



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, February 2, 2016, 9:00 a.m.

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

Directors Present:

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

Staff Present:

Chuck Freeman, District Manager
 Kipp Drummond, District Treasurer
 Jason McShane, Engineering/Operations Manager
 Seth Defoe, Land and Water Resources Manager
 Doris Rakowski, Executive Assistant

Other Persons Present: Brian Iller, Legal Counsel

APPROVAL OF AGENDA: At the request of staff, President McKenzie moved Short Plat 15-166 McLaughlin (Dry) from the consent agenda to action items and said an executive session would be needed for discussion of legal risks of a proposed action concerning Badger Coulee.

Vice President Huffman moved to approve the modified agenda. Director Rathbun seconded the motion and it carried unanimously.

CONSENT AGENDA: Director Dennis moved to approve the consent agenda as modified. Director Rathbun seconded the motion and it carried unanimously.

Items on the consent agenda were:

1. Minutes, KID Board Meeting, November 17, 2015
2. Organizational Chart Revision
3. Vouchers/Warrant Approval

Accounts Payable

Numbers:	71691	through	71701	\$	13,177.39
	71702	through	71742		7,931.09
	71743	through	71787		392,975.74
	71788	through	71812		5,141.87
	APPKT00018	through	APPKT00018		2,334.86
	APPKT00019	through	APPKT00019		75,963.16
					497,524.11

Total Accounts Payable

Payroll

Numbers:	33280	through	33321	\$	12,052.55
	33322	through	33330		7,674.12
Direct Deposit			1/20/2016		104,158.46
					123,885.13

Total Payroll

Total Disbursements

\$ 621,409.24

Voided Checks: AP checks #71684-71690 were voided 1/14/2016 due to a printer error. AP check #71072 was voided 1/20/2016 due to a name change and was replaced with corrected check #71807.

PUBLIC COMMENTS: None

PRESENTATIONS: None

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Change Orders on Administration Building: Mr. Freeman briefly reviewed the change orders presented for the last month. He reported that the building project was on time and on schedule.

Mr. Freeman said the total budget for the new building construction was \$4,777,670 and the current contracted amount was \$4,196,927. He said change orders to date represented a net increase of \$369,471, and total cost was still \$211,272 below the architect's budgeted amount.

Mr. Freeman provided a brief update on the work underway.

Director Rathbun moved to approve Change Orders 4 and 5 for Administration Building Contract 1, Change Order 4 for Administration Building Contract 2, and Change Order 9 for Administration Building Contract 3, as set out in the attachment, and authorize Charles Freeman to execute the associated Change Orders. Vice President Huffman seconded the motion and it carried unanimously.

Short Plat 15-166 McLaughlin (Dry): Mr. Freeman referred to a modified meeting memo distributed at the meeting and reported that the project owner had made small changes to the short plat which had no impact for KID as the parcel was dry.

Vice President Huffman moved to approve the proposed Short Plat 15-166 McLaughlin-Dry with the minor changes presented. Director Rathbun seconded the motion and it carried unanimously.

RESOLUTIONS: None

STAFF REPORTS:

Finance Manager: Mr. Drummond reported:

- The third payroll in new system was underway and the transition was going smoothly.
- Staff was working on new categories for vehicles and tools in the new system.
- Staff was cleaning up customer files preparatory to the spring billing.
- Finance was working with Engineering on input of changes to properties.
- The annual foreclosure process had begun and there were currently about 70 on the list.
- Financials for last year were delayed due to need to spend time on federal reporting, but would be prioritized and brought to the Board as soon as possible.

Engineering/Operations Manager: Mr. McShane reported:

- The Vancouver water pipeline project was about a week behind schedule. Crews used the missile machine for the first time to insert a pipeline under the street without making an asphalt cut.
- Vegetation control was burning in preparation for pre-emergent herbicide application.

- Lining inspection and repair were complete on the Main Canal and almost done on the Badger East Canal.
- When concrete work was done, tie-ins would be done between concrete and lining.
- Engineering was ahead of schedule with a couple future project designs.
- Approval of a year extension request was expected for the current WaterSMART grant.
- The New WaterSMART grant application was submitted. Awards announcements were expected in June.
- The move to the new office was planned to begin Thursday, February 11th with the office re-opening on Tuesday, the 16th.

Mr. McShane confirmed to Vice President Huffman that burning protocols were reviewed every year. He reported that the Benton County Fire Marshall and the Fire District One Chief helped improve the burn policy this year.

In response to a question from Director McGuire, Mr. McShane said two tear failures were found and repaired in EPDM canal lining sections, but no tears were found in HPDE sections. Discussion ensued.

Land & Water Resources Manager: Mr. Defoe reported:

- Storage was about 116% of average and snow water equivalency was holding well. Another storm was expected in the Cascades.
- Mr. Defoe attended the Benton County Conservation District's Streamkeeper Training. The conservation district wanted to collect water quality data for the lower Yakima River, specifically at the Benton City boat launch in Horn Rapids. Mr. Defoe said KID would probably not be involved in the data collection. He reported that he spoke with a conservation district biologist, who was concerned with the lack of attention to the lower Yakima River in Integrated Plan process and may be interested in becoming involved.
- Mr. Defoe gave a presentation to a Water Resources Management class at WSU Tri-cities, taught by a visiting professor (James Booker) who had done some work on the Integrated Plan and was a contributor to the Yoder Report. Mr. Defoe provided a local perspective on water issues in the Yakima Basin to the environmental science graduate students.

Mr. Freeman confirmed to Vice President Huffman that the University of California Davis water quality researchers had not been in contact with him or returned his calls.

Mr. Defoe confirmed to President McKenzie that the first U.S. Bureau of Reclamation water availability report would come out in March.

District Manager: Mr. Freeman reported:

- The annual Water On Meeting would be March 29th. Archbright would provide training on change management to three groups of 20 staff.
- The article for the Tri-City Herald Progress Edition was under review by Water Strategies
- Mr. Freeman met with Scott Musser regarding possible time frame for auctioning the Finley property with 25 year lease terms. A request for proposals for soil analysis would be brought to the Board. A pipeline design for serving the property from Division IV should be done in May. The property was granted an allocation in 2015. Allowing private developers to construct the waterline was the preferred option.
- There were vacancies for a temporary laborer and a Customer Service Specialist.
- Interviews were scheduled for the Project Manager and Janitor.

Discussion ensued regarding postponing or cancelling next meeting due to the impending move to the new building. President McKenzie and Mr. Freeman recommended cancellation. President McKenzie noted that a special meeting could be called if an urgent need arose.

President McKenzie announced that the February 16, 2016 Board meeting was cancelled and the next regular Board meeting would be held on the first Tuesday in March.

WORKSHOP: None

Executive Session: At 9:40 a.m., Mr. Iller announced on behalf of the presiding officer that the Board would go into executive session for an estimated 30 minutes to discuss with legal counsel pending litigation concerning Acquavella pursuant to RCW 42.30.110(1)(i), to discuss with legal counsel potential litigation in the form of legal risks of a proposed action or current practice authorized by RCW 42.30.110(1)(i)(iii) regarding two matters concerning Badger Coulee and a waiver of conflict of interest as. Mr. Iller said action was possible following executive session.

Executive session was extended by 5 minutes at 10:10 a.m.
The meeting returned to open session at 10:17 a.m.

President McKenzie announced that action was needed on an issue of conflict of interest.

Without disclosing attorney-client communication, Mr. Iller reported that the Foster Pepper law firm requested KID waive of the firm's conflict of interest so it could represent both KID and Port of Kennewick in the Racetrack Development matter. He said executive session discussion, in which he advised the Board on the risks and benefits of the waiver, would not be disclosed.

Mr. Iller confirmed to Director Rathbun that he understood the facts to be that Foster Pepper proposed to represent both sides and to negotiate a reasonable agreement on the matter. He said the Board could waive or not waive the conflict, depending on their policy position, based on the discussion.

Mr. Freeman confirmed to Director Rathbun that the Port wanted the District to consider releasing the inundation clause for the property. He said the degree and type of mitigation would be negotiated and that staff believed Steve D'Julio could negotiate appropriate mitigation. He confirmed that staff would present the eventual terms and recommendations to the Board in a future open session.

Vice President Huffman spoke in favor of granting the waiver.

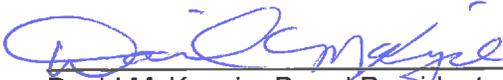
President McKenzie said he thought this action would be in the spirit of cooperation with other agencies in the community and had minimal risk. He called for a motion.

Director Rathbun moved to approve the waiver of conflict on interest in Foster Pepper for matters related to the Port of Kennewick Racetrack Development on condition that Foster Pepper will withdraw from representation of both KID and Port of Kennewick should either KID or the Port request such withdrawal. Vice President Huffman seconded the motion and it carried unanimously.

Mr. Iller said he would prepare the waiver and send it to Mr. D'Julio.

Vice President Huffman moved to adjourn the meeting at 10:25 am. Director Rathbun seconded the motion. All present voted in favor and the motion carried.

Attest:



David McKenzie, Board President
Approved May 3, 2016

Witness:



Chuck Freeman, District Manager

Prepared by Doris Rakowski