



## Minutes

**Meeting of the KID Board of Directors  
Carl W. Petersen Board Room  
Tuesday, October 4, 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 & Water Resources Manager  
Jennifer Defoe, Public Relations Coordinator  
Lynda Rosenbaum, Real Property Manager  
Lori Gibson, Executive Assistant  
Doris Rakowski, Executive Assistant

**Other Persons Present:**

Brian Iller, Legal Counsel

**APPROVAL OF AGENDA:** A revised quoted from Vocantas was distributed. Mr. Freeman asked to add approval of the IVR purchase to action items. **Director Rathbun moved to approve the revised agenda. Vice President Huffman seconded the motion and it carried unanimously.**

**CONSENT AGENDA:** Mr. McShane said the 2016 Water Shut Down Letter to the U.S. Bureau of Reclamation (USBR) was revised to have final shut down on October 24 after baseline testing was complete. He spoke about baseline testing and shut off of deliveries. **Vice President Huffman moved to approve the consent agenda. Director Dennis seconded the motion and it carried unanimously.**

Items on the consent agenda were:

1. Minutes, KID Board Meeting, August 16, 2016
2. Travel Authorization - NWRA Annual Conference
3. 2016 Water Shut Down Letter to USBR
4. Irrigation Easement - Holtan
5. Vouchers/Warrant Approval

**Accounts Payable**

Numbers: 73159	through	73159	\$	208.32
73160	through	73237		423,270.30
APPKT00244	through	APPKT00245		72,286.47
<b>Total Accounts Payable</b>				<b>495,765.09</b>

**Payroll**

Numbers:	through		\$	-
Direct Deposit		2016-09-20		104,990.27
<b>Total Payroll</b>				<b>104,990.27</b>

**Total Disbursements** **\$ 600,755.36**

**Voided Checks:** AP Check #72724 was voided due to being lost in the mail, reissued check #73159.

**PUBLIC COMMENTS:**

**Laurie Salazar** spoke on behalf of owners of flooded homes about the flood event which included sewage. She reported about health consequences and the condition of her property.

Ms. Salazar spoke about lack of timely communication from the insurance company. She said preliminary estimates received from Rob Stone, they included depreciation but not septic system replacement. She said residents should have their homes restored with no repair debt.

Regarding connection to sewer because the septic fields were not functional, Ms. Salazar reported Fernando at City of Kennewick had not received plans from Clear Risk Solutions.

Ms. Salazar spoke about depreciation of homes and belongings and said it was the District's responsibility to restore residents' belongings to pre-flood conditions.

Mr. Freeman said no one called about the problems and he learned of the delays from Facebook postings. He reported he called Dave Kosa at Clear Risk Solutions. He said settlement agreements needed to be negotiated with the insurance company.

Ms. Salazar said Clear Risk Solutions did not contact her and she had to call and demand the estimates. She said she just received a 21 page document depreciating everything.

Mr. Freeman said he would follow up with Clear Risk Solutions, but was told everyone impacted would have settlement offers this week. He confirmed that Clear Risk Solutions worked for KID.

**Selena Perry**, said she was in weekly contact with Clear Risk Solutions. She described the impact of the flood and not being in their home on her family.

Ms. Perry said she met and trusted the MKA experts working for Clear Risk Solutions. She said the engineering reports found voids under her home which would need specialty concrete work. She said she thought Clear Risk Solutions was finding a concrete company.

Ms. Perry said the MKA report did not address all the damage and Clear Risk Solutions brought them back to do a complete review. She said the report unacceptably depreciated everything 38%. She said her home was built in the 1970s, but had been brought up to date. She said the report did not include prevailing wages or repairing the septic or sewer.

Ms. Perry said the foundation could not be fixed in winter, but Clear Risk Solutions had no one to fix concrete and wanted to negotiate the repairs. She said Rob Stone, contracted by Clear Risk Solutions, said a \$60,000 difference between cost of the repairs and amount on the report would be her responsibility. Whether Mr. Kosa knew Mr. Stone suggested Ms. Perry take out a loan was discussed.

Ms. Perry described the trauma of the event. She wondered if repairs would cost more than the home's value. She spoke about waiting for concrete work and described mold issues.

Director McGuire recommended President McKenzie call a special meeting within a week to have an insurance company representative address these issues.

Ms. Perry told Director Dennis she had not gone to Kennewick City council meetings because she thought Clear Risk Solutions was dealing City of Kennewick about the sewer/septic issue. She said Ms. Salazar had been in contact with the City several times.

Director McGuire asked to have a City of Kennewick representative to come talk to Board.

Ms. Salazar said Fernando at City of Kennewick was ready to work with them to get sewer to the neighborhood, but City of Kennewick was not responsible for the work. She said Clear Risk Solutions had to submit the plans to the City for approval and hire a contractor to do the work.

Director McGuire suggested the Public Works Director be asked to come discuss the issues.

Ms. Perry said if Clear Risk Solutions only paid a certain amount, KID should pay the rest.

Ms. Perry said reports indicated their section of canal should have been lined two years ago in Phase 2 of the 2013 WaterSMART grant. She said the canal was poorly maintained for several years, had a lot of vegetation, and had gophers every summer. Mr. Freeman said that section of canal was moved to top lining priority.

Condition of the septic systems was discussed. Both guests said the Health Department, Rob Stone and City of Kennewick said the systems were not usable, but they did not have a written Health Department report. Director McGuire asked Mr. Freeman to get the report in writing.

The guests were invited to report back on progress. Ms. Perry and Ms. Salazar left the meeting.

President McKenzie called a short break at 9:29 a.m. and open session resumed at 9:36 a.m.

Mr. Iller said Board could meet in executive session to discuss legal risks of a proposed action or current practice. He said any public response to allegations would be in open session.

President McKenzie said the agenda should to be amended to take a call from Mr. Kosa. Whether a special meeting would be needed was discussed. The guests and a reporter were invited to come back in for the phone call. Ms. Perry and Ms. Salazar returned to the meeting.

**Director McGuire moved to amend the agenda to add a discussion with the Clear Risk Representative and Vice President Huffman seconded. The motion carried unanimously.**

In response to a question from Director McGuire, Mr. McShane spoke about previous canal breaches, in response to which the canal lining schedule had been changed. He said KID was lining as much as possible and hope to complete seven miles this year. He spoke about earthen canal maintenance and erodible soils.

Mr. McShane said KID issued press releases asking the public to report burrowing animals, but there had been no reports of gophers from the area that flooded. He said the state trapper was working there now. He spoke about conditions which attract burrowing animals.

Canal lining scheduling and prioritization was discussed. Mr. McShane said KID was lining as much as possible and the Board was proactively funding and seeking grants for lining. He spoke briefly about factors evaluated to determine need for lining. Ms. Perry suggested that staff look at neighborhoods in low pockets.

Ms. Perry spoke about her evacuation experience.

Mr. McShane spoke further about the KID lining program.

Dave Kosa of Clear Risk Solutions joined the meeting by telephone at 9:54 a.m.

Mr. Kosa reported he received MKA's estimate a week ago last Friday and forwarded it to the three homeowners two days later. He noted that MKA's depreciation would not be used as it was more that was Clear Risk Solution's practice. He emphasized that it was just an estimate and actual cost would be the contractors bid, if the scope of work matched MKA and related to the water damage. He said depreciation would only be applied to not wear and tear items based on age, not labor.

Mr. Kosa said the homeowners needed to get contractor estimates to Clear Risk Solutions so they had an idea of the size of the claim and how to move forward.

At Director McGuire's request, Mr. Kosa reported that Razr Restoration and North West Restoration were asked for estimates, but were not timely, so MKA was hired. North West Restoration's estimate was received while MKA was working and the results were similar. He noted that they were having difficulty getting estimates from local contractors.

Ms. Perry said North West Restoration worked for her, but was delayed waiting for concrete and sewer estimates. She said she instructed them to provide an estimate without those items and they did so on the day as MKA arrived. She listed items not included in the North West Restoration's estimate and said Mr. Stone agreed that estimate's scope was insufficient. Discussion ensued. Ms. Perry said North West Restoration was to provide a structural estimate and Service Master helped with an inventory. She said she was told Clear Risk Solutions were finding contractors for concrete.

Mr. Kosa said he understood that North West Restoration did not have the ability to do the engineering or find contractors, so Clear Risk Solutions hired MKA to do the estimate. Discussion ensued about work that was done for the estimate. Mr. Kosa said he hoped to have a number to present by next week and encouraged homeowners to find contractor and get bids based on the scope from MKA.

Ms. Perry asked who would pay if contractor costs exceeded estimates and Mr. Kosa spoke about policy rules. Mr. Kosa asked Ms. Perry to get a bid and find out what the final number was. Ms. Perry and Ms. Salazar said they would not pay the difference. Discussion continued.

Ms. Perry asked if the homeowners had to get permits and find contractors for septic and sewer or foundation. Mr. Kosa if they could find a contractor to do so and document that it was done correctly to do so.

Mr. McShane clarified that an actual price from a contractor was needed.

Difficulties determining a plan for the sewer or septic system were discussed.

Ms. Salazar said she did not have time to find a contractor, and said if it was her job, she wanted to be paid for it.

Who would complete various tasks was discussed. Mr. Kosa said he could not move forward without actual bids. Director McGuire clarified that the homeowners needed to find contractors for bids, Clear Risk Solutions would find a concrete contractor and Clear Risk Solutions and KID would work on the septic/sewer issue. Discussion continued.

Mr. McShane said once an estimate was prepared, a meeting with Clear Risk Solutions was needed before work began. Mr. Kosa confirmed to Director McGuire that he would find out when an appraisal and market analysis was scheduled and report to Mr. Freeman today.

Mr. Kosa said he would get back to Ms. Salazar and KID today on whether the policy and RCWs provided for reimbursement of property owner time for arranging contractors.

At Director McGuire's request, Mr. Iller spoke about what the property owners may or may not be entitled to under law. He said the property owners needed to select their own contractor so they were happy with them. He said if the bid exceeded fair market value, they would need to consider whether to repair or start over. He said he could not guarantee everything would be covered, but that KID was bound by the law.

Ms. Perry said she was told the insurance company might consider buying them out, so they got preapproved for new home loan, but then Mr. Stone said they were not interested in that option.

Mr. Freeman said he knew the Perrys were still in a rental, but was not aware of their frustration level. He said KID relied on Clear Risk Solutions to perform at a high level.

Ms. Perry asked about potential damage from the house sitting empty for months waiting for repairs. Winterization was discussed briefly. It was decided that the homeowners would get contractor bids and take care of winterization then submit the invoice.

Vice President Huffman requested a written timeline to date and path forward from Mr. Kosa.

Ms. Perry reviewed the causes of her frustration.

It was agreed that the homeowners would get bids and copy Kelly, Dave, Rob and Chuck on all communication.

The call ended at 10:49 a.m. and the guests left the meeting. President McKenzie called a break and open session resumed at 11:09 a.m.

**PRESENTATIONS:** None

**PUBLIC HEARING:** None

**BOARD REPORTS:**

Director McGuire reported regarding a Yakima Basin Joint Board (YBJB) meeting he attended.

Director Rathbun reported he attended the Columbia Snake River Irrigators Association (CSRIA) meeting and Yakima Basin Joint Board tour.

**ACTION ITEMS:**

**Authorization to Award Contract PC 2016-26:** Mr. McShane requested early approval to award a contract to purchase of HDPE liner for remaining 2013 WaterSMART grant lining work. He confirmed to Director Rathbun that the amount requested was in the budget. He said staff may request an additional purchase for future lining if pricing were highly favorable. He spoke briefly about the grant reimbursement request process and the matching component.

**Director Rathbun moved to authorize the District Manager, Charles Freeman, to award Contract PC 2016-26 Purchase of HDPE Liner to the lowest responsible bidder, in an amount not to exceed \$365,000, including tax. Vice President Huffman seconded the motion and it carried unanimously.**

**Letter of Support for Benton Conservation District (BCD) and US Geological Survey Centennial Grant Proposal:** Mr. Defoe spoke about expansion of the scope of the Integrated Plan. He said the BCD was a lower river partner.

Mr. Defoe spoke about stargrass, a lower Yakima River nuisance plant. He said BCD had asked for a letter of support for their grant proposal to examine the influence of stargrass dynamics and problems created by it. He asked the board to approve the letter of support.

Mr. Defoe confirmed to President McKenzie that the study results would be publicly available.

**Director Dennis moved to approve the letter of support for the Benton Conservation District grant proposal. Director Rathbun seconded the motion and it carried unanimously.**

**Negotiating and awarding IVR Contract:** Mr. Freeman spoke about the results of his contract negotiation with Vocantas, as approved by the Board previously. He reported that scope of the project was reduced from 24 to 15 lines, reducing cost to the District. He said the contract would be reviewed and approved by legal counsel prior to signing, and noted that the Court of jurisdiction was an item being negotiated.

Mr. Freeman confirmed that the number of lines could be increased if it became necessary.

Mr. Freeman said the implementation target date was March 1<sup>st</sup>.

**Vice President Huffman moved to authorize the District Manager to enter into a contract with Vocantas for IVR services as outlined in the RFP for a set up and install fee not to exceed \$56,361.04 and an ongoing annual maintenance fee not to exceed \$30,736.64. Director Rathbun seconded the motion and it carried unanimously.**

#### **RESOLUTIONS:**

**Resolution 2016-35, Memorandum of Agreement – The Ridge at Hansen Park:** Mr. McShane spoke briefly about KID's Land Use Petition Act (LUPA) appeal and the work on reconciliation of plat approval conditions. He said KID's terms were unchanged, except deeding the land under the right of way to the District. He said staff recommended approval, and said it would go back to the hearing examiner to be an amendment to the decision.

Mr. McShane briefly reviewed work to be done by KID and the contractor.

In response to a question from Director Rathbun, Mr. McShane confirmed section 11 of the VMA provided recourse if developer did not follow through with their portion of the agreement.

Mr. Freeman confirmed that the MOU would be recorded and that it would be binding to future parties. Mr. McShane referred to section 13 of the agreement.

Mr. McShane confirmed to President McKenzie that the developer successfully mitigated the impacts of their development, and was unlikely to sign if they did not agree to it.

Mr. Freeman said there was now a written guideline agreement with City of Kennewick about how plats would be reviewed with KID and approved due to the LUPA appeal. Mr. McShane spoke about the City's past practices and said KID would now be invited to preplat meetings.

In response to a question from Director McGuire, Mr. McShane spoke briefly about arrangements regarding the approval process with cities of West Richland and Richland.

**Director Rathbun moved to approve Resolution 2016-35, Approving The Ridge at Hansen Park Voluntary Mitigation Development Agreement and the attached Memorandum of Agreement. Director Dennis seconded the motion and it carried unanimously.**

At 11:43 a.m. Director McGuire asked to be excused from the meeting due to an appointment.

**Resolution 2016-36, Six-Year Capital Improvement Plan 2016-2022:** Mr. Freeman spoke about the Six-Year Capital Improvement Plan, which included projects, cost estimates and funding sources to achieve Board goals. He spoke about success of several capital projects.

Mr. McShane spoke about the importance of nimbleness in reacting to a changing environment.

Mr. Freeman confirmed to Vice President Huffman that Red Mountain loan interest went to the Realty Reserves per policy, and that Mr. Drummond would make a journal entry of transfers to the capital project budget.

Director Rathbun thanked staff for work to identify areas with the greatest need and considering safety, delivery and customer service.

President McKenzie said the plan would change every year in response to events and did not guarantee all items would occur as envisioned. He thanked the Board for being forward looking.

Mr. Drummond thanked the Board for providing funding.

**Director Rathbun moved to approve Resolution 2016-36. Director Dennis seconded the motion. All present voted in favor and the motion carried.**

**Resolution 2016-37, Surplus Personal Property:** Mr. Freeman presented the request to declare four pickup trucks as surplus and authorize the District Manager to dispose of them pursuant to Policy and Procedure 2.23. He spoke briefly about the disposal process.

Discussion ensued about identifying all items which were surplus to prevent Board members from inadvertently bidding on them.

**Vice President Huffman moved to approve Resolution 2016-37, Declaring Surplus Personal Property. Director Rathbun seconded the motion. All present voted in favor and the motion carried.**

**Resolution 2016-39, Sole Source - Used Water Truck:** Mr. McShane referred to materials distributed at the meeting and presented the request to purchase a truck previously rented by the district. He spoke about return on investment.

In response to a question from Director Dennis, Mr. McShane said the District rented the truck while determining what equipment was necessary.

Mr. McShane confirmed to Vice President Huffman that there was no warranty, but said the truck had been checked by the District's mechanic.

**Vice President Huffman moved to approve Resolution 2016-39, Authorization to Waive Competitive Bidding and Award a Sole Source Contract to Purchase a used 2007 International 4,000 gallon water truck; pursuant to RCW 87.03.435(3)(C), with funds for this purchase to come from the Capital Upgrade and Improvement Fund. Director Dennis seconded the motion. All present voted in favor and the motion carried.**

#### **STAFF REPORTS:**

**Finance Manager:** Mr. Drummond reported:

- Staff was working on the operating budget.
- The Finance Committee meeting was moved to next week.
- The 2015 audit would begin next week.

**Engineering/Operations Manager:** Mr. McShane reported regarding:

- The recapture and reuse well progress
- Earthwork on Division 4 and at Badger East
- The Bob Olson project
- Working through vegetation control challenges
- Review of chlorine levels for treatment of Red Mountain irrigation water
- Reduction of water in the canal going into the cooler month and the water off schedule

Well development options such as a throw away pump were discussed.

**Land & Water Resources Manager:** Mr. Defoe displayed the usbr.gov "Yakima River 5 Reservoirs" graph and spoke about water supply and carryover storage. He displayed the noaa.gov "Yakima, WA - 2016" weather chart and spoke about how actual conditions were close to Phil Volker's weather service prediction for last summer. He displayed the noaa.gov long range prediction maps and spoke about the weather outlook for the coming year.

**District Manager:** Mr. Freeman reported regarding:

- The USBR water delivery record audit
- Interviews of temporary employees for the winter capital plan work
- Presentations to title companies and realtors about KID and irrigation
- Working with City of Kennewick to streamline the permitting process

Mr. McShane reported regarding a Lorayne J homeowner meeting held on September 29<sup>th</sup>. He said 19 homeowners attended were present. Three individuals were concerned about annexation and asked KID survey all the residents about annexation. The group asked about other options, such as City of Kennewick or BMID water. Mr. McShane said those options would be very expensive for 118 service connections. He spoke briefly about retesting the well.

Mr. Freeman said there was an interview with KEPR tonight and the Tri-City Herald tomorrow.

**WORKSHOP:** None

**EXECUTIVE SESSION:** Mr. Freeman and Mr. Iller said an executive session was not needed.

**Vice President Huffman moved to amend the agenda to dispense with the executive session. Director Rathbun seconded. All present voted in favor and the motion carried.**

**Director Dennis moved to adjourn the meeting at 12:25 p.m. Vice President Huffman seconded the motion. All present voted in favor and the motion carried.**

Attest:

Witness:



\_\_\_\_\_  
David McKenzie, Board President  
Approved December 19, 2016

\_\_\_\_\_  
Chuck Freeman, District Manager

Prepared by Doris Rakowski