



MINUTES

Meeting of the KID Board of Directors
Carl W. Petersen Board Room
Tuesday, October 13, 2009, 8:30 a.m.

8:30 a.m. The Board met in Executive Session to evaluate the qualifications of applicants for public employment and to discuss the District's position on collective bargaining negotiations.

Call to Order/Roll Call: President Jaksch called the meeting to order in open session at 9:00 a.m. and Interim District Manager Revell called the roll.

Directors Present:

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

Staff Present:

Scott Revell, Interim Secretary/Manager
Joetta Rupert, Real Estate Manager
Brian Iller, Legal Counsel
Clark Haueter, District Treasurer
Harry Fox, Operations Manager
Doris Fiske, Executive Assistant

Approval of Agenda: Director McGuire moved to approve the agenda. Director Huffman seconded the motion and it carried unanimously.

Consent Agenda: Director Huffman 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

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|----------|---------------------|----|------------------|
| Numbers: | 58163 through 58221 | \$ | 7,594.22 |
| | 58222 through 58257 | | <u>70,611.65</u> |

Total Accounts Payable 78,205.87

Total Disbursements \$ 78,205.87

Voided Checks

Check No. 57998 void due to duplication.

2. Minutes, KID Regular Board Meeting, October 6, 2009
3. SEPRO Aquatic Weed Control Agreement
4. Resolution 2009-30 Grant Application
5. Approval of Severance Pay to Margo Hines

Unscheduled Visitors: Dale Walter, residing at 5624 West 10th Avenue, addressed the Board regarding the '09 rate. He said the web page states KID has put in O&M electricity charges for the LID. He asked if he subtracts the tier rate in the pressurized system from the tier rate in the unpressurized system would that give him the L&ID assessment. Mr. Walter restated his question as "if you take any of the tiers, the pressurized minus the unpressurized tiers, you have a balance of dollars; is that balance of dollars the assessment for the O&M and electricity charge that is referenced on the web page?"

Mr. Haueter offered to meet with Mr. Walter to go over the details and said "the balance is the majority of the O&M assessment but there could be other things within that, so it is not just a simple a minus b equals c." Mr. Walter asked what those items could be and Mr. Haueter reiterated his offer to go over the spreadsheet with Mr. Walter.

Mr. Walter said he made a request a few days ago about all the documentation from the Board and the staff on how they arrived at the rates. He said that he cannot come up with a rate from the 16 pages he received. He said "you have more documentation than I have." Mr. Haueter said "we provided you all the documentation you requested in your request."

New Business:

1. **2010 Budget:** Mr. Revell reported that the 2010 budget has gone through the committee process. He described assumptions upon which the budget was drafted, reviewed features of the proposed budget, and suggested options for balancing \$84,000 the difference between the proposed budget and the estimated expected income. The non-pressurized tier 11 rate will increase from \$60 to \$80 per acre. Rates for other tiers are proposed to be increased by 1.13%. Alternatively, the difference could be transferred from reserves or made up by additional budget cuts which would include \$30,000 for the proposed new phone system. The Capital Project charge will change from \$30 to \$40 as scheduled in 2006.

Mr. Haueter said the Board will receive the assessment roll on or before the first Tuesday in November per RCW 87.03.250, so a decision on the final 2010 budget amount is needed today to allow time for the preparation of the assessment roll. Mr. Haueter confirmed that the Board is being asked to choose from the three options presented in the staff report or additional \$84,000 in budget cuts.

Vice President Pringle said he favors \$84,000 in additional cuts to avoid raising the pressurized tolls. Mr. Haueter noted that non-pressurized tier 11 will still go from \$60 to \$80 per acre even with additional cuts. Director McGuire agreed that the budget should be reduced by \$84,000 and said the staff memo does not accurately reflect what was discussed at Finance Committee meeting, as at least three other areas for cuts were identified. Director Huffman said the tier rate structure was intended to stabilize rates and though changes may be made later, he supports no rate increase now. Director McKenzie said there are still areas for some cost savings within the budget without having to raise the rates on pressurized systems. President Jaksch agreed with not raising pressurized rates but said \$80 per acre for non-pressurized tier 11 would still be under the rates of other districts in the area.

Director Huffman moved to adopt the 2010 budget in the amount of \$8,874,000. Director McGuire seconded the motion and it carried unanimously.

2. Yakima River Basin Water Enhancement Project (YRBWEP) Working Group: Mr. Revell updated the Board on the activities of the YRBWEP Working Group over the last few months. The goal of the group is to put together a package of projects to enhance the total water supply available, taking into consideration goals of improved flows for fish, water for municipalities, and water for irrigation. The group is trying to make the proratable and interruptible water rights whole. Another concern is to get a handle on climate change effects. President Jaksch recommended taking advantage of expertise from the Pacific Northwest National Labs.

3. Policy 2.1 Severance Pay: Mr. Revell presented the policy which was prepared by legal counsel and said staff recommends approval. **Director Huffman moved to approve Policy 2.1, Severance Pay, Revision 1. Director McKenzie seconded the motion and it carried unanimously.**

4. 2009-2010 Capital Projects Plan Revisions: Mr. Revell proposed a series of revisions to the Capital Projects Plan recommended by staff. He said the proposed Badger East work is in areas below the canal where there is known seepage. Mr. Fox discussed work to clean out and reshape the Highlift Canal within the existing fence boundaries. He noted there is one area where a fence is falling into canal and said staff will work with the owner in that case. Work is expected to be complete before startup on April 1, 2010.

Director McKenzie moved to approve the Capital Improvement Plan as modified*. Director Huffman seconded the motion and it carried unanimously.

*Preparer's note: Modifications are as follows:

- The hazardous materials handling facility is removed from the capital program and the \$90,000 project will be funded through the Operations budget.
- The \$70,000 for the pump consolidation is reduced to \$10,000 and the scope of the project is reduced to only include the PSA 159 pond overflow pipe.
- \$150,000 is added to the Capital Improvement Plan for rehabilitation of a portion of Division I or Division III of the Main Canal.
- Pay for the two canal seepage repairs on the Badger East Canal in 2009, amount to be just under \$35,000 in total, from the \$250,000 held in the capital program for canal repairs.
- A portion of the \$150,000 for the Highlift Canal re-build will be used to line sections of the Badger East Canal.

5. Policy 3.2-2 Water Entitlement Transfer Process: Mr. Revell said the proposed policy is the same as previously reviewed. Proposed changes in the fee schedule will eliminate fees to those giving up water and keep the fee for those who request water at \$500. Temporary Transfer and Combination fees will change. The fee for Temporary Transfers which are identical in the second or subsequent years will be only \$20 as most administrative work has already been done. The decision to allow appeal of the District Manager's decision to revoke an entitlement allocation if the water is not put to use in 36 months but not to allow appeal of the District Manager's determination of eligibility for relegation to the Board was discussed.

Discussion ensued regarding the fee schedule, which is not part of the accompanying procedures, and the mechanism for updating the schedule. Mr. Haueter noted that there are other fees which are being reviewed by the Engineering department. He agreed to bring a

policy on setting fees the Finance Committee in December and to bring a complete fee schedule to the Board in January. He proposed the fee schedule be put on website.

Director McGuire moved to approve Policy 3.2-2, Water Entitlement. Vice President Pringle seconded the motion and it carried unanimously.

6. **Administrative Office Union Memorandum of Agreement:** Mr. Revell reported that negotiations with the office union are complete. He noted that the agreement includes no cost of living adjustment. The agreement has been reviewed by the District Human Resources consultant and staff recommends approval. **Director Huffman moved that the Memorandum of Agreement between the International Union of Operating Engineers Local 280 and the Kennewick Irrigation District be approved for the 2010 Wage and Matrix Opener. Vice President Pringle seconded the motion and it carried unanimously.**

7. **District Manager Employment Contract:** Mr. Revell stated that he was not able to confirm whether the contract had been mailed to Mr. Charles Freeman. Director McGuire stated that Mr. Freeman was the best candidate and that the contract is good with the exception of the car allowance. Discussion ensued regarding striking the last sentence of Attachment A and allowing Mr. Freeman to decide, after he is hired, whether he prefers to drive a District or personal vehicle for District business. District Counsel said the Board may strike the sentence as there is not now a signed binding contract.

Director McGuire moved to approve the employment contract to hire Charles Freeman as the District Secretary Manager, removing last sentence of Exhibit A which states "Also, the District provides the District Manager with a vehicle for use on District business." Director Huffman seconded the motion. Vice President Pringle noted that the Board would like the new District Manager to develop a Policy and Procedure regarding the vehicle. **The motion carried unanimously.**

Mr. Jaksch said Mr. Freeman is to report on November 2, 2009.

8. **District Manager's Report:** There was no report.

Director Huffman moved to adjourn the meeting at 9:46 a.m. Vice President Pringle seconded the motion and it carried unanimously.

Attest:

Witness:


John A. Jaksch, Board President


Scott Revell, Secretary/Manager