



MINUTES

Regular Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, November 17, 2009, 9:00 a.m.

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

Directors Present:

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

Staff Present:

Charles Freeman, District Manager
 Scott Revell, Planning Manager
 Joetta Rupert, Real Estate Manager
 Brian Iller, Legal Counsel
 Clark Haueter, District Treasurer
 Beth Smith, HR/Risk Manager, Acting Engineering Manager
 Harry Fox, Operations Manager
 Doris Fiske, Executive Assistant

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

Consent Agenda: Director McGuire moved to approve the consent agenda. Director McKenzie seconded the motion and it carried unanimously.

Items on the consent agenda were:

1. Minutes, KID Board Meeting, November 3, 2009
2. Resolution 2009-33 Authorized Signatures for Banking and Investment Services
3. JUB Contract Amendment to extend through end of year
4. KID O&M Vouchers

Accounts Payable

Numbers: 58443 through 58467	\$	22,936.43	
58468 through 58507		51,279.59	
Total Accounts Payable			74,216.02
<u>Payroll</u>			
Numbers: 31305 through 31312		7,957.00	
Direct Deposit		60,427.23	
Total Payroll			68,384.23
Total Disbursements			\$ 142,600.25

Voided Checks: None

Scheduled Visitors: None

Unscheduled Visitors:

1. **James Wade**, residing at 1813 S. Rainier Place, asked about a \$260 expense for interviews. He said too much money is being spent on seminars for employees and stated that when he was in management he paid for his own training. He asked whether, in this year's election, everybody would only get two votes no matter how much property is owned. He said he believes KID has surpassed the conditions in RCW 87.03.071 which reads: "In any irrigation district where more than fifty percent of the total acreage of the district is owned in individual ownerships of less than five acres, each elector who is otherwise qualified to vote pursuant to RCW 87.03.045 shall be entitled to two votes regardless of the size of ownership."

Ms. Smith said the expenses in question were for catered lunches for 4 directors and approximately eleven employees on two days of interviewing for the District Manager position when discussions extended through lunch.

Mr. Freeman said training is important for professional development of staff and that KID has a policy and procedure that addresses education and training. Ms. Rupert noted that she is enrolled in a Dale Carnegie course and described the process for an employee to request KID payment of tuition for coursework applicable to their job.

Mr. Iller read RCW 87.03.071 and said if the requirement is not satisfied the voting scheme stays as it has been. Mr. Revell said that his understanding is that less than 50% of the District's acreage is in parcels smaller than five acres. Mr. Wade requested proof that KID has less than 50% of its acreage in smaller than five acre parcels.

2. **Dale Walter**, residing at 5624 W. 10th Avenue, described a case of parcel consolidation of four tier 4 parcels into one tier 7 parcel and compared the assessments before and after the consolidation. He said KID is charging small lots too much. Mr. Walter reported that he met with Mr. Haueter and Mr. Stewart. He said there was \$434,000 assessed under business admin to LIDs in 2003, which was approximately 52% of the total cost, and said 52% overhead is unjustifiable in his opinion. He said when this is applied to the LIDs and KID gets reimbursed for it, KID should reduce the operating budget and reduce the rates universal. He said, if KID didn't, it charged the same LIDs double even if the rate wasn't inflated.

Mr. Iller said that in 2003 the concern of the Board was that LIDs were under assessed and subsidized by the rest of the District. He said previous under-assessment of LIDs does not justify continued under-assessment. Mr. Walter said the problem is that the money being discussed was money in trust and therefore requires different accounting. He said KID will find out about this from the auditor and that there is no statute of limitations. Mr. Iller asked for a citation of that money being in trust so he can look into it.

President Jaksch reminded Mr. Walter that the Board has many times requested he provide his information to the Board in advance of meetings to allow the Board follow his argument and that he becomes a scheduled visitor. The Board concurred.

District Business:

1. **Budget Update 2009 & 2010:** Mr. Haueter reviewed the expected 2009 budget shortfall and changes in allocations made to reconcile the difference. The Board had no questions. He reviewed some the adjustments made to the 2010 budget at the instruction of the Board after

the budget was approved for \$8,874,000 (\$84,000 less than presented by staff) at the October 13, 2009 Board meeting. Discussion ensued.

President Jaksch asked for clarification regarding salaries and wages. Mr. Haueter said the additional 3% periodic increment date increases are stipulated in union contracts. Discussion ensued regarding the exempt salary pool for merit increases and if it is the Board's intention that there be no merit increases in 2010. After discussion, President Jaksch instructed that the exempt salary pool for merit increase be frozen until a policy is established which addresses salaries, awarding merit increases, compensatory time and overtime. President Jaksch said Mr. Freeman may use his discretion regarding whether to use overtime this winter. He said the Board is sending a strong message that KID needs to be very lean in 2010. Vice President Pringle advocated \$250,000 in reductions to the 2010 budget, citing overtime, seasonal workers, and rented equipment as potential areas for savings.

Mr. Freeman said a draft policy on merit pay is being reviewed by department heads and will be presented to Board for consideration. He said his approach is to save resources and use overtime only in emergencies. Mr. Freeman said BARS style accounting should enable the Board to see the unused monies for overtime carried forward from year to year.

Mr. Freeman reviewed the updated 2009-2010 Capital Improvement Project List which was distributed before the meeting. President Jaksch asked that the Elliott Lake potable water system be added to the agenda of the next Operations and Engineering Committee meeting.

2. Outside Review of District Financial Status: Mr. Freeman presented the scope of work for the proposed outside financial review requested by the Board on November 3, 2009, and prepared in consultation with Vice President Pringle. He described the consultant submittal and selection process. He said the final report is anticipated to be presented February 16, 2010. The fee will be a "not to exceed" amount which will be brought to the Board for approval. There were no questions from Board.

Director Huffman moved to approve the Request for Qualifications for a Special Financial Audit, to Direct staff to immediately publish an advertisement, to appoint members of the Finance Committee as members of the District's Selection Committee along with Secretary/Manager Freeman, Board Treasurer Haueter, and Real Estate Manager Rupert, and to schedule Board action to appoint recommended consultant to the December 14, 2009 Board meeting. Vice President Pringle seconded the motion and it carried unanimously.

3. Approve Engineering Manager Job Description: Mr. Freeman presented the proposed Engineering Manager job description and described the research and process he used to develop the salary range. He noted that the job description was not reviewed by a Board committee.

Director McGuire moved to approve the Engineering Manager job description dated November 2009 with a starting salary not to exceed \$95,400 per year. Vice President Pringle seconded the motion and it carried unanimously.

The Board requested marked up copies of the other exempt employee job descriptions. President Jaksch instructed Ms. Smith to issue advertisements for the Engineering Manager position as soon as possible.

4. Policy 4.2 Protection of KID and USBR Rights-of-Way and Easements: Ms. Smith presented the proposed policy intended to streamline five existing policies and procedures by setting criteria for approval of easements under a variety of conditions and establishing an appeal process. President Jaksch said the Operations and Engineering Committee reviewed the policy three or four times. Vice President Pringle requested additional time to review the policy and President Jaksch scheduled the policy to come before the Board for approval on December 1, 2009.

5. Policy 4.23 Irrigation System Take-Over: Ms. Smith presented the proposed policy which has been reviewed by the Operations and Engineering Committee several times. She verified that standards are in place and revisions are expected to be presented to the Board for approval in February 2010. Director Huffman moved to approve Policy 4.23 Irrigation System Take-Over. Director McKenzie seconded the motion and it carried unanimously. The Board asked that the procedure be clarified to include unpressurized systems before it is signed by the District Manager.

6. 2009 Election: Mr. Freeman discussed staff recommendations for the 2009 polling place, appointment of poll workers, posting of notices, and issuing a press release and advertisement of the election notice. Director McGuire moved to designate the KID Administrative Office as polling place for the 2009 Election, to appoint Bob Gudgel as Inspector, and Bette Gudgel and Karen Woofter as judges for the 2009 Election, to instruct the Secretary of the Board to cause notices of the time and place of holding the 2009 Election to be posted in three public places and in the KID Administrative Office on or before November 23, 2009, and to instruct staff to issue a press release announcing the polling place and time, and to purchase space in the Tri-City Herald for the election notice to be published on November 29 and December 6, 2009. Director Huffman seconded the motion and it carried unanimously.

7. District Manager's Report: Mr. Freeman reviewed items from the District Manager's report. Regarding Finance he discussed financial reporting, Springbrook accounting software, migration to the new accounting system, staffing, budget, overtime and the outside review of the District's financial condition. He reported that Mr. Fox is providing him weekly tours to familiarize him with the business of the District. Mr. Freeman said he is in the process of identifying policy needs and currently has an exempt employee policy in draft form. A safety manual is being updated and developed.

President Jaksch called a break at 10:57 a.m.
The meeting returned to open session at 10:15 a.m.

Realty:

8. Real Estate Department Budget: Ms. Rupert presented the proposed 2010 Real Estate Department Budget. She identified and corrected errors on the last page of the packet materials. (Changes are on file with the Board packet.) She said the total projected land sales for 2010 should be \$1,454,650. Ms. Rupert reviewed the subtotals for each category of her

budget. Discussion ensued. President Jaksch cautioned that for 2010 merit increases must go through the Realty Committee and be brought to the Board for approval before merit increases given.

Ms. Rupert said that special projects were not Realty-driven, but related to planning and engineering. Capital expenditures are for the benefit of the properties and their marketing.

President Jaksch asked that some money be put aside for Red Mountain special projects. Discussion ensued regarding Red Mountain South LID, tracking expenses and billing them back. President Jaksch asked Mr. Revell about the need for an environmental impact statement. Mr. Revell discussed possible scope and confirmed it was not included in the 2010 budget. President Jaksch said funding would come out of reserves. Discussion continued on accounting for this clearly. Mr. Jaksch suggested Ms. Rupert and Mr. Revell meet to work this out.

President Jaksch requested that Ms. Rupert check her calculations and bring the budget to the Realty Committee for review before next Board meeting. Vice President Pringle asked President Jaksch to stand in for him at the Realty Committee meeting.

President Jaksch called a short break at 10:35 a.m.

At 10:45 a.m., the Board met in executive session for one hour to review the performance of a public employee. Executive session was extended for 30 minutes at 11:45 a.m.

The Board returned to open session at 12:15 p.m.

Director McGuire moved to set the salary for the Real Estate Manager at \$81,506 effective December 1, 2009. Director Huffman seconded the motion and it carried unanimously.

Vice President Pringle moved to adjourn the meeting at 12:16 p.m. Director Huffman seconded the motion and it carried unanimously.

Attest:

Witness:



John A. Jaksch, Board President



Charles Freeman, Secretary/Manager