



Minutes

Special Meeting of the KID Board of Directors
LU LU's Conference Room
606 Columbia Point Dr., Richland, WA 99352
Wednesday, October 31, 2018, 10:30 a.m.

President Dennis called the meeting to order at 10:31 a.m. and Mr. Freeman called roll.

Directors Present:

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

Staff Present:

Chuck Freeman, District Manager
Jason McShane, Engineering/Operations Manager
Kipp Drummond, District Treasurer
Seth Defoe, Land & Water Resources Manager
Melissa Olheiser, Accountant II
Jeff Green, Temporary Operations Superintendent
Ben Woodard, Assistant Engineering Manager
Shelbea Voelker, Public Relations Coordinator
Doris Rakowski, Executive Assistant

Other Persons Present:

John Crotty, Legal Counsel

Observer: Chuck Torelli, Customer and Kennewick Planning Commission Member

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

WORKSHOP: Goals, objectives and priorities of the District

Materials distributed or displayed at the meeting included:

1. Memo - District Priorities and Mission Statement
2. Policy 3.1-5, Service Awards & Recognition Program
3. October 31, 2018 Annual budget letter
4. 2018 and 2019 tier and tolls spreadsheet
5. Summary of Fund 411 Expenditures by Department
6. Summary of Comprehensive Budgeted Revenues/Expenditures for Fiscal Year 2019
7. Project List Board Retreat 2010
8. 2011-2018 Capital Projects map
9. Canal Lining Program (display only of maps by years)
10. Canal Lining Program 2021-2024 map
11. Overview of KID Rubicon Operation presentation (display only of multiple slides)
12. Development and Voluntary Mitigation Agreement (display only of spreadsheet and map)
13. Projected Major Capital Project Funding Needs
14. Draft Highland Feeder Bypass Proposal map
15. Service Areas map
16. Revenue Streams that could be used to support project bonding

Mr. Freeman referred to and reviewed the District Priorities and Mission Statement memo.

Discussion ensued regarding edits to the mission statement, resulting in the following mission statement to be reviewed and approved at a future meeting:

The Kennewick Irrigation District will deliver irrigation water, protect water rights and enhance supply, as authorized by Washington State statutes and federal laws, for the maximum benefit of our community.

Discussion ensued regarding edits to the District Priorities, resulting in the following priorities to be reviewed and approved at a future meeting:

- Service to Community and Care of the Environment
- Stewardship of District Assets, Water Rights, and Supply
- Risk Management and Fiscal Responsibility
- Infrastructure Maintenance and Development

Mr. Freeman referred to and reviewed Policy 3.1-5, Service Awards & Recognition Program.

Retirement and service awards were discussed. Mr. Freeman said staff would check union contract language. Mr. Drummond said Finance review tax requirements for monetary awards.

Director Venkata proposed establishing a budget for \$35 to \$55 awards for excellent ideas beneficial to the District. A citation from the Board President and District Manager would accompany the award. Discussion ensued. President Dennis said KID should own these ideas. Director Venkata advocated immediate acknowledgment and award for excellent ideas. He recommended that managers to have authority to make bestow awards.

Mr. Freeman said staff would put together a proposal. He referenced an Attorney General opinion regarding this type of award and measurable performance standards.

Mr. Freeman reported that KID had a \$1,000 bonus for employees who were at top-of-range for three years and maintained reviews over a certain level.

Employee perception of inclusion in bonuses and employee of the quarter awards was discussed.

President Dennis called a break at 11:21 a.m. and the meeting resumed at 11:26 a.m.

Mr. Freeman referred to and reviewed his October 31, 2018, Annual budget letter. Topics reviewed included:

- Revenue and Expenditure Assumptions.
- Employee development
- Operations Department managerial and staffing organization
- Creation of an IT department
- Reserve funds
- Proposal to transfer \$586,903 from Realty Reserves to fund the new Water Rights & Supply Legal reserve fund in anticipation of the need to defend the District's water rights and supply
- Financial management of the Realty department under the leasing model

Mr. Freeman referred Vice President Rathbun to the 2018 and 2019 tier and tolls spreadsheet.

Mr. Drummond referred to the Summary of Fund 411 Expenditures by Department in regards to the proposed IT department budget. Increases and decreases to department budgets were discussed. Mr. Freeman said the total increase was 1%.

Mr. Freeman briefly reviewed selections from the Summary of Comprehensive Budgeted Revenues/Expenditures for Fiscal Year 2019 spreadsheet.

The Private Line Area to Pressurized Service Area conversion program was briefly discussed. The expected U.S. Bureau of Reclamation maintenance cost was briefly discussed.

Budgeting for software maintenance and other IT costs was discussed. Ms. Olheiser offered to provide the IT Budget spreadsheet prepared by Brad Crawford.

Mr. Freeman said he would bring the 2019 budget to the November 20th Board meeting, and the assessment roll would be presented at the November 6th Board meeting.

Mr. McShane spoke about tier 11.

President Dennis called a break at noon and the meeting resumed at 12:51 p.m.

Mr. McShane displayed and referred to the 2010 Board Retreat project list presented and the 2011-2018 Capital Projects map. He briefly reviewed past projects.

Mr. McShane displayed Canal Lining Program maps and reviewed canal lining completed by year. Lining to be completed this year and planned lining through 2024 was identified. A Canal Lining Program 2021-2024 map was distributed and discussed.

Mr. Woodard displayed and discussed an Overview of KID Rubicon Operation presentation previously used at a Rubicon event. He identified planned gate and related installations. He discussed how elements such as gates and check structures were installed and operated to balance water levels and flow. Automation, and remote monitoring and control were discussed.

Chuck Torelli said that, in his experience on the Kennewick Planning Commission, this type of improvement was positive and important to public.

Mr. McShane spoke about the benefits realized from canal lining and WaterSMART Grants.

Mr. Woodard displayed a Development and Voluntary Mitigation Agreement spreadsheet and a map of related projects. He spoke about the benefits of the Voluntary Mitigation Agreement and Surcharge programs. He discussed the approximate level of recovery of expenditures to date.

Mr. McShane displayed and briefly reviewed #13. He touched on projected funding needs by year, then briefly identified and described projects on the list.

Prosser Water Procurement was discussed. Mr. McShane said this represented an opportunity for new water supply.

Mr. McShane diagrammed water demand over 24-hour periods, total water supply available over the same period, and showed how storage needs were determined from peak demands over the total water supply level. He spoke about locating sites for future centralized storage. Mr. Freeman said sites for centralized storage could be discussed in executive session at another time as it was not on the agenda.

Mr. McShane displayed a map and presented details and benefits of a Draft Highland Feeder Bypass Proposal. He displayed a Service Areas map and discussed potential additional capacity stemming from the canal lining program.

Mr. Drummond presented a report on Revenue Streams that could be used to support project bonding. Bonding and bank placement notes were discussed.

Mr. Drummond spoke about available Department of Ecology Conservation money, the Capital fund, projected growth, lease revenue, and the Conservation fund contribution. It was noted that "Drought Fund" on the spreadsheet should read "Conservation fund". Realty assets and saving for future water source acquisition were discussed.

Director Huffman thanked leadership and staff for how much had been accomplished without incurring debt for the District or having large rate increases.

President Dennis called a break at 2:20 p.m. and the meeting resumed at 2:31 p.m.

Mr. Freeman asked for questions from the Board.

Mr. Green and Mr. McShane confirmed to Director Huffman that there was no seepage at Yakitat this year.

President Dennis reminded attendees of the upcoming election.

Director McKenzie spoke briefly about assistance for elderly, which had been used less than he expected. The Helping Hands Program and an option for monthly payments were discussed.

Mr. Drummond reported \$107,000 was budgeted for 2019 software maintenance and licensing.

Mr. Freeman said the employee incentive program would be revisited.

Mr. Freeman reported that Piper Jaffray would attend the February 2019 Board workshop.

President Dennis thanked Mr. Torelli for attending the workshop.

Director Huffman moved to adjourn at 2:39 p.m. Vice President Rathbun seconded the motion. All present voted in favor and the motion carried.

Attest:

Witness:



Dean Dennis, Board President
Approved November 6, 2018



Charles Freeman, District Manager

Prepared by Doris Rakowski