



## Minutes

Special Meeting of the KID Board of Directors  
Carl W. Petersen Board Room  
Monday, October 25, 2010, 9:00 a.m.

President Jaksch called the meeting to order at 9:00 a.m. Mr. Everaert called roll.

### Directors Present:

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

### Staff Present:

Ed Everaert, Engineering Manager  
Brian Iller, Legal Counsel  
Darrell Stewart, Accounting Manager  
Seth Defoe, GIS Specialist  
Doris Rakowski, Executive Assistant

### WRAC Members Present:

Kirk Rathbun, Chairman

### Present by Telephone:

Gordon Wilson, Rate Consultant  
Scott Revell, Planning Manager

**APPROVAL OF AGENDA:** President Jaksch changed the order of the agenda to address resolutions before executive session for the convenience of the guests in attendance. Vice President Huffman moved to approve the agenda as changed in order. Director Pringle seconded the motion and it carried unanimously.

### **RESOLUTIONS:**

**Resolution 2010-29 Repeal & Replace 2010-28 Water Entitlement Transfers for 2011 Allocation:** Mr. Everaert said purpose of the resolution was to distribute the 75 acres of water allotments approved for Ramer Holton on three of his parcels per the landowner's request rather than in the order his applications were received. Discussion ensued. Mr. Everaert said total acreage would not change.

Director McKenzie moved to adopt Resolution 2010-29 (Repeal and Replace 2010-28 Water Entitlement Transfers for 2011 Allocation). Director Pringle seconded the motion and it carried unanimously.

**Resolution 2010-30 Adjust Allocation Acreage for Single Parcel:** Mr. Chavallo was present. Mr. Everaert discussed the resolution to correct the acreage of the allotment granted to Mr. and Mrs. Chavallo by Resolution 2009-10 from 48 acres to 32 acres in accordance with their corrected and initialed application. Mr. Everaert confirmed there was capacity for the allotment to come from the AP canal.

Discussion ensued regarding the report on the stability of the hillside with future irrigation, which was being prepared by geotechnical engineer, Mike Black, and the pending encroachment permit which was being considered by the Bureau of Reclamation and the KID Board. Mr. Everaert confirmed that this resolution has nothing to do with that encroachment application which is contingent on Mr. Black's report.

Vice President Huffman moved to adopt Resolution 2010-30 (Adjust Allocation Acreage for Single Parcel). Director McKenzie seconded the motion and it carried unanimously.

President Jaksch called a break at 9:13 a.m.

At 9:20 a.m., the Board went into executive session for one hour to discuss with legal counsel litigation or legal risks of a proposed action per RCW 42.30.110(1)(i)(iii).

Following a short break, the meeting returned to open session at 10:15 a.m.

**ACTION ITEMS:**

**Water Rate Advisory Committee (WRAC) Recommendations for Changes to 2011 Assessments:** Mr. Kirk Rathbun, WRAC Chairman was present and Mr. Gordon Wilson, Rate Consultant, was present by telephone.

President Jaksch said the Board would like to discuss recommended changes from the WRAC outlined in the Board packet memo.

Director McGuire recommended accepting the WRAC recommendations for changes to the 2011 assessment roll as outlined in the memo from Mr. Freeman and that the carriage fees only be charged to the four PSAs with water provided by the CID main canal and that the eight PSA currently not connected to KID's main canal not be charged for the Canal Rehab Fund.

Vice President Huffman recommended making no changes this year.

Director Pringle said for delivery of water from the Yakima River, in the past, the cost of CID carriage and the operation of the canal was together for a uniform cost of water and operations regardless of whether the water was from the main canal or the CID canal. He said if CID-carried water were separated out, the cost of operating the main canal would have to be separated out as well and those numbers were not available. He drew attention to the Finance Department recommendation to correctly name and clarify that the Canal Rehab Fund included capital improvements.

Director McKenzie agreed there was a need to better define the capital improvement charges and expenditures. He thanked the WRAC for a difficult job well done confronting a tremendous amount of information and continuing to work to address a number of issues. Director McKenzie said he had problems with instituting the recommended changes and creating an island of PSAs, which would be handled differently from other PSAs. He said he preferred to receive all of the committee's proposals and be able to institute them as a group, but offered for discussion the question of whether the Board should endorse or reject individual recommendations as they were developed.

President Jaksch added his thanks to the committee, the consultant and Director McGuire. He said he preferred to wait for the full report in May 2011 rather than taking a piecemeal approach, recognizing that some recommendations could change over the process. President Jaksch said he would favor two of these specific changes if it were not for the fact that other changes are coming. He said the idea that "he who benefits pays" makes sense.

Director McGuire said it would not be necessary to make the changes the WRAC recommended over the next year all at once. He said the WRAC recommendations for 2011 were to help institute a service plan for the 2012 assessment. Director McGuire said changing some parts now would not be detrimental to the overall goal of the WRAC to develop a more fair and reasonable assessment plan.

President Jaksch expressed the concern that a piecemeal approach to approval could have unintended consequences and potential impacts throughout the system.

Director McGuire asked if the Board anticipated that the WRAC's May 2011 plan would be final and accurate with no changes needed.

President Jaksch said he anticipated presentation of a whole concept and said that, while it may need adjustment, more would be known about potential consequences than if issues were addressed one at a time.

Vice President Huffman said the 2011 budget was already set and that action on these recommendations would impact the budget. He said he would like to see the numbers reviewed by the Finance Committee. President Jaksch suggested that Mr. Stewart could work with the WRAC on revenue impacts.

Mr. Rathbun said that at times imperfect decisions are based on the information available. He agreed with Director McGuire that it would be nice for water users to pay for the level of service purchased. He said it would be good for the committee to have lots of information and enough time to assimilate that information.

President Jaksch asked Mr. Rathbun if he has gained a better understanding of some of the issues of concern to the Board. Mr. Rathbun said yes and noted that it is helpful that minutes are posted on line. By reviewing them he has learned that there is a lot that the Board deals with which the WRAC has not addressed. President Jaksch recommended the committee ask Director McGuire any questions that arise.

**Director McGuire moved to accept the Water Rate Advisory Committee Recommendations and direct staff to include these recommendations in the 2011 assessment roll. The motion died for lack of a second.**

**Director McGuire moved that the Water Rate Advisory Committee examine further the six aforementioned issues for 2011 (Preparers note: Issues raised for further examination in 2011: 1. Transfer of the CID supplied service areas to the CID; 2. Transfer of the domestic water systems to other water system operators; 3. A more uniform system of assessment for condominiums and townhouses; 4. Examine modifying the parcel consolidation policy; 5. Examine Birchfield Meadows and El Pedregal PSAs for the applicability of USBR construction loan obligation associated with their water entitlements; 6. Billing the potable water system users based on meter readings.) and bring back to the board recommendations or a status report on each by May 15, 2011. Director Pringle seconded the motion.** Discussion ensued regarding the number of recommendations to be addressed by the WRAC. Director McGuire said the six in the motion are a minimum. The Directors agreed that it would be desirable to continue discussions with the WRAC over the course of their work. **The motion carried unanimously.**

**Director Pringle moved to adjourn at 10:31 a.m. Director McGuire seconded the motion and it carried unanimously.**

Attest:

Witness:

  
John Jaksch, Board President

  
Charles Freeman, Secretary/Manager

Prepared by Doris Rakowski