



Minutes

Regular Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, November 2, 2010, 9:00 a.m.

President Jaksch called the meeting to order at 9:00 a.m. District Manager Freeman called roll.

Directors Present:

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

Staff Present:

Charles Freeman, District Manager
 Ed Everaert, Engineering Manager
 Brian Iller, Legal Counsel
 Scott Revell, Planning Manager
 Colleen Storms, Comptroller/Treasurer
 Judy Smith, Administrative Contract Specialist
 Diane Rourk, Customer Service Specialist
 Kassie Rothfork, Springbrook Spec./Accounting Assistant
 Doris Rakowski, Executive Assistant

APPROVAL OF AGENDA: Vice President Huffman moved to approve the agenda. Director Pringle seconded the motion and it carried unanimously.

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

Items approved by consent agenda were:

1. Minutes, KID Board Meeting, October 19, 2010
2. Minutes, KID Board Special Meeting, October 25, 2010
3. Confirm NWRA Conference-USBR Commissioner Talking Points
4. Approval of Cedar View Short Plat
5. Confirm Application for Change/Transfer of Water Right
6. KID O&M Vouchers

Accounts Payable

Numbers: 61101 through 61134	\$	75,176.80	
61135 through 61171		78,959.14	
Total Accounts Payable			154,135.94

Payroll

Numbers: 31575 through 31580	\$	6,484.67	
31581 through 31581		2,124.65	
31582 through 31582		2,748.18	
Direct Deposit		61,216.00	
Total Payroll			72,573.50
Total Disbursements			\$ 226,709.44

Voided Checks

Check No. 60782 void and reissued, has not cleared the bank.

PRESENTATIONS:

Canfield Insurance: Canfield Insurance Marketing Representative Anthony Mejia read a letter dated October 6, 2010 and signed by himself, Claims Manager Dave Kosa and Vice President Phil Riche (letter on file) to correct misinformation provided by Canfield Insurance at the August 17th Board Meeting.

Elaborating on the letter, Mr. Mejia said all claims should be reported to Canfield regardless of size to avoid increased costs due to mishandling. He noted that claims within KID's deductible did not affect KID's rating or premiums and were not factored into claims frequency. Mr. Mejia said claims frequency was a small factor and the amount paid out on claims was the largest factor when calculating premiums. He said KID's first three of five years with the program had many payments for claims, but that KID had been improving yearly. He said the 35% premium increase for the year included a 5% program-wide increase, and noted that premiums change yearly often due to changes in property or vehicles owned, increasing property value or inflation.

Mr. Mejia said, contrary to what was reported in the newspaper and on television (following the previous presentation), KID's premium increase was not solely due to claims history.

Mr. Mejia said the action taken by the State against CIAW regarding the projection of potential claims for 2002 through 2006 and was being taken care of by reassessment of full members of CIAW during that period. He said KID had no part in paying that settlement whatsoever.

PUBLIC HEARING: None

BOARD REPORTS:

Operations & Engineering Committee: Director McKenzie said the committee discussed:

- SCADA Equipment - The radio communication issue was being addressed and the plan was to have all twelve stations operational by the next water season.
- Metering - Staff is building mounting brackets for the portable metering system.
- Expansion of PSAs - Potential revenue and ongoing costs of operations were discussed for Southridge specifically and in general terms.
- Bretz Road LID - The Pond was complete and the process was continuing.
- Capital Improvement Program - Staff was identifying areas for canal lining and getting bids.
- Chandler Pumping Station - Pump repair or replacement costs were discussed.
- Drought Mitigation - Issues were discussed in preparation for a meeting with the Department of Ecology.
- Trust Water - Staff was determining whether water was going into trust in 2011.
- Red Mountain Progress - Mr. Revell and President Jaksch were meeting with the Department of Ecology and the U.S. Bureau of Reclamation.

Realty Committee: Ms. Smith reported that:

- An offer was presented which would be discussed by the Board in executive session.
- There was increased interest in KID properties at Colonnade Business Park and Stoneridge.

Vice President Huffman reported Ms. Smith and he attended an open house at a property purchased from KID. He said the owner indicated it was a pleasure to deal with Ms. Smith.

ACTION ITEMS:

Rename and Revise Policy 2.26: Ms. Storms presented policy revisions which were made to reflect the enabling legislation of RCW 87.03.443. Revisions correct the policy and fund name, and reference the RCW.

Director McGuire moved to approve Policy 2.26 revision 1 and to title the policy "Capital Upgrade and Improvement Fund." Vice President Huffman seconded the motion and it carried unanimously.

Amendment of Financial Consulting Solutions (FCS) Contract: Mr. Freeman recommended revision of the FCS contract to reflect the timeline extension to June 1, 2011 due to project complexity. The revisions include the additional \$25,000 budgeted for 2011. Discussion ensued regarding cost and schedule.

Vice President Huffman moved to approve the Revised Contract Agreement between KID and Financial Consulting Solutions, Inc., with the changes as written. Director Pringle seconded the motion and it carried unanimously.

Approval of Light Meals Policy: Ms. Storms discussed the statutory basis for the proposed new policy and read the policy. She noted that the Finance Committee had reviewed the proposed procedures and would receive a final copy.

Director McGuire moved to approve Policy 2.30 titled the "Meals at Meetings Policy." Director McKenzie seconded the motion and it carried unanimously.

Announcement of Candidates and Notice of 2010 Election for Director Positions 1 and 4: An updated memo was distributed. Mr. Freeman said there were four qualified candidates and that Dale Walter also filed a petition with ten names minutes before the deadline, but one signer was not a qualified elector. He said Mr. Walter was offered an opportunity to provide proof of the elector's qualification but did not do so. The qualified candidates were Dean Dennis, Kirk Rathbun and James Wade for Position 1 and John Jaksch for Position 4. Mr. Freeman read RCW 87.03.075 regarding unopposed candidates. Mr. Freeman said that staff would issue a press release and post candidate names on the website and that absentee ballot request forms would be available.

Mr. Freeman read the name of poll workers that were available for appointment on November 16th as inspector and judges: Bob Gudgel, Betty Gudgel, Karen Woofter and Joanne Bunnell.

Recommended actions were discussed. Mr. Iller reviewed the statutory requirements and deadline for filing petitions of nomination and the required Board action in the case of unopposed candidates. Discussion ensued. President Jaksch recused himself from this vote.

Vice President Huffman moved to declare John Jaksch elected as Director to Position 4. Director Pringle seconded the motion. Directors Huffman, Pringle, McGuire and McKenzie voted in favor. Director Jaksch abstained from voting. The motion carried.

Filing of Assessment Roll and Notice of Equalization: Mr. Freeman read RCW 87.03.250 regarding the requirements for notice of the Board of Equalization and assessment roll availability. He reviewed scheduling for the legal notices and the Board of Equalization meeting. Mr. Freeman assured the Board that staff would verify the order for the legal notice.

Director McGuire moved to give notice by publication in the Tri-City Herald legal notices on November 7th and 14th of 2010 that the 2011 Assessment Roll has been filed with the KID Board of Directors and that the Board of Directors, acting as a board of equalization, will meet on December 7th, 2010 at 9:00 a.m. to equalize assessments. Director McKenzie seconded the motion and it carried unanimously.

RESOLUTIONS:

Resolution 2010-21 Declare Surplus Real Property: Ms. Smith reported that the Realty Committee reviewed detail regarding the vacated right-of-way and the easement to be created on the property. She said legal counsel found nothing to preclude KID from selling the property and said that an exception on the deed would prevent future purchasers from building structures over the remaining pipeline. Ms. Smith said an easement with the exception on it would be recorded prior to closing. Ms. Smith reported that the Realty Committee supported the resolution. Discussion ensued. Mr. Everaert assured the Board that flow restrictions due to pipeline changes would not be appreciable.

Vice President Huffman moved to approve by Resolution 2010-21 the surplus of the north 15 feet of approximately 450 feet of 4th Avenue vacated Highlands Lateral right-of-way and that the surplus right-of-way be sold at a minimum of \$.84 per square foot as set by the Benton County Assessor. Director Pringle seconded the motion and it carried unanimously.

PUBLIC COMMENTS:

James Wade, 1813 S Rainier Place, Kennewick told the Board the petitions and election were not conducted properly when KID allowed Southridge, Richland and Canyon Lakes into the District. He said there should be an election for Director Position 4 to allow votes for write-in candidates and that Mr. Jaksch should not have been declared elected until the next Board meeting. Mr. Iller reviewed RCW 87.03.075 and explained that the statutory requirements were followed by the Board. Discussion ensued and Mr. Wade disagreed. Regarding the annexation, Mr. Iller said the complaint should have been made at the time. Mr. Wade said it was.

STAFF REPORTS:

Finance Manager: Ms. Storms said assessments had been due the day before the Board meeting and that she appreciated the performance of the staff. She reported that Teresa Horrocks and Diane Rourk received Reclamation Reform Act training.

Engineering/Operations Manager: Mr. Everaert reported:

- Operations staff will create manuals for each pump station and ditch rider route. He discussed details to be included in the manuals.
- Preliminary work was being done for Badger East Canal lining. Mr. Everaert showed a sample of membrane materials and discussed bidding, prioritization of locations, and plans for the use of existing rock. Potential installation methods were discussed.
- Work was being done on mapping of irrigable and irrigated acres in the District. He said other details would be incorporated over time and that staff was developing a scope of work, budget and timeline for that project.
- For 2010, the diversion measured at Chandler after the siphon was 99,861 acres. The average diversion for the last five years was 101,107 acres.
- A report regarding the right-of-way at Citadel Estates was received. Mr. Everaert said that report and a previous report done for the city would have a geotechnical review by the Bureau of Reclamation and the right-of-way would be considered.
- Discussion ensued regarding patching EPDM liners.

Planning Manager: Mr. Revell reported:

- The Department of Natural Resources had not signed the Antinori RLID petition which would be submitted shortly.
- The new Ecology proposal for the Water Resources Program was being reviewed.

- Mr. Revell participated in a legislative review phone call regarding the State Fish and Wildlife proposed changes to HPA permitting which may affect work in KID's drains.
- A draft bill for the leasing issue was prepared through WSWRA.
- Washington State Fish and Wildlife issued the Priority Habitat Areas for Bull Trout in Yakima Basin. Mr. Revell said most of the comments from the Joint Board and the fish biologist were disregarded. The Amon Basin was not included as habitat.
- Mr. Revell reported that KID would host the November WSWRA meeting.
- A meeting would be held with Dan Haller of the Department of Ecology regarding the funding agreement for Red Mountain.
- President Jaksch and Mr. Revell attended the October YRBWEP meeting to present KID's letter to the Commissioners and mutual issues were discussed. President Jaksch discussed planned meetings with Department of Ecology and Yakama Nation representatives.
- Lynda Rosenbaum attended the Reclamation Reform Act training.
- The Realty Committee heard reports from consultants on the soil analysis and economic analysis for Red Mountain.

President Jaksch said he and Vice President Huffman would like more interaction between board and the Water Rate Advisory Committee (WRAC).

District Manager: Mr. Freeman reported:

- Overtime in 2010 was reduced \$101,000 compared to the same period in 2009.
- 2010 was a great water season with no canal breaks, though there were some issues in the PSAs when pressure mains broke.
- Water Off meeting would be held Thursday, November 4th at 11:30 a.m.
- Director Huffman, Mr. Everaert, Mr. Revell and he would attend the NWRA annual meeting.
- No Board members had yet indicated they would attend the WSWRA annual conference on December 1st and 2nd. Con Higley will attend and Mike Pearce will attend one day. Mr. Pearce attended a WSWRA meeting and reported on KID's experience with aquatic weeds and endothall. Mr. Pearce was participating with WSWRA weed committee which retained Cramer Fish Sciences to study endothall's effects on fish. Mr. Revell said the state permit allows higher concentrations after July 15th and discussed justification for the study.
- A committee met with the Salary Survey consultant and reviewed the job description component. The report is expected in mid-December.

Discussion ensued regarding string algae and silt accumulation in biomass.

Mr. Freeman reported that Bretz Road LID formation preliminary work, including pond ownership transfer, is nearing completion and that LID formation may be on the November 16th Board meeting agenda.

Director McGuire said the WRAC must not follow the board in making recommendations as that would nullify its effectiveness as an independent citizen advisory board. Discussion ensued. Vice President Huffman said the Board should be better informed of the WRAC's progress. President Jaksch advocated an exchange of questions between the WRAC and the Board.

WORKSHOP: None

At 10:20 a.m., President Jaksch called a ten minute break.

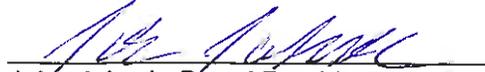
At 10:30 a.m. the Board met in executive session for fifteen minutes to discuss with legal counsel litigation and to consider the minimum price at which real estate will be offered for sale.

President Jaksch called a break at 10:45 a.m. At 10:55 a.m., the meeting returned to open session.

Director Pringle moved to adjourn at 10:55 a.m. Vice President Huffman seconded and the motion carried unanimously.

Attest:

Witness:



John Jaksch, Board President



Charles Freeman, Secretary/Manager

Prepared by Doris Rakowski