



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, April 18, 2017, 9:00 a.m.

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

Directors Present:

Gene Huffman, President
 Dean Dennis, Vice President
 David McKenzie
 Kirk Rathbun

Staff Present:

Chuck Freeman, District Manager
 Kipp Drummond, District Treasurer
 Jason McShane, Engineering/Operations Manager
 Seth Defoe, Land and Water Resources Manager
 Shelbea Voelker, Public Relations Coordinator
 Lori Gibson, Executive Assistant
 Ben Woodard, Assistant Engineering Manager
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, KID Legal Counsel

APPROVAL OF AGENDA: Director Rathbun moved to approve the agenda. Vice President Dennis seconded the motion. All present voted in favor. The motion carried.

CONSENT AGENDA: Director McKenzie moved to approve the amended consent agenda. Director Rathbun seconded the motion. All present voted in favor. The motion carried.

On the consent agenda were:

1. Minutes, KID Board Meeting, February 21, 2017
2. Minutes, KID Board Meeting, April 4, 2017
3. Vehicle Purchase
4. Short Plat 17-03 - BMB - Wet
5. Binding Site Plan 17-01 - Brinkley - Dry
6. Travel Authorization - Project Management Professional Exam Prep
7. Vouchers/Warrant Approval

	74672	through	74758		\$ 261,424.21
	APPKT00422	through	APPKT00422		\$ 124,039.81
	APPKT00426	through	APPKT00426		\$ 4,794.08
	APPKT00419	through	APPKT00419		\$ 15.53
Total Accounts Payable					<u>\$ 408,746.06</u>

Payroll

Numbers:	33587	through	33589		\$ 4,600.79
Direct Deposit			2017-04-05	<u>\$ 169,895.38</u>	
Total Payroll					<u>\$ 174,496.17</u>
Total Disbursements					<u>\$ 583,242.23</u>

Voided Checks: No voided checks.

PUBLIC COMMENTS: Roger Gray, owner of Union Street Development Company, reported he was in the process of turning over the Streets of Dreams neighborhood irrigation system to the homeowners association and was considering turning the system over to the KID. He said he had 30 years of records which would facilitate take over by the KID.

Mr. Gray said KID added a metering device on the 28.0 delivery point on Division IV canal, which was close to their gravity flow pond entry point. He said a contractor from Mahaffey said a direct connection would be simple to complete in less than a day. Mr. Gray said Gary Hall drew up a plan to comply with KID requirements. He spoke about process for take over and referred to his memo regarding benefits to the KID. He requested direct connection be allowed prior to completion of system turn over.

Mr. McShane and Director Rathbun recused themselves because they lived in the area being discussed. At Mr. Iller's suggestion, they left the room.

Mr. Freeman asked for time for staff to investigate the request before offering a recommendation.

Director McKenzie spoke about the District's goal of pump system regionalization and dealing with private line areas. He said Mr. Gray's willingness to "come on board" was positive. He said the District was in favor of making this happen, but in the right way, with consideration for safety and risk management. He recommended adding the matter to the Operations and Engineering Committee agenda.

Mr. Gray spoke further about the system and water master, Albert Beutler.

Mr. Freeman spoke about the age of the system and the need for an analysis of the life expectancy of the materials. Discussion ensued regarding materials.

President Huffman said he wanted to hear from engineering regarding potential impact of the proposed direct connection to systems already in place.

Mr. Freeman recommended adding a discussion of the risks of a proposed action to executive session.

Mr. Gray briefly spoke about the records he had available.

Mr. McShane and Director Rathbun returned to the room.

PRESENTATIONS:

Financial Reports for February 2017: Mr. Drummond spoke briefly about the process for producing the financial reports. He referred to the reports distributed at the meeting and presented highlights of pages including:

- Balance Sheet as of February 28, 2017 - Preliminary. Corrections to January's report were included.
- Balance Sheet - Comparative as of February 28, 2017 and 2016 - Preliminary
- Statement of Revenues & Expenditures - Budget to Actual - Summary Year to Date
- Statement of Revenues & Expenditures - Budget to Actual - Comparative
- Statement of Revenues Footnote - Grant & Matching Funds Schedule

- Fund Balance Change as of February 28, 2017
- Cash Investment Report by Investment Maturity Date

Mr. Freeman requested verification of the numbers under fringe benefits and payroll taxes.

Mr. Drummonds said Finance was finalizing financial reports due to the State Auditor in May.

Mr. Freeman confirmed to Director McKenzie that a bill was expected from the USBR for the recent pump failure. Discussion ensued regarding the USBR billing model.

Director Rathbun moved to approve the February Financial Reports. Vice President Dennis seconded the motion. All present voted in favor. The motion carried.

PUBLIC HEARING: None

BOARD REPORTS:

ACTION ITEMS:

Lorayne J Rate Discussion and Setting Date for Neighborhood Meeting: Mr. Freeman presented a recommendation that a special meeting be held to discuss a proposed rate increase with the Lorayne J neighborhood. He spoke about factors that led to the need for the increase.

Mr. Freeman reported that City of Richland required Lorayne J to be annexed prior to be taken over by the city. He said KID was being charged the out-of-city rate and must operate under the assumption that the annexation would not take place.

Mr. Freeman spoke further about the intertie which was necessary to replace water from wells which were shut down due to high nitrate levels. He said when the surcharge for the out-of-city water carriage was paid, the Lorayne J reserves potentially would be zeroed out unless rates were increased. Mr. Freeman said water from Richland was reliable, and that the proposed rate would cover the cost to continue to purchase that water. Mr. Drummond noted that KID would be retro-charged for the out-of-city surcharge when the existing contract expired.

Mr. Freeman noted edits to be made to the draft door hanger meeting notice.

Mr. Freeman asked Mr. Drummond to report the average price for water in the City of Richland. He noted that if annexation took place, the wells would be restarted and used for irrigation only.

Mr. Freeman said KID would not advocate for or against annexation, but would provide data needed for the neighborhood to make the decision. Mr. Freeman confirmed that City of Richland Public Works Director, Pete Rogalsky, agreed to attend the meeting.

Mr. Freeman said if annexation did not occur and the City of Richland agreement expired, the surcharge, which was collected but not paid to the City, would become due. The approximately \$32,000 owed would be paid from the Lorayne J reserves, which would need to be repopulated.

Mr. Freeman confirmed that the State Department of Health strongly encouraged large systems to take over smaller systems.

Director McKenzie moved to hold a special meeting of the Board of Directors at 6:00 p.m. on Thursday, May 11, 2017. Director Rathbun seconded the motion. All present voted in favor. The motion carried.

RESOLUTIONS:

Resolution 2017-09, Sole Source Purchase 2014 John Deere 160G Excavator: Mr. McShane spoke about the need for the equipment and why this specific unit was a good opportunity for the District. He provided examples of uses for the excavator and compared rental costs with the cost of purchase plus maintenance. Mr. McShane said the purchase was planned to be paid for from the Capital Upgrade and Improvement Fund.

Mr. McShane confirmed to President Huffman that the result of the accountability audit of sole source purchases was that the Auditor liked KID's methodology.

In response to a question from President Huffman, Mr. McShane spoke about the life expectancy of the excavator and the anticipated usage level.

Mr. McShane went into further detail about use of the Equipment Replacement and Capital Improvement funds. Discussion ensued about tracking and budgeting for equipment and vehicle replacement. Mr. McShane spoke about use of the Capital Improvement fund for equipment used for capital upgrade work rather than maintenance.

Vice President Dennis spoke in favor of purchase over leasing.

Vice President Dennis moved to approve Resolution 2017-09, "Authorization to Waive Competitive Bidding and Award a Sole Source Contract to Purchase a Used 2014 John Deere 160G Excavator; pursuant to RCW 87.03.435(3)(c), with funds for this purchase to come from the Capital Upgrade and Improvement Fund. Director Rathbun seconded the motion. All present voted in favor. The motion carried.

Resolution 2017- 10, Project Acceptance and Release of Retainage for Public Works Contract PW2015-09 D4 Hydroseeding for Canal Lining Grants: Mr. McShane reported that the contract was completed this spring. He said the district had poor success with hydroseeding in the spring and would try fall hydroseeding this year.

Mr. McShane said release of retainage was contingent upon receipt of three required releases

Director Rathbun moved to approve Resolution 2017-10 Project Acceptance and Release of Retainage for Public Works Contract PW2015-09 D4 Hydroseeding for Canal Lining Grants. Director McKenzie seconded the motion. All present voted in favor. The motion carried.

At 10:08 a.m., President Huffman called a five minute break.

At 10:16 a.m., the meeting resumed in open session.

STAFF REPORTS:

Finance Manager: Mr. Drummond reported regarding phone call volume and usage of Vocantas interactive voice recognition and the title company portal.

Engineering/Operations Manager: Mr. McShane reported regarding:

- Response to canal overtopping and outreach to customers
- Water start up process

- Volume of service orders completed and pending
- Pre-startup system testing
- Canal operations
- Impacts of the cold winter and wet spring
- Discussions at Integrated Plan meetings regarding reevaluation of water conservation goals and what happens with the water savings
- Discussions at next Lower River Committee meeting about deficiencies in the lower river, as well as comparison of potential costs and impacts of Chandler Electrification and the Chandler Pump Exchange
- Transient analysis of Chandler Electrification and use of existing siphon pipeline
- Red Mountain Booster Station bids. Bids were higher than the Board authorization, so in-house labor was being considered.

Mr. McShane commended operations and engineering staff for working long hours for the last month to get the system up and running under difficult circumstances.

Mr. Drummond said the average cost for a two-month period for City of Richland potable water was \$64. Mr. Freeman requested a written report which also included property tax levels.

Land & Water Resources Manager: Mr. Defoe displayed online data from the USBR, USDA, and NOAA. He spoke about water storage, weather conditions, snow pack predictions and precipitation. He reported that 100% water supply was expected and spoke about TWSA (total water supply available) estimates.

Mr. Defoe also reported regarding:

- Comprehensive Plan and Critical Area Ordinances for Cities of Richland, West Richland and Kennewick
- Upcoming Benton County Voluntary Stewardship Program review of draft work plan
- Benton County Comprehensive Plan
- Rachel Road alignment meetings. A recommendation to the Richland City Council was expected in the next few months.
- Title Transfer consultant Tom Knutson's research activities

District Manager: Mr. Freeman reported regarding the Badger East Canal overtopping. He said Project Manager Darin Arbogast was assigned to conduct a safety investigation of issues identified with the response.

Mr. Freeman said at every start up and whenever the wind blows, water moved tumbleweeds to central collection points, where crews plucked them out. This year, KID had crews removing tumbleweeds at the big siphon and at Reata Road. When staff arrived at Bridle Drive ahead of the water, plastic construction wrap, Styrofoam and wood were mixed with the tumbleweeds and we did not successfully get all of it out of the canal.

Mr. Freeman said a channel was cut to bypass the clogged culvert and stop damage from water which flowed down the road for about two hours. He said staff should to contact superiors more quickly about this type of issue in the future.

Mr. Freeman met with several property owners and did a walkthrough with City of Richland yesterday. Properties with working drains were fine, but those without drains and landscaped flat ditches were not. A house with parking curb stops was most damaged, but the stops also diverted water to a neighbor's driveway, which was rutted by the water.

Mr. Freeman said that when asked why ditches were filled in, the City responded that it did not want a code enforcement issue and was aware some culverts were missing. He said he told the City KID would not have granted the 1978 permit for the road over the canal without culverts or drainage ditches.

Mr. Freeman reported crews were putting down the base course of gravel for the ditches.

Mr. Freeman had a conference call with the insurance company Monday and was forwarding incident reports to them.

Mr. Freeman spoke briefly about social media response.

Mr. Freeman said he interviewed crews and found that long hours due to the hard winter were not a factor. He reported that the canal was slow-filled on Thursday, tumbleweeds were pulled out, and then the canal was shut down. This was repeated on Friday, but there was too much water with the construction debris. He said there was no negligence on KID's part. Mr. Freeman said Leads should call the Operations Manager as soon as they knew there was an issue.

Mr. Freeman said KID would get a tool like City of Richland's jetter, which was able to clean out the culvert.

Regarding safety, Mr. Freeman said the leadership team would be debriefed next week and that crews should put personal safety was above all else, and would be expected to wear their vest and hardhat at all times when out of their vehicles.

WORKSHOP:

Project Tracking: Mr. Freeman provided brief overviews of projects including:

Water Right Mgmt

- Lower River Sub-Committee
- Barrasso bill, S. 216 (Bureau of Reclamation Transparency Act)
- YRBWEP III bill, S. 714

Strategic Planning & Special Projects

- Conservation Plan funding eligibility

Finance

- IVR
- Capital Connection Charge
- Investment Policy

Engineering/Ops

- Finley Property
- 45th Ave

Administrative

- Platting process
- City of Prosser

EXECUTIVE SESSION: At 10:57 a.m., Mr. Iller announced on behalf of the presiding officer that the Board would go into executive session for an estimated 45 minutes, starting at about 11:05 a.m. and ending at about 11:50 a.m., for planning or adopting the strategy or position to be taken by the governing body during the course of any collective bargaining as authorized by RCW 42.30.140(4)(b) and to discuss with legal counsel potential litigation, in the form of litigation or legal risks of a proposed action or current practice as authorized by RCW 42.30.110(1)(i)(iii) as relates to critical area ordinances and other environmental issues.

Mr. Iller said that action could follow in open session but was not expected.

At 11:50 a.m., executive session was extended for ten minutes and for five minutes at noon.

OPEN SESSION: The meeting returned to open session at 12:07 p.m.

Letter regarding Potential Conflict of Interest: Mr. Iller reported that the District received a letter from insurance defense counsel, Ken Harper, regarding a potential conflict of interest due to his representation of the City of Richland in matters of their critical areas ordinance. He said Mr. Harper believed he did not have an actual conflict and would withdraw if actual conflict developed. He said Mr. Harper asked that the District request their attorneys in the matter, Van Ness Feldman, to execute a letter acknowledging his disclosure.

Mr. Iller noted that the Board could not discuss legal advice regarding the matter, which was given in executive session.

Director Rathbun moved to authorize Van Ness Feldman to sign a release of conflict of interest with Ken Harper. Director McKenzie seconded the motion. Mr. Iller clarified that it was a notification, not a release. **President Huffman corrected the motion. All present voted in favor. The motion carried.**

Director Rathbun moved to adjourn. Vice President Dennis seconded the motion. All present voted in favor. The motion carried.

The meeting adjourned at 12:10 p.m.

Attest:

Witness:


Gene Huffman, Board President
Approved May 2, 2017


Chuck Freeman, District Manager

Prepared by Doris Rakowski