



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, March 1, 2016, 9:00 a.m.

President McKenzie called the meeting to order at 9:01 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
 Lynda Rosenbaum, Real Property Manager
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel

APPROVAL OF AGENDA: President McKenzie added an executive session to discuss pending Acquavella litigation with legal counsel. **Vice President Huffman moved to approve the agenda as amended. Director Dennis seconded the motion and it carried unanimously.**

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

Items on the consent agenda were:

1. Binding Site Plan 15-10 McCurley - Wet
2. Waterline Easement for new KID Admin Building
3. Confirmation of Change of Travelers - USBR Water Management Workshop
4. Travel Request - NWRA Federal Water Issues Conference
5. Travel Request - Integrated Plan Implementation Committee
6. 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					123,885.13
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:

Financial Reports for December 2015: Mr. Drummond distributed copies of the draft financial reports. He reported that some year-end journal entries were still pending and noted that final adjustments to 2014 reports were made in May last year just before the reports were submitted to the State Auditor. He said day-to-day accounting was being completed in a timely manner.

Mr. Drummond reviewed highlights of pages including:

- Balance Sheet as of December 31, 2015
- Balance Sheet - Comparative - 12 months ended December 31, 2015 and 2014
- Statement of Revenues & Expenditures - Budget to Actual
- Statement of Revenues & Expenditures - Comparative
- Red Mountain Revenue to Expenditures

Mr. Drummond assured Director McGuire that any adjustment for the \$4.42 million deficit or significant transfers would be documented and reported to the Finance Committee and Board.

Mr. Freeman spoke briefly about the Red Mountain project budget and remaining retainage and punch list items.

Mr. Drummond briefly reviewed the Fund Balance Change through December 31, 2015 report and spoke further about documentation.

Director McGuire moved to accept the draft 2015 year end financial reports as presented. Director Rathbun seconded the motion and it carried unanimously.

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Water On Request Letter: Mr. McShane presented the annual letter to request water from the Chandler pumping plant on April 1st, with the expectation that test water would begin March 28th.

In response to a question from President McKenzie, Mr. McShane spoke briefly about work to be completed before the water was on, including 13 gates on the Main Canal. He confirmed that the old gates were no longer usable and would be discarded.

Vice President Huffman moved to approve the issuance of the letter to Chuck Garner of the US Bureau of Reclamation dated February 24, 2016. Director Rathbun seconded the motion and it carried unanimously.

Change Orders on Admin Building: Mr. McShane spoke about the three administration building contracts and briefly reviewed the change orders before the Board. He said the project was about \$150,000 below budget, including the 10% contingency for change orders.

In response to a question, Mr. McShane spoke further about remaining punch list items.

Director Rathbun moved to approve Change Order 6 for Administration Building Contract 1, Change Order 5 for Administration Building Contract 2, and Change Orders 11, 12, and 13 for Administration Building Contract 3, as set out in the attachment, and authorize Charles Freeman to execute the associated change orders. Director Rathbun seconded the motion and it carried unanimously. Vice President Huffman seconded the motion and it carried unanimously.

Letter regarding YRBWEP Phase III: Mr. Freeman reported that the Implementation Committee asked Mr. McShane for a letter from the KID in support of the Integrated Plan (IP). Mr. Freeman reviewed a letter drafted by Water Strategies based on a letter from the Washington State Water Resources Association (WSWRA). He highlighted a sentence about commitment to protect existing water rights. He said staff reviewed and supported the letter and said that all stakeholders now understood the District's concerns regarding lower river issues. He spoke briefly about the Act's progress in the legislature.

In response to a question from Director McGuire, Mr. Freeman said he did not recommend requesting a letter from Benton City.

Mr. McShane spoke about the Implementation Committee's inclusion of KID in outreach efforts.

Vice President Huffman moved to authorize the Board President to sign the presented letter regarding the Yakima River Basin Water Enhancement Project Phase III Act of 2015 to Senate Committee on Energy and Natural Resources Chairman Murkowski and Ranking Member Cantwell. Director Dennis seconded the motion and it carried unanimously.

Resolutions: None

Staff Reports

Finance Manager: Mr. Drummond reported:

- Accounting was finalizing assessments and assuring accuracy. He said the process was on track to be ready by March 15th, with expected delivery to customers by the end of March.
- Implementation of Incode accounting software was continuing.
- New Accounts Payable (AP) coding was being fine-tuned and purchasing processes would be refined next. He said being in same building was making processes more efficient.
- Transfer of data from Springbrook to Incode was complete and financial reporting would now be done using Incode.

Discussion ensued regarding the AP process. Mr. Freeman and Mr. Drummond assured Director McGuire that any changes to internal controls would be reviewed through Finance Committee. Mr. Drummond said there were no anticipated changes to required approvals or documenting of receipt of goods. President McKenzie noted that purchasing processes and AP were focus points for the State Auditor and said KID worked hard to establish processes that were acceptable to the Auditor.

Engineering/Operations: Mr. McShane reported:

- Crews were stripping forms on the last concrete work on Division IV and lining tie-in crews finished work on Saturday.
- Inlet drains were done except for two on Division IV and the concrete work completed one of 200 under drains on Division IV alone.

- 1,800 feet of lining remained downstream of Hwy 397, but the weed screen at the downstream siphon was replaced.
- Vancouver Street piping would be complete next week, after which crews would move to Sherman Street.
- City of Kennewick approved the five-lane Bob Olson Parkway. He said KID needed to install over two miles of major pipeline down the corridor before the road was asphalted in May.

Discussion ensued regarding the City of Kennewick Public Works Director's practice of disallowing construction road closures, which Mr. McShane assured the Board were being applied to all agencies equally.

Mr. McShane spoke about cost differences of obtaining and installing the pipeline in-house or by contract. He said he thought in-house would be more economical. He spoke about timing for ordering the piping and staffing needs through the project and water on start up.

Mr. Freeman confirmed Southridge Master Plan would be completed with the help of the Finance Committee and Foster Pepper. Mr. McShane said authority and framework for surcharges was established by the Board policy.

- Amon Wasteway was being cleared and reconditioned.
- The State trapper was helping with pest animal control.
- The vegetation control program was going well, and the aquatic weed and pre-emergent applications were done.
- Burn crews would begin shortly.
- The District was having problems with City of Kennewick pre-plats approval for first time in years. The District and City attorneys were working with staff. KID had filed one LUPA appeal and a second was possible.
- The YRBWEP III Implementation Committee working through Kachess cabin owners' issues. The committee was looking for support from Tri-cities. Mr. McShane was asked to help Larry Haler understand the issues. Discussion ensued.
- Tom Tebb would attend the next Board meeting to speak about the Department of Ecology's Office of the Columbia River. Mr. McShane noted that the Office of the Columbia River was formed to facilitate new water rights from the Columbia River.
- The Lower River Committee met and a habitat ad hoc group reported on Lower River issues including the Bateman Island Causeway breach and reduction of cold water refusion due to conservation projects. Mr. Defoe would take the lead for outreach. Tom Ring, a hydrologist (for Yakama Nation), would go with Mr. Defoe and Mr. McShane to see the locations of concern.
- USBR Canal Operator training was hosted by KID yesterday.

Mr. McShane spoke briefly about the integration of the administration and shop building and storage needs.

In response to a question from Director McGuire, Mr. McShane spoke about Cherry Creek overruns which were approved last year.

Staff would meet with RH2 next week regarding Badger Coulee.

Director McGuire reported to the Board and the District's attorney that marijuana crops were going in near his property and noted that the federal water could not be used. Mr. Iller confirmed that Director McGuire had fulfilled his due diligence as a Board member.

Land & Water Resources Manager: Mr. Defoe displayed the USDA SNOTEL report and the U. S. Bureau of Reclamation Hydromet "teacup" diagram and spoke about storage levels, snow pack and the Pacific Northwest River Forecast operated by NOAA.

Director McGuire reported that Benton County was buying the top of Candy Mountain for Friends of Badger. Since KID had canals in that area, he recommended that KID contact the group about their plans for access points to verify that district facilities would not be impacted. Discussion ensued.

Mr. Defoe reported that the City of Richland made a State Environmental Policy Act (SEPA) determination of significance and was requiring an environmental impact statement (EIS) for the 112 unit apartment proposed adjacent to the East Badger Drain/West Fork Amon Wasteway. Mr. Defoe said City and State laws say buffers cannot be required for artificial wetlands habitat. KID was communicating with the City about the District's artificial irrigation conveyance facilities and would follow the process regarding appeal and commenting on the scoping of the EIS.

Mr. Defoe reported that a few years ago the City of Richland put in a sewer line paralleling the East Badger Drain and re-vegetated the site. The effort failed and they re-vegetated a second time. Mr. Defoe contacted the Environmental Manager at Washington State Department of Transportation (WSDOT) who was unaware it was all artificial. Mr. Defoe said there could be no guarantee to maintain wetland conditions. He noted that the KID was there first and WSDOT could not impede the District. He noted that drain water could not be used to water the artificial plantings and a water allotment was required to use the KID water. The WSDOT planned to truck in City water for the plantings.

Director McGuire asked if the District could assess for the additional cost of maintenance in the Amon Wasteway due to development. Mr. Iller offered to discuss risks of current or proposed practice in executive session.

Upcoming meetings:

- Yakima Lower River Modeling - March 2
- River Operations - March 7
- Yakima River Basin Water Enhancement Project (YRBWEP) quarterly Work Group meeting - March 9 in Ellensburg
- Department of Ecology monthly water supply - March 10. Mr. Defoe would call in.
- Washington State Water Resources Association (WSWRA) - March 16 in Wenatchee

Mr. Defoe spoke about the placement of Information Technology in the Land & Water Resources Management Department. He commended Brad Crawford for his hard work and long hours to get technology working at the new location, and said Mr. Crawford would work well with Mike Frey who had technology and GIS skills.

District Manager: Mr. Freeman reported:

- A field survey would be done to determine how to supply water to Victor Cruze's separately if it became necessary to lock out water to his marijuana grow operation in Badger Canyon. The District's practice was to notify the USBR of marijuana grow operations. Discussion ensued. Mr. Iller offered to discuss the legal risks in executive session.

- Change Management training would be provided at the March 28 Water On Meeting.
- KVEW was interested in doing segment on “dirty jobs” with KID crews.
- USBR Canal Operations training yesterday profiled four breaches with significant damage to urban areas. Staff was investigating whether KID’s policy had a negligence clause.
- The City of Kennewick crews tapped the wrong pipes when hooking the administration building up to fire suppression and drinking water. To fix it would cost about \$10,000. The District would have to fix it and bill the City. Mr. McShane spoke further about how the error was made. Discussion ensued.

President McKenzie expressed concern about traffic at the driveway shared with the Fire Department Training Facility.

Workshop: None

Executive Session: At 10:34 a.m., on behalf of the presiding officer, Mr. Iller announced that the Board would go into executive session to discuss with legal counsel pending litigation pursuant to RCW 42.30.110(1)(i) and 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 an estimated 30 minutes. He said that action was possible in open session following the executive session, but was not expected.

President McKenzie said that the Board would take a short break before executive session.

Executive session began at 10:44 a.m.

Executive session was extended for 5 minutes at 11:08 a.m. and at 11:13 a.m.

Open Session: Open session resumed at 11:21 a.m. There being no further action, President McKenzie called for a motion to adjourn.

Vice President Huffman moved to adjourn the meeting at 11:21 a.m. and director Dennis seconded the motion. The motion carried unanimously.

Attest:

Witness:

David McKenzie, Board President
Approved May 3, 2016

Chuck Freeman, District Manager

Prepared by Doris Rakowski