



Minutes

Special Meeting/Retreat of the KID Board of Directors
Clover Island Inn - Riverside Room
Saturday, March 6, 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:

Gene Huffman
Patrick McGuire
John Jaksch
David McKenzie
John Pringle

Staff Present:

Charles Freeman, District Manager
Joetta Rupert, Real Estate Manager
Clark Haueter, Finance Manager
Scott Revell, Planning Manager
Beth Smith, Deputy Operations Manager
Greg Harting, Incoming Operations Manager
Con Higley, Operations Supervisor
Jason McShane, Staff Engineer
Ben Woodard, Staff Engineer
Doris Fiske, Executive Assistant

Approval of Agenda: Vice President Huffman moved to approve the modified agenda. Director Pringle seconded the motion and it carried unanimously.

New Business: (Copy of presentation slides on file.)

1. Review of Mission Statement and Bylaws: Mr. Freeman led discussion of the District's Mission Statement. Mr. Freeman introduced a staff recommendation to restructure the planning committee. Mr. Revell discussed modeling the planning committee after city and county planning commissions which would review issues and make recommendations to the Board. He discussed the possibility of expanding the role of the WRAC committee to encompass planning functions or issuing a new call for citizen participants. He reported the WRAC orientation meeting is planned for March 18th. Discussion ensued regarding previous planning committee meetings and possible benefits of citizen involvement on the committee. The Board agreed with the concept of restructuring the planning committee and suggested waiting a few months until the WRAC committee has met several times.

2. What's Our Vision: Director McGuire said the District vision is in conjunction with the Conservation Plan. President Jaksch postponed discussion until a later date.

3. Strategic Planning:

• **Priorities – Brainstorming Session:** Mr. Freeman recommended Board-centered priorities that are measurable and have established criteria to guide staff. The Board and staff brainstormed the following list, in no order of priority:

- Projects to reduce operating costs
- Realistic projects
- Board-centered priorities
- Reducing risk to the District

- Balancing urban, agricultural and rural priorities. The rate study, city use of water and efficiency were discussed.
 - Environmental concerns, metering, fish issues, water quality
 - Canal safety
 - Rights-of-ways and encroachments. Walking paths were discussed.
 - Aging infrastructure
 - Improving communication including between committees and to ratepayers. President Jaksch noted he has requested minutes of committee meetings be included in Board meeting packets.
 - Marketing plan creation. The newsletter is expected out on March 19th. Next year the newsletter should go out before the assessments. Holding a Saturday Town meeting the third week in April or before the end of the March. Encouraging the public to use the website and improving its content. Video blogs with content including winterizing, turf management, desert landscaping, and how canals work.
 - Outreach to cities
 - Active engagement with media
 - Cost reduction. Develop ability to do cost analysis. Cost analysis of contracting out some winter work. Long term planning to bring all District employees under the same roof, possibly in a more central location.
 - Drought planning including storage, water rights, 82cfs, and Chandler electrification.
 - Automation, SCADA and telemetry
 - Mitigation by developers
 - Working with cities and counties to protect seep-cone of canals
 - Develop and enforce development standards. Educate on what the standards are. Consideration of circumstances and treating people with the same circumstances alike. Avoidance of unduly burdening the public. Ensuring policies are written in such a way to allow consideration of special circumstances by the Board.
 - Financial health of District and retaining a financial advisor
 - Identify statutes needing change. Targeted amendments to impact fees structure of the growth management act.
 - Policies and Procedures. Clean up and make consistent.
 - Only funding the highest priority projects was cautioned. Finance plan based on strategic plan.
 - Conservation plan costs expected to total about \$170,000,000
- **Canal Rehabilitation Program:** (Distributed materials on file.) Mr. Higley discussed efforts to return the canals to their design shape. He addressed canal condition and vegetation management. Goals for addressing high risk areas next year were discussed. He suggested monitoring older areas that have been reshaped to develop a baseline and establish a plan for future rehabilitation cycles. Mr. McShane addressed the importance of restoring or improving canal shape to maintain consistent water level for public safety and operating efficiency. Mr. Higley discussed investigation of an inexpensive polymer to control seepage in ponds and reduce sediment problems. Operations Department is one year from completion of rehabilitation of the main canal. Also remaining are a section of Hansen Orchard and an area near Creekstone. Ongoing monitoring was suggested.

President Jaksch called a break at 10:20 a.m. The meeting reconvened at 10:33 a.m.

- **Prioritize Projects 5, 10 and 20 Year Planning Horizon on the Existing Aged Distribution Network:** Mr. McShane presented the Engineering Department's recommended top ten priorities for dealing with existing infrastructure. Total estimated cost: \$2,010,000.

- **West Richland service area.** Mitigation of future operating costs by system consolidations. A Pump installation in West Richland is being completed by Vandever Construction this month. Ability to require new developments to attach to existing consolidated pumping stations was discussed. Mr. Woodard discussed investigation of areas of future development and consolidation of the West Richland service area. Estimated cost of Phase One: \$475,000. Discussion ensued regarding the possibility of recovering costs from future subdivisions. Also discussed was the possibility of eliminating sections of open canal to reduce costs and improve public safety. Discussions with legal counsel regarding options for cost recovery are underway. The Board requested clear documentation be provided on costs of proposed projects.
- **Olympia Street Main Line.** Estimated cost: \$180,000. Timing is based on contribution from City due to plans to work on this street. Mr. Freeman said he plans to take information from this meeting, complete more engineering, and develop a finance plan and a capital improvement plan. Discussion ensued regarding priorities and project timing. Improvement to level of service from pump consolidation was discussed.
- **Cascade Street Consolidation.** Estimated cost: \$300,000. A City project in 2012 to replace a major portion of Cascade Street was discussed. The difficulty of servicing private service areas was discussed. Mr. McShane asked the Board to consider whether the District should ask private line areas to become part of the KID system. Consolidating areas would allow lower cost options to the old LID system. Staff is considering payment from KID capital, but would like to explore legal options to recover costs from residents in the assimilated private line areas. Staff clarified that it proposes to use canal rehab/capital projects funds for these projects once canal rehab issues have been addressed. Mr. Revell discussed the evolution of expectations for the canal rehab funds and suggested the Board clarify and document expectations for the use of these monies. Director McGuire said the canal break contingency is the Realty endowment, via a loan arrangement. Discussion ensued. Cascade Street is not part of the Conservation Plan or Feasibility Study. Mr. Freeman said a resolution or policy needs to be put in place to guide use of capital projects funds. The Board asked staff to develop a matrix to illustrate how projects are prioritized. Mr. McShane said Engineering staff established service areas and looked at how the systems fit in with contingency planning for conservation and feasibility study projects and diversion plan changes. The Board noted that decision regarding whether to shift funds from canal to consolidation projects must be Board-driven and documented. Discussion ensued regarding future YRBWEP funding and precedent for funding projects from real estate sales.
- **10th Avenue Main Line.** Estimated cost: \$240,000. Mr. McShane said the District has not had the ability to serve the level of continued development in this area. He said that, minimally, crossings need to be put in by the Hansen Park developer so that later a main line can be put on the south side of 10th Avenue to accommodate planned growth.
- **1.8 Rehab Main Line Upsizing.** Estimated cost: \$120,000. **1.8 PS Upgrade.** Estimated cost: \$50,000. Upsizing pipeline out to 10th Avenue was discussed.
- **Applewood Pump Consolidation.** Estimated cost: \$120,000. This project was selected due to challenges in neighboring systems. It would be sourced from the Applewood Reservoir out of the Badger East Canal.
- **Union Transmission line.** Estimated cost: \$90,000. This project to coordinate with Feasibility Study plans to pipe a section of lateral canal in conjunction with the city repaving of Union Street.
- **33.5 Lateral Replacement** Estimated cost: \$220,000. **33.8 Lateral Replacement.** Estimated cost: \$215,000. This project needed due to difficulties balancing water levels along the lateral canal and at delivery points.

Mr. Freeman reviewed the list of competing engineering projects: Chandler Pump #1 (2010/2011), Chandler Pump #2 (2011/2012), Southridge, Canal Sealing, and Canal Rehab. Budget planning for expected recurring costs such as Chandler Pump rebuilds every seven years and drought planning every five years was discussed. Mr. Freeman said the next steps are to have staff deliver a plan to the Board and to meet again each six months. Mr. Haueter said there is over \$100,000 in a fund for addressing issues with Chandler Pumps.

Anticipation of future development at Southridge, West Richland and Hildebrant Road, and the wisdom of installing systems sufficient to future development were discussed.

A short break was called at 11:50 a.m. and the meeting resumed at noon.

- **Discuss the Establishment of Pro-Rationed Priorities:** Mr. Freeman introduced the topic of the implications of expected drought conditions and how the District should prioritize pro-rationing if the drought is severe. Discussion ensued regarding use measurement and controlling excess water use. Mr. Higley said about one quarter of deliveries are measurable. Odd/even watering days were used during previous droughts. In 2005, water was delivered by zones and it was more manageable than 2001. Also, improved public outreach (mailing, media, etc.) helped in 2005. The possibility of funding meters through YRBWEP, as water conservation could be achieved by their use, was discussed as was the suggestion of offering credits on assessments. Water storage was discussed. Past use of a Water Coordinator to meet with people that were abusing water use during droughts was discussed. The need to provide enough water to agricultural users and hold residential users to their allotment was discussed. Education should be used to get people in the mindset of not watering each day. Letters were sent to reported over-waterers in previous years and Field employees helped homeowners learn to set impact sprinklers appropriately.

A lunch break was taken from 12:20 p.m. to 12:50 p.m.

- **Staffing Needs:** President Jaksch said that the Board has been asking through the Operations & Engineering and Finance Committees to investigate how KID can be more efficient in the use of its limited resources and that contracting versus in-house labor for various projects and functions needs to be evaluated. Discussion ensued regarding the danger of losing skilled labor for the water season if they are not retained during the five to six month lay-off time in the winter. Specific tasks such as hauling rock should be evaluated. When KID labor is skilled and available there are benefits to using it. Mr. McGuire asked whether KID is staffed to operate the District in the summer or to do projects in the winter. President Jaksch asked Mr. Freeman for a commitment to have evaluation of this issue performed by an outside entity. Every department should be included in the personnel need evaluation and temporary contracted help considered. Possible cost savings from running assessments through the County Treasurer were discussed. Mr. Freeman said a wage analysis will also be performed.

- **Realty Division's Role:** Ms. Rupert described the current role of the Real Estate Division. The department exists due to properties obtained through foreclosures. She said the Real Estate Division has been discussing with the Realty Committee whether using some of the properties to create an income stream is feasible. A Real Estate Division 2010 project list was distributed (copy on file). Vice President Huffman addressed the choice between selling and leasing property and said questions exist as to whether long term leasing is an option, but that it could be a way of securing income for the District over time. Ms. Rupert reported that there are two sales contracts that have been given a six-month extension on the requirement to build due to the difficult loan environment. The possible ramifications of the Vista Field Airport potential

closing were discussed. President Jaksch asked Ms. Rupert to provide a report at the next Board meeting regarding the Port of Kennewick meeting on the fate of the Vista Field Airport. Director Pringle asked about the Real Estate Division's benefit to the District and how KID will fund capital projects. He asked whether KID wants to approach the legislature regarding changing statutes to allow long term leasing. Ms. Rupert said she plans to visit the Red Mountain landowners to discuss what the KID plans to do with its Red Mountain property and gather information on landowners' issues to report to the Board.

At 1:30 p.m. the Board took a short break then met in executive session for 90 minutes to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price. Final action, if any, would be taken in public session.

Director Pringle moved to adjourn the meeting at 3:00 p.m. Director McKenzie seconded the motion and it carried unanimously.

Attest:

Witness:



John Jaksch, Board President



Charles Freeman, Secretary/Manager

Prepared by Doris Fiske, Executive Assistant