



## Minutes

Regular Meeting of the KID Board of Directors  
Carl W. Petersen Board Room  
Tuesday, May 18, 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  
Brian Iller, Legal Counsel  
Ed Everaert, Engineering Manager  
Scott Revell, Planning Manager  
Greg Harting, Operations Manager  
Angela Richardson, Finance (LeMaster Daniels)  
Doris Fiske, Executive Assistant

**APPROVAL OF AGENDA:** President Jaksch added Resolution 2010-12, Authorized Signers, to the agenda. Director Pringle moved to approve the modified agenda. Director McKenzie seconded the motion and it carried unanimously.

**CONSENT AGENDA:** Director McKenzie moved to approve the consent agenda. Director Pringle seconded the motion and it carried unanimously.

Items on the consent agenda were:

1. Minutes, KID Board Meeting, May 4, 2010
2. Repeal 4.10 Construction Use of Water
3. Approve Policy 7.2 Passwords
4. Approve Policy 7.4 Acceptable Encryption
5. Approve Policy 7.5 Backups
6. Appointment of Board Treasurer
7. Columbia Park West Master Plan Comment Letter Authorization
8. KID O&M Vouchers

### Accounts Payable

Numbers: 59705 through 59738	\$	252,991.51	
59739 through 59739		5,182.96	
59740 through 59740		200.00	
59741 through 59810		68,743.12	
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<b>Total Accounts Payable</b>			327,117.59

### Payroll

Numbers: 31467 through 31478	\$	9,879.70	
Direct Deposit		63,692.68	
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<b>Total Payroll</b>			73,572.38
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<b>Total Disbursements</b>	\$		400,689.97

**Voided Checks:** None

President Jaksch instructed staff to set date for a town hall Saturday meeting.

## PRESENTATIONS:

**Yakima Basin Water Resources Agency (YBWRA):** Jim Milton, YBWRA Director, addressed the Board (presentation materials on file). Mr. Milton explained the operational organization of Yakima River Basin Watershed interests and discussed the history of water issues in the Yakima Basin. He described the connections between surface water and groundwater and presented the new paradigm of recognizing surface water and groundwater as two manifestations of a single integrated resource. USGS Groundwater Study reports are available at <http://wa.water.usgs.gov/projects/yakimagw/>.

Mr. Wilson discussed groups participating in developing strategies for groundwater management. He addressed YBWRA priorities and the Yakima River Basin Water Enhancement Project (YRBWEP) Workgroup. Mr. Wilson invited involvement through YBWRA for counties, cities and irrigation districts and the Water Resources Advisory Committee (WRAC) for all other interested parties. Information about YBWRA can be found at: <http://www.yakimacounty.us/YBWRA>.

**FCS Water Rate Cost of Service Study:** Gordon Wilson, FCS Group Project Manager, gave an overview of the rate study process including revenue requirements analysis, cost of service analysis and rate design. He said a major part of this study is rate design, including customer differentiation, which he noted does not typically include ability to pay. Mr. Wilson explained the use of proxy variables. He discussed goals of rate design including equity, stability and administrative efficiency. He said policy decisions will be needed during the rate design process and that testing models help in decision making.

Mr. Wilson referred to the questions he provided for response from the Board, management and the Water Rate Advisory Committee. Discussion ensued regarding the Directors' concerns and goals for the study. Vice President Huffman confirmed that there is no policy reason for emphasizing one customer group over another. President Jaksch said there needs to be an emphasis on cost of service.

Director McGuire said costs should be equitable and funding for future maintenance projects and capital projects should be included. Mr. Wilson said, regarding the revenue requirement question, identification of rate components such as maintenance reserves or replacement and renovation projects is important. Mr. Wilson discussed methods of dividing cost responsibility.

Discussion ensued regarding KID's role in maintaining pressurized service areas, the level of maintenance needed to protect system integrity, KID versus private maintenance, and the need to articulate a standard of capital improvement at which a system will be accepted for KID maintenance. How these decisions affect the level of administrative complexity of the rate structure, system integrity and public perception was discussed.

**PUBLIC HEARING:** None

## ACTION ITEMS:

**Adopt Employee Manual:** Mr. Freeman discussed development of the employee manual for non-represented employees. Discussion ensued regarding details of the merit pay plan. Mr. Iller and Kevin Wesley, KID's HR consultant, reviewed the manual. Mr. Freeman said he hopes to negotiate union adoption of the manual by reference this year, such that for anything not in the contract, the manual prevails. **Vice President Huffman moved to adopt the new KID Employee Manual. Director McKenzie seconded the motion and it carried unanimously.**

**Red Mountain Appraisal:** President Jaksch presented the request to approve issuing a Request for Proposals for appraisal of KID's Red Mountain Properties. Director Pringle moved to approve the Real Estate Manager hiring an appraiser for the Red Mountain properties, not to exceed the budgeted amount of \$30,000. Vice President Huffman seconded the motion and it carried unanimously.

**District Goals:** Mr. Freeman presented the report on the Directors' prioritization of goals for the District. He reviewed the list of six priorities and subset priorities. Mr. Freeman advised posting the KID mission statements and goals in the lobby.

Director McKenzie moved to approve the following District Priorities,

1. Risk Management
2. Community Outreach-Communication Plan
3. Environment
4. Infrastructure
5. Fiduciary Responsibility
6. Water Right Management

direct staff to focus staffing resources to achieve results and set a date in September for a follow up planning retreat. Vice President Huffman seconded the motion and it carried unanimously.

#### RESOLUTIONS:

**Resolution 2010-12, Authorized Signers for KID Banking and Investment Services:** Mr. Freeman presented the proposed resolution. Vice President Huffman moved to approve Resolution 2010-12, Authorized Signers for KID Banking and Investment Services. Director Pringle seconded the motion and it carried unanimously.

President Jaksch called a short break at 10:10 a.m.  
The Board returned to open session at 10:20 a.m.

#### BOARD REPORTS:

**Finance Committee Report:** No discussion

**Water Rate Advisory Committee Report:** No discussion

#### PUBLIC COMMENTS:

**Dale Walter**, residing at 5624 W. 10th Avenue, addressed the Board regarding assessments for pressurized systems and LIDs from 2008 to 2010, the refund to LIDs in 2009, and KID accounting of the LIDs. Mr. Walter asserted that KID has overcharged LIDs since 2002 and that KID's accounting does not support that LIDs cost a lot of money. He asked why an administrative cost was charged from 2003 to 2006, but not in 2007 and 2008.

Mr. Iller reminded Mr. Walter that scheduled visitors are not subject to the three-minute limit and said the Board has repeatedly asked Mr. Walter to provide the documentation upon which he relies and a written statement of his contentions. President Jaksch offered Mr. Walter 45 seconds for a rejoinder and said he extended an invitation about two and a half weeks ago.

Mr. Walter said he would only get two more minutes as a scheduled visitor. He said the documentation would be the same as for the December 1st Board meeting and a conversation with the previous treasurer, and that the Directors and Mr. Freeman have copies.

## **STAFF REPORTS:**

**Finance Manager:** Ms. Richardson reported that the first priority for the Finance department is the completion of the annual report for the State Auditor's Office. She plans to provide a full set of financial reports at the June Finance Committee meeting. Discussion ensued regarding under-spent balances in Capital Projects being transferred to Reserves after approval by the Board on the June 1<sup>st</sup> consent agenda.

**Engineering Manager:** Mr. Everaert reported:

- Work is being done on the SCADA systems; Mr. Harting is working on the UL side of it. Mr. Everaert is seeking a cost estimate for repair and possible replacements of incompatible parts. Discussion ensued regarding evaluation of pursuing legal redress from HydroScientific. Mr. Iller will review the case and will report to Mr. Freeman on KID's legal rights. President Jaksch requested KID staff discuss this experience with the USBR staff. Mr. Iller said, in general, it good to have bids other sources and, in cases of breach of contract, an owner can have work completed by another contractor and charge the original contractor for damages under breach of contract.
- A steel manufacturing firm in Idaho that can produce overshot gates for 20% of the cost of Rubicon gates was discussed. Mr. Everaert recommends combining undershot and overshot gates in the long run for debris and sediment removal.
- Mr. Everaert and Mr. Freeman will meet with Chuck Garner of the USBR on Thursday. Mr. Everaert will request a box of the water measurement manuals for distribution to field staff to assist KID in conservation of Bureau water. These manuals can also be purchased from the Technical Service Library in Denver.
- Mr. Everaert is looking for sources for purchasing propeller meters. He discussed means of protecting these portable meters during transport.
- Mr. Freeman, Mr. Revell, and Mr. Everaert met with MacKay and Sposito regarding the water conservation plan. Mr. Everaert sent Derrick Smith of MacKay and Sposito the USBR conservation plan to use as a guideline.
- Mr. Everaert said the water management program should include water budget. Additionally, he would like a large wall map showing infrastructure differentiated between KID and private lines.
- Engineering Standards are under review and may be on the next board meeting agenda.

**Operations Manager:** Mr. Harting reported the 230 CFS will be down to 225 CFS through the weekend and that KID is on track to be under the allotment for the month. 426 of 347 work orders have been completed for the month, primarily regarding valves. Discussion ensued regarding 2010 water usage.

**Planning Manager:** Mr. Revell reported:

- Staff is working with City of Richland park staff to protect the District's interests during the permitting process regarding Claybell Park improvements and the Amon Wasteway. Issues include permitting requirements and rights-of-way.
- Staff applied for \$202,000 grant for sealing 5,000 linear feet of concrete canal from the USBR's Field Services Program.
- KID staff reviewed the City of Kennewick's water conservation brochure which will include the KID logo.
- Mr. Revell made a presentation to Columbia River Policy Advisory group on May 5<sup>th</sup> regarding the \$10 million with which Ecology is trying to fund the Red Mountain project. Mr. Revell said Ecology staff expects the grant agreement to be in final form around August.
- Staff has obtained the legislative history regarding the leasing issue and forwarded the information to the WSWRA lobbyist for inclusion on their 2011 legislative slate.

- Mr. Revell will meet Thursday with USBR representatives and the other Yakima Basin irrigation districts to discuss irrigation demands and water supply in the Yakima Basin.

**Realty Manager:** None

**District Manager:** Mr. Freeman reported that staff has started budget preparation. He and Mr. Revell are analyzing the impact of relegation and that issue will need to be addressed by the Board in future policy decisions.

The weekly report includes information regarding encroachment and canal inspection in other areas of the region gathered at the tri-state meeting Mr. Everaert and Mr. Freeman attended. KID's CFS is too small for KID to be included in the first round of inspections, though KID liability is high due to density. The USBR is drafting three template letters for District use because they want districts to move aggressively to stem future encroachments and abate existing encroachments. Mr. DeFoe is being asked to add encroachments to maps to facilitate addressing problems.

**WORKSHOP:** None

President Jaksch called a break at 10:47 a.m.

At 10:55 a.m., the Board met in executive session for 90 minutes to discuss with legal counsel litigation regarding Acquavella, to discuss with legal counsel potential litigation regarding employee, and to review the performance of a public employee.

At 12:25 a.m., executive session was extended for 30 minutes.

The meeting returned to open session at 12:40 p.m.

**Vice President Huffman moved to adjourn the meeting at 12:40 p.m. Director Pringle seconded the motion and it carried unanimously.**

Attest:

Witness:

  
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John Jaksch, Board President

  
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Charles Freeman, Secretary/Manager

Prepared by Doris Fiske, Executive Assistant