



Minutes

Special Meeting of the KID Board of Directors
Carl W. Petersen Board Room
Tuesday, January 12, 2010, 9:00 a.m.

Call to Order/Roll Call: President Jaksch called the meeting to order in open session at 8:59 a.m. and District Manager Freeman called the roll.

Directors Present:

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

Staff Present:

Charles Freeman, District Manager
Scott Revell, Planning Manager
Joetta Rupert, Real Estate Manager
Brian Iller, Legal Counsel
Sandra Dallas, Administrative Assistant
Doris Fiske, Executive Assistant

Consent Agenda: Director McKenzie moved to approve the consent agenda. Director Pringle seconded the motion and it carried unanimously. On the consent agenda were the minutes of the January 5, 2010 KID Board Meeting.

Approval of Agenda: President Jaksch moved new business ahead of scheduled visitors. Vice President Huffman moved to approve the agenda as amended. Director Pringle seconded the motion and it carried unanimously.

Unscheduled Visitors: James Wade, residing at 1813 S Rainier Place, addressed the Board regarding the January 5, 2010 Board meeting. He said he agreed with Mr. Walter's statement regarding the KID showing the benefit of irrigation water of \$10,000 on assessments and asked for the number of the relevant statute. He asked which real estate office said the difference in values of city parcels with and without KID water is about \$10,000 based on market value. Mr. Wade said irrigation water is needed for agricultural land but not small parcels. He asked why the capital project assessment went up \$10 and why small parcels are charged the same amount as large parcels. He asked why the assessments for the canal break repair repayment are set as they are for the various tiers as small parcels will pay more per acre than larger parcels. He asked why the rates have gone up 40% on his private line system and 5% on his pressurized system since 2007.

President Jaksch asked Mr. Wade to please take his questions to staff first and then, if the response is not satisfactory, to bring the question to the Board.

New Business:

1. Approve Scope of Work-Recalibration-MacKay & Sposito: Mr. Freeman presented the scope of work memorandum from Derrick Smith of MacKay & Sposito which included three options for addressing irrigable lands issue. He said staff recommends option two which would reaffirm previous work of KID employees and document methodology and said expected cost is estimated to be no more than a few thousand dollars. President Jaksch addressed differences in the methodology and analysis performed by the KID and the Department of Ecology. **Vice President Huffman moved to approve alternate Scope of Work #2 found on page two of MacKay & Sposito Inc., January 4, 2010 memorandum. Director Pringle seconded the motion and it carried unanimously.**

2. Special Financial Audit - Approval of Contract: Mr. Freeman reviewed the background of the request for qualifications for the Special Financial Audit. Per the Board's instruction on December 14, 2009, staff contacted Marple & Marple and LeMaster & Daniels regarding the audit. Marple & Marple was not interested. Discussions were held with representatives of LeMaster & Daniels and that firm has provided a Proposal for Professional Services. Angela Richardson, from the LeMaster & Daniels Yakima office will be the project lead. Estimated cost is \$24,000. Staff recommends approval of the contract. Directors McGuire and Pringle noted that they use LeMaster & Daniels for their accounting and recused themselves from the vote. **Director McKenzie moved to approve the contract between KID and LeMaster & Daniels for Special Audit. Vice President Huffman seconded the motion. There were three votes in favor and no votes against. Directors Pringle and McGuire abstained. The motion carried.**

Scheduled Visitors:

3. Water Resource Management Plan for the Yakima River Basin: Mr. Revell introduced Derek Sandison, Director of the Columbia River Office of the Department of Ecology. Mr. Sandison addressed the Board regarding the Yakima River Basin Water Enhancement Program (YRBWEP) Working Group and the Integrated Water Resource Management Plan for the Yakima River Basin. A copy of the Final Report Preliminary Integrated Water Resource Management Plan for the Yakima River Basin is included in the Board meeting packet.

Following the presentation, discussion ensued regarding the Federal funding cycle and KID projects. Mr. Sandison confirmed that the KID Pump Exchange project fits in to the plan as a part of balancing flows. He advised KID to continue advancing the Pump Exchange as a stand-alone project in addition to seeking YRBWEP funding. Mr. Revell addressed drought mitigation.

4. Feasibility study: Mr. Revell introduced Derrick Smith and Paul Smith of MacKay and Sposito. Derrick Smith discussed progress on the feasibility study and KID goals including conservation, safety and operational efficiency. A report on the Feasibility Study Priority Projects was included in the Board meeting packet. Paul Smith presented details of the report and benefits and challenges of the projects under consideration.

Derrick Smith asked for direction from Board and said the next step will be a scoping process with USBR for guidance regarding the level of detail needed. Discussion ensued. Derrick Smith and Mr. Revell said completion of the feasibility study is a required step for eligibility for many funding opportunities. The Board said the feasibility study is on the right track.

At 10:12 a.m., President Jaksch called a short break.

At 10:25 a.m., the Board met in Executive Session for 45 minutes to discuss with legal counsel litigation regarding Acquavella.

At 10:53 a.m., the meeting returned to open session.

Vice President Huffman moved to adjourn the meeting at 10:54 a.m. Director Pringle seconded the motion and it carried unanimously.

Attest:

Witness:


John A. Jaksch, Board President


Charles Freeman, Secretary/Manager

Prepared by Doris Fiske, Executive Assistant