



**Minutes**

Meeting of the KID Board of Directors  
 Carl W. Petersen Board Room  
 Tuesday, April 19, 2011, 9:00 a.m.

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

**Directors Present:**

Gene Huffman, Vice President  
 Kirk Rathbun  
 Patrick McGuire  
 John Jaksch

**Staff Present:**

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

**Absent:**

David McKenzie, President

**Other Persons Present:**

David Child, Fish Biologist  
 Brian Iller, Legal Counsel

**APPROVAL OF AGENDA: Director Jaksch moved to approve the agenda and Director McGuire seconded. The directors present voted in favor and the motion carried.**

**CONSENT AGENDA: Director McGuire moved to approve the consent agenda and Director Jaksch seconded. The directors present voted in favor and the motion carried.**

Items approved by consent agenda were:

1. Minutes, KID Board Meeting, April 5, 2011
2. Letter of Appreciation to Mike Schwisow
3. Schmelzer Short Plat 09-02
4. Schmelzer Short Plat 09-18
5. Malloy Short Plat
6. Sliwinski Short Plat
7. Badger Park Estates Final Plat
8. Sage Crest Phase 2A Final Plat
9. KID O&M Vouchers

**Accounts Payable**

Numbers: 62079 through 62100	\$ 17,908.97
62101 through 62121	19,640.68
	37,549.65

**Payroll**

Numbers: 31663 through 31670	\$ 9,989.50
31671 through 31671	279.46
Direct Deposit	64,252.31
	74,521.27
<b>Total Payroll</b>	<u>74,521.27</u>
<b>Total Disbursements</b>	<u>\$ 112,070.92</u>

**Voided Checks:** None

## **PRESENTATIONS:**

**Yakima River Fish Biologist, David Child:** Mr. Revell introduced Mr. Child. Mr. Child described his qualifications and work. He gave a PowerPoint presentation (on file). Topics discussed included:

- Bull Trout Endangered Species Act (ESA) Listing and Critical Habitat Designation: Mr. Child noted that while only one bull trout was documented in the lower Yakima River, it was included as critical habitat since it connected the Columbia River and other critical habitat areas.
- Pacific Lamprey - Potential ESA Listing: Mr. Child said the number of Pacific Lamprey returning to the Yakima Basin was low. He said the US Fish and Wildlife was assessing factors affecting them and trying to document where spawning was occurring and where the juveniles have been found. Updates to fish screens and fish ladders could be needed. Mr. Child said he would update staff when there was news.
- Steelhead ESA Listing and Yakima Project Biological Assessment: Mr. Child said that as the species recovered there could be a delisting of the species from the ESA.
- O. mykiss Otolith Study (steelhead): Mr. Child said the otolith study showed that about 10% of the sample appeared to have had resident rainbow trout mothers. This showed that rainbow trout were important to the viability of the steelhead species and, in Mr. Child's opinion, could buffer the steelhead species from extinction.
- Mr. Child's roll at System Operations Advisory Committee (SOAC): Mr. Child said that as the irrigation representative, he must balance the needs of fish and irrigation.
- Roza Dam Roller Gate Modifications and Fish Passage: Manual fish weirs were installed on the face of the west roller gate at Roza Dam to try to give a surface route for juvenile and out-migrating salmon or steelhead. Pit-tagged fish were documented as to whether they use the bypass or go over the gate, and the data would be used to determine travel time and survival rates for each route.

Mr. Iller noted the importance of Mr. Child's work to provide scientific data to various decision makers and help ensure that decisions were based on science, and not theory or speculation.

**Monthly Financial Report for March 2011:** Ms. Storms noted that the March 2011 financial report had been amended to include items requested when Finance Committee reviewed the report. She discussed highlights of the report. Pages reviewed included:

- Balance Sheet
- Statement of Revenues and Expenditures - YTD March 31, 2011
- Statement of Revenues and Expenditures - Budget to Actual
- Comparative Salary & Benefit Report, which was added at the request of the committee.
- Cash Schedule
- Grant & Matching Funds Schedule
- Cash Investment Report

Discussion ensued regarding Dues and Subscriptions on the Statement of Revenues and Expenditures, and the LID Guarantee on the Cash Schedule.

**Director Rathbun moved to accept the March 31, 2011 financial reports as submitted by the Treasurer. Director McGuire seconded the motion. The directors present voted in favor and the motion carried.**

**Mortgage Company Payment of Assessments:** Ms. Storms reported that the issue had been reviewed by legal counsel and described the problems which had occurred. Mr. Iller said KID's

practice last year was permissible but that it would be a better practice to provide full assessment notice to each property owner.

Ms. Storms described recommended modifications to KID's procedures, including sending a full invoice instead of a postcard to customers with assessments paid by mortgage companies, and trying to help customers who notify KID that they do not want their mortgage company to pay their assessments. She noted that when a duplicate payment was made, the reimbursement would go to the customer.

**PUBLIC HEARING:** None

**BOARD REPORTS:**

Vice President Huffman reported that he and Mr. Revell attended the signing of a bill that would allow long term leasing of irrigation property.

**ACTION ITEMS:**

**Approve Request for Proposals for Financial Advisor Services:** Mr. Freeman discussed the District's needs for an advisor for financing of future capital projects. He presented the proposed RFP for Financial Advisor Services, and asked for the Board's approval. He noted that costs incurred for the Red Mountain LID would be reimbursed by the LID. Discussion ensued regarding the indemnity clause.

**Director McGuire moved to authorize staff to issue an RFP for financial advisor services and to bring a proposed contract back to the Board for its approval. Director Rathbun seconded the motion. The directors present voted in favor and the motion carried.**

**Approve SEPA Co-Lead Agreement:** Mr. Revell presented the Co-lead Agreement for SEPA work at Red Mountain, which had been reviewed by the District's environmental land use counsel and said that staff recommended approval. Discussion ensued.

**Director Jaksch moved to authorize the District Manager to sign the SEPA co-lead agreement contained in Attachment 1. Director Rathbun seconded the motion. The directors present voted in favor and the motion carried.**

**Approve Red Mountain Funding Agreement (Department of Ecology Construction Grant and Interagency Receivables Agreement):** Mr. Freeman discussed the history of the approval of these agreements. He reported that the proposed funding would be an interest-free grant, part of which the district would pay back to itself for future projects. He said that the Department of Ecology has agreed to the terms of the agreement, though they have not yet signed it. He reviewed the changes to the latest version. Mr. Freeman discussed ongoing efforts to secure Phase 2 funding.

Mr. Freeman reported that the tribal council was considering the Settlement Agreement and that KID would not be notified until it was approved.

**Director Jaksch moved to approve the Interagency Receivable Agreement between KID and the Washington Department of Ecology, Office of the Columbia River, for the design and construction of the Red Mountain South Local Improvement District, as presented. Director Rathbun seconded the motion. The directors present voted in favor and the motion carried.**

**RESOLUTIONS:** None

**PUBLIC COMMENTS:**

**Jim Wade**, residing at 1813 S Rainier Place, addressed the Board regarding records he requested on May 28, 2010 and during the first week of March 2011. He said the Board previously denied his claims that the majority of the District is in parcels of five acres or less and said the information he received showed there were 34,241 acres of five acres or less. He asked to have this explained.

Mr. Jaksch noted that the District's total assessed acreage was only about 19,200 acres. Mr. Huffman said the District would respond in writing. Discussion ensued regarding whether acreage could have been double-counted.

**STAFF REPORTS:**

**Finance Manager:** Ms. Storms reported:

- There were seven crews doing repairs and 950 calls received by customer service yesterday for payments and repair requests. Mr. Freeman said the volume exceeded the previous year and confirmed that repairs were tracked by work orders. The types of repairs needed were discussed.
- Ms. Storms will report on the status of issues identified by the LeMaster Daniels report last year, to facilitate narrowing the scope of follow up work by the firm. Mr. Freeman requested that the Finance Committee review the report and consider the appropriate scope.
- The Finance Department was working on closing and preparing audit reports which were due May 30, 2011. She said unrestricted, internally restricted, externally restricted reserves will be shown in the audit report.

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

- Work was continuing on the SCADA system. He discussed difficulties with the radios and said staff was considering an ethernet antenna as a long-term alternative.
- He discussed the types of work orders received from January through April 14<sup>th</sup>.
- Six maintenance crew teams were working on the main lines today.
- Two open positions on the crew were recently filled.
- He discussed the current reservoir status as reported on the USBR Hydromet website. He said KID's diversion at Chandler was reduced to 193.5CFS to meet the April 10% flow target. The potential need for frost water due to freezing temperatures was discussed.
- Engineering was considering changing standards for lines over two inches from glued to mechanical fittings, which would make inspections easier and help prevent breaks.

Water flow at the restriction points in Division 4 was discussed. Mr. Everaert said there were not problems at KID's turn outs. He discussed planned improvements at the culverts.

Restoring the canal profile to the original design slope prior to liner installation was discussed.

**Planning Manager:**

- Mr. Revell offered to arrange a Board tour of the upper Yakima Valley later in the year.
- He reported that the Antinori Road County Road Improvement District hearing would be held in Prosser next week, and that WSWRA and CRSIA meetings would be held this week.
- He noted that, as the 2011 legislative session was ending, work was already commencing on the 2012 legislative session.

**District Manager:** Mr. Freeman reported that the USBR would audit the YRBWEP grant for the feasibility study and the 2009 seepage reduction grant next Thursday and Friday.

**WORKSHOP:**

**Project Tracking Update:** Mr. Freeman reviewed updates to the project tracking spreadsheet. Highlights included:

- Mr. Everaert was working on the RFQ for Red Mountain design.
- Cultural resource survey was underway and no artifacts had been found.
- Recalibration process was resumed.
- The comprehensive plan revised scope was being refined.
- The Board would be asked to accept the feasibility study at the May 3<sup>rd</sup> meeting.
- Work was continuing on compiling information about private line areas.
- Five-year capital planning would be discussed at the Operations and Engineering Committee meeting.
- Southridge planning was on-going with the City of Kennewick.
- The canal inspection program was being developed and the siphon inspection program was near completion.
- The disaster plan was in place and training was underway.
- The change to cash accounting was complete.
- An RFP had been issued for accounts receivable software.
- Ms. Storms was taking the lead on a billing dispute with Springbrook.
- The Finance Department would keep all grant documents and the Planning Department would administer grants.
- A Bonneville Power Administration grant would be investigated for possible funding of pump consolidations or other efficiency upgrades.
- The accounting policy and department manual was underway.
- Subdivisions standards would be addressed.
- Canal pipe assessment was underway.
- Small Water System Plans were near completion and appraisals would begin soon.
- USBR demolition of the Amon House was underway.
- Ms. Smith would provide updates to the property inventory books.
- Mr. Freeman was in communication with the Enduris pool regarding insurance.
- KID had received five-year diversion records from CID.

Mr. Iller said he would follow up with the Department of Ecology regarding the draft record of examination.

Mr. Freeman said he would consider how he could make information on the BPA grants available to large irrigators in the District.

Vice President Huffman called a break at 10:32 a.m.

At 10:40 a.m. the Board went into executive session for ninety minutes to discuss with legal counsel litigation regarding Acquavella per RCW 42.30.110(1)(i)(i), and to discuss with legal counsel potential litigation per RCW 42.30.110(1)(i) and the legal risks of a proposed action or current practice per RCW 42.30.110(1)(i)(iii) regarding two matters.

Executive session was extended for thirty minutes at 12:10 p.m. and the board returned to open session at 12:40 p.m.

Discussion ensued regarding a water entitlement previously granted to Mr. Jose Chavallo. Mr. Iller framed the issue as whether to rescind the decision to grant Mr. Chavallo the water entitlement, given the geotechnical reports that indicate that the ground was not appropriate for irrigation.

**Director Jaksch moved to rescind the decision to grant Jose Chavallo the water entitlement. Director McGuire seconded the motion. The directors present voted in favor and the motion carried.**

Staff was instructed to communicate the reasons for rescinding the entitlement in a letter to Mr. Chavallo.

Discussion ensued regarding whether to contract public relations services. Mr. Freeman said the District needed to develop a communications plan and did not have staff expertise to prepare a comprehensive communications plan internally. He reported that staff had met with Desautel Hege Communications. He referred to an estimated budget and timeline, listed some areas where help would be beneficial, and said staff recommended a budget not to exceed \$20,000. Director Rathbun concurred with the staff recommendation.

**Director McGuire moved to hire Desautel Hege Communication, not to exceed \$20,000. Director Jaksch seconded the motion. The directors present voted in favor and the motion carried.**

**Director Jaksch moved to adjourn at 12:45 p.m. Director Rathbun seconded the motion. The directors present voted in favor and the motion carried.**

Attest:

  
Gene Huffman, Board Vice President

Witness:

  
Charles Freeman, Secretary/Manager

Prepared by Doris Rakowski