



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, March 15, 2011, 9:00 a.m.

President McKenzie called the meeting to order at 9:00 a.m. Mr. Freeman called roll.

Directors Present:

David McKenzie, President
 Gene Huffman, Vice President
 John Jaksch
 Patrick McGuire
 Kirk Rathbun

Staff Present:

Charles Freeman, District Manager
 Ed Everaert, Engineering/Operations Manager
 Colleen Storms, Comptroller/Treasurer
 Scott Revell, Planning Manager
 Rob Schunk, Engineering Technician/Locator
 Ben Woodard, Staff Engineer
 Jason McShane, Staff Engineer
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel

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

CONSENT AGENDA: Director Jaksch said he would abstain from voting on the consent agenda because a contract with Pacific NW Project was on the consent agenda for approval. Director Rathbun moved to approve the consent agenda. Vice President Huffman seconded the motion. Director Jaksch abstained from voting. Directors Rathbun, Huffman, McKenzie and McGuire voted in favor and the motion carried.

Items approved by consent agenda were:

1. Minutes, KID Board Meeting, March 1, 2011
2. Approve Letter Requesting Diversion from USBR to Start 2011 Water Season
3. Rescind Policy & Procedure 2.15, Receipt, Inspection and Acceptance of Purchased Goods
4. Approve Contract for Services - Pacific NW Project
5. KID O&M Vouchers

Accounts Payable

Numbers:	61864 through	61903	\$	91,028.41
	61904 through	61904		683,827.21
	61905 through	61976		52,467.26
	61977 through	61977		109.46
				827,432.34
Total Accounts Payable				827,432.34

Payroll

Numbers:	61633 through	61639	\$	6,877.10
	31640 through	31641		640.09
	31642 through	31642		993.80
	31643 through	31643		1,018.12
	31644 through	31644		1,018.12
Direct Deposit				62,200.50
				72,747.73
Total Payroll				72,747.73
Total Disbursements				\$ 900,180.07

Voided Checks: None

PRESENTATIONS:

E2SHB 1634, Proposed Changes to RCW 19.122 Underground Utilities: Mr. Schunk discussed House Bill 1634 to change RCW 19.122, the "dig law." He summarized the changes and said they would have a positive impact on the district. Discussion ensued regarding rules for agricultural tilling, and the establishment of a safety committee. Mr. Freeman discussed his experience with the dig laws in Spokane and said that an issue was the lack of mechanism to enforce the dig laws. No motion was offered.

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Direct Staff Regarding Elliot Lake and Lorayne J: Mr. Freeman reported that the Finance Committee discussed the Elliot Lake and Lorayne J systems. He reviewed information on each system including water sources, infrastructure, and financial status. Mr. Freeman said he thought it was in the long term interest of the District to focus on irrigation and investigate selling these potable systems. He discussed the recommendations of the Finance Committee and staff that the Board direct staff to hire a consultant to appraise the systems, work with legal counsel to determine process, and report to the Finance Committee in May, 2011.

Discussion ensued regarding management of the systems' wells, hiring a consultant, and obtaining property owner input. Mr. Freeman suggested that input could be sought in conjunction with the public hearings for water efficiency rules compliance and the cross connection control program. The Board discussed the recommendations and President McKenzie directed staff to follow the recommendations presented.

Award Bretz Road LID - Contract Bid: A staff report and spreadsheet of the bid results was distributed (on file). Mr. Woodard reviewed the bid results. He said staff recommended the contract be awarded to the apparent low bidder, Big D's Construction, Inc., whose bid was approximately 7.5% over the engineers' estimate to the homeowners.

Director Jaksch moved to award contract 2011-01, Bretz Road LID to Big D's Construction, Inc. and authorize Charles Freeman to execute the contract. Director Rathbun seconded the motion and it carried unanimously.

RESOLUTIONS:

Resolution 2011-02, Authorizing the Sale of Real Property KID #7203: Mr. Freeman presented the Resolution to memorialize the previously approved and closed sale. **Vice President Huffman moved to approve Resolution 2011-02 authorizing the sale of KID #7203, Lot 2, Short Plat 3300, to Richland GG Holdings, LLC in the amount of \$1,448,370.00. Director Rathbun seconded the motion and it carried unanimously.**

PUBLIC COMMENTS:

John Trumbo, reporter for the Tri-City Herald, delivered a letter and read it into the record. The letter is attached to these minutes.

Dale Walter, residing at 5624 W 10th Ave., addressed the Board regarding the FSC Group Inc contract. He reviewed changes to the contract and schedule, and expressed concern that the scope of work had not changed. Mr. Walter asked how the Board justified the changes.

Mr. Freeman noted that Mr. Walter received all the staff reports and memos. He said the contract was amended in a public meeting and appropriate process was followed. He said that the additional time needed was due to complexity.

Mr. Walter discussed materials he received in response to his public records requests on the topic. He stated his opinion that the contractor was in default because he did not meet the original deadline and the scope was not changed.

Mr. Freeman repeated that the deadlines were changed.

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- Finance Committee discussed Elliot Lake and put the rate increase on hold pending further analysis because the budget was at break-even with a small amount set aside for capital.
- Notification was provided to ratepayers regarding new delinquency penalties.
- A representative of the Benton-Franklin Community Action Committee would discuss the Helping Hands Program at the April 5th Board meeting.
- The Finance Committee minutes will be posted on the website.
- The Finance Committee discussed the Helping Hands Program, Elliot Lake, changes in the cash financial statements, and the insurance policy RFP.

Engineering/Operations Manager: Mr. Everaert reported:

- Canal lining was completed for the year due to weather conditions. Rock armoring would be replaced in the cleaned and shaped main canal. Work focus would be on preparations for water-on.
- Staff was working on the Badger East 16.1 intertie. The division box would be removed from the hillside by a contractor. Operations staff would install irrigation line as time permitted during the water-on season.
- Three maintenance laborer temporary employees were hired and a fourth would be hired.
- Staff was working with MacKay and Sposito on the Comprehensive Plan.
- The Feasibility Study report was sent to the USBR by MacKay and Sposito.
- A new trash rack was being completed on the Badger East Canal.
- The water-on schedule was posted on the website. The system was expected to be 100% on-line by April 16th.
- The canal lining project would start up again after water-off in mid-October, after time for the canal to dry.

Planning Manager: Mr. Revell reported:

- Last week the USBR issued a water forecast for full water supply for the season.
- The process had begun for the water entitlement transfer program for 2011.

District Manager: Mr. Freeman reported:

- The Board Retreat would be held in the KID boardroom on Saturday, March 19th from 9:00 a.m. to 3:00 p.m.
- The Disaster Manual was near completion.
- The new phone system was being installed.
- He appreciated the hard work of staff and complimented the field crew for their work on the liner project and the teamwork they demonstrated.

WORKSHOP:

Integrated Water Management Plan: Mr. Revell reported on the YRBWEP work group meeting and said the Integrated Water Management Plan was now supported by the US Fish & Wildlife Service and a group of environmental organizations, with the notable exception of the Sierra Club. He reported that a Kittitas County Commissioner discussed concerns about increasing public ownership of land in the county.

Kittitas County Water Issue Update: Mr. Revell reported that a white paper issued by the Upper Kittitas County Water Resource Management Group was reviewed by the Yakima Basin Joint Board (YBJB). He referred to the YBJB letter of response included in the packet materials.

Pressurized Service Area and Private Line Area Overview: Mr. Revell discussed on-going staff research of private line areas. He referred to an updated map which illustrated private line and pressurized service areas and other water entitlement areas. He reported that the Water Rate Advisory Committee discussed District direction regarding taking on additional pressurized service areas versus creating private line areas.

General Liability Insurance Options: Ms. Storms presented options available for obtaining insurance coverage. She recommended that KID stay with an insurance pool. She reported there were three pools which accept irrigation districts: Association of Washington Cities, CIAW and Enduris. She said the District must ask for membership and that the pool would substitute for the RFP process. Ms. Storms mentioned the State Auditor's report regarding CIAW management. She discussed the process for approaching pools and recommended KID select which pool was preferred, then determine whether we could become members.

Discussion ensued regarding the pools and KID's claim history. Mr. Freeman said KID needed to demonstrate how current practices were reducing risk. Costs of higher deductibles versus possible savings were discussed. Mr. Freeman said staff would recommend an RFP for private market insurance if KID was unsuccessful in joining a pool. The Board agreed that staff should exhaust options with pools before issuing an RFP for private insurers or brokers. President McKenzie asked for progress reports to the Operation & Engineering and Finance Committees.

President McKenzie called a break at 10:17 a.m.

At 10:30 a.m., the Board went into executive session for thirty minutes to discuss with legal counsel legal risks of a proposed action per RCW 42.30.110(1)(i)(iii) and to discuss with legal counsel litigation regarding Acquavella per RCW 42.30.110(1)(i)(i).

Executive session was extended for ten minutes at 11:00 a.m. and the Board returned to open session at 11:10 a.m.

Director Jaksch moved to adjourn. Vice President Huffman seconded the motion and it carried unanimously.

Attest:



David McKenzie, Board President

Witness:



Charles Freeman, Secretary/Manager

Prepared by Doris Rakowski

Tri-City Herald
tricityherald.com
VOICE OF THE MID-COLUMBIA

*Delivered at meeting
3/15/11*

P.O. Box 2608 Tri-Cities, WA 99363-2608 • 509.882.1500 • 509.874.0445

March 15, 2011

Kennewick Irrigation District
12 W. Kennewick Avenue
Kennewick, WA 99336

Dear members of the board, and
Mr. Chuck Freeman, secretary-manager,

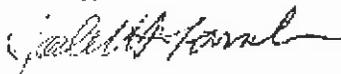
I am aware that the board and members of the Water Rate Advisory Committee intend to meet April 5, 2011, in a joint session to consider a report from the consultant retained to review the district's current rate structure, also known as the toll and charges schedule.

Am I correct that the joint meeting for the above-stated purpose will not be held in public session, but in a closed executive session?

The Revised Code of Washington permits the board to meet with its legal counsel to discuss legal risks of a proposed action or current practice (RCW 42.30.110(1)(i)(iii)) when there is reasonable cause to expect legal action. But what portion of the RCW would allow an executive session for receiving information from the consultant?

If there is a need to confer jointly as board and committee after receiving the information, that is a different matter and may be permitted by the RCW cited above. The Herald believes whatever information the consultant intends to present should be presented in open session, and is a public record. Please let me know how KID plans to proceed.

Sincerely,



John H. Timbo, reporter