



Minutes

Regular Meeting and Board of Equalization
Of the KID Board of Directors
Carl W. Petersen Board Room
Tuesday, December 7, 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
Doris Rakowski, Executive Assistant

APPROVAL OF AGENDA: President Jaksch removed the Realty Committee report from the agenda and added to the executive session a discussion of pending litigation with legal counsel. **Director McKenzie moved to approve the amended agenda. Director Pringle 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 approved by consent agenda were:

1. Minutes, KID Board Meeting, November 16, 2010
2. Approval of Short Plat 10-13, James Halford
3. Approval of Short Plat 10-23, Cottonwood Commercial Plaza, LLC
4. Approval of Short Plat 10-27, Borms
5. Approval of Final Plat - Orchard Park North
6. Richland Zoning Code Amendment - Authority to Proceed
7. Approval of Utility and Access Easements for Stoneridge
8. KID O&M Vouchers

Accounts Payable

Numbers:	61172 through 61214	\$	73,039.23
	61215 through 61256		106,883.77
	61257 through 61265		836.64
Total Accounts Payable			180,759.64

Payroll

Numbers:	31583 through 31588	\$	6,979.84
	31589 through 31589		427.04
Direct Deposit			61,737.31
Total Payroll			69,144.19
Total Disbursements			\$ 249,903.83

Voided Checks:

Check No. 60096 void and reissued to corrected payee.
Check No. 61029 void and submit to insurance.
Check No. 61031 void and reissue as check has not cleared bank.

PRESENTATIONS: None

PUBLIC HEARING:

Board of Equalization: Vice President Huffman moved to open the Board of Equalization. Director McKenzie seconded the motion and it carried unanimously. President Jaksch asked if anyone present wished to speak.

Dale Walter, residing at 5624 W 10th Avenue, challenged equalization because the canal refurbishment charges were a flat fee with inflation based on parcel, and the tiers, five acres and above, represented 49% of the acreage. He said they were not paying a fair share and discussed what would be paid by different tiers over the life of the contract. Mr. Walter said carriage charges from Columbia Irrigation District (CID) should not be paid by all rate payers. He said that Elliott Lake, Lorayne J, and CID customers should not pay the canal refurbishment charge. Mr. Walter said there were numerous other small errors.

Mr. Freeman said Lorayne J was a combined potable and irrigation water system and that those customers did not pay the canal rehab charge. He said the Elliott Lake potable system was separate and did not pay the canal rehab charge, but those water users did pay the canal rehab charge for irrigation water. Ms. Storms noted that the title of the canal rehab fund was changed to the Capital Upgrade and Improvement Fund. Mr. Freeman said the Water Rate Advisory Committee and the Rate Consultant would address the CID carriage charge at a future date.

James Wade, residing at 1813 S Rainier Place, asked why tier 11 paid \$2.87 for canal break recovery. President Jaksch and Mr. Freeman noted that the canal break recovery charge was a one-time charge in 2010 and was not relevant to the 2011 equalization.

Mr. Wade said he was charged for 0.251 acres, but his lot was 2.5 acres if measured into the street or, if his lot were measured, approximately 9000 square feet. President Jaksch said KID determined lot size from county records and to contact the county regarding discrepancies. Mr. Wade said KID rounds off to the next highest acreage. Mr. Revell said when KID switched to rates and tolls in 2009 it began using the county parcel base. He said some discrepancies had been found and offered to talk to Mr. Wade about his case after the meeting.

Mr. Wade said he believed KID put ads in the legal classifieds to hide them. Mr. Iller said statute required publication of notice.

President Jaksch asked if there were any other persons wishing to address the Board of Equalization. There being no further comments, he called for a motion.

Vice President Huffman moved to close the Board of Equalization. Director Pringle seconded the motion and it carried unanimously.

BOARD REPORTS:

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

- SCADA and water flow metering
- Subdivision specification requirements, including potential handling of future subdivisions
- A meeting with the City of Kennewick about the Southridge Development reservoir design
- Main Canal lining
- Chandler Pump repair/replacement obligations and contract requirements
- Review of the Pressurized Service Area expenditures for labor
- Citadel Estates easement relinquishment progress
- Bretz Road LID progress

ACTION ITEMS:

Formal District Comments on Integrated Water Management Plan: Mr. Revell introduced Ben Floyd from Anchor Environmental and a facilitator for the YRBWEP Working Group. Mr. Revell discussed the contents of a proposed letter to the Department of Ecology and a draft letter from Roza Irrigation District (copies on file). Issues addressed were power subordination, federally-supplied agricultural water needs, and the District's interest in the integrated plan moving forward even if support from other entities is not unanimous. Mr. Revell said comments were due December 10th and that the next meeting would be held on Friday, December 17th.

President Jaksch suggested adding language to the letter regarding water obtained by water marketing not counting as part of the 70% supply. Discussion ensued. Revell suggested KID copy language from the Roza letter.

President Jaksch asked if changing from 300,000 to 400,000 acre-feet would have an impact. Mr. Floyd discussed the potential for KID to participate as a cost share contributor and be included in the amount of water that would be dedicated to supply reliability during drought conditions. Mr. Revell said including this in the letter would not tie the District's hands or create a fiscal obligation until a contract was made with the USBR. Hearing no objection from the Board, President Jaksch directed staff to adjust the acre-feet and include the suggested content in the letter. Mr. Floyd noted that KID's interest in participation would be included as a footnote as the additional acreage had not been included in the analysis.

President Jaksch inquired about Yakima County's interest in power subordination. Mr. Floyd said he believed that the county was more interested in the Columbia River pump exchange than in power subordination. Discussion ensued.

Director McKenzie asked about the impact on the KID water right of the program designed to conserve 170,000 acre-feet of agricultural water (section 3.6). Mr. Floyd said he believed that, as part of the integrated plan, it should not have an effect on KID's water right, as it would if it were a stand-alone program. Mr. Iller said it would not affect water right, just availability of the water to be diverted.

Mr. Revell summarized the changes to be made to the draft letter, including stylistic changes, copying the Roza Irrigation District language on water marketing after consultation with Mr. Floyd on final language, and indication of willingness to pay regarding federally-supplied agricultural water.

Vice President Huffman moved to approve the proposed comment letter concerning the Integrated Water Management Plan and authorize the Board President to execute it and to include the language discussed. Director McKenzie seconded the motion and it carried unanimously.

Approve Policy 1.15 District Voting: Mr. Freeman reported that, due to land holdings, the District is qualified to vote in several special district elections. The proposed policy would codify the Board's intent not to exercise its right to vote in said elections.

Director McGuire moved to approve Policy 1.15, District Voting. Director Pringle seconded the motion and it carried unanimously.

Approve Policy 2.13 General Purchasing: Ms. Storms presented the revisions to the policy which were proposed in response to LeMaster Daniels. She said the purposes of the policy were clarified with regard to controlling laws and the code of ethics. She spoke briefly regarding the procedure which would be forthcoming and planned training for staff.

Vice President Huffman moved to approve Policy 2.13, General Purchasing, revision 1. Director McGuire seconded the motion and it carried unanimously.

Approve Policy 2.31 Potable Water: Ms. Storms presented the proposed policy which would accomplish several tasks required by Department of Health. She said timely payments, how sign up for service, and legal liability attached to property are addressed. Ms. Storms noted that rates would be set elsewhere.

Director McGuire moved to approve Policy 2.31, Potable Water Division. Director Pringle seconded the motion and it carried unanimously.

Approve Policy 2.32 Conservation Capital Project Reserve Fund: Ms. Storms presented the proposed policy. She said that the new reserve was funded in the 2011 budget and that the policy would create the framework for the reserve fund. She said the purpose of the fund was to help the District minimize incurring debt for future projects.

Director McKenzie moved to adopt Policy 2.32, Conservation Capital Project Reserve. Director Pringle seconded the motion and it carried unanimously.

Approve Badger East-Main Canal EPDM Liner Materials Bid Documents: Mr. Everaert presented the materials-only bid documents for Board approval. He discussed staff's conclusion that the \$180,000 budgeted for Aqualastic sealing through the Capital Improvement Plan would be better spent on further canal lining. He said that, with the additional \$180,000, the total budget for canal lining would be \$775,000.

Mr. Everaert discussed details of EPDM lining installation. He discussed the advantages of lining and details of prep work, installation, scheduling and the bid request requirements. He discussed the benefits of gravel ballast over concrete.

Discussion ensued regarding characteristics for the installed liner and whether there were safety issues to be addressed. Mr. Everaert assured Director McGuire that the bid requirements included expert supervision at initial installation. Durability of Sealoflex was discussed, as was EPDM lining's potential as a canal repair material.

Director McKenzie moved to authorize the District Manager to solicit bids for the purchase of materials for the Badger East EPDM Lining and the Main Canal EPDM Lining, and further authorize the District Manager to execute a contract, not to exceed the total budget of \$775,000, with the lowest responsible bidder. Vice President Huffman seconded the motion and it carried unanimously.

RESOLUTIONS:

Resolution 2010-35, 2010 Budget Revision: Ms. Storms presented the proposed resolution and explained the necessity of including impacts on the budget of decisions made by the Board since the 2010 budget was approved in late 2009.

Ms. Storms went over details of the Summary of Revenues/Expenditures Budget to Actual and the 2010/2009 Comparative, highlighting changes. She discussed capital project funds including the Capital Upgrades and Improvement fund, the creation of the Red Mountain LID fund, the Conservation Capital Projects fund, and General Capital Projects fund. She discussed the newly created operating reserve fund called the Carry Forward Reserve, and the Equipment Replacement Reserve. She also discussed the non-operational restricted reserve fund called the Emergency Mitigation Reserve, and changes to the presentation of revenues and expenditure of the Realty Reserves.

Ms. Storms reported that required documentation showing the Board was setting staff salaries was also included in the 2010 revisions and reviewed the provided schedule of authorized positions. She noted that the pending salary survey would set future salary ranges, and that for the 2010 schedule she utilized the range used for the last three years. Discussion ensued.

Ms. Storms discussed leased equipment and recommended that the Board pay off existing leases. The amount to be paid off was discussed.

Director McGuire moved to approve Resolution 2010-35, Revising the 2010 Budget. Vice President Huffman seconded the motion and it carried unanimously.

Resolution 2010-31, Authorizing the Sale of Real Property – 4th Avenue Right-of-Way: Ms. Smith presented details of the proposed sale of real property for Board approval. She noted that the Board had previously approved a resolution to surplus and market the property. She reviewed offers by three adjoining property owners to purchase three separate parcels. Ms. Smith said the price was set by the county assessor at \$.84 per square foot and that there would be no costs to the KID. Ms. Smith reported that Hayden Homes moved the existing pipeline and that the KID Engineering Department prepared irrigation easements which would be recorded and included on the quit claim deeds.

Vice President Huffman moved to approve Resolution 2010-31 authorizing the sale of the remaining 4th Avenue vacated Highlands Lateral right-of-way to Larry Lee in the amount of \$435.96; Jacqueline Swaner in the amount of \$2,480.52, and Hayden Homes in the amount of \$4,155.48 plus the payment of any costs and fees associated with the sale. Director Pringle seconded the motion and it carried unanimously.

PUBLIC COMMENTS (Matters other than Equalization):

James Wade, residing at 1813 S Rainier Place, addressed the Board regarding irrigation election requirements. He said he believed RCW 87.03.075 allowed a candidate to submit a declaration in writing instead of by a petition by ten qualified electors. He expressed the opinion that the word “each” meant if an election would be held for a position with multiple qualified candidates, a position for which there was only one qualified candidate must also be on the ballot to allow voting for write-in candidates.

Mr. Wade asked if when he requests information verbally in a meeting if he would be answered or if he had to submit in writing. President Jaksch said Mr. Wade had previously been told if he submitted requests in writing they would be answered.

Mr. Iller reviewed the text of RCW 87.03.075 and said it was a matter of statutory interpretation. Regarding the question of petition or declaration, he noted that Mr. Walter did not submit declaration of candidacy, so it did not apply. He reminded Mr. Wade that Mr. Walter, unfortunately, delivered his nomination petition at the last moment without sufficient signers or a declaration of candidacy. Mr. Iller stated that he stood by his interpretation. Mr. Wade continued to disagree with the legal interpretation.

Mr. Wade read from WAC 44-14-03006: “There is no statutorily required format for a valid public record request. A request can be sent in by mail. RCW 42.17.290/42.56.100. A request can also be made by e-mail, fax, or orally.” President Jaksch asked Mr. Iller look into it.

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- Staff was preparing documents for the annual audit expected to begin in about ten days.

- Refunds were being calculated for customers who duplicated payments made by their mortgage companies.
- Legal exhibits were being prepared for foreclosures that did not respond to notifications.
- Purchase policy implementation was a Finance Department priority.

Engineering/Operations Manager: Mr. Everaert reported:

- The Mackay & Sposito Feasibility Study draft report was being reviewed. The final report would be due December 31st.
- Staff was working with legal counsel regarding the Bretz Road LID formation documents.
- Chris Sittman was working on segregations.
- Staff was working on portable flow meters and adapters for concrete boxes.
- Regarding CID water, a malfunctioning flow meter was being replaced.

Planning Manager: Mr. Revell reported on the WSWRA Annual Conference and said that the WSWRA board had indorsed the lease bill. He said a meeting with the Department of Ecology on the funding agreement would be held on Thursday in Yakima.

District Manager: Mr. Freeman reported that the salary survey was underway and that the Union was providing comparables to consultant.

WORKSHOP: None

At 10:35 a.m., following a ten minute break, the Board met in executive session for one hour to consider the minimum price at which real estate will be offered for sale and to discuss with legal counsel pending litigation.

Executive session was extended for an hour at 11:35 a.m. Following a break, the meeting returned to open session at 12:50 p.m.

Vice President Huffman moved to approve the sale of 1.39 acres of KID #7095, Lot 9, Block 1, Stoneridge, to Maverick, Inc., in the amount of \$10.00 per square foot for a total cash purchase price of \$605,480.00, and to authorize the Board President to sign all documents necessary to complete the transaction. Director Pringle seconded and the motion carried unanimously.

Vice President Huffman moved to approve the amending of the sales and purchase agreement for KID #7046, Stoneridge Lot 4, Block 2, as follows: Purchase price \$348,480 for 1.6 acres/69,696 square feet, \$25,000 down payment, remaining balance of \$323,480 shall be amortized over 25 years at 6% interest, commission paid at \$10,454.40, 5 year construction start date/balloon payment, lot to be created by record survey, and closing to be on or before January 28, 2011. Director Pringle seconded and the motion carried unanimously.

Director McKenzie moved to adjourn at 12:53 p.m. Director Pringle seconded and the motion carried unanimously.

Attest:

Witness:


John Jaksch, Board President


Charles Freeman, Secretary/Manager

Prepared by Doris Rakowski