemployment Insurance. Director Venkata seconded the motion. The motion carried.

Policy 8.1 SEPA Revision 1: Mr. Freeman thanked Mr. Defoe for working with KID’s land use counsel to ensure that this revision to the existing policy was consistent with current law.

Mr. Defoe briefly reviewed highlights of the policy and the accompanying flow chart. He said the policy would guide the District in implementing SEPA (State Environmental Policy Act) for proposed actions where KID was the lead agency. He noted that many aspects of the policy were adopted by reference to WACs (Washington Administrative Code).

Mr. Defoe confirmed to Vice President Rathbun that it was not necessary to have a policy in regard to NEPA (National Environmental Policy Act). Discussion of the process followed.

At the request of Mr. Freeman, Mr. Defoe further reviewed steps in the flow chart.

In response to a question from Vice President Rathbun, Mr. Defoe spoke about typical comment levels during SEPA reviews.

Mr. Defoe confirmed to Vice President Rathbun that return flows were exempt from NPDES (National Pollutant Discharge Elimination System). Discussion followed.

Director Huffman moved to approve SEPA Policy 8.1 and the SEPA flowchart. Director McKenzie seconded the motion. The motion carried.

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

At 10:25 a.m., the meeting resumed in open session.

Mr. Freeman noted that Vice President Rathbun and Mr. McShane recused themselves from the next action item and had left the room.

Interim Operating Agreement with Union Street Development Co., Inc. (Roger Gray): Mr. Freeman briefly provided background on the request by Roger Gray that his private line area (PLA) system be converted and that KID assume ownership of the system pursuant to KID Policy 8.2, Private Line Areas. He said that due to challenges, Mr. Gray requested assistance in the operation of the PLA for the 2018 irrigation season.

At Mr. Freeman's request, Mr. Woodard presented conditions of the proposed Interim Operating Agreement. He said the system was running smoothly and little need for labor was anticipated. Mr. Freeman said running the system this season would give the District insight about the 30-year old system and inform staff's decision on whether to recommend takeover to the Board.

Mr. Freeman noted that the KID would be reimbursed for labor costs pursuant to the most recent Fee Resolution, now Resolution 2016-21, and said he expected an updated Fee Resolution to be presented to the Board at the next meeting.

In response to a question from Director Huffman, Mr. Freeman spoke briefly about other future PLA conversions.

The current condition of the PLA and possible improvements were discussed.

Director Huffman moved to approve the attached "Interim Operating Agreement" and authorized Charles Freeman to execute the agreement. Director McKenzie seconded the motion. All present voted in favor and the motion carried.

Vice President Rathbun and Mr. McShane returned to the room.

RESOLUTIONS:

Resolution 2018-18, 2018 Authorized Positions and Salary Range Revision: Mr. Freeman presented the proposed revival of the Assistant Engineering/Operations Manager position. He spoke about Mr. McShane's critical duties outside of daily operations and proposed promoting Mr. Woodard to be Mr. McShane's second in command. He noted that the Assistant Operations Manager position was currently unfilled.

Mr. McShane said Jeff Green was promoted to Temporary Operations Superintendent to shadow the Assistant Operations Manager for a few years. With Assistant Operations Manager Berg's early retirement, Mr. Green would continue as Temporary Operations Superintendent.

Mr. McShane presented the proposal to retire the Vegetation Technician position and add one Maintenance position. He confirmed to Director McKenzie that there were multiple employees certified to apply herbicides.

Mr. McShane presented the request to add and extend several additional temporary positions to assist with on-going construction activities. He proposed to add four additional Temporary Carpenters and ten additional Temporary Landscaper/Street Restoration Workers.

Mr. McShane said four current Water-Off Seasonal Employees would transition to Temporary Landscaper/Street Restoration Workers and have their tenure extended. He said if they had been employed by the District for longer than six months, the District would be required to provide medical insurance.

Mr. McShane listed and spoke briefly about campus improvements and other capital projects that still need to be completed.

Mr. McShane said funding for the Assistant Engineering/Operations Manager and Maintenance position would be from cost savings from the currently vacant Assistant Operations Manager position. The proposed additional temporary positions and extensions would be paid from the Capital Upgrade and Improvement Fund, and would be offset by avoiding overtime.

Director Venkata moved to approve the Assistant Engineering/Operations Manager job description and Resolution 2018-18, 2018 Authorized Positions and Salary Range. Vice President Rathbun seconded the motion. The motion carried.

Resolution 2018-20, Approving Sale of Real Property KID #7115 In Slide Out LLC Stoneridge Lot 11A: Ms. Rosenbaum briefly reviewed details of the sale and reported that following an extension of the due diligence period, the sale closed on May 16, 2018. She asked the Board to memorialize the sale with Resolution 2018-20.

Director Huffman moved to approve Resolution 2018-20 approving the sale of a 1.6 acre portion of KID #7115, Stoneridge Block 1, Lot 11A, to In Slide Out, LLC, for a total purchase price of \$949,608.00 Vice President Rathbun seconded the motion. The motion carried.

At Director Huffman's request, Ms. Rosenbaum spoke about her observations of the current level of interest in leasing property.

Resolution 2018-21, Prepayment of Repayment Contract Number 14-06-W-56: Mr. Freeman presented the resolution required by the U. S. Bureau of Reclamation (USBR) in order for the USBR to provide the District the amount remaining on the original 1956 contract. He said an estimate of the remaining balance was included in the staff report. He noted that the USBR identified this action necessary with respect to the prepayment authorization of the Water Infrastructure Improvements for the Nation (WIIN) Act.

Factors involved in accounting for the balance were discussed.

Vice President Rathbun moved to approve Resolution 2018-21. Director Huffman seconded the motion. The motion carried.

Resolution 2018-22, Approving Lattin Meadows and Lattin Meadows Phase 2 Voluntary Mitigation Agreement: Mr. McShane briefly spoke about the terms of the Voluntary Mitigation Agreement (VMA) previously approved and challenges in the area. He noted that the property had been sold to Hayden Homes LLC, and said Resolution 2018-22 would document that Hayden Homes LLC was in agreement with the VMA.

Mr. McShane confirmed to Director Huffman that KID was responsible for the work and spoke briefly about scheduling. Another anticipated VMA was briefly discussed.

Mr. McShane confirmed to Director Venkata that the developer would decommission a pond and pump station following completion of the new pumping facility.

Director Huffman moved to approve Resolution #2018-22 approving Lattin Meadows and Lattin Meadows Phase 2 Voluntary Mitigation Agreement. Vice President Rathbun seconded the motion. The motion carried.

Resolution 2018-23, Sole Source Purchase of Allen-Bradley Input Cards and Software: Mr. McShane presented the request to purchase 20 Allen-Bradley 4-Channel Analog Input Cards to maintain system continuity and limit expense of personnel training. Additionally, Mr. McShane said Factory Talk Studio Machine Edition software was needed to program and backup the touch screen controls in several installations, to allow KID to make changes to programming, and back up the program.

In response to a question from Director McKenzie, Mr. McShane spoke further about the method of updating the software. Director McKenzie said security was of great importance. Discussion followed and Mr. McShane assured the Board that KID had state of the art security for the SCADA system.

Director Venkata commented on the good quality of Allen-Bradley products and the training the company provided.

Director McKenzie moved to approve Resolution 2018-23, “Authorization to Waive Competitive Bidding and Award a Sole Source Contract to Purchase 20 Allen-Bradley 4-Channel Analog Input Cards and Allen-Bradley Factory Talk Studio Machine Edition Software from Columbia Electric Supply; pursuant to RCW 87.03.435(3)(c). Vice President Rathbun seconded the motion. The motion carried.

STAFF REPORTS: In the interest of time, Mr. Freeman requested abbreviated staff reports.

Finance Manager: Mr. Drummond reported regarding:

- Initiation of the 2018 foreclosure process
- Upcoming grant application
- Delinquent accounts
- Health insurance options

Engineering/Operations Manager: None

Land & Water Resources Manager: Mr. Defoe displayed the usbr.gov - Yakima River Five Reservoir Diagram and Water Year Graph, and said storage levels were good and that the area was in a La Niña condition.

District Manager: Mr. Freeman reported that he would make a presentation about Chandler Electrification and Title Transfer to the Richland City Council tonight.

WORKSHOP: None

Mr. Iller noted that Director Huffman was being excused from the remainder of the meeting.

EXECUTIVE SESSION: At 11:22 a.m., on behalf of the presiding officer, Mr. Iller announced that the Board would go into executive session to discuss the legal risks of a proposed action or current practice as authorized by RCW 42.30.110(1)(i)(iii), as it related to district water rights and Acquavella, for an estimated 30 minutes, until 11:50 a.m. He said action was possible after the executive session but was not expected.

At 11:50 a.m., executive session was extended for ten minutes.

OPEN SESSION: At 11:59 a.m., open session resumed.

Director McKenzie moved to adjourn the meeting. Vice President Rathbun seconded the motion. The motion carried.

Attest:

Witness:



Dean Dennis, Board President
Minutes Approved June 19, 2018



Charles Freeman, District Manager

Prepared by Doris Rakowski