



Minutes

Regular Meeting of the KID Board of Directors
Carl W. Petersen Board Room
Tuesday, January 19, 2010, 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
Gene Huffman
Patrick McGuire
John Pringle
David McKenzie

Staff Present:

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

Approval of Agenda: President Jaksch moved vouchers to new business and noted that the Ecology Project will include discussion of drought and trust water. He added a request for proposals for computer system technical support to the agenda. **Vice President Huffman moved to approve the agenda as amended. Director Pringle seconded the motion and it carried unanimously.**

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

Items on the amended consent agenda were:

1. Minutes, KID Special Board Meeting, January 12, 2010
2. Transfer from Realty to O&M Budget - Ford Focus
3. Resolution 2010-01 Assessment Roll for 2010
4. Resolution 2010-03 Authorized Signers for KID Banking and Investment Services
5. Notice of Closed Real Estate Transaction Files

Unscheduled Visitors: James Wade, residing at 1813 S Rainier Place, in Kennewick.

President Jaksch asked Mr. Wade to discuss any questions with staff before bringing them to the board. Mr. Wade said he had not done so because he thinks the Board should answer questions in an open meeting. President Jaksch said the Board will answer questions in an open meeting, but staff has the information, so questions should be asked of the staff first and brought to the Board if not satisfactorily answered.

Mr. Wade asked the Board to address an issue he brought up previously. He said the Equalization meeting was in violation of the RCW 250 and 255 because it went over 31 days. He said it should have been done immediately in November but wasn't done until December. President Jaksch asked Mr. Iller to review and said the Board will come back to the question.

New Business:

1. Capital Projects Update and Adjustment to Capital Project List and Budget Allocations: Ms. Smith reported that the 2009-2010 Capital Improvement projects are on schedule for completion with exception of the Badger East weed screen. Prep work will be done, but purchase of the screen may be delayed for budgetary reasons. Director McGuire confirmed that the weed screen could be installed while water is on.

Ms. Smith presented a request to transfer budgeted monies from an existing capital project to a new project to install a second automated gate on the High-Lift Canal. **Director McKenzie moved to transfer \$50,000 from the Badger East Capital Improvement Project to a newly created High-Lift Automatic Gate Capital Improvement Project. Vice President Huffman seconded the motion and it carried unanimously.**

2. Vouchers: Mr. Fox distributed and reviewed the status of 2010 Equipment and Vehicle Lease/Purchases. Discussion ensued. **Vice President Huffman moved to approve the vouchers. Director Pringle seconded the motion and it carried unanimously.**

Accounts Payable

Numbers: 58866 through 58923	\$	8,361.04	
58924 through 58924		2,974.90	
58925 through 58945		69,303.10	
58946 through 58980		32,703.82	
58981 through 58997		259,553.49	
Total Accounts Payable			372,896.35

Payroll

Numbers: 31354 through 31363	\$	7,128.53	
Direct Deposit		69,996.33	
Total Payroll			77,124.86
Total Disbursements	\$		450,021.21

Voided Checks

Check No. 58700 in the amount of \$103.12 void, duplicate payment.
Check No. 58842 in the amount of \$468.92 void, duplicate payment.
Check No. 58942 in the amount of \$1161.40 void, revised invoice.

Scheduled Visitors: None

Presentation - Reorganization: Mr. Freeman introduced his review of the District organization and efficiencies and his plan for District reorganization. A copy of the presentation is on file.

Mr. Haueter presented a status report for the Finance department, including accomplishments, State-driven core functions, and high priority activities. Discussion ensued regarding policies and procedures, report generation and the chart of accounts migration to the BARS system. Mr. Haueter reported that the process of migration is started, the next step is for Springbrook to direct the existing accounts to the new chart of accounts and that he hopes for completion before the first of April. He addressed needs for process efficiencies that have been identified and lower priority activities. Director McGuire asked why the expectation that the cash-basis accounting conversion would be done by January 2010 was not met. Mr. Haueter responded that reduction in staffing has resulted in delays.

Ms. Smith presented the status report for the Engineering department, accomplishments and areas for improvement including updated Construction Standard Specifications, five-year planning for capital improvement projects and customer support improvement. President Jaksch noted a need for improved budget planning for capital improvement projects.

Mr. Fox presented the status report for the Operations department. Accomplishments include business and safety performance, improved vegetation management and compliance, and vehicle and equipment maintenance. Areas needing development include an annual maintenance and calibration plan, creation of a KID specific safety plan, formalizing operations procedures, and improved training programs. Director Pringle requested total amount owed on lease/purchase equipment, a copy of equipment maintenance record for the dump truck being replaced, and copies of water delivery records for Orchard Crest and Garfield Heights. President Jaksch asked for which PSAs can KID measure the water being taken.

Mr. Revell reported on priorities of the Planning department including water right management issues and strategic planning projects. He discussed plan implementation for Red Mountain LID and the Edison Street Pump project and Federal funding and grant management. Mr. Revell addressed land use and environmental planning and permitting. He said future special projects include USBR Loan payout, Amon Basin issues, and the Water Transfer Working Group.

Mr. Freeman discussed the plan forward. No new positions are being created but there will be reallocation of some staff resources. Weekend scheduling will be implemented in Operations to reduce overtime. The two Administrative Assistants will be assigned to Customer Service and Engineering. The Administrative Contract Specialist will be reassigned to the planning department. In the future, added duties relative to pay will be evaluated. The IT Technician position will be replaced with contracted services and that employee will be reassigned to the Operations department. Ms. Smith will be reassigned to Operations as Deputy Operations Manager after a new Engineering Manager has been hired. Personnel functions will be performed by Mr. Freeman and Ms. Fiske. Mr. Freeman displayed the modified organizational chart. He noted that putting IT services out to bid requires 60 day notice to the union and bargaining the impact. He said any decisions will be brought to the Board, as will modifications to the budget reflecting reduction in overtime and shifting of IT costs.

President Jaksch said that the Board consents to the changes proposed.

President Jaksch called break at 10:15 a.m.
The meeting reconvened in open session at 10:25 a.m.

Mr. Haueter responded to Mr. Wade's question regarding the Board of Equalization. At the November 3, 2009 Board meeting, the Assessment roll was delivered to the Board as required by statute. At that time, the Board directed staff to advertise in the local newspaper that the Board of Equalization would be held the first Tuesday of December. When preparing for the December 1, 2009 meeting, it was recognized that the notices were not posted as required. At the December 1st Board meeting, the Board postponed the Board of Equalization until the first meeting in January and instructed staff to post the required notices. Mr. Haueter stated he believes all statutory requirements were fulfilled.

Mr. Iller confirmed that the Board complied with RCW 87.03.250 and RCW 87.03.255. He said it is unfortunate that the Board's instruction to publish the notices for the December 1st meeting were not followed, but that error does not constitute noncompliance.

3. Resolution 2010-04 Approve Purchase of Used Mack Dump Truck: Mr. Fox presented the request to purchase a used Mack Dump Truck. Discussion ensued regarding the choice of chassis for mounting the Palfinger. The decision to trade in a functional truck to take advantage of a sale of opportunity on a new used Mack Dump Truck was also discussed. Mr. Fox said there will be no interest on the one year postponement of payment from the date of sale. Mr. Fox expects the truck to be kept 12 to 15 years with good maintenance. He confirmed that the truck will be paid from the 2011 equipment budget. Mr. Fox addressed the pros and cons of contracted hauling. Director Pringle expressed concern regarding replacing a functional truck rather than waiting to see if other needs arise before the end of the existing truck's life. Mr. Freeman said while he has concerns about encumbering 2011 monies, the price is good and he can support the purchase. Director McKenzie moved to approve Resolution 2010-04. President Jaksch seconded the motion. Directors McKenzie, Jaksch and McGuire voted in favor. Directors Pringle and Huffman voted against. The motion carried.

4. Resolution 2010-05 Approve Purchase of Used Toyota Forklift: Mr. Fox presented the request to purchase a used forklift. Discussion ensued regarding price. Mr. Fox noted that a forklift is being rented for \$800 per month. Necessity of safety training prior to use was discussed. Mr. Fox said Resolution 2010-05 should be corrected to state that 2010, not 2011, funds will be used. Vice President Huffman moved to approve Resolution 2010-05. Director Pringle seconded the motion and it carried unanimously.

5. Washington State Water Resources Association (WSWRA) 2010 Legislative Agenda: Mr. Revell provided information to the Board regarding the WSWRA 2010 legislative agenda and KID's interest in pursuing changes to RCW 87.03.001 regarding annexing land into the District, and RCW 87.03.436 regarding small works roster contract limits.

Mr. Revell reported that the Columbia Snake Rivers Irrigators Association (CSRIA) efforts on water conservation O&M program and that they have reached out to American Rivers and are meeting with Washington state legislative leadership in Olympia. He also discussed relinquishment and the need for a better system than "use it or lose it." Mr. Revell suggested the Board hear a presentation on CSRIA on another date.

6. Ecology Project: Mr. Fox reported on attendance at the Yakima Basin River Operations Meeting. He said snow pack is minimal but potential drought impact will be better determined in February or March. He recommended the Operations and Engineering Committee discuss advance planning for drought with staff.

President Jaksch asked Mr. Iller about flexibility in case of drought in the draft trust water agreement. Mr. Iller noted that drought is an exception to the relinquishment issue. Discussion ensued regarding what defines drought. Mr. Iller said he believed any time the District receives less than its entitlement due to less than optimal storage or snow pack it triggers the exception from relinquishment. Director McGuire suggested using the public education budget for education on drought.

Mr. Revell reported that the next meeting on the point of diversion change with the Steering Committee will be February 8th. The River Operations meeting and the Water Transfer Working Group meeting are the same day. Mr. Revell addressed the point of diversion change. He reported that a request for a two year extension has been drafted regarding the three year funding commitment from the Department of Ecology which was made October 31st, 2007. Mr. Revell said the process is continuing regarding the trust agreement and the mechanics of putting water in the trust program. Regarding the issue of acreage, he reported that a mutual

understanding was achieved last week. Discussion ensued regarding briefing legislators. Mr. Freeman clarified that there is a local match on the \$15 million. Mr. Iller reported he expected to have a draft MOA by the end of the week. President Jaksch encouraged Ms. Rupert and any Board members who have not yet attended one of the meetings to do so to familiarize themselves with the issues.

7. District Manager's Report: Mr. Freeman reported that staff is preparing a newsletter and invited the Board President to write a message to KID customers. Also, the KID will be submitting a story to the Tri-City Herald for the annual Progress Edition. He said we are waiting for a reply from the Engineering Manager candidate. Mr. Fox and Ms. Fiske will schedule tours of the system for the Directors.

8. Request for Proposals for Computer System Technical Support Services: Mr. Freeman reviewed details of the draft Request for Proposals. He invited Ms. Rupert and a Board member to join in review of response. Discussion ensued. **Director McKenzie moved to approve the attached Request for Proposals for Computer System Technical Support Services. Director Pringle seconded the motion and it carried unanimously.**

Realty:

9. 2009 Budget Transfers to 2010 Budget: Ms. Rupert requested Board approval for three transfers from the 2009 Realty budget to the 2010 Realty budget. She discussed Red Mountain property cleanup plans and reported that encroachments will be addressed in the next Realty Committee meeting. She discussed the planned soils analysis study for marketing purposes and it could be completed by the end of February. Ms. Rupert noted the need for exhibition materials for both Realty and the Water Division of KID and advised purchase of identified materials rather than rental. She stated that the correct amount for these materials is \$16,800, not \$18,000. Discussion ensued regarding the proposed material.

President Jaksch asked that the attorneys from Portland speak with the Board on February 2nd regarding real estate marketing efforts.

Ms. Rupert reported that the status of 2009 budget will be finalized for the Thursday Realty Committee meeting and that surplus funds may exceed \$100,000. Discussion continued.

Director McKenzie moved to approve the transfer of \$15,000 from the 2009 Real Estate budget to the 2010 budget for Red Mountain property cleanup. Director Pringle seconded the motion and it carried unanimously.

Director McKenzie moved to approve the transfer of \$18,000 from the 2009 Real Estate budget to the 2010 budget for a soils analysis study. Director Pringle seconded the motion and it carried unanimously.

Director McKenzie moved to approve the transfer of \$18,000 from the 2009 Real Estate budget to the 2010 budget for marketing and exhibit materials. Director Pringle seconded the motion and it carried unanimously.

Executive Session: None

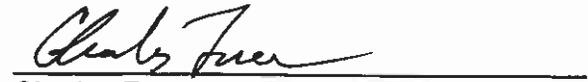
Vice President Huffman moved to adjourn the meeting at 11:18 a.m. Director McKenzie seconded the motion and it carried unanimously.

Attest:

Witness:



John A. Jaksch, Board President



Charles Freeman, Secretary/Manager

Prepared by Doris Fiske, Executive Assistant