



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, October 4, 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
 Patrick McGuire
 Kirk Rathbun
 John Jaksch

Charles Freeman, District Manager
 Ed Everaert, Engineering/Operations Manager
 Colleen Storms, Comptroller/Treasurer
 Scott Revell, Planning Manager
 Beth Smith, Assistant Ops/Maintenance Manager
 Con Higley, Assistant Ops/Maintenance Manager
 Lynda Rosenbaum, Assistant Planner
 Adam Gonzales, Vegetation Control Specialist
 Judy Smith, Real Estate Administrator
 Becky Mellinger, Accounting Manager
 Jason McShane, Staff Engineer
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel

Staff Present:

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

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

Items approved by consent agenda were:

1. Minutes, KID Board Meeting, September 20, 2011
2. Approve Water Off Letter to USBR
3. Approve Final Plat, Badger Mountain Village 2B Division 2
4. Approve Short Plat and Private Line Area Irrigation Agreement, Hawley
5. KID O&M Vouchers

Accounts Payable

Numbers: 62946 through 62995	\$ 109,340.60	
62996 through 63032	403,476.03	
Total Accounts Payable		512,816.63
 <u>Payroll</u>		
Numbers: 32132 through 32137	\$ 6,728.56	
32138 through 32138	166.87	
Direct Deposit	70,702.76	
Total Payroll		77,598.19
Total Disbursements		\$ 590,414.82

Voided Checks: None

PRESENTATIONS:

Fiscal Year 2012 Draft Budget: Mr. Freeman introduced the draft 2012 budget, which had been reviewed by the Finance Committee. He referred to the Summary of Expenditures by Department-Comparative 2012 to 2011 and said staff anticipated a \$290,737 decrease in expenditures from 2011 to 2012. He noted that a three year budget comparison was provided.

Mr. Freeman said this would be the third year with no assessment increase including the capital improvement component charge for urban customers and the second year for agricultural customers. He said the difference in budgeted revenue came from a 1% factor for growth in number of customers. Other increases in revenue were due to interest and fees, including new delinquency fees added last year.

Discussion ensued regarding the Helping Hands Program, the new late fees for delinquency, and how the estimate for receipts from those fees was generated. Ms. Storms said the difference between the projected receipts and actual may reflect changes in behavior.

Mr. Freeman said that staff was asking to fill one position which was approved in 2010 but not filled and said salaries and wages were budgeted based on the salary survey adopted by Resolution 2011-17. Discussion ensued.

Mr. Freeman reviewed the requested transfer amounts to the Equipment Replacement, Emergency Mitigation, Operating, and Conservation Capital reserve funds and the Capital Upgrade & Improvement, General Capital Projects and Red Mountain LID capital project expenditure funds.

Mr. Freeman discussed staffing for Realty and budgeting for allocations of staffing resources from other departments, including a percentage of his time and that of the Planning Manager and the GIS Specialist.

Mr. Freeman discussed grant funding of the Irrigation Infrastructure Capital Projects Fund. He reported that projects proposed included an elevator, website redevelopment, new software, and shop/office improvements.

Mr. Freeman discussed the potable water systems and said rate increases of \$11.00 per month for Elliott Lake and \$5.50 per month for Lorayne J were proposed due to capital needs.

Proposed Budget Details:

- **Executive Department:** Mr. Freeman presented the proposed departmental budget. The Board had no questions regarding the draft budget for this department.
- **Finance Department:** Ms. Storms presented the proposed departmental budget. In response to a question from Director Jaksch, Ms. Storms said the budgeted overtime was expected to meet the needs of the Finance Department for software migration. In response to a question from President McKenzie, Ms. Storms said the change in the Communications line item was because cell phones were now part of each Department's budget.
- **Engineering Department:** Mr. Everaert presented the proposed departmental budget. There were no questions regarding the draft budget for this department.
- **Operations Department:** Mr. Higley and Ms. Smith presented the proposed departmental budget. Discussion ensued regarding a proposed purchase of a tire machine and Ms. Smith

confirmed that there was staff with expertise to use this machine. In response to a question from Director Jaksch, Ms. Storms confirmed that KID paid at the end of the year for the following year's weed control. Ms. Smith said Mr. Gonzales would present the proposed vegetation control program for next year later in the meeting.

- Planning Department: Mr. Revell presented the proposed departmental budget. In response to a question from Director Jaksch, Mr. Revell said he expected to do a customer survey in the spring and that it would be presented to the Board in advance.
- Realty Department: Mr. Freeman presented the proposed departmental budget. In response to a question from Director McGuire, Mr. Freeman confirmed that the Finance Department would pay for time when Judy Smith worked for that department. Discussion ensued regarding time tracking methods.
- Board: Mr. Freeman presented the proposed departmental budget. Discussion ensued regarding details of a proposal to convert the Board to a paperless system. Director Jaksch said the amount budgeted for Director compensation was too high. Discussion ensued regarding the amount and District policy regarding compensation of Directors. In response to a question from Director Jaksch, Ms. Storms said the amount budgeted for office supplies could be reduced to \$1,000. Discussion continued regarding options for tablets or computers for the Board members, as well as printing options and access to archived materials. Mr. Freeman confirmed that options would be demonstrated to the Board before hardware was purchased, and that training would be provided.

Mr. Freeman summarized the General Fund budgeted expenditures and revenue, and said that balancing would occur through transfers to reserves.

- Reserves: Mr. Higley referred to a spreadsheet distributed before the meeting and discussed planned equipment replacement. In response to a question from Director Jaksch, Mr. Higley said "surplus" referred to the method of disposing of unneeded equipment and "trade" referred to trading equipment between departments. Ms. Storms reviewed the budget for equipment presented on page 14 of the packet material. Director Jaksch asked about depreciable life of vehicles. Mr. Higley noted that materials regarding Vector trucks were distributed, and discussed the proposed purchase. Discussion ensued.

Mr. Freeman presented information regarding the Operating (Carryover) Reserve, Emergency Mitigation Reserve and Realty Reserves.

- Red Mountain LID Fund: Mr. Freeman presented the proposed budget. There were no questions.
- Conservation Capital Projects: In response to a question from Director Jaksch, Mr. Freeman discussed the purpose of the fund.
- Capital Upgrade & Improvement Fund: Mr. Freeman and Ms. Storms presented the proposed fund budget and reported that the Engineering staff would identify projects and present details to the Board at a later date.
- General Non-Irrigation Infrastructure Capital Projects: Mr. Freeman presented the proposed budget. In response to a question from Director Jaksch, Mr. Freeman said that siphon inspections would be done in-house and did not require separate budgeting.

- Authorized Salary Schedule and Schedule of Authorized Benefits: Mr. Freeman presented the proposed budget.
- Potable Water Systems: Mr. Freeman presented the proposed budgets for Elliott Lake and Lorayne J.

Mr. Freeman said he would bring the budget to the Board for approval at the next meeting unless major changes were needed.

PUBLIC HEARING: None

BOARD REPORTS: None

President McKenzie called a short break at 10:30 a.m. and the meeting reconvened in open session at 10:36 a.m.

ACTION ITEMS:

Award Contract for Accounting Software: Ms. Storms presented the staff recommendation to purchase True Point software. She reviewed the solicitation process and response, and went into some detail regarding how the software selection was made. She said that there would be a contractual obligation for delivery, with some payment held until the contract was satisfied.

Ms. Storms discussed differences in customization levels needed for Springbrook and True Point software. She explained the planned budgeting for the software acquisition and said that she expected KID's operating costs for software to drop in the future. Ms. Storms noted that it remained to be addressed how much KID would continue to use Springbrook software in the future, but reported that KID would keep the functional parts at this time.

In response to a question from Director McGuire, Ms. Storms discussed interactivity of True Point software with other software used by KID. She said the primary place it would be needed was with the website and discussed the True Point tool for website access.

In response to a question from Vice President Huffman, Ms. Storms reported that KID would continue to use the Springbrook General Ledger, Accounts Payable and Payroll modules. She reported that she was preparing letter to Springbrook which would be reviewed by legal counsel and said that Mr. Iller would also review the True Point contract.

In response to a question from Mr. McKenzie, Ms. Storms discussed the possible addition of the True Point GIS module at a later date. She also discussed the possibility of paperless billing.

Director McGuire moved to approve award of the software contract to True Point Solutions, LLC, and authorize the District Manager and Attorney to negotiate a contract for the purchase of, installation , and training of staff to implement TrueBill, TrueCIP, and True Aim software modules with an option to add the TrueGIS interface within 18 months. Director Jaksch seconded the motion and it carried unanimously.

Approve Scope of Work and Contract for Red Mountain South LID Engineering: Mr. Everaert distributed a new page 1 of 2 of the contract which was revised by Mr. Iller to correct exhibit reference. Mr. Everaert reviewed the RFQ process and various details of the project. He noted that the project would be guided by the ad hoc Red Mountain South LID Design

Advisory Committee. Mr. Everaert discussed the terms of the contract and the scope of work, including investigation of a well field option.

In response to a question from Director Jaksch, Mr. Everaert discussed RH2's billing rates.

In response to a question from Director Jaksch, Mr. Everaert discussed well fields and modeling for worst case drought scenarios based on observations of past years.

Mr. Everaert confirmed to Director Jaksch that Paul Cross was the principal contact with RH2.

President McKenzie advised staff to be sure that the contractors understood the importance of the project to the members of LID and their interest in keeping the project moving forward.

Director Jaksch moved to approve the Contract for Professional Engineering Services between Kennewick Irrigation District and RH2 Engineering for the 30 percent Preliminary Engineering Design for the Red Mountain LID South Irrigation Project. Director Rathbun seconded the motion and it carried unanimously.

RESOLUTIONS:

Resolution 2011-28, Water Allotment Transfer Relegation Requests - 2012 Assessment Year: Ms. Rosenbaum reviewed the year's applications for relegation. She said the resolution would remove 61 parcels and 25.45 irrigable acres from the assessment roll beginning in 2012.

In response to a question from Director Jaksch, Ms. Rosenbaum discussed the process of obtaining permission for relegation from mortgage companies.

Director Rathbun moved to adopt Resolution 2011-28 (Water Entitlement Transfer Relegation Requests Irrigation Assessment to be Removed Beginning with the 2012 Assessment Year). Director Jaksch seconded the motion and it carried unanimously.

Resolution 2011-30, Approve Sole-Source Contractor - SePRO Corporation: Mr. Gonzales discussed the vegetation control program and the reasons for the sole source approval request. He reviewed details of the contract and the planned treatments.

In response to a question from Director Jaksch, Mr. Gonzales said that the new formulation of Sonar had less of the active ingredient, but was expected to work better due to the addition of emulsifiers which would allow a heavier application.

In response to a question from Director McGuire regarding rotating chemicals to avoid development of resistant strains, Mr. Gonzales said that the chemical companies addressed this with changing formulations.

Mr. Gonzales presented information about the vegetation control program, including scheduling, use of Endothall, and application techniques. He reported observed results from this year's treatments, including various problem areas and responses.

President McKenzie mentioned that some of the problems this year may have been due to early flooding which may have introduced new weeds. He commented that it was important to be cognizant of critical times for irrigation of various crops and orchards when determining vegetation control application schedules. Discussion ensued.

Director Jaksch asked if it was possible to shutting down by canal section for treatments. Mr. Gonzales said he talked to the Department of Ecology about testing if chemicals were applied in that matter. Discussion ensued.

Vice President Huffman moved to approve Resolution 2011-30 waiving competitive bidding, authorizing the use of a sole source contractor and authorizing the District Manager to execute a contract with the SePRO Corporation for the 2011-2012 Aquatic Weed Control Program. Director Jaksch seconded the motion and it carried unanimously.

PUBLIC COMMENTS: None

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- Shannon Frame had begun work and was auditing cash receipts process.
- Ms. Storms would review software issues with Mr. Iller to obtain a corrected billing from Springbrook for the 2011 software fees.
- Since the Capital Budget amount was approved, Engineering could begin planning specific projects.
- Staff was working to contract a financial consultant.
- The contract for new software was in process.

Engineering/Operations Manager: Mr. Everaert reported:

- Yakima River flows, reservoir inflows and releases, and major canal diversions.
- Main canal flow levels, and monthly and year-to-date diversions.
- 1,757 of 1,776 work orders were closed.
- USBR grant funding for 2012 was available. Mr. Everaert discussed details of the program and said that a grant application would be needed. Discussion ensued regarding how much lining KID could install in a year.
- Answer to Director McGuire, Mr. Everaert reported that KID had not yet received water meters for Bretz Road. Mr. Freeman discussed reasons for the delay and KID's decision to wait for delivery of the specified meter.

Planning Manager: Mr. Revell reported:

- Vice President Huffman & Director Jaksch attended the Joint Board tour last week.
- David Child has offered KID a half-day tour. Mr. Child would be conducting a spawning survey in Amon Wasteway.
- A Fish Biologist Conference would be held October 5-6, 2011.
- Director Jaksch and Mr. Revell participated on water panel with Mike Schwisow via conference call for the Leadership Tri-cities Ag Day.
- Ms. Rosenbaum participated in a Water Conservation Field Services Program conference call.

District Manager: Mr. Freeman reported:

- The Board Retreat was scheduled for 9:00 a.m., Tuesday, October 11th.
- The assessment calculator was posted on the website. Staff with laptops would be present at the evening public meeting to help rate payers. Discussion ensued regarding meeting logistics.
- Director McGuire reported seeing a KEPR article on KID billing of condominiums.
- The rate model arrived yesterday shortly after noon.

- Discussion ensued regarding the order of business for the special evening meeting.

WORKSHOP: None

President McKenzie called a short break at 12:05 p.m.

EXECUTIVE SESSION: At 12:10 p.m., the Board went into executive session for one hour to consider the minimum price at which real estate will be offered for sale per RCW 42.30.110(1)(c) and to discuss with legal counsel litigation regarding Acquavella per RCW 42.30.110(1)(i)(i), with possible action to follow executive session.

Executive session was extended 20 minutes at 1:10 p.m.

OPEN SESSION: At 1:30 p.m., the Board returned to open session. Mr. Iller noted for the record that the one hour executive session had been extended by 20 minutes. At Mr. Iller's suggestion, President McKenzie called for a motion to amend the agenda. Director Jaksch moved to amend the agenda to add an action item to set the price of a piece of real estate. Vice President Huffman seconded the motion and it carried unanimously.

Sale of Real Estate: Judy Smith presented the offer from Real Property Acquisitions, LLC (Gesa Credit Union) to purchase City View Lot 2, Block 3. She reviewed terms of the offer, including negotiated price, closing date and commission. Discussion ensued.

Director Jaksch moved to approve the sale of KID #7023, City View, Lot 2, Block 3, to Real Property Acquisitions, LLC, in the amount of \$14 per square foot, for a total cash purchase price of \$561,050. Director Rathbun seconded the motion and it carried unanimously.

Director Jaksch moved to adjourn at 1:36 p.m. and Director Rathbun seconded the motion. The motion carried unanimously.

Attest:

Witness:



David McKenzie, Board President



Chuck Freeman, District Manager

Prepared by Doris Rakowski