



Minutes

Regular Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, May 4, 2010, 9:00 a.m.

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
 Gene Huffman, Vice President
 Patrick McGuire
 David McKenzie
 John Pringle

Staff Present:

Charles Freeman, District Manager
 Joetta Rupert, Real Estate Manager
 Brian Iller, Legal Counsel
 Ed Everaert, Engineering Manager
 Scott Revell, Planning Manager
 Greg Harting, Operations Manager
 Ben Woodard, Staff Engineer
 Beth Smith, Deputy Operations Manager
 Angela Richardson, Finance (LeMaster Daniels)
 Doris Fiske, Executive Assistant

Approval of Agenda: President Jaksch tabled approval of the RFP for appraisals for KID's Red Mountain properties until May 18th, added a travel request for SCADA software training under Staff Reports-District Manager, and moved Public Comment to following Public Hearing. **Director Pringle moved to approve the amended agenda. Director McKenzie seconded the motion and it carried unanimously.**

Consent Agenda: **Vice President Huffman moved to approve the consent agenda. Director Pringle seconded the motion and it carried unanimously.**

Items on the consent agenda were:

1. Minutes, KID Special Meeting/Tour, April 15, 2010
2. Minutes, KID Board Meeting, April 20, 2010
3. 5300 S. Cascade Place-Easement Vacation Request
4. 8640 W. Klamath Avenue-Easement Vacation Request
5. Travel Request - Rupert
6. KID O&M Vouchers

Accounts Payable

Numbers: 59629 through 59667	\$	33,212.95	
59668 through 59702		20,851.05	
59703 through 59704		11,986.23	
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Total Accounts Payable			66,050.23

Payroll

Numbers: 31454 through 31466	\$	12,553.57	
Direct Deposit		67,980.92	
		<hr/>	
Total Payroll			80,534.49
Total Disbursements			\$ 146,584.72

Voided Checks: Check No. 59549 in the amount of \$37.17, void duplicate payment.

Presentations: None

Public Hearing: None

Public Comment:

James Wade, residing at 1813 S. Rainier Place, responded to a letter from President Jaksch dated April 27, 2010, saying that he doesn't believe Attorney General agrees with Mr. Jaksch regarding the Board of Equalization. In response to a letter from Director McGuire dated April 29, 2010, Mr. Wade said he and Mr. Walter applied for the Water Rates Advisory Committee long before others applied. He said he believed the Board kept extending the deadline until they got everybody in agriculture or irrigation involved in it. He asked if he and Mr. Walter were not accepted because they were not in farming, agriculture or irrigation. He asked why he has not received his request from Realty for actual costs from October 1st through December 31st, 2009. He stated he was not able to find the statutes Mr. Freeman referred to and therefore contends they were untrue. Regarding Red Mountain LID, he said KID lands throughout the District belong to everybody but sales proceeds were going to Red Mountain. He asked why Red Mountain LID does not have to begin paying immediately.

Sarah Garth, residing at 210 S Yelm, spoke about her shock at increases in irrigation assessments in the last few years. She said changing meetings to mornings seems to be an attempt to eliminate working people from attending and asked that every other meeting or one meeting every other month be held in the evening. She said she received unsatisfactory responses to questions about newspaper articles from the last couple years and asked about accountability at KID. Ms. Garth urged more citizens to attend meetings.

Melvin Campbell, residing at 4600 W Lappin Road, said that while he has a water right at his property and pays assessments, he has never received water though the water line came to his property. He said he believes Jim Curtis diverted water from Campbell's lot to his own lot, which has now been subdivided and sold. He asked what he can do to either stop paying assessments or, preferably, receive water. President Jaksch asked Mr. Campbell to contact Mr. Revell for assistance.

Board Reports:

1. Operations & Engineering Committee Report: Director McKenzie reported the committee discussed:

- Water delivery issues including broken valves and risers, winterization, and researching the potential of KID blowing out systems
- Progress on SCADA system updates targeted for completion in the middle of June
- The forthcoming five-year Capital Program plan
- The requests to vacate easements which were on the consent agenda
- Research regarding Policy 4.10, Construction Use of KID Water
- Brantingham Pipeline upsizing as a preparatory step for consolidation of pump stations

2. Realty Committee Report: Vice President Huffman reported the committee discussed:

- Ongoing negotiations on properties
- Progress on the Red Mountain property soil report
- Red Mountain issues including the irrigation LID and the potential impact of the West Richland Urban Growth Boundary amendment on KID-owned properties
- The importance of the Realty Manager's attendance at the ICSC conference for marketing purposes

Action Items:

3. Brantingham Heights Pipe Upsizing: Mr. Woodard presented staff's recommendation to upsize the pipe in the Brantingham Heights in conjunction with the original installation of the system by the developer. He noted that the developer, Bob Johnson, is in attendance to support the proposal. Mr. Woodard reported that the Operations and Engineering Committee recommended \$80,000 be approved over four years for this project. Discussion ensued regarding expected savings to the District and the relative importance of this and other projects on the Capital Improvement List. President Jaksch requested information on the size and value of the KID-owned lots in the area. Benefits of the pipe upsizing to the District in preparation for future consolidations were discussed. Mr. Freeman clarified that the developer is putting in pipe in each section and that KID would only pay for upsizing.

Director McGuire moved to approve \$15,000 for Phase 2 for 2010 from the Capital Improvement Fund for the project of upsizing the transmission lines for Brantingham Heights and recommended that it be revisited every year. Director McKenzie seconded the motion and it carried unanimously. Mr. Johnson asked whether functionality would be impaired if Phase 2 was upsized but subsequent phases were not. Mr. Woodard said that could result in a smaller pipe feeding a larger line with potentially inadequate flows, and that the pond on the KID properties may not be able to be eliminated. Discussion ensued. **Director McGuire moved to rescind the previous motion. Director Pringle seconded the motion and it carried unanimously.**

Director McKenzie moved to approve the complete funding of \$80,000 from the Capital Improvement Funds over a projected 4 years for the upsizing of the transmission lines in the Brantingham Heights development. Director Pringle seconded the motion. Directors Jaksch, Huffman, Pringle and McKenzie voted in favor. Director McGuire voted in opposition. The motion carried. Director McGuire said the Board does not know the Capital Improvement Fund will be there for the next three years and questioned committing funds from it. President Jaksch disagreed with the premise.

Engineering Manager: Ed Everaert, the new Engineering Manager was introduced.

4. Approve Request for Qualifications (RFQ) for Architectural Services: Mr. Freeman presented the RFQ which the Board requested on April 6th. He noted an additional scope of work for the Ely office evaluation as requested by the Operations and Engineering Committee. The Finance Committee will lead review of submittals. **President Jaksch moved to approve the Request for Qualifications for Architectural Services. Director Pringle seconded the motion and it carried unanimously.**

5. Antinori Road Improvement District (RID): Mr. Revell presented request for KID participation in the RID and discussed the proposed project. Jim Holmes reported on progress towards obtaining Department of Natural Resource participation on the petition. Director Pringle noted that with more than 50% of homeowners participating, KID's joining the petition is not pivotal and encouraged KID participation. Director McGuire expressed concern that the county is not contributing though they will reap benefits. Mr. Holmes reported that the county was approached and will not take any initiative for this type of project. Discussion ensued regarding potential increased land values for KID and payment from Reserves. **Director Pringle moved to authorize the District Manager to execute the Antinori Road Improvement District (RID) petition on behalf of the District-owned properties and to pay the RID assessments from the proceeds of the sale or lease of property and not from rate-payers' assessments. Vice President Huffman seconded the motion and it carried unanimously.**

6. RFP for Appraisals for KID's Red Mountain Properties: Tabled until May 18th

Resolutions: None

Staff Reports:

7. Planning Manager: Mr. Revell reported:

- Mr. Freeman and President Jaksch attended an update with the County Commissioners last Monday.
- A meeting to discuss mutual issues was held with the Mayor of West Richland and staff on Monday, May 3rd. Later this summer, a joint workshop will be scheduled with the Board and the City Council.
- On May 5th, Mr. Revell will make a joint presentation with Department of Ecology staff to the Columbia River Policy Advisory group. An agreement on Department of Ecology help with financing the Red Mountain system is hoped to be before the Board in August
- On May 5th, Mr. Revell will meet with the Washington State Water Resource Association's legislative specialist regarding issues for the 2011 legislative session.
- The Yakima River Basin Water Enhancement Project (YRBWEP) group met on April 28th regarding in-stream and out-of-stream water needs. The group will meet monthly.
- The newsletter went out, thanks to the efforts of Ms. Rosenbaum.
- KID is working with the City of Richland public works staff regarding a right-of-way issue in Gage Blvd for a proposed LID.
- Mr. Defoe, GIS Specialist, is working on adapting a State Department of Agriculture map regarding crop values for information pertaining to just KID.
- The Water Entitlement Transfer process is top priority as a June 1st deadline is approaching. Ms. Smith is working on advertisements to notify rate payers.
- Mr. Revell discussed the relevance of Kittitas County ground water supply issues in the Upper Kittitas Valley to pro-ratable water rights holders due to the recharge effect.

President Jaksch called a short break at 9:58 a.m.

Vice President Huffman reconvened meeting in open session at 10:10 a.m. He announced that President Jaksch left the meeting for an appointment and Vice President Huffman will chair the meeting in his absence.

Operations Manager: Mr. Harting reported:

- 230 cfs at head gate this morning.
- From April 1 to May 3, there were 32 broken risers, 252 broken valves, 34 mainline repairs and 45 other problems. Of 369 issues, 13 work orders are open.
- Due to yesterday's wind storm, six people were on overtime. No repair work was done while the canals were manned to keep them clear.
- A campaign is being developed to educate the public on avoiding damage by winterizing systems.
- Mr. Freeman reported that SCADA work is underway to correct the contractor's failure to install the systems per the bidding document and to correct the errors before water-on. In the original installation, the contractor failed to pull appropriate permits, to use panels with UL rated stickers, and to have the conduit inspected by the state. Mr. Freeman will work with Mr. Iller for legal recourse against the contractor. None of the 13 panels funded by a USBR grant and KID funds are currently functional. Mr. Freeman noted that Mr. Harting and Mr. Everaert both have SCADA experience.
- Mr. Harting said use of a three-way valve to try to eliminate breakage is being tested, but the silt load in the water may make it ineffective.

Finance Manager: Angela Richardson reported that she met with the Accounting Manager last week to prioritize issues. The top priority is the 2009 year-end report for the State Auditor which is due May 31st. Bank reconciliations are now up to date through December 2009.

Engineering Manager: No report

Realty Manager: Ms. Rupert reported:

- Realty is preparing requests for proposals for appraisals of KID property and for clean-up of several dump sites.
- Realty is working with the USBR regarding Amon House and the expected completion date for the projects is late September or early October.
- Negotiations continue on a KID property in Richland.
- Realty represented KID at the Historic Downtown Partnership.
- The soil report is being finalized.
- Ms. Rupert working with associates of other municipalities on ways to partner at the ICSC conference.

8. District Manager: Mr. Freeman reported:

- The water rate cost of service study will be kicked off at the May 18th Board meeting and the consultant will meet with the Water Rates Advisory Committee on May 17th. This will be a public process. Completion of a final draft is targeted for September 2010.
- Board of Directors Goal prioritization is nearing completion.
- The exit conference for the IT assessment went well. Policies are being prepared including a disaster plan for the business, identity protection, passwords, and removable media. Mr. Freeman commended Brad Crawford on how well the audit went and noted that Mr. Crawford is largely self-taught.
- The meeting with the Tri-City Herald Editorial Board went well and was followed by a good article. Talking points are in the Board meeting packet.
- The Steering Committee meeting went well and a Memorandum of Understanding is expected around May 18th for KID Board approval, to be followed by approval by the Department of Ecology and the USBR. Once the MOU is approved by all, an application can be made to modify the water right for the point of diversion change.
- Mr. Freeman presented a travel request for SCADA training for Mr. Crawford. He suggested Mr. Crawford as an in-house technician for SCADA in addition to continuing with field components of IT support and website administration. July is a target date for approval of the next expenditures which will include more funding for automation and technology. Mr. Freeman noted that Mr. Crawford has proven knowledgeable on the radio side of SCADA. **Director McGuire moved to approve the out-of-state travel request for Brad Crawford for \$2,950 for specialized IT training. Director Pringle seconded the motion and it carried unanimously.**

Workshop:

9. Project Tracking: Mr. Freeman distributed materials on project tracking (on file). He reviewed the materials and discussed steps of various projects in the categories of Red Mountain, Water Rights Management, Strategic Planning, Operations, Finance and Engineering. Additionally, Mr. Freeman is tracking policies needing to be updated as well as new policies identified by the audit and IT assessment. Discussion ensued. Mr. Freeman will add a footer date to the reports and brief the Board monthly. He said the list is updated continually and requested feedback from Board regarding any other things they would like to have tracked.

How to improve communication with the public was discussed. A communication plan is being drafted by Ms. Smith. She discussed some of the strategies which will be included and reported that three public service announcements have been delivered to local television stations. Mr. Freeman discussed recent communications with the Tri-Cities Herald and KEPR News.

Director Pringle noted that customers do not understand that in the past assessment rates were subsidized by interest, but there is no longer significant income from interest. Mr. Freeman said rates were not raised for anyone in the District unless they owned eight or more acres.

Mr. Pringle noted that KID is still finding people, such as Mr. Campbell, who are not getting water and should be released from the District. Mr. Freeman reported that he met with Mayor of West Richland on Mr. Campbell's case yesterday. West Richland will not agree to the relegation because they want assurance that the water right will not leave West Richland. Director Pringle said West Richland cannot be given that assurance as it is a decision between the KID, the USBR and the Department of Ecology. Mr. Freeman said, in the case of Mr. Campbell, the problem is the result of the actions of a developer and that there are many other examples where one owner interferes with access to irrigation for others in a private line area. Mr. Iller said the District cannot take on the responsibility for litigation in these private line cases as the costs would have to be borne by the rate payers of the District.

Mr. Iller asked to add an item to executive session to discuss with legal counsel the potential litigation regarding legal risks of a proposed action regarding the Public Records Act per RCW 42.30.100 (1)(i)(c). He stated this relates to a conversation he had with Mr. Wade during the last break and noted that Mr. Wade had left the meeting. Mr. Iller noted for the record that Mr. Trumbo of the Tri-City Herald left the room during the District Manager's report and is not present to hear the announcement of the purpose of the executive session. **Director McGuire moved to approve the modified agenda as stated by the District's attorney. Director McKenzie seconded the motion and it carried unanimously.**

Vice President Huffman called a break at 10:50 a.m.
The meeting returned to open session at 11:00 a.m.

Mr. Iller asked to add an additional item to executive session to discuss with legal counsel the potential litigation regarding legal risks of a proposed action regarding West Richland Urban Growth Area Boundary per RCW 42.30.100 (1)(i)(c). He noted for the record that door to the Board Room is open to foyer and neither Mr. Trumbo nor any member of the public is present to hear the announcement of the purpose of the executive session. **Director McGuire moved to approve the modified agenda as stated by the District's attorney. Director McKenzie seconded the motion and it carried unanimously.**

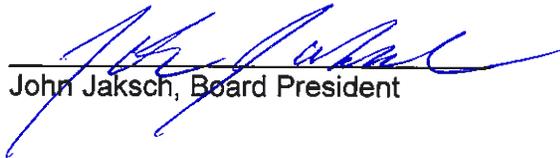
On behalf of presiding officer, Mr. Iller announced that the Board of Directors will go into executive session for one hour to discuss with legal counsel litigation regarding Acquavella, to discuss with legal counsel potential litigation regarding former employees, to discuss with legal counsel potential litigation regarding an employee, to review the performance of a public employee, to discuss with legal counsel the potential litigation regarding legal risks of a proposed action regarding the Public Records Act, and to discuss with legal counsel the potential litigation regarding legal risks of a proposed action regarding West Richland Urban Growth Area Boundary.

The meeting returned to open session at 11:58 a.m.

Director Pringle moved to adjourn the meeting at 11:59 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