



MINUTES

Regular Meeting of the KID Board of Directors
Carl W. Petersen Board Room
July 7, 2009

Call to Order/Roll Call: The meeting was called to order in open public session at 8:59 a.m. by President Jaksch. Interim Secretary/Manager Revell called the roll.

Directors Present:

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

Staff Present:

Scott Revell, Interim Secretary/Manager
Joetta Rupert, Real Estate Manager
Clark Haueter, District Treasurer
Brian Iller, Legal Counsel
Margo Hines, Asst Manager-Administration
Beth Smith, HR/Risk Management
Administrator & Acting Engineering Manager
Harry Fox, Operations Manager
Richard Evans, Professional Engineer
Doris Fiske, Executive Assistant

Approval of Agenda: President Jaksch noted that no board action will be requested on the Leadership Tri-Cities agenda item. **Director McGuire moved to approve the agenda. Director Huffman seconded the motion and it carried unanimously.**

Consent Agenda: President Jaksch noted some minor editing changes will be made to the minutes which will not preclude approval on the consent agenda. **Director McKenzie moved to approve the consent agenda. Vice President Pringle seconded the motion and it carried unanimously.**

Items on the consent agenda were:

1. KID O&M Vouchers
2. Minutes, KID Special Board Meeting, May 30, 2009
3. Minutes, KID Regular Board Meeting, June 2, 2009
4. Mark Jennings, Maintenance Concepts, Inc., Professional Services Agreement
5. Pete Thomsen, TRE Technical Services, Professional Services Agreement
6. Letter of Appreciation to Charles Garner, USBR
7. Resolution 2009-16 Project Acceptance and Release of Retainage for Public Works Contract 2009-02 Badger East Concrete Work March '09
8. Resolution 2009-17 Project Acceptance and Release of Retainage for Public Works Contract 2006-11 SCADA Integration

Accounts Payable

Numbers:	57029	through	57029	\$	205.03
"	57030	through	57060		35,536.98
"	57061	through	57136		268,022.38
"	57137	through	57205		169,222.22
"	57206	through	57306		64,994.40
"	57307	through	57307		15,000.00
"	57308	through	57308		9,732.26
"	57309	through	57353		77,190.77
"	57354	through	57354		515.70

Total Accounts Payable \$ 640,419.74

Payroll

Numbers:	31151	through	31152		2,092.34
	31153	through	31165		12,839.39
	31166	through	31181		15,378.99
Direct Deposit					72,533.00
Direct Deposit					74,005.75

Total Payroll 176,849.47

Total Disbursements \$ 817,269.21

Voided Checks

Check No. 57147 in the amount of \$265.01, void & reissued to correct vendor.

Scheduled Visitor: John Hinckley, residing at 239109 E Tierney PR SE, asked the Board if a rotary screen would be available to be installed on turnout 41 on the Main Canal to help deal with the moss/algae problem. Mr. Revell said a written response will be sent to Mr. Hinckley by the end of the week. Mr. Revell noted that moss is a problem this year throughout the Yakima system though water quality is improved due to less turbidity. Mr. Fox said the 41.0 turn out is near the end of the Division IV of the Main Canal, and concentrations of herbicides high enough to be effective would exceed the National Pollutant Discharge Elimination System (NPDES) requirements for discharging to the Columbia River. Cutting back water flow so there is no spill into the Hover Drain, adding the chemical and directing water into two large private ponds at the end of the canal to prevent the treated water from returning to the river, and then raising the water to the normal level again has been fairly effective. KID will need to look at other automatic mechanical screens for this location. There is a screen at the LID 99 turnout at 41.8 but it isn't very effective with this type of algae which breaks up easily and goes through the screens and clogs systems further on. Director McGuire recommended a press release be issued to inform the public about the known problem with the algae bloom and the KID's efforts to manage it.

Robert Fortman, Water Master, residing at 70301 Road 2410, agreed that the rotating screen at the 41.8 turnout does not help much with this problem.

Unscheduled Visitors:

Jim Wade, residing at 1813 S Rainier Place, addressed the Board regarding the tiered rate structure and LIDs. He asked if the rate payers voted for a tiered structure, if the rate payers in each LID voted to give up their rights to their LID to KID, and whether the LIDs that owed tens of thousands for repairs paid or are paying for them or if the repairs are being paid for by the tiered structure. Mr. Revell responded to the first question that there was no general vote on the tier and toll structure; it was a vote of the Board. He responded to the second question that there was no election and the changes were based on the Attorney General's opinion relative to ownership of LIDs and the infrastructure. Regarding the third question, Mr. Haueter said the rate structure was effective as of January 2009 and breaks prior to that time were or are being paid for by the LIDs and those occurring after that date are a District expense.

Dale Walter, residing at 5624 W 10th Avenue, addressed the Board regarding refunds to LIDs. He said in 2009 KID refunded \$1.4 million to LIDs and asked if the Board approved that refund. He stated that in 2008 KID gave \$169,000 in credits to LIDs and asked if that was also approved by the Board. He also said that approximately \$433,000 in expenses were charged to LIDs in March and asked if the Board reviewed and approved those expenses. Mr. Haueter answered that the Board was aware of the \$1.4 million through the Finance Committee, the then District Manager had approved the refund, and the actual transfer was within the job scope of the District Treasurer. He stated that the Board was aware of the credits issued in 2008, and that the \$433,000 in expenses charged to the LIDs in March 2009 was discussed with the Finance Committee and approved by the District Manager.

Resource Management and Planning:

1. Leadership Tri-Cities Sponsorship Award: Ms. Rupert told the Board she recently attended the Leadership Tri-Cities Class XIV graduation and received an award on behalf of KID for sponsorship of the 2008 Ag Day. 2008 was the sixth year of KID's sponsorship of this event. She reported that plans are underway for the September 2009 Ag Day. Ms. Rupert is on the planning committee and will furnish agenda when one is available. Ms. Rupert presented the award to the Board.

2. Duportail Bridge Project Support Letter: Ms. Rupert presented the City of Richland's request for a letter of support for the Duportail Bridge project and described the project. The City of Richland is seeking federal and state funding to construct a bridge over the Yakima River between SR 240 Bypass Highway and Queensgate Boulevard. The project is supported by the Washington Department of Transportation. No KID property will be included in this work, but the project will enhance property values by improving access. There will be no supplementary assessments for the bridge. No previous statements of position by KID on this issue were found. The Realty Committee and staff recommend endorsement of the project. Director Huffman moved to approve the Board President to execute the letter of support to the City of Richland for the Duportail Bridge

construction project. Vice President Pringle seconded the motion and it carried unanimously.

3. Feasibility Study Contract – Award: Mr. Evans presented the request for Board approval of the consultant contract for the feasibility study for the Conservation Plan. Discussion ensued regarding source of funds for the contract and the need to include information on the source of funding with all requests. **President Jaksch moved to approve the contract with McKay and Sposito for the Feasibility Study, not to exceed \$300,000, with the KID's matching portion of \$54,718 to be paid out of the Realty Reserves as a result of reimbursement from the Department of Ecology for the Alternative Study completed earlier this year. Director Huffman seconded the motion.** The motion was read back and further discussion ensued. **The motion carried unanimously.**

New Business:

4. Establishment of a Water Rate Advisory Committee: Mr. Revell presented the proposal for formation of a citizen advisory committee. Discussion ensued regarding budgeting and the need for a consultant. Mr. Revell said staff recommended approval of the committee and funding of a consultant in 2010 budget. Discussion continued regarding publicizing the advisory committee and establishing operating procedures for the committee. **Director McGuire moved to approve Resolution 2009-18 to establish a Water Rate Advisory Committee. Vice President Pringle seconded the motion and it carried unanimously.** Directors McGuire and Huffman were assigned as a Board subcommittee to work with staff on the formation of the Water Rate Advisory Committee.

5. 2009-2010 Capital Project List: Mr. Revell reported that the capital project list has been reviewed by both the Finance Committee and the Operations and Engineering Committee and that both recommend approval. He discussed briefly some of the projects on the list and Mr. Fox's plan for an emergency contingency budget from this fund, which, if unused by the end of the water on season will be used for sealing of about a mile of canal. Discussion ensued regarding the source of funds for the capital projects. **Director McKenzie moved to approve the 2009-2010 Capital Improvement Project list. Director McGuire seconded the motion and it carried unanimously.**

6. District Manager's Report: Mr. Revell briefly addressed the following items:

➤ **Badger East seepage:** Repairs were completed ahead of schedule and appear to have been successful. A press release was issued in advance of the repairs and there was television coverage of the planned repair. Mr. Revell said the potential cost recovery issue was still being researched.

➤ **Travel policy:** Revisions to the policy to correct issues concerning travel out of the District and spending limits before Board approval is triggered will be brought to the next Finance Committee meeting.

➤ **Next Finance Committee Meeting:** July 9th meeting time changed to 9:00 a.m.

➤ **USBR Canal Safety Program:** Staff has confirmed there are no tier one projects in the Yakima USBR Project but there are tier two projects. Aerial surveys were done in July. KID has given information to the USBR regarding areas where a canal break would affect \$10 million dollars worth of property or threaten 200 people.

➤ **Benton PUD crossing permit:** This permit has been in process since March but needs to go through the Operations and Engineering Committee before being presented to the Board on July 21st. Mr. Revell said he thinks this crossing is covered by the master crossing permit but he will research whether an easement from the underlying land owner is necessary.

➤ **Spending Authority policy:** Revisions to the policy to reestablish spending authority for department managers and to clarify that the Real Estate Manager is treated in the same manner as the District Manager for spending authority will be presented to the Finance Committee on July 9th.

➤ **Yakima River Basin Water Enhancement Project (YRBWEP) Work Group:** The committee includes representatives of the Department of Ecology, the USBR, the Yakama Nation, irrigators, municipalities, regulators and environmentalist groups. All parties present at the June 30th meeting exhibited a strong spirit of cooperation and will to find a long term solution. The KID is one of five irrigation districts with seat on the committee. All day meetings are scheduled for July 15th and 29th.

➤ **Amon Wasteway study:** The biologist/consultant will be working in the Amon Wasteway July 8th and 9th.

➤ **Town hall Board meeting:** Follow-up from the May 30th town hall Board meeting is complete. Letters and a survey were mailed and information was compiled in a single document that will be posted on the website.

➤ **Engineering and Operations coordination:** Representatives of the two departments are meeting on weekly basis and engineering staff is working in the field with operations staff several days a week.

➤ **Finance Department activities:** The inventory of attractive assets has been completed. Work is underway on the 2010 budget, implementation of the Parcel Consolidation policy, and processing of delinquencies and foreclosures.

➤ **SCADA & Telemetry:** Work is continuing on SCADA and telemetry. Mr. Fox said KID has staff assigned to monitor and keep this equipment operating.

➤ **Engineering Department activities:** Ms. Smith has implemented a tracking system for engineering calls and customer visits and staff is embracing the idea.

➤ **Administration Department activities:** Ms. Hines reported that customer service is busy fielding calls on the 3000 late notices and 200 foreclosure notices that were mailed last week. Discussion ensued regarding erroneous phone message on the office line. Ms. Hines reported there is now backup staffing for the responsibility of maintaining phone

messages and insuring correct messages are activated. Mr. Revell said staff is looking into problems with the phone system's capacity and that additional phone lines will be included on the 2010 budget.

➤ **Jim Edgar's Retirement:** Jim Edgar, KID's Segregation Technician, is retiring after close to 20 years of service. There will be a potluck July 8th at noon.

➤ **District Manager Search:** Ms. Smith reported that the mailings have been completed and the deadline for response is July 27th. Director McGuire stated that there were 23 applicants as of Thursday.

➤ **Red Mountain South LID Hearing:** The hearing will be held at the regular Board meeting on July 21st as forming an LID requires an act of the Board.

At 10:00 a.m., President Jaksch called a ten minute break.

At 10:10 a.m., the meeting reconvened in executive session for one hour

- to discuss with legal counsel potential litigation regarding easements,
- to discuss the District's position on collective bargaining negotiations,
- to consider the District's position on the acquisition of real estate,
- to consider the District's position on the sale of real estate,
- to discuss with legal counsel litigation regarding Acquavella, and
- to evaluate complaints against a District employee.

At 11:10 a.m., executive session was extended for one hour.

At 12:10 p.m., executive session was extended for twenty minutes.

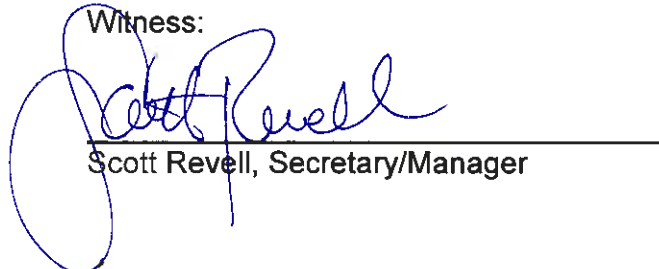
At 12:33 p.m., the meeting reconvened in open public session.

Mr. Iller asked if anyone would make a motion on the easement litigation regarding Daily. No motion was offered.

Director Huffman moved to adjourn the meeting at 12:35 p.m. Vice President Pringle seconded the motion and it carried unanimously.

Attest:


John A. Jaksch, Board President

Witness:

Scott Revell, Secretary/Manager