



**Minutes**

Meeting of the KID Board of Directors  
 Carl W. Petersen Board Room  
 Tuesday, August 16, 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  
 Seth Defoe, GIS Specialist  
 Doris Rakowski, Executive Assistant

**Other Persons Present:** Brian Iller, Legal Counsel

**APPROVAL OF AGENDA:** At the request of Director Rathbun, President McKenzie moved "Approve Relinquishment of Irrigation Easement - Apple Valley Ranch" from the consent agenda to action items.

**Vice President Huffman moved to approve the agenda as amended. Director Jaksch seconded the motion and it carried unanimously.**

**CONSENT AGENDA: Director Jaksch moved to approve the amended consent agenda. Director Rathbun seconded the motion and it carried unanimously.**

Items approved by consent agenda were:

1. Minutes, KID Board Meeting, July 5, 2011
2. Minutes, KID Board Meeting, August 2, 2011
3. Approve Short Plat - Haffner
4. Approve Final Plat - Lexington Heights Phase 3
5. KID O&M Vouchers

**Accounts Payable**

Numbers: 62713 through 62749	\$ 66,206.42	
62750 through 62773	107,691.36	
<b>Total Accounts Payable</b>		173,897.78
<b><u>Payroll</u></b>		
Numbers: 32113 through 32117	\$ 6,658.04	
Direct Deposit	68,400.41	
<b>Total Payroll</b>		75,058.45
<b>Total Disbursements</b>		<b><u>\$ 248,956.23</u></b>

**Voided Checks**

None

## **PRESENTATIONS:**

**Financial Reports for July 2011:** Ms. Storms reviewed highlights of the July 2011 Financial statements. Pages discussed included:

- Statement of Revenues & Expenditures - Budget to Actual: In response to a question from the June financial statements, Ms. Storms reported that under Revenue, the Miscellaneous Operating Revenue category included water meter rentals, reimbursement from the State of Washington for labor, reimbursement of an overpaid bill, and a restitution payment. Under Expenses, the USBR Shared Maintenance Payment invoices were reviewed and part of the expense, for rebuild of Chandler pumps, should have been paid under the Capital Expense budget and would be moved.
- Balance Sheet as of July 31, 2011
- Statement of Revenues, and Expenditures: Ms. Storms noted that this formal statement may be of limited use for an irrigation district and that if the Board preferred, it could be removed from the packet.
- Balance Sheet Footnotes - Cash Schedule: Ms. Storms reported that a footnote for "LID Guarantee" was missing. She explained that the money was KID's cash, reserved as an LID guarantee fund, which no longer needed to be reserved because KID owed no external financing on those LIDs. She said the cash became unrestricted and was moved over to operating money.
- Comparative Salary & Benefit Report

**PUBLIC HEARING:** None

**BOARD REPORTS:** None

## **ACTION ITEMS:**

**Red Mountain South LID Professional Engineering Services:** Mr. Everaert presented the reviewer ratings of the firms which submitted Statements of Qualifications in response to KID's request for qualifications. He said the selection committee recommended selection of RH2 Engineering for the 30% design project, and that the Request for Qualifications (RFQ) would allow the same firm to be used for the final design phase, if approved by the Board and performance was satisfactory.

Mr. Everaert announced that a Red Mountain South LID public meeting was scheduled for August 29<sup>th</sup>, at which an RH2 representative was asked to speak. Pending response from the LID participants, RH2 would be contracted in September 2011. He said the contract would be brought to the Board for approval.

In response to a question from Director Jaksch, Mr. Everaert discussed hourly rates for engineering services in general terms and said no bid or cost data was requested by the RFQ. The engineering firms' ratings and interview performance were discussed.

In response to a question from Director Rathbun, Mr. Everaert said staff recommended a time and materials bid. Discussion ensued. Mr. Everaert said he and Paul Cross from RH2 would provide project management.

Ms. Storms confirmed approximately \$250,000 was spent to date and discussed accounting for the project expenditures. She said part of the Department of Ecology grant would be used for the project and discussed Department of Ecology procurement rules. She said KID was required to select an engineering firm by qualifications and that the type of contract proposed was appropriate.

Cost containment of time and materials contracts was discussed. Mr. Everaert reported that RH2's references indicated cost overruns had not been a problem. He assured the board he would provide close oversight of the project. Ms. Storms offered to provide reports on the contract at Board meetings. Mr. Everaert said the Scope of Work would be extremely detailed. Change orders versus contingencies were discussed.

In response to Director McGuire, Mr. Freeman discussed project timing changes and assured the Board that the schedule would be compliant with the Ecology grant calendar.

**Director Jaksch moved to award RH2 Engineering Incorporated as the most qualified engineering firm as rated by the KID selection committee for professional engineering services for the 30 percent preliminary engineering design for the Red Mountain LID Irrigation Project. Director Rathbun seconded the motion and it carried unanimously.**

**Memorandum of Agreement with USBR regarding ESRI Software Support:** Mr. Defoe reported that the USBR historically provided GIS software to Bureau projects at no cost, but due to federal budget concerns, would begin to require agencies using the software to share the cost. Mr. Defoe discussed terms of the Memorandum of Agreement. He said the contract could be terminated with 30 days written notice and must be renewed yearly to continue the contract. Mr. Defoe confirmed that one license was enough for KID. Mr. Revell said there were funds in the Planning budget to cover the cost.

**Director McGuire moved to authorize staff to execute Memorandum of Agreement No. R11MR1C735 between the U. S. Bureau of Reclamation and KID for the continuation of ESRI software support to KID. Vice President Huffman seconded the motion and it carried unanimously.**

**Approve Relinquishment of Irrigation Easement - Apple Valley Ranch:** Director Rathbun stated that Apple Valley Ranch was his project and recused himself from voting. President McKenzie asked if there were any questions, and hearing none, called for a motion.

**Director Jaksch moved to approve the relinquishment of the ten foot easement as shown on Short Plat No. 2482. Director McGuire seconded the motion. Directors McKenzie, Huffman, Jaksch and McGuire voted in favor and Director Rathbun abstained from voting. The motion carried.**

#### **RESOLUTIONS:**

**Resolution 2011-24 Adopt Communications Plan:** Mr. Freeman requested that the Board formally adopt the Communications Plan.

**Vice President Huffman moved to approve Resolution 2011-24, Adopting a Communication Plan for the District. Director Rathbun seconded the motion and it carried unanimously.**

**Resolution 2011-25, Confirming that an Emergency Existed on August 4, 2011:** Ms. Storms said that emergency reporting procedures were covered in the General Purchasing procedure. She reviewed steps taken in response to the seepage last week. Mr. Freeman said that the actual cost was much less than originally estimated.

Mr. Freeman said the seep at KID Main Canal 22.2 was effectively stopped. He reported that water samples of the longstanding seep at KID Main Canal 22.5, which was still active, were

sent to a lab to determine the source. Mr. Freeman said he would report the test results to the Board, and that if it was canal water, proposals would be made for addressing the issue. The location was discussed. Mr. Freeman said a dye test was performed earlier in the year and the dye did not appear at the seep. Director McGuire requested an overhead view of the locations.

Mr. Everaert said that because the seep at 22.2 appeared only after canal volume reached a certain level it appeared to have been caused by irrigation water, but since the seep at 22.5 was ongoing for months it appeared to be ground water. He said KID planned to build v-notch weirs to get actual measurements with staff gauges.

**Director Rathbun moved to approve Resolution 2011-25, Confirmation of Declaration of Emergency and Authorization to Waive Competitive Bidding Process. Director Jaksch seconded the motion and it carried unanimously.**

**Resolution 2011-26 Authorized Signers for KID Banking and Investment Services:** Ms. Storms reported that the authorized signers for banking needed to be updated due to the hiring of Accounting Manager, Becky Mellinger.

**Director McGuire moved to approve Resolution 2011-26, Authorized Signers for KID Banking and Investment Services. Director Rathbun seconded the motion and it carried unanimously.**

**PUBLIC COMMENTS:**

**John Hinckley**, residing at 239109 E. Tierney Road, addressed the Board on behalf of the water users at weir box 41.0 at the end of the main canal. Mr. Hinckley petitioned the board for a rotary strainer on the weir box to deal with algae and pondweed. He suggested priority be given to downstream users as vegetation excluded upstream flows down to them. He noted that chemical treatment was more difficult at downstream locations due to requirements for aeration and dissipation of chemicals before return to the river.

Discussion ensued regarding other weir boxes in the area. Mr. Everaert reported that die off from the recent endotoxin treatment was causing some of the problem and said it should dissipate in a few weeks. He said staff could look into the best solution for the site. Director Jaksch requested that information be brought to the next Operations and Engineering Committee meeting. Discussion continued regarding types of screens, and whether there was potential for a retention pond in the right of way or in-line.

Mr. Hinckley was invited to attend the next Operations and Engineering Committee meeting on September 6 at 1:00 pm.

**James Wade**, residing at 1813 S. Rainier Place, discussed the state of the economy and the plight of people who are unemployed or on social security. He said KID should reduce assessments and cut spending. Mr. Wade said he believed KID violated people's constitutional rights by forcing them to pay for water they didn't have or want. He likened KID assessments to Obama care, which he said was ruled unconstitutional by the federal appellate court. He said he was concerned that KID might wind up there and that it was exactly the same law.

**Resolution 2011-25, continued:** In response to the earlier request from Director McGuire, Mr. Defoe displayed a map of the location of the seepages. Discussion ensued regarding assessment of the need for control of the seepage and possible solutions if groundwater was determined to be the problem. The condition of the concrete canal panels was discussed.

President McKenzie reported that the recording system was accidentally turned off with the overhead display. A brief break was taken while it was turned back on. The meeting was resumed in open session at 10:13 a.m.

#### **STAFF REPORTS:**

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

- Two directors and department managers would attend scheduled financial software demonstrations.
- The foreclosure process on 2008 assessments had begun. Becky Mellinger was preparing a request for proposals title search services. Ms. Storms would meet with Mr. Iller to discuss division of responsibilities. Ms. Storms discussed a conflict between KID's foreclosure schedule and that of the County.
- Selected applicants were being tested for the Accounting Technician-Customer Service Lead position. Ms. Storms discussed the importance of customer service performance.
- Changes were made to the after-hours messages and routing of phone calls. Ms. Storms invited Directors to give feedback or suggestions. Vice President Huffman reported a loop-back problem in the phone routing. Offering an option to bypass menus was suggested.

Director Jaksch asked about customer feedback options on website. Ms. Storms reported that KID would be using a state resource for development of a new website.

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

- Capital Improvement Projects sites were visited by KID staff, a project historian and a project archeologist from the USBR to assess if an official cultural/historical review was needed. The five miles of proposed EPDM lining projects were previously visited and a determination was due in October, but KID was allowed to continue that work on the main canal. A waiver would be given for about 1800 feet of Badger East lining work because work was previously started. For future work, the USBR requested six to nine months to review any planned capital project that would require a cultural/historical review. It was suggested KID hire a consultant to do a programmatic survey of expected capital work for the next five to ten years. Mr. Everaert suggested it be included in the next budget with the goal of completion before the fall of 2012. Discussion ensued. Mr. Everaert estimated the cost to be from \$35,000 to \$50,000.
- Current hydrology statistics were reported. Mr. Everaert expected KID to be under the maximum allowable diversion for August.
- 1496 Work orders were completed of the 1513 total to date for 2011.
- SCADA radio testing was underway. Mr. Everaert said he would keep the Board informed of results. Discussion ensued regarding the system status and options to correct problems.

In response to questions from the Board, Mr. Everaert said no problems due to vegetation were reported except for Mr. Hinckley's issue, and star grass at Badger East, which was addressed. Discussion ensued regarding the Division 4 diversion.

Discussion ensued regarding the USBR cultural/historical survey program and development of a scope of work for the programmatic survey.

**Planning Manager:** Mr. Revell reported:

- KID was scheduled to make a cost of service presentation to the City of Richland tonight and to the Kennewick School District tomorrow.
- A Water Rate Advisory Committee special meeting would be held at 3:30 p.m., August 22.

- Staff was working on plans and notifications for the Red Mountain South LID meeting which would be held at the Terra Blanca Winery at 6:00 p.m. on August 29. Discussion ensued regarding possible changes for the LID if the Board accepted the rate study. Also discussed were the Department of Ecology grant and the cost per acre change for the development. Ms. Storms addressed cost increases due to inflation and said the 30% design was needed to firm the project cost estimates. Ms. Storms agreed to send presentation materials to Director Jaksch.

**District Manager:** Mr. Freeman reported:

- Mr. Freeman noted that Mr. Wade had left the meeting. In response to Mr. Wade's earlier comments, Mr. Freeman reported that KID costs and assessments had not increased for the last three years.
- Laurie Morgan, the new Discharge Permit contact from the Department of Ecology, met with staff and viewed the irrigation pond where a constituent reported a fish kill. He said staff would work closely with her to ensure KID remained compliant with the permit. Mr. Iller said he would review KID's report on the irrigation pond before it was submitted.
- Board members were invited to participate at KID's booth at the County Fair.

Director McGuire asked if a policy needed regarding release of animals into irrigation ponds. Mr. Freeman discussed his planned assessment of each pond and pump house. He discussed current standards for irrigation ponds to address risk management. He said the issue would be taken up by the Operation and Engineering and Risk Management committees. Mr. Iller offered to forward previous research on fencing and liability exposure. Mr. Freeman said the cost of the fish clean up would be calculated and KID would consider billing the homeowners' association. He noted that the treatment which led to the fish kill was in response to a complaint regarding algae bloom from someone in the HOA. Pond ownership was discussed. Mr. Iller offered to discuss legal risks regarding ponds in executive session.

President McKenzie called a break at 11:07 a.m., and the meeting resumed in open session at 11:17 a.m.

#### **WORKSHOP:**

**Project Tracking:** Mr. Freeman reviewed project tracking updates including:

- Recalibration work, including water allotment transfers identified about 700 acres to date.
- Mr. Everaert and Mr. Revell were working to bring a Drought Mitigation Plan to the Board before the next water season.
- Staff was reviewing the private line areas to determine how they were constructed and where they were connected.
- The five-year Capital Improvement Plan would be reviewed by the Operations & Engineering and Finance committees, with the goal to present it to the Board in September. He said that due to the stockpiled liner, this was a good year to synchronize the water-off work and fiscal calendars.
- The correct nomenclature for Amon Basin drain was reinforced with Department of Ecology personnel. Mr. Freeman noted that it was not "Amon Creek," but the "Amon Wasteway," consisting only of return flows.
- The leak detection program moved to the Risk Management Committee to develop a plan.
- Projects underway to proactively mitigate risk were communicated to Canfield. The updated asset list was provided to Canfield. Based on the conversation with Enduris, staff was no longer planning to look for a different insurance source this year.

- The small water system plans were copied for the Operations and Engineering Committee and submitted to the Department of Health. They were due in 2008, and as they were late, KID was on a yellow operating permit. Discussion ensued.
- The financial advisor request for proposals was reissued.
- A letter to the Columbia Irrigation District (CID) regarding the Wanawish diversion was copied to Board. Discussion ensued. Mr. Iller restated the District's position based on the Conditional Final Order. Mr. Freeman reported that KID sent CID a letter and a check for the corrected billing of the last three years. Mr. Freeman said engineering was working on a cost estimate and addressing capacity issues regarding serving areas now served by CID directly. Discussion continued regarding how KID orders diversion to CID, and the KID and CID contractual relationship.

**EXECUTIVE SESSION:** Mr. Iller recommended that the executive session discussion of litigation regarding Acquavella be removed from the agenda. In response to a suggestion from Director McGuire, Mr. Iller recommended amending the agenda to add discussion of the legal risks of proposed action per RCW 42.30.110(1)(i)(iii). Mr. Iller discussed the legal basis for modifying agenda for executive sessions and noted that there was no plan for final action regarding the matters to be addressed.

**Director Jaksch moved to strike the executive session discussion of Acquavella and to add an executive session discussion regarding potential litigation regarding assessments per RCW 42.30.110(1)(i)(iii). Director McGuire seconded the motion and it carried unanimously.**

Mr. Iller announced that the board would meet in Executive Session for approximately 30 minutes to discuss the aforementioned topic and to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price per RCW 42.30.110(1)(c).

The Board went into executive session at 11:38 a.m. and returned to open session at 12:12 p.m.

**Vice President Huffman moved to adjourn at 12:12 p.m. and Director Jaksch seconded the motion. The motion carried unanimously.**

Attest:

Witness:

  
 David McKenzie, Board President

  
 Chuck Freeman, District Manager

Prepared by Doris Rakowski