



Minutes

Meeting of the KID Board of Directors
And Canvassing of the 2015 KID Board Election
Carl W. Petersen Board Room
Monday, December 19, 2016, 9:04 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
Dean Dennis
Patrick McGuire
Kirk Rathbun*

Staff Present:

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

Other Persons Present:

Karen Woofter, Election Judge
Bob Gudgel, Election Inspector
Brian Iller, KID Legal Counsel

**Joined meeting in progress*

President McKenzie reported that Director Rathbun was absent due to travel and called for a motion to approve his absence.

Vice President Huffman moved to approve the absence of Director Rathbun. Director Dennis seconded the motion. All directors present voted in favor. The motion carried.

APPROVAL OF AGENDA: Mr. Freeman and Mr. Iller requested that discussion of threatened litigation be added to the executive session.

Director Dennis moved to approve the revised agenda. Vice President Huffman seconded the motion. All directors present voted in favor. The motion carried.

CONSENT AGENDA: Vice President Huffman moved to approve the consent agenda. Director Dennis seconded the motion. All directors present voted in favor. The motion carried.

Items on the consent agenda were:

1. Minutes, KID Board Meeting, October 4, 2016
2. Travel Authorization - Programming ArcGIS with Python Workshop
3. Final Plat - Valley View Estates Ph. 5 - Dry
4. Vouchers/Warrant Approval

Accounts Payable

Numbers: 73540	through	73608	\$ 669,190.53
APPKT00300			72,533.16
APPKT00301			<u>211.40</u>
Total Accounts Payable			<u>741,935.09</u>

Payroll

Numbers: 33463	through	33469	\$	4,546.31
33470	through	33482		1,275.00
Direct Deposit		2016-12-05		<u>109,557.08</u>
Total Payroll				<u>115,378.39</u>
Total Disbursements			\$	<u>857,313.48</u>

Voided Checks: None

CANVASSING OF ELECTION:

Mr. Freeman presented to the Board, the ballots cast in person on Election Day, which were counted, certified and preserved, and the unopened returned absentee ballots, in accordance with applicable statutes.

He reported that Election Inspector Bob Gudgel and Election Judge Karen Woofter were present and recommended the Board continue their practice of delegating counting the ballots to the election board.

Director McGuire moved to delegate counting of the ballots to the election board. Vice President Huffman seconded the motion. All directors present voted in favor. The motion carried.

The meeting continued while the election board members counted ballots.

PUBLIC COMMENTS: None

PRESENTATIONS:

Financial Reports for November 2016: Mr. Drummond presented highlights of report pages including:

- Balance Sheet as of November 30, 2016 - Final
- Balance Sheet - Comparative
- Statement of Revenues & Expenditures - Summary - Budget to Actual
- Fund Balance Change through November 30, 2016

Vice President Huffman moved to accept the financial reports as presented. Director Dennis seconded the motion. All directors present voted in favor. The motion carried.

PUBLIC HEARING: None

BOARD REPORTS: Director McGuire reported that water modeling was presented at the YRBWEP Integrated Plan meeting he attended. He spoke about Washington State Water Resources Association (WSWRA) leadership changes and continuing to monitor and protect KID water rights.

Vice President Huffman reported that a letter supporting electrification would be forthcoming from the Yakima Basin Joint Board.

ACTION ITEMS:

Authorization to Award Contract PC2016-43, 2016 Purchase of Compact Track Loader:

Mr. McShane presented the request to purchase a Bobcat T770 and specified attachments for a total price of \$62,583.84 plus sales tax.

Mr. McShane spoke about the model choice, need for the equipment and benefits of purchasing over leasing. In response to a question from Vice President Huffman, he spoke further about the purpose of the brooms. Discussion ensued.

Mr. McShane verified to Director Dennis that the model number of the Bobcat was T770, not T750 as in the memo.

Vice President Huffman moved to authorize the District Manager, Charles Freeman, to award Contract PC2016-43, 2016 Purchase of Compact Tract Loader, to Bobcat of Pasco in the amount of \$62,583.84 plus sales tax. Director Dennis seconded the motion. All directors present voted in favor. The motion carried.

Agreement with the Port of Kennewick regarding Former Race Track Property, and Assignment and Assumption of Right of Way Easement: Mr. Freeman presented a negotiated proposed agreement with the Port of Kennewick regarding KID relinquishment of the inundation clause at the tail of Badger East Canal ("Lost Lake"). He said staff was confident in KID's release of interest at this location. He briefly reviewed terms of the proposed agreement.

Mr. McShane said he was confident that with the addition of the two Rubicon gates and facilities as they exist today, there would be no flooding due to operational spill on the property for which the Port requested release of the inundation clause. He confirmed to Vice President Huffman that he believed water would not be outside of Lost Lake, even in a catastrophic failure.

Discussion ensued regarding Rubicon gates and water management on Badger East. Use of excess water in the pond was also discussed. Mr. McShane noted that the District tried to minimize spill. He confirmed to President McKenzie that staff had communicated with property owners and leaseholders in the area.

Mr. McShane verified that two Rubicon gates would cost about \$75,000.

Mr. Freeman confirmed that the Port was waiting for KID action on this matter.

Vice President Huffman moved to approve the agreement regarding the former race track property that includes the assignment and assumption for the right of way easement. Director Dennis seconded the motion. All present voted in favor and the motion carried.

CANVASSING OF ELECTION: Mr. Freeman presented the results of the count:

Candidates for Position 1	Ballots Cast at Polling Place	Absentee Ballots Cast	Combined Total
Stacy Copland	23	8	31
Kirk Rathbun	579	408	987
John H. Trumbo	60	2	62

Candidates for Position 4	Ballots Cast at Polling Place	Absentee Ballots Cast	Combined Total
Debra J. Alexander	68	8	76
Dean Dennis	600	410	1010
Total returns cast	1,537	836	2,373

President McKenzie read a excerpt from RCW 87.03.100: "...if any person be of the opinion that the vote of any precinct has not been correctly counted, he may appear on the day appointed for the board of directors to open and canvass the returns, and demand a recount of the vote of the precinct that is so claimed to have been incorrectly counted."

He asked if there were any person present who was of such an opinion regarding counting of either the absentee or regular returns. There being no such person, Mr. Iller advised the board to accept certification of the election and declare the winners elected.

Vice President Huffman moved to accept the certification of the 2016 election. Director McGuire seconded the motion. All present voted in favor. The motion carried.

President McKenzie thanked the election board.

At 9:45 a.m., President McKenzie called a short break.
At 9:55 a.m., the meeting resumed in open session.

President McKenzie called for a motion to declare the winners elected.

Director McGuire moved to declare Director Dennis elected to Position 1 and Director Rathbun to Position 4. Discussion ensued. **Director McGuire retracted his motion.**

Director McGuire moved to declare Director Dennis elected to Position 4 and Director Rathbun elected to Position 1. Vice President Huffman seconded the motion. All present voted in favor. The motion carried.

RESOLUTIONS

Resolution 2016-46, Sole-Source Rubicon Purchase: Mr. McShane spoke about the requested sole source purchase which would provide continuity with already installed Rubicon gates. He listed planned gate installation sites.

Mr. McShane spoke about funding sources for the purchase. He confirmed to Director Dennis that staff was not yet ready to recommend purchase of additional gates that might be needed in the future.

Mr. McShane briefly reviewed what was included in the cost estimate.

In response to a question from President McKenzie, Mr. McShane spoke about issues with power shortage at two solar powered locations.

In response to a question from Vice President Huffman, Mr. McShane spoke further about price variances due to gate size at different installations.

Needed motions and committee review were discussed.

Director Dennis moved to approve funding the purchase and installation of up to 7 automated control and metering gates in an amount not to exceed \$390,000 from the Capital Upgrade and Improvement Fund. Vice President Huffman seconded the motion. All present voted in favor. The motion carried.

Vice President Huffman moved to approve Resolution 2016-46 Authorization to Waive Competitive Bidding and Award a contract to purchase Rubicon Automated Control and Metering Gates pursuant to RCW 87.03.435(3)(c). Director Dennis seconded the motion. All present voted in favor. The motion carried.

It was noted for the record that Director Rathbun had joined the meeting.

Resolution 2016-47, 2016 Budget Revision I: Mr. Drummond spoke about the requested budget modifications. He reported that an internal transfer of money was needed from the Carry Forward (Operating) Reserve to the Non-Infrastructure Capital Project Fund for cash flow related to the new KID building project. He noted that the building project came in under budget and the actual expenses for the project had not changed.

Mr. Drummond said up \$150,000 additional spending beyond the Board authorization for the Bob Olson Parkway Piping Project may be needed, for which staff recommended a loan from Realty with the same terms as the previous loan and 4% interest.

In response to a question from Director Rathbun, Mr. Drummond spoke further about interest accrual until the Southridge loan was repaid.

Mr. Drummond confirmed to Director Dennis that the resolution had not been presented to Finance Committee.

Mr. Freeman spoke about the District's required operational reserve.

Director Rathbun moved to approve Resolution 2016-47 and transfer \$50,000 dollars from the Carry Forward (Operating) Reserve to the Non-Infrastructure Capital Project Fund, and the spending up to an additional \$150,000 as authorized for Southridge Master Plan Transmission Piping Phase I to be funded by a loan from the Realty Fund under the same terms as Resolution 2016-40. Vice President Huffman seconded the motion and it carried unanimously.

Resolution 2016-48, Project Acceptance and Release of Retainage for Public Works Contract PW2016-09 Badger Coulee Recapture Project: Mr. McShane reported that contracted work was completed for the Badger Coulee recapture well. He recommended project acceptance contingent on receipt of appropriate releases from the three state agencies.

Mr. McShane said total retainage was \$8,215. He confirmed to Director McGuire that retainage was set by state statute.

Vice President Huffman moved to approve Resolution 2016-48, Project Acceptance and Release of Retainage for Public Works Contract PW2016-09 Badger Coulee Recapture Project. Director Dennis seconded the motion and it carried unanimously.

STAFF REPORTS

Finance Manager: Mr. Drummond reported regarding:

- Year end recording and accounting
- State Audit finding due to missed Schedule 9 filing requirement change. There was no impact to the financial statements. Mr. Drummond thanked the Directors who attended the audit exit conference.

Engineering/Operations Manager: Mr. McShane reported regarding:

- Work progress slowed due to weather. Crews would be ready for canal lining this week.
- Engineering & surveying for 2016 WaterSMART grant
- IP modeling results. Conservation shown in modeling results was prospective, and did not show previous impacts.
- Meeting tomorrow with Commissioner Delvin and Tom Tebb about Integrated Plan

In response to a question from Director Dennis, Mr. McShane said moisture and wind were the biggest challenges to installation and fusion welding of the HDPE lining.

Land & Water Resources Manager: Mr. Defoe reported regarding:

- Weather conditions, snow pack, and water supply outlook
- Benton County's Voluntary Stewardship Program meeting today. Mr. Defoe reviewed the first four draft chapters of the plan regarding treatment of drains and wasteways.
- Rachel Road advisory meeting last week. Comments on Wildlife report about source of the water were not well received, but were on the record.

District Manager: Mr. Freeman reported regarding:

- 60-day extension to closing from Gensco, while City of Kennewick considered the development agreement. Mr. Freeman said KID could facilitate, but not be involved, as the District did not have an interest in the process.
- Conference call with Water Strategies regarding funding opportunities for canal lining or electrification, strategies for early repayment of the original USBR loan, and whether there will be changes to the USBR contract at renewal.
- Washington State Water Resources Association (WSWRA) executive committee conference call tomorrow.

Discussion ensued regarding prioritization of water utilization in the recently signed California water bill.

WORKSHOP: None

EXECUTIVE SESSION: At 10:32 a.m. on behalf of the presiding officer, Mr. Iller announced that the Board would go into executive session for an estimated 45 minutes to discuss with legal counsel threatened litigation pursuant to RCW 42.30.110(1)(i)(i) and to discuss with legal counsel potential litigation, in the form of legal risks of a proposed action or current practice pursuant to RCW 42.30.110(1)(i)(iii). He said at action in open session was not expected but could follow executive session.

Executive Session was extended for ten minutes at 11:20 a.m. and for 5 minutes at 11:30 a.m.

OPEN SESSION: The meeting returned to open session at 11:37 a.m.

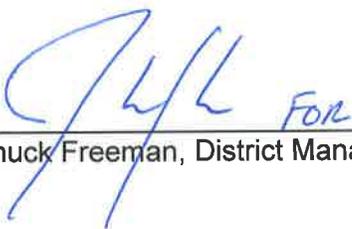
Vice President Huffman moved to adjourn the meeting at 11:38 a.m. Director Dennis seconded the motion. The motion carried unanimously.

Attest:

Witness:



David McKenzie, 2016 Board President
Approved March 21, 2017



Chuck Freeman, District Manager

Prepared by Doris Rakowski