



Minutes

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

Directors Present:

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

Staff Present:

Charles Freeman, District Manager/Board Secretary
 Jason McShane, Engineering/Operations Manager
 Kipp Drummond, District Treasurer
 Seth Defoe, Land & Water Resources Manager
 Lynda Rosenbaum, Real Property Manager
 Melissa Olheiser, Accountant II
 Doris Rakowski, Executive Assistant

Other Persons Present:

John Crotty, Counsel

APPROVAL OF AGENDA: Director McKenzie moved to approve the agenda. Vice President Huffman seconded the motion. The motion carried unanimously.

CONSENT AGENDA: Director McKenzie moved to approve the consent agenda. Vice President Huffman seconded the motion. The motion carried unanimously.

Items approved on the consent agenda were:

1. Minutes, KID Board Meeting, January 3, 2019
2. Travel Request - NWRA Federal Issues Conference
3. Travel Request - USBR Water Management Workshop
4. Vouchers/Warrant Approval

Accounts Payable

Numbers:

	78150	through	78156	\$	1,032,021.72
Bank Drafts	FSA			\$	514.67
Bank Drafts	General			\$	2,887.59
Bank Drafts	AP			\$	84,593.96
Total Accounts Payable				\$	1,120,017.94

Payroll

Numbers:

	34069	through	34070	\$	1,781.99
	34071	through	34116	\$	14,096.47
Direct Deposit		1/4/2019		\$	119,958.77
Total Payroll				\$	135,837.23
Total Disbursements				\$	1,255,855.17

Voided Checks: Ck #78122 – Void and Hold to Reissue
 Ck #77398 – Void and Reissue Ck #78157

PUBLIC COMMENTS: None

PRESENTATIONS:

Preliminary Financial Reports for December 2018: Mr. Drummond thanked Ms. Olheiser for preparing the reports, which were drafts pending completion of year-end accounting. Final reports would be ready before the May 25th State reporting deadline. He presented highlights of preliminary report pages including:

- Balance Sheet-As of December 31, 2018
- Balance Sheet-Comparative, As of December 31, 2018 and 2017
- Statement of Revenues & Expenditures-Budget to Actual, Summary-Year to Date
- Fund Balance Change, as of December 31, 2018

Interest rates and the Helping Hands program were discussed briefly.

Vice President Huffman moved to accept the summary of the preliminary financial statements. Director McKenzie seconded the motion and it carried unanimously.

PUBLIC HEARING: None

BOARD REPORTS: Vice President Huffman reported about attendance at the Leadership meeting in Phoenix. He said Waters of the US, infrastructure and Title Transfer were key topics. He said changes of Senate committee members may require KID to provide information on issues important to the District.

ACTION ITEMS:

Appointment of Committee Members and

Chairs and Appointment of Board Representatives to Meetings of Other Agencies:

President Dennis said the proposed appointments of Board representatives to meetings of the Yakima Basin Integrated Water Resource Management Plan and/or related subcommittees should be corrected to list David McKenzie and Raman Venkata. Discussion ensued regarding assignments.

President Dennis tabled appointments for KID Committee members and Board representatives to meetings of other agencies until the next meeting.

Policy 8.3, Drought Resiliency: Mr. Defoe spoke about the need to repeal and replace Policy 8.3 Drought Plan, in light of what was learned from previous droughts. He noted that the old drought plan was written as though KID was dependent on TWSA, which was not correct.

Mr. Defoe said the new draft policy was released for SEPA review. KID received two comments, from Washington Department of Fish and Wildlife, and the Lower Columbia Basin Audubon Society (LCBAS). As a result of these comments, staff was including a section in the policy to promote xeriscaping and drought tolerant landscaping, as suggested by LCBAS.

Mr. Defoe briefly reviewed other aspects of the proposed policy including prioritization, which took into consideration input from members of the public at special meetings in 2015.

Vice President Huffman spoke about measures taken by irrigation districts in Nevada. Discussion ensued regarding incentives as a tool to encourage conservation.

In response to a question from Director Venkata, historical and projected frequency of droughts was discussed. Mr. Defoe spoke further about the need for the new policy.

Mr. McShane said the old policy had fundamental flaws because staff at the time had a misunderstanding of KID's water rights, including about KID's storage allocation. He said this was corrected in the new proposed policy.

Director McKenzie spoke about encouraging changes to city codes to support xeriscaping. Mr. Freeman spoke about varied responses of the cities to the last drought, especially regarding the use of potable water for irrigation of yards.

On behalf of Director Rathbun, Mr. Freeman asked meeting participants to speak directly into the microphones.

Selection of plants with low water needs was briefly discussed.

Mr. Drummond said the new policy publicly stated the District's intent to utilize and protect its water rights.

Vice President Huffman moved to rescind and replace Policy 8.3 Drought Plan with Policy 8.3 Drought Resiliency. Director McKenzie seconded the motion. The motion carried unanimously.

NEPA Compliance for Title Transfer: Mr. Freeman presented the request to approve the scope of work for RH2 to help the District accomplish the requirements for title transfer, including completion of a draft environment assessment (EA), incorporating comments received into a Final EA and Findings of No Significant Impact (FONSI).

He spoke about the preliminary cost estimate provided by RH2 and detailed in Exhibit B of \$245,123. He said any increase would come back to the Board and noted that staff thought the costs could be paid out over two years.

Mr. Freeman noted that this process was triggered merely by change of ownership, without any change of purpose.

Vice President Huffman spoke about the benefit of Title Transfer to the District.

Mr. Crotty noted that the new Senate Committee Chair had mentioned the importance of the NEPA compliance at the review of KID's Title Transfer legislation last year.

Director Venkata moved to approve the Scope of Work Exhibit A provided by RH2 Engineering and Exhibit B Preliminary Fee Estimate of \$245,123 and authorize the District Manager to sign the necessary documents on behalf of the District. Vice President Huffman seconded the motion. The motion carried unanimously.

Piper Jaffray Engagement Letter: Mr. Freeman spoke about the need to engage Piper Jaffray to assist the District in obtaining approximately \$5,200,000, to allow the district to meet long-term infrastructure goals. He listed services to be provided. He reviewed commission and expense reimbursement terms.

Mr. Drummond spoke about the telephone conference he had scheduled for tomorrow.

Revenue streams, bonding, and projects for which bonds could be used were discussed.

Mr. Freeman said Jeff Sprengler would attend the Board retreat in March.

Director McKenzie moved to authorize Kipp Drummond, District Treasurer, to execute the Underwriter/Placement Agent Engagement Letter dated January 7, 2019. Vice President Huffman seconded the motion. The motion carried unanimously.

Call Special Meeting - Lorayne J Water Users: Mr. Freeman reported that the City of Richland annexed the Lorayne J neighborhood and received a 50% grant loan to revise the potable water system. He said a neighborhood meeting was needed to go over transition issues, including assessments and repayment of the capital surcharge for the new system. He said Lorayne J customers would only have to pay about 35% of the costs of the improvements.

Mr. Freeman asked the Board to call a special meeting so that Directors could attend the meeting. He said staff would prepare a draft agenda, and publicize the event, including email and door hanger notices to Lorayne J residents.

Vice President Huffman moved to hold a special meeting of the Board of Directors at 6:30 p.m. on Thursday, February 7, 2019 at the Reata Springs Baptist Church. Director McKenzie seconded the motion. The motion carried unanimously.

Red Mountain Allocation Extension Request: Mr. Freeman presented the request from Red Mountain South LID member, Michael Wilson, for a second one-year extension of the requirement to put the water to beneficial use. He briefly reviewed circumstances necessitating the extension.

Director McKenzie moved to approve a one-year extension to put the water to beneficial use on Mr. Wilson's parcel #115971000002000, with a new terminal date of October 2020. Vice President Huffman seconded the motion. All present voted in favor and the motion carried.

Mr. Freeman reported that Director Rathbun had left the meeting due to technical issues with the telephone connection.

Authorization to Award Contract PC2018-93 - HDPE Liner: Mr. McShane presented the request to award Contract PC2019-93.

Discussion ensued regarding HDPE liner, suppliers, and installation.

Vice President Huffman moved to authorize the District Manager, Charles Freeman, to award Contract PC2018-93, Purchase of HDPE Liner, to the lowest responsible bidder, NW Liners, in an amount of \$131,033.09. Director McKenzie seconded the motion. All present voted in favor and the motion carried.

RESOLUTIONS:

Resolution 2019-02, Internal Fund Transfer related to Oakhills Surcharge Agreement: Mr. McShane referred to the staff report distributed at the meeting and presented the request for a transfer of funds from the new Private Line Area Conservation Fund, rather than Realty Reserves.

Vice President Huffman moved to approve Resolution 2019-02, Authorization for Internal Funds Transfer related to the Oakhills Surcharge Agreement. Director McKenzie seconded the motion. All present voted in favor and the motion carried.

Resolution 2019-03, Internal Fund Transfer related to Voluntary Mitigation Agreements and Surcharges: Mr. McShane presented the request to transfer \$297,862.80 from the Private

Capital Contribution Fund to the Capital Upgrade and Improvement Fund. He spoke about the intent for transfers at the close of future projects.

In response to a question from Director McKenzie, Mr. McShane said Ms. Olheiser could provide a more detailed report on the Bob Olson Parkway loan.

Director McKenzie moved to approve Resolution 2019-03, Authorization for Internal Fund Transfer related to Voluntary Mitigation Agreements and Surcharges. President Dennis seconded the motion. All present voted in favor and the motion carried.

Mr. McShane thanked Ben Woodard, Melissa Olheiser, and Perla Gleed for accounting for every cent of this fund.

At 10:24 a.m., President Dennis called a short break.

At 10:36 a.m., the meeting resumed in open session.

STAFF REPORTS:

Finance Manager: Mr. Drummond reported regarding:

- Year-end IRS filing
- Transfer of fee for credit card use to those who choose to use credit cards to pay assessments. A notice of the fee would be sent to customers. Discussion ensued.
- 2019 assessment mailing

Engineering/Operations Manager: Mr. McShane displayed a map and photos and spoke about maintenance work near Country Ridge and Badger Mountain, and use of the new scrapers.

Mr. McShane reported regarding:

- Confined space and competent person training
- All staff training - January 17
- Integrated Plan outreach booth at Sportsman Show - January 19
- YRPWEP III bill, including a general title transfer bill, was introduced as part of the energy bill in the Senate by Senators Cantwell and Murkowski.
- Operations and Maintenance Training Workshop in Phoenix next week
- No Operations and Engineering Committee meeting next week

Discussion ensued regarding EPDM lining, the expected lifespan, and replacement.

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

- usbr.gov - Yakima River Five Reservoir Diagram, Water Year Graph
- usda.gov - SNOTEL Data
- noaa.gov - Pasco weather station Precipitation and Temperature graphs for the water year and the calendar year, Three-Month Outlook maps, and ENSO Alert System Status: El Niño Watch

Mr. Defoe reported regarding:

- NWRA Federal Affairs Conference topics of interest
- Yakima Basin Joint Board - January 22

District Manager: To be provided in the form of 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
- Integrated Plan
- Call on Storage
- Lower River Smolt Survivability Study

Strategic Planning & Special Projects

- Comprehensive Plan
- Recapture Well
- Clearwater Creek
- Conservation Plan
- Title Transfer
- Zintel Canyon

Finance

- Funding Capital Projects
- Lorayne J

Engineering/Operations

- Finley Property
- Distribution system replacement
- Edison upsizing
- Amon reservoir (central storage)
- Highland Feeder By-Pass project

Administrative

- Land Use Policy Act (LUPA)/SEPA challenge
- City of Prosser
- Elections
- Voluntary Stewardship Program
- Regulatory Threats

EXECUTIVE SESSION: At 11:13 a.m., Mr. Freeman announced on behalf of the presiding officer that the Board would go into executive session to consider the minimum price at which real estate would be offered for sale or lease, pursuant to RCW 42.30.110(1)(c), and to discuss with legal counsel representing the agency potential litigation, in the form of legal risks of a proposed action or current practice, pursuant to RCW 42.30.110(1)(i)(iii), for approximately 20 minutes. He noted that action was possible following executive session.

At 11:33 a.m., executive session was extended for 10 minutes.

OPEN SESSION: At 11:43 a.m., the meeting returned to open session.

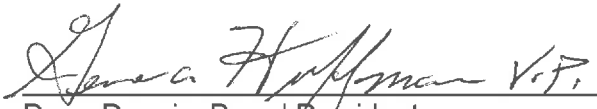
Settlement Agreement: Mr. Freeman presented terms of a Settlement Agreement with Release and Waiver of All Claims offered by 25-year tenured Pump Technician Rod Hansen to facilitate his early retirement for personal reasons. Mr. Freeman said the agreement was allowable under the Union contract, but the Board would need to waive KID's requirement that a retiree be Social Security eligible. He confirmed that the agreement would not set a precedent, as it was for unique circumstances.

Vice President Huffman moved to approve the Settlement Agreement with Release and Waiver of All Claims for Rod Hansen effective today. Director McKenzie seconded the motion. All present voted in favor and the motion carried.

Director McKenzie moved to adjourn at 11:49 a.m. President Dennis seconded the motion. All present voted in favor and the motion carried.

Attest:

Witness:



Dean Dennis, Board President
Minutes Approved February 5, 2019



Charles Freeman, Board Secretary

Prepared by Doris Rakowski