



MINUTES

Regular Meeting of the KID Board of Directors
Carl W. Petersen Board Room
April 21, 2009, 9:00 a.m.

Directors Present:

John Jaksch, President
John Pringle, Vice President
David McKenzie
Patrick McGuire
Gene Huffman

Staff Present:

Scott Revell, Interim Secretary/Manager
Margo Hines, Assistant Manager-Administration
Clark Haueter, District Treasurer
Brian Iller, Legal Counsel
Beth Smith, HR/Risk Management Administrator and Acting Engineering Manager
Richard Evans, Professional Engineer
Jason McShane, Staff Engineer
Ben Woodard, Staff Engineer
Doug Ricard, Construction Inspector
Doris Fiske, Executive Assistant

Call to Order/Roll Call – Board Secretary: The meeting was called to order at 9:00 a.m. by President Jaksch. Interim Secretary/Manager Revell took roll call.

Approval of Agenda: President Jaksch added a report on the April 20th Red Mountain South LID meeting and the April 16th US Bureau of Reclamation meeting to Other Business, District Manager's Report. He also added reaffirmation of the April 7th Board of Director's vote on extending the deadline for applications submitted under Policy 8 to District Business, Finance. **Director McGuire moved to approve the amended agenda. Vice President Pringle seconded the motion and it carried unanimously.**

Consent Agenda: President Jaksch added a travel request for Judy Smith to attend the Springbrook Conference to item #3 of the consent agenda. **Vice President Pringle moved to approve the amended Consent Agenda. Director McKenzie seconded the motion and it carried unanimously.** Items on the Consent Agenda were:

1. KID O&M Vouchers
2. Minutes, KID Regular Board Meeting, April 7, 2009
3. Travel Requests for Springbrook Conference
4. Interim District Manager's Contract

Accounts Payable

Numbers:	56644	through	56644	\$	1,210.98
"	56645	through	56691		101,687.51
"	56692	through	56737		<u>97,398.20</u>

Total Accounts Payable 200,296.69

Payroll

Numbers:	31098	through	31108	11,953.22
"	31109	through	31109	123.37
Direct Deposit				<u>67,883.75</u>

Total Payroll \$ 79,960.34

Total Disbursements \$ 280,257.03

Voided Checks

None

Scheduled Visitor: William Dove, residing at 1601 S. Quay Ct., addressed the Board regarding rates and water delivery dates. Mr. Dove said rates are too high and water delivery is too late. Vice President Pringle said a change which has taken place since Mr. Dove worked for the KID is that the USBR doesn't allow KID to begin charging the canals with water until the first of April. District Manager Revell said in addition to water arriving in canal later, there are many more pressurized areas now. Mr. Revell said, in the interest of public safety, the field crew is using a more methodical approach to startup now, starting one system at a time and correcting any problems before moving on to the next system. This year, a couple of days were lost due to problems with the lowlift siphon and the Badger East drain. The last few areas will be turned on in the next few days. President Jaksch responded regarding the rates that the new tiered rate structure was publicized, discussed in open public meetings and the board of equalization.

Unscheduled Visitors: Dave Morrison, residing at 6412 W. Willamette Ave., asked board if they didn't have the responsibility to assess fairly. Mr. Morrison said a 28% increase in one year was not equitable. He also disagrees with the practice of designating a system as pressurized based on delivery of 40 psi if it is a gravity system. Mr. Morrison's irrigation water is pressurized from Elliott Lake. President Jaksch asked District Manager Revell look into whether Elliott Lake is pressurized or not.

Pat Sanders, residing at 1929 W 10th Ave., addressed the Board regarding the increase in his bill. Upon discussion, it was determined the increase was due to multiple parcels. District Manager Revell discussed changes to the billing system this year that said the District in January switched to billing system where the owner of each parcel as assessed by Benton County is sent a bill. Treasurer Haueter will provide a Policy 8 consolidation request form to Mr. Sanders.

Lee Fetrow, residing at 70581 E. Badger Rd., addressed the Board regarding agricultural rates rising from \$49.50 to \$60 per acre, and parcel consolidation. In his case, section lines cross on his 40 acres resulting in the acreage being billed as several parcels. Vice President Pringle stated that KID agricultural rates are low in comparison with other irrigation district in the Yakima Basin and that KID's rates are low because they have been subsidized by realty sales. He said that now that sales are down, the subsidies are no longer available. President Jaksch said one of the advantages of the new assessment system will be a more predictable assessment year-to year.

Richard Utley, residing at 71528 E. Badger Rd., addressed the Board regarding keeping people from trespassing on the ditch roads, especially in Badger Canyon. His suggestions included no trespassing signs every quarter miles, fencing, better policing and advertising in the paper. District Manager Revell said the USBR has given the District additional signs which are posted wherever the canal passes public roads and that the US Marshall handles trespass issues for the USBR. Mr. Revell noted the KID has pressure from cities for incorporating canal roads into a trail system. He said it is important for safety that there are not unauthorized vehicles on the ditch roads.

Anne Doyle, residing at 1929 W 10th Ave, addressed the Board regarding her property at 506 W 48th Avenue. She said Garfield Heights residents were told the price would come down when Orchard Crest came on line, but prices have gone up.

Arth Day, residing at 3319 W 10th Ave., addressed the Board regarding consolidation of his parcels. Treasurer Haueter said Mr. Day's case falls under Policy 50 for internal non-agricultural consolidation of parcels including residential which are less than one acre. President Jaksch said the Board will be addressing this policy but has no answer on the issue yet.

Les Adams, residing at 193910 E. Game Farm Rd., addressed the Board regarding increases in his bill due to his ownership of multiple parcels.

Dale Walter, residing at 5624 W. 10th Ave., addressed the Board regarding the tiered rate structure and refunds to LIDs. President Jaksch said staff will respond to the materials provided by Mr. Walter after they have been reviewed. Mr. Walter said he does not believe the KID's tier rate structure meets the RCW requirements of fairness. President Jaksch asked if Mr. Walter had an alternative to the tiered rate structure that he might suggest. President Jaksch also reminded Mr. Walter that he (Jaksch) had personally asked Mr. Walter several times while he was a member of the Board and serving on the Finance Committee to come up with an alternative to the tiered structure. Mr. Walter never came up with an alternative. Mr. Walter said he was given faulty information while on the Board and he continues to get bad information in response to his questions. Mr. Walter said a tiered structure is legal if it is fair but that agricultural parcels should be paying more. He said KID can give a break for agricultural customers or those with fixed incomes, but the break given to agricultural parcel was too much. Regarding refunds to LIDs, Mr. Walter said the KID refunded \$1.2 million less that it should have to LIDs. President Jaksch asked staff, including Treasurer Haueter, to review and be prepared to address Mr. Walter's materials at

the next meeting. Director McGuire asked Mr. Walter to meet with Clark Haueter and indicate what faulty information was given to Mr. Walter.

District Business:

Executive

5. **District Manager Job Description:** The Board decided no changes were needed at this time to the District Manager job description.

6. **District Manager Search Update:** HR Administrator Smith discussed the need to schedule a special meeting to meet with consultant, Bob Murray, on April 24th. Discussion ensued. **Vice President Pringle moved to hold a special board meeting at 9:00 a.m. on Friday, April 24th, for the purpose of meeting with the management search team. Director McGuire seconded the motion and it carried unanimously.**

7. **Recording Board Meetings:** District Manager Revell discussed options, costs and benefit of purchasing of a digital recording system. He stated no additional costs are expected to post recorded Board meetings to the KID website. Mr. Revell said an announcement would need to be made at the beginning of any meeting which would be recorded. **Director Huffman moved that the Board authorize the purchase and use of a digital recording system to record Board meetings. Director McKenzie seconded the motion.** Director McGuire suggested development of a Policy and Procedure for how to implement this decision. Mr. Revell said this could be accomplished by an administrative memo to staff which would be copied to the Board. **The motion carried unanimously.**

Operations and Engineering

8. **Canal System Start-up Report:** Scott Revell reviewed Harry Fox's report to the Board. Vice President Pringle said three weeks is too long for completion of start-up. The Board referred discussion of future start-up schedules to the Operations & Engineering Committee.

Business Administration

9. **General Update:** Margo Hines responded to questions regarding tracking of calls to Customer Service. Scott Revell said the 2010 budget will include an upgraded phone system. Margo Hines will provide copies of the Canfield risk management report to the Board.

President Jaksch called a break at 10:05 a.m.
The meeting reconvened at 10:18 a.m.

Finance

10. **Financial Reports:** Treasurer Haueter reviewed the Cash Receipts Report and the Cash Investments Report. Discussion ensued regarding current availability, rate of return and security of investment vehicles. Mr. Haueter explained the District's participation in the Local Government Investment Pool will be discussed at the April 23rd Finance Committee meeting.

11. **Policy 8, "Parcel/Account Consolidation," Update:** Treasurer Haueter reviewed the options for resolving parcel consolidation issues and their projected 2009 revenue impacts. Discussion ensued. President Jaksch called for a reaffirmation of the April 7th vote to extend deadline to apply for parcel consolidation under Policy 8 to June 30. **Vice President Pringle moved to extend the Policy 8, "Parcel/Account Consolidation," deadline from January 31st to June 30th and to adjust Policy 8 to match the federal definition of "agricultural." Director Huffman seconded the motion and it carried unanimously.** Discussion ensued regarding the legality of applying the policy to agricultural parcels regardless of parcel size. President Jaksch referred revision of Policy and Procedure 8 to the Operations and Engineering Committee. Legal Counsel Iller said the Board could revise the Policy for 2010. Mr. Iller said that while his initial impression is that the Board may revise the Policy retroactively for 2009 if it reduces rates and results in no increases, he needs to research the issue and report back to the Board.

Revision of Policy and Procedure 50, "Consolidation of Parcels Less Than One Acre," was referred to the Operations and Engineering Committee. Discussion ensued. **Director Huffman moved to extend the Policy 50, "Consolidation of Parcels Less Than One Acre," deadline to June 30th. Director McKenzie seconded the motion and it carried unanimously.** President Jaksch said the Operations and Engineering Committee will revise Policy 8 to reflect actual land use, the extended date and Policy 50 to reflect the extended date. The changes will be brought to the Finance Committee prior to review by the full Board of Directors. Vice President Pringle said the net result will be retroactive availability for 2009. Treasurer Haueter noted Procedure 50 requires applicants go through the county before Policy 50 is applied.

Resource Management and Planning:

12. **Realty Management Report:** No discussion.

Other Business:

13. **District Manager's Report:** District Manager Revell reviewed recent activities and projects of the KID staff. He noted that Operations staff activities were reported under a different report.

➤ **New water permit:** Mr. Revell reported on the U.S. Bureau of Reclamation's suggestion of a new method of achieving goals of the new water permit by using a change and transfer mechanism. The proposal will be reviewed with the District's attorney this week. President Jaksch said this will streamline the process allowing the same results for all the involved agencies with less complexity. He said Richard Evans's recalibration efforts have shown the KID has a lot more water available to move than previously thought and that Mr. Evans will be hiring a consultant to independently review his results.

➤ **Red Mountain South LID Meeting:** Mr. Revell reported the April 20th Red Mountain South LID meeting which was attended by 39 people who favored the \$12 million LID to deliver 1.5 acre feet per year. President Jaksch and Director McGuire attended the meeting. McKay and Sposito presented options for the new system at the meeting. Meeting attendees discussed the period of payback and a 60-day interest-free period. Mr. Revell expects to schedule an LID informational hearing before the Board in about 6-8

weeks. A survey of participants, regarding acreage and preferences for payback will be distributed first. Treasurer Haueter said the District's Policy is to use the posted interest rate in the Wall Street Journal when financing LID construction loans. District Manager Revell said the statute requires petitioners who do not file an objection to LID formation to be counted as positive votes. Discussion ensued regarding KID property at Red Mountain. Mr. Revell noted the KID will need to determine which KID parcels on Red Mountain will be in the LID and how much of each parcel will be irrigated. Mr. Revell said that, historically, decisions about KID-owned property have gone through the Realty Committee. The issue was referred to the Realty Committee.

➤ **Overtime Grievance:** Mr. Revell discussed the copies of the Field Employees' Union grievance and reply which were included in the packet sent to the Board. He noted this is not the normal procedure for resolving a grievance and that the issue is being processed through normal channels. Mr. Revell described the step process for grievance resolution. Discussion ensued regarding an expected grievance addressing a new GPS tracking system on KID's mobile telephones.

President Jaksch added discussion of stimulus package funding requests to the next Board meeting agenda.

Vice President Pringle asked that the April 23rd Finance Committee meeting be held at 9:00 a.m.

President Jaksch called a break at 11:15 a.m.

Executive Session: At 11:30 a.m., the meeting reconvened in executive session for one hour to discuss with legal counsel potential litigation regarding easements and to review the performance of a public employee.

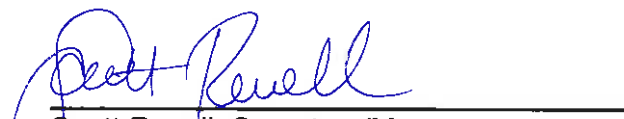
Director Huffman moved to adjourn the meeting at 12:15 p.m. Director McKenzie seconded the motion and it carried unanimously.

Attest:

Witness:



John A. Jaksch, Board President



Scott Revell, Secretary/Manager

Prepared by Doris Fiske