



Minutes

Meeting of the KID Board of Directors
Carl W. Petersen Board Room
Tuesday, January 3, 2012, 9:00 a.m.

Outgoing Board President Presiding:

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

Directors Present:

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

Staff Present:

Charles Freeman, District Manager
Becky Mellinger, Accounting Manager
Ed Everaert, Engineering/Operations Manager
Scott Revell, Planning Manager
Judy Smith, Administrative Contracts Specialist
Jason McShane, Staff Engineer
Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel

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

Legal Counsel Presiding:

Oath of Office Administered to Re-Elected Director, David McKenzie: Mr. Iller administered the oath of office to newly re-elected Director, David McKenzie. Director McKenzie signed the written oath.

Election of Board President and Vice President: Mr. Iller called for nominations for the office of Board President. **Director Jaksch nominated Gene Huffman and Director McKenzie seconded the nomination.** Hearing no further nominations, Mr. Iller called for a vote. **Gene Huffman was elected as Board President unanimously.**

Mr. Iller called for nominations for the office of Board Vice President. **Director Jaksch nominated Patrick McGuire and President Huffman seconded the nomination.** Hearing no further nominations, Mr. Iller called for a vote. **Patrick McGuire was elected as Board Vice President unanimously.**

New Board President Huffman Presiding:

President Huffman thanked Director McKenzie for his service as the previous Board President and congratulated Vice President McGuire.

CONSENT AGENDA: President Huffman called for a motion. **Director Rathbun moved to approve the consent agenda. Director Jaksch seconded the motion and it carried unanimously.**

Items approved by consent agenda were:

1. Confirm Job Description for Customer Account Supervisor
2. Revise Salary Attachment to the 2012 Budget
3. Authority to Propose Legislative Change to WSWRA Regarding Election Recount Cost Recovery
4. RH2 Contract Amendment
5. Approve Short Plat - Korsvik

6. KID O&M Vouchers

Accounts Payable

Numbers: 63386 through 63426	\$	108,952.23	
63427 through 63428		2,127.31	
63429 through 63492		40,578.95	
63493 through 63493		864,261.29	
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Total Accounts Payable			1,015,919.78

Payroll

Numbers: 32177 through 32180	\$	1,543.08	
Direct Deposit		-	
		<hr/>	
Total Payroll			1,543.08
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Total Disbursements	\$		1,017,462.86

Voided Checks: Check No.'s 63468 through 63477: Void and Reissued due to a misprint

PRESENTATIONS: None

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Review of Policy & Procedure 1.1 Conflict of Interest–Board Members/District Officers: Mr. Freeman reported that Policy and Procedure 1.1 had been provided for review by the Directors and requested that the annual disclosure forms be completed, signed and returned.

Committee and Committee Chair Appointments: President Huffman said he preferred to wait for input before making committee appointments. Discussion ensued regarding whether a Director should be appointed as Board Liaison to the proposed Planning Advisory Committee.

President Huffman tabled committee appointments until the next meeting and noted that last year's committee assignments would be continued until that time.

Appointment of Officers: Mr. Freeman reviewed 2011 officers and recommendations for 2012 appointments.

Director Rathbun moved to appoint Colleen Storms as Assistant Secretary, Treasurer and Assistant Auditing Officer; Becky Mellinger as Auditing Officer; Diane Rourk as Claims Agent; Rettig Osborne Forgette as Legal Firm; and Doris Rakowski as Public Records Officer. Director McKenzie seconded the motion and it carried unanimously.

Confirmation of Appointment of Board Secretary and Oath of Office: Mr. Freeman reported he had confirmed with legal counsel that there was no legal requirement to reappoint the District Manager annually, though it had been a long-standing practice of the District. Discussion ensued. The Board determined to confirm the appointment of the District Manager with the understanding that it would be an ongoing appointment.

Director Jaksch moved to confirm the appointment of Charles Freeman, District Manager, as Board Secretary. Director Rathbun seconded the motion and it carried unanimously.

Mr. Iller administered the oath of office to Mr. Freeman. Mr. Freeman signed the written oath.

Approval of Revised Bylaws: Mr. Freeman reviewed the changes to the Bylaws including scheduling the second Board meeting of December on the Monday following the election, establishing that persons appointed as a District Officer or District Manager shall serve in that capacity until they leave KID employment or the Board determines to appoint a different person to the office and adding the Planning Manager as an ex officio member of the Board.

Director Rathbun moved to approve the KID Bylaws as amended. Director Jaksch seconded the motion and it carried unanimously.

Approval of Revised Organizational Chart: Mr. Freeman reviewed changes to the organizational chart, including addition of the Customer Accounts Supervisor and a Staff Engineer, and further detail of positions in the Operations Department. Mr. Freeman confirmed to Director Rathbun that the job titles on the chart matched current job descriptions.

Director Rathbun moved to approve revised organizational chart. Director Jaksch seconded the motion and it carried unanimously.

Set Date for Board Workshop: Mr. Freeman discussed need for a Board workshop special meeting and reviewed agenda topics proposed by staff. He said he anticipated bond counsel would be appointed by the date of the workshop and would be present. Discussion ensued regarding scheduling. Mr. Freeman said the agenda for the special meeting could not be changed after it was published prior to the meeting date. Vice President McGuire suggested adding relegation policy to the proposed agenda. Director Jaksch said it was not necessary to finalize the agenda until two days before the meeting.

Director Jaksch moved to call a special meeting Workshop and Executive Session of the Board of Directors, to be held the 23rd day of February 2012, at 9:00 a.m., in the KID Boardroom. Director Rathbun seconded the motion and it carried unanimously.

Discussion ensued regarding the process for setting and publishing the agenda.

Authorize Assessment Credit for Participation in Website Survey: Mr. Freeman discussed the suggestion that a financial incentive be used to encourage customer participation in an online card-sort process regarding the website redesign. He reported that the State Auditor had been consulted and said the Finance Committee determined that offering a credit of \$35 for up to 50 participants was the best choice. Discussion ensued regarding the selection of participants, the purpose for seeking input on the project and project leads.

Director McKenzie moved to approve granting a \$35 credit on the 2012 assessment bill for each participant who completed the card-sort evaluation of KID's website, up to a maximum of 50 customers and \$1,750. Director Jaksch seconded the motion and it carried unanimously.

Approve Policy 2.35 Recording Telephone Calls: Mr. Freeman presented the proposed policy which had been reviewed by the Finance Committee. Discussion ensued regarding how the required message notifying callers that calls may be recorded would work.

Director Jaksch moved to adopt Policy 2.35 Call Recording effective January 3, 2012. Director Rathbun seconded the motion and it carried unanimously.

RESOLUTIONS:

Resolution 2012-01, Setting the Assessment: Mr. Freeman presented the resolution which would confirm that the 2012 Assessment roll was closed and equalized, and authorize the Board Secretary to levy irrigation assessments. He said the only change was to the method by which condominiums and townhouses were assessed. Mr. Freeman reported that this would be the third year with no assessment increase for parcels less than eight acres and the second year with no assessment increase for larger parcels.

Director Rathbun moved to adopt Resolution 2012-01, Assessment Roll for 2012. Director Jaksch seconded the motion and it carried unanimously.

Resolution 2012-03, Establishing a Planning Advisory Committee: Mr. Revell presented the proposed resolution. He discussed staggering of appointment terms and noted that the resolution would appoint Jeff Lutz and Tim Berk would be appointed to terms ending in 2014.

Discussion ensued regarding meeting times and need for the committee. Mr. Revell confirmed to Director Jaksch that the method for filling vacancies could be set by the committee bylaws. Mr. Revell said committee members would be unpaid and administrative costs were in the Planning Department budget. Mr. Iller confirmed to Director Jaksch that committee members should be asked to sign conflict of interest forms. Director Jaksch requested that rural water users be described as being located both in rural areas and within the urban growth boundary.

Director Jaksch moved to adopt Resolution 2012-03 (Establishing a Planning Advisory Committee) with the additions as discussed.* Director Rathbun seconded the motion and it carried unanimously.

** Preparer's note - The following text was added to the Resolution prior to signing:*

Line 1B "located in either a rural area or an urban growth area"

Line 6 "The Committee shall adopt bylaws which, among other things shall describe the process for filling vacancies; and"

Line 14 "All appointees to the Committee shall sign an annual disclosure statement; and"

Resolution 2012-04, Setting Date for Public Hearing regarding Formation of Royal Ann Estates LID: Mr. McShane presented the resolution. He discussed the proposed schedule for an informational meeting to be followed by the public hearing.

At the request of Mr. Freeman, Mr. McShane reviewed history of the development and the irrigation system. He discussed challenges of managing the area as a combination of private line area (PLA) and pressurized service area (PSA). He reported that KID was approached by the Home Owners Association President and the developer regarding making the area a PSA.

Mr. McShane said the developer had already installed an adequate pump system for the full development and the total cost to LID participants was expected to be less than \$100 per account. Discussion ensued regarding use an LID to acquire a system. Changes to the assessment for the parcels in the LID were discussed. Mr. Iller offered to research whether rates for 2012 or 2013 could be adjusted and give a legal opinion in executive session.

Vice President McGuire asked about the incremental budget impact of acquiring LIDs. Discussion ensued regarding the challenge of how to quantify and report the portion of an FTE

needed. Mr. Freeman said this would have to be examined retrospectively and suggested the new TruePoint system would improve tracking. McShane suggested a five-year projection of future service areas would be more important than a small individual subdivision.

Director McKenzie moved to approve Resolution 2012-04 to Set a Public Hearing Date for the Proposed Royal Ann Estates Irrigation System Local Improvement District. Director Rathbun seconded the motion and it carried unanimously.

The hearing was set for Tuesday, February 7, 2012, during the regular Board meeting.

PUBLIC COMMENTS: None

STAFF REPORTS:

Finance Manager: Ms. Mellinger reported:

- The TruePoint conversion was on time and on budget.
- The Finance Department was moving toward wrapping up the 2011 year-end.
- The State Audit was expected to be done by mid-January.
- The open Customer Accounts Supervisor position would be advertised next week. Ms. Mellinger said the job requirements for the Customer Accounts Supervisor position had changed. Mr. Freeman confirmed that previous applicant finalists could be reviewed.

Mr. Freeman confirmed to Director Jaksch that purchase of computer equipment for the Board had been waiting for the new calendar year. Brad Crawford would take the lead.

Engineering/Operations Manager: Mr. Everaert reported:

- As of last week, crews completed lining 10,864 feet of 18,011 feet on the Main Canal. Mr. Everaert discussed project locations and ballast materials. He said the installation portion of the Main Canal lining project may be completed in next two weeks if the weather holds. Lining would be followed by back filling and concrete.
- KID would request a three-year WaterSMART grant, for \$1.5 million from the USBR with \$2 million provided by KID, to line 9,106 feet of the Main Canal, 32,166 feet of the Badger East Canal and 16,543 feet of the Division 4 Canal. Lynda Rosenbaum would prepare the grant application with technical information provided by the Engineering Department.
- SCADA was still having radio and software problems, but the antennae issues were solved.
- Engineering was working with Mr. Revell on the Comprehensive Plan, especially the Drought Plan.
- Engineering was working on the scope of work for Phase 2 of the Recalibration project.
- The opening for a Staff Engineer closes tomorrow. Mr. Everaert discussed job duties.
- The result of the Red Mountain well test from R.W. Cox was strongly negative. Focus was changed to a Yakima River pumping station source. Mr. Everaert discussed a possible site owned by Mr. Pearson and said a bathometric study would be done. Discussion ensued regarding whether there would be a conflict of interest and if the site could be leased or must be owned by KID. Discussion continued regarding factors influencing site suitability. The process for recording site changes for Department of Ecology grant documentation was discussed. Vice President McGuire requested maps be provided for future discussions. Mr. Iller confirmed that only the Board, not the advisory committee, could take action. Mr. Iller suggested that Mr. Pearson could recuse himself from committee discussions regarding his property as a matter of form. Discussion continued regarding flood plains and pumping stations. Mr. Everaert further discussed changes to the project schedule due to the delay.

- Snow fall to date was lower than average but was offset by higher than average reservoir carry over storage. Mr. Everaert said the April report would be more useful than the January report. Discussion ensued.

President Huffman called a short break at 10:28 a.m. and the meeting reconvened in open session at 10:35 a.m.

Planning Manager: Mr. Revell reported:

- The planning department was working on a request for qualifications for the environmental work for the Capital Plan.
- The WaterSMART Grant kick off meeting went well.
- The Supreme Court upheld the State's position on that stock watering was not subject to the 5,000 gallon per day limit in the well statute. The Columbia Snake River Irrigators Association was in agreement. This issue was being tracked due to potential effects on the Yakima River Basin. Discussion ensued.
- The draft drought plan will be undergoing internal review.

Mr. Revell told Vice President McGuire that staff would collaboratively create a report on ownership and liability for bridges in KID rights of way. Director Jaksch asked to include ponds.

Mr. Revell addressed standards and directives. He said cities and school districts had been contacted and the NWRA subcommittee would meet with USBR executives and hoped to learn about the new draft regarding full cost water and the definition of irrigation. Mr. Revell said the new draft may be issued by early February and would be followed by a 90-day comment period.

District Manager: Mr. Freeman reported:

- Training would be provided to all staff on January 16th and would include annual ethics training, a Canfield team building seminar, and employee of the quarter.

Discussion ensued regarding HR 2444 and standards and directives.

WORKSHOP: None

EXECUTIVE SESSION: On behalf of presiding officer, Mr. Iller announced that following a break, the board would go into executive session for approximately 30 minutes to discuss with legal counsel pending and threatened litigation per RCW 42.30.110(1)(i) regarding Wellenbrock, Chavallo/Citadel, Quail Springs, Foreclosure, and three employee notices of claim.

President Huffman called a break at 10:46 a.m., and the board went into executive session at 10:55 a.m. Executive session was extended 15 minutes at 11:25 a.m. and open session resumed at 11:42 a.m.

Director McKenzie moved to adjourn at 11:43 a.m. and Director Rathbun seconded the motion. The motion carried unanimously.

Attest:


Gene Huffman, Board President
Approved February 7, 2012

Witness:


Chuck Freeman, District Manager

Prepared by Doris Rakowski