



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, April 7, 2015, 9:00 a.m.

President Rathbun called the meeting to order at 9:02 a.m. and Mr. Freeman called roll.

Directors Present:

Kirk Rathbun, President
 David McKenzie, Vice President
 Patrick McGuire, Director
 Gene Huffman, Director
 Dean Dennis, Director

Staff Present:

Chuck Freeman, District Manager
 Jason McShane, Engineering/Operations Manager
 Seth Defoe, Planning Manager
 Colleen Storms, District Treasurer
 Jennifer Defoe, Public Relations Coordinator
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel

APPROVAL OF AGENDA: President Rathbun added an executive session to consider the minimum price at which real estate will be offered for sale or lease, pursuant to RCW 42.30.110(c), with potential action to follow in open session after the executive session. **Director Huffman moved to approve the amended agenda. Director Dennis seconded the motion and it carried unanimously.**

CONSENT AGENDA: **Director Dennis moved to approve the consent agenda. Vice President McKenzie seconded the motion and it carried unanimously.**

Items on the consent agenda were:

1. Transcript, KID Public Hearing, January 8, 2015
2. Final Plat White Bluffs Phase 2
3. Approval of Travel for Tyler Technologies Conference
4. Vouchers/Warrant Approval

Accounts Payable

| | | | | |
|-------------------------------|---------------|-----------|----|-----------------|
| Numbers: | 69909 through | 69930 | \$ | 305,593.83 |
| | 69931 through | 69948 | | 382,957.90 |
| | 69949 through | 70000 | | 542,737.54 |
| Total Accounts Payable | | | | 1,231,289.27 |
| <u>Payroll</u> | | | | |
| Numbers: | 33055 through | 33055 | \$ | 4,792.59 |
| | 33056 through | 33066 | | 12,020.45 |
| Direct Deposit | | 3/19/2015 | | 95,968.10 |
| Total Payroll | | | | 112,781.14 |
| Total Disbursements | | | | \$ 1,344,070.41 |

Voided Checks: None

PUBLIC COMMENTS: None

PRESENTATIONS: None

PUBLIC HEARING: None

BOARD REPORTS: Director Huffman thanked the lining crew for their hard work, and management and the finance department for their support.

ACTION ITEMS:

Sole Source Purchase of Antenna Transmit & Receive Combiners: Mr. McShane spoke about the need to work with Comprod to be sure the crystal being grown for KID would not interfere with those grown by that company for the Benton County Emergency Services' facility already on Badger Mountain.

In response to a question from Director Dennis, Mr. McShane spoke further about the equipment and the location of repeaters for radio coverage.

In response to a question from Director Huffman, Mr. McShane spoke the agreement with Benton County Emergency Services.

Vice President McKenzie moved to accept the District Manager's sole source authorization to Comprod for the purchase of Antenna Transmit and Receive Combiners in the amount of \$4,171.50 (plus any applicable tax and delivery). Director Huffman seconded the motion and it carried unanimously.

Sole Source Purchase of Allen-Bradley PLCs and RTU Modules: Mr. McShane spoke about the communication method needed for the Rubicon gate radio network and the need for consistency with other District sites. Mr. McShane said \$8,837.44 needed for this purchase was out of the \$500,000 previously appropriated from the Drought Mitigation Fund.

In response to a question from Director Huffman, Mr. McShane spoke about expected lifespan of the equipment. He added that other PLCs (programmable logic controllers) would be needed for other sites in the future and that this purchase was just for the Rubicon gates.

In response to a question from Vice President McKenzie, Mr. McShane spoke further communication protocols.

Mr. Freeman said that this purchase supported a solution which was less costly to the District than a traditional Rubicon installation with additional gates which were in line of sight. Mr. McShane spoke about staff confidence in the selected installation model and contingency alternatives.

Director Huffman moved to accept the District Manager's sole source authorization for the purchase of 13 Allen Bradley ML 1100 PLCs and 13 Allen-Bradley Modbus RTU Communication Modules, pursuant to RCW 87.03.435(3)(c) from Columbia Electric Supply. Vice President McKenzie seconded the motion and it carried unanimously.

Final Acceptance for Contract 2013-04, Red Mountain South LID, 810 Reservoir and Pump Station: Mr. McShane reported that the Red Mountain South LID 810 Reservoir and Pump Station project was completed December 16, 2014, and that all work met or exceeded KID standards. He said that the contractor had completed all state requirements for retainage release. Mr. McShane said the final acceptance net payment would be \$67,808.24, in light of

proposed liquidated damages which reduced the final payment. He confirmed that the contractor was in agreement with the final amount.

In response to a question from President Rathbun, Mr. McShane spoke briefly about the delayed installation and testing schedule which resulted in the liquidated damages.

Director Dennis moved to approve Resolution 2015-07, Project Acceptance for Public Works Contract 2013-04 Red Mountain South LID 810 Reservoir and Pump Station. Director Huffman seconded the motion and it carried unanimously.

Approve PW2015-11, Wireless Flow Monitoring System: Mr. McShane spoke about the planned automatic meter reading system. He said this cost would be paid through the Red Mountain South LID budget, and that the cost was under the engineer's estimate.

Mr. McShane confirmed to Vice President McKenzie that equipment delivery would in take about six to eight weeks. Mr. McShane spoke about expected replacement time and said that the long term plan would include stocking a few replacements.

Director Huffman moved to accept Farmer's Electric's bid in the amount of \$237,857, including tax, and approve contract PW2015-11 Wireless Flow Monitoring System to Farmer's Electric. Vice President McKenzie seconded the motion and it carried unanimously.

Appoint Implementation Committee Members: Mr. Defoe spoke about recruitment for the open seats on the new Implementation Committee. Mr. Defoe said staff recommended appointment of rural and urban representatives and an alternate to represent agricultural customers until an agricultural member could be appointed, after which, what person would continue as a full committee alternate.

Discussion ensued regarding whether the alternate would vote. Consensus was that the alternate would vote when filling a seat and not vote when attending committee meetings when all seats were filled.

Director Huffman moved to appoint Jerry Brewer to the Implementation Committee as a rural representative, Michael Cochrane as an urban representative, and Gary Scrimsher as an alternate member. Vice President McKenzie seconded the motion and it carried unanimously.

President Rathbun welcomed Mr. Scrimsher, who was present at the meeting.

Accounting Software Service Contract: Ms. Storms reviewed the process of finding new financial software for functions which the District was still using Springbrook software to perform. She explained why Tyler Technologies products and services were recommended by staff, including the software service and update model, training and the time clock functionality.

Ms. Storms said she was asking for approval to the budget level because a server may be needed, but said she expected to be well under the budget.

In response to a question from Director Huffman, Ms. Storms said this was a service contract that there was not a prescribed selection method. She said the price was negotiated, and spoke briefly about continued support and updates to software.

Director Huffman moved to authorize the District Manager to directly negotiate a contract to procure Tyler Technologies Incode software service, the companion Tyler Content Manager Enterprise Edition, and the Time Clock program that will integrate with Incode, for a price not to exceed \$205,000 for one-time licensing services and related implementation and training costs. Director Dennis seconded the motion and it carried unanimously.

RESOLUTIONS: None

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- Call volume was not high at the beginning of the water on season.
- The website outage board had been changed back to a static page while challenges with the interactive map were addressed.
- An attempt to circumvent the Helping Hands program eligibility check had been prevented. An addition to the Helping Hands policy to address similar situations in the future may be needed. Ms. Storms spoke briefly about Benton Franklin Community Action Committee's role in determining applicant eligibility.
- Work was continuing on a portal to allow licensing of title companies to access K.I.D. data. The portal would free one full time customer service employee for other tasks.

Engineering/Operations Manager: Mr. McShane reported:

- Start up was slightly behind schedule in a couple areas. Mr. McShane reviewed the start up schedule for several areas.
- The warmer winter appeared to have resulted in less freeze-damaged valves.
- The contracted Amon Wasteway reconstruction was completed with good results. There was a minor blockage near Amon Wasteway but it cleared.
- Work remaining on lining on the Division IV canal and concrete work were underway. Rolling starts would be implemented as possible. An update was expected this afternoon.
- Hydro-seeding and other work would continue after water was on.

Mr. McShane confirmed to Director McGuire that Badger West deliveries would begin tomorrow.

- A Pumps and Controls Specialist was hired and would start shortly.
- A Maintenance position opening had been posted internally.

Mr. McShane displayed pictures of recently installed gates and spoke about the technology.

Planning Manager: Mr. Defoe reported:

- The latest Total Water Supply Available (TWSA) forecast showed expected prorationing of 60%, down from 75%. It was not yet known when storage control would begin.
- Because KID's water supply was from return flows, the District received some federal protection from impacts to its water supply due to conservation efforts. Subordination of power generation at Chandler to meet KID's water supply was the planned first step, followed by cutting into the conservation "bucket" of saved water to prevent harm to the District. Mr. Defoe said this was the first time this would be done, and the District was interested to see how it was implemented. Staff would attend the System Operation Advisory Committee (SOAC) would meet Friday to discuss the law and its application.

Director McGuire noted that power generated at Chandler helped pay its operation costs. Mr. Defoe said he communicate K.I.D. rate payers should not be fiscally penalized due to

power subordination at Chandler. Mr. Defoe said he thought there was wording in the YRBWEP (Yakima River Basin Water Enhancement Project) about the cost being covered by the USBR (U.S. Bureau of Reclamation).

- The USBR sent an assent letter to allow delivery of water Red Mountain South LID land.

At 10:27 a.m., President Rathbun called a five minute break.

At 10:33 a.m., the meeting resumed.

District Manager:

At Mr. Freeman's request, Ms. Defoe played KNDU's first commercials for KID, which was about retraining your lawn, and spoke about the other planned KNDU commercials.

Ms. Defoe also reported:

- Staff met with Townsquare Media about quick radio updates about water supply conditions, to air during the morning drive time.
- Cities were helping get KID's message out through sharing the District's brochures.
- WSU Extension Office messages were consistent with KID's message.

In response to a question from Director Huffman, Mr. Freeman said landscape companies reviewed KID's watering recommendations prior to publication.

Mr. Freeman reported:

- Staff interviewed one of the proposers for the water resource project and would interview the second this week.
- The mandatory pre-submittal meeting for the Administrative Office Building RFQ would be held today.
- Mr. Freeman thanked Ms. Storms for her research into the accounting software.

WORKSHOP: None

EXECUTIVE SESSION: At 10:43 a.m., President Rathbun announced that the Board would go into executive session for an estimated 20 minutes to consider the minimum price at which real estate will be offered for sale or lease, pursuant to RCW 42.30.110(c), with potential action to follow in open session.

At 11:03 a.m., the meeting returned to open session.

OPEN SESSION - ACTION ITEM:

Authorize Sale of Real Property: Mr. Freeman reported that staff had been meeting the City of Kennewick for years regarding Elliot Lake Water System and the many discussions centered on needed improvements to the system. In 2007, as part of the City's effort to receive funding from the Public Works Trust Fund for needed upgrades, Paul Engineering estimated approximately \$500,000 would be needed for improvements to the system. Distribution mains were of dissimilar products, materials, and sizes and were in relatively poor condition.

Mr. Freeman said staff thought it be good public policy for the City of Kennewick to take the system over. He noted that all but seven parcels are within the City limits, and that the City had been providing the intertie water to the system for about seven years, because the well field demand exceeded its yield. He said KID didn't explore bringing the wells online because the intertie was in place and was relatively affordable for the Elliot Lake ratepayers.

Mr. Freeman said the City approached KID about purchasing all of the District's Vista Entertainment District, three parcels totaling about 13.69 acres in the area around the Toyota Center and the Convention Center and, on April 6, 2015, the City of Kennewick made an offer to purchase all three parcels for \$4.00 a square foot, for a total sales price of \$2,385,345.60.

Mr. Freeman reviewed terms of the offer, including that KID provide a copy of the recent appraisal report to the City, the City would assume ownership of Elliot Lake water system, and KID would work with the City on a loan application to the Department of Health for upgrade of the system. Mr. Freeman said the City received \$30,000, approximately a month ago, to begin the designing process for Elliot Lake, and has been in contact with the Department of Health regarding a consolidation loan for the infrastructure improvements. One of the benefits of that plan is that up to 50% of the loan would be forgivable from the Department of Health on consolidations.

Continuing to review the terms, Mr. Freeman said the City requested that \$.50 of the \$4.00 per square foot sale price, approximately \$300,000 and the Elliot Lake reserve, which was now approximately \$130,000, be earmarked for either the loan match or, if the city did not get the loan, towards the actual construction costs of the Elliot Lake project. The City would design, bid, award and provide construction management for all the improvements to the Elliot Lake water system, which would be upgraded to current City standards. Mr. Freeman said, as part of the agreement, KID would transfer two certificate water rights for the Elliot Lake potable water system to the City. These rights are for ground water wells, and did not include KID's surface rights for the lake itself. It would be the City's intent to take the system over.

Mr. Freeman said staff asked the Board to consider a motion directing the KID Attorney to work with the City Attorney to draft the needed agreements to complete the transaction, with the terms noted above, and to bring back to a future Board meeting, subject to Board approval, the final agreement the closure of the sale.

Mr. Huffman spoke in favor of the agreement. He noted that he lived near Elliot Lake, but did not receive water from that system.

Mr. Freeman confirmed to President Rathbun that smaller parcels in the area had been selling for \$5.50 per square foot, and that the appraisal price KID received in February was \$4.17 per square foot. He said smaller parcels tended to sell for higher sales prices than larger parcels. President Rathbun said dividing the City's estimate for Elliot Lake system upgrade costs, not factoring in reduction in liability for the District, by 13.69 acres, would be about \$1.67 per square foot in addition to the sales price, making the sales price equivalent to \$5.17 per square foot for the District.

In response to a question from Director McKenzie, Mr. Freeman said the estimated timeline for closing would be part of the negotiated agreement, which would have to be approved by the KID Board and City Council prior to implementation.

Mr. Freeman confirmed to Director McGuire that potable water rates with the upgraded system were expected to be lower from the City than Elliot Lake water users were currently paying. In addition to the new system, they would have fire hydrants which they did not have now. Mr. Freeman said there were 48 connections in the Elliot Lake area.

President Rathbun said it looked like a good opportunity for the City and the District. Mr. Freeman agreed that the District would get the value needed for the Vista Entertainment District land and reduced liability from turning over the potable system to the City. President Rathbun said it would be a win for the Elliot Lake potable water customers to have their system under the stewardship of the City.

Director Huffman moved that the District agree to sell real property pursuant to the terms set forth in the City of Kennewick's April 6, 2015 letter regarding parcels #13299200001309, 132992000013010, and 132991000002010, totaling approximately 13.69 acres, for \$4.00 per square foot, subject to written agreements to be drafted by the Kennewick Irrigation District and City of Kennewick attorneys and approved by the governing bodies of the Kennewick Irrigation District and the City of Kennewick. Director McKenzie seconded the motion and it carried unanimously.

Director Huffman moved to adjourn the meeting at 11:15 a.m. and Director Dennis seconded the motion. The motion carried unanimously.

Attest:

Witness:



Kirk Rathbun, Board President
Approved April 21, 2015



Chuck Freeman, District Manager

Prepared by Doris Rakowski