



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, January 17, 2012, 9:00 a.m.

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

Directors Present:

Gene Huffman, President
 Patrick McGuire, Vice President
 David McKenzie, Director
 John Jaksch, Director

Staff Present:

Charles Freeman, District Manager
 Colleen Storms, Comptroller/Treasurer
 Ed Everaert, Engineering/Operations Manager
 Scott Revell, Planning Manager
 Beth Smith, Assistant Ops/Maintenance Manager
 Jason McShane, Staff Engineer
 Teresa Horrocks, Customer Service Specialist
 Doris Rakowski, Executive Assistant

Director Present via Telephone:

Kirk Rathbun, Director

Other Persons Present:

Brian Iller, Legal Counsel
 Cathy Merrill Holle, Benton Franklin Community Action Committee

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

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

Items approved by consent agenda were:

1. Minutes, KID Board Meeting, November 15, 2011
2. Minutes, KID Board Special Meeting, December 19, 2011
3. Integrated Plan Update
4. Confirm Staff Engineer III Job Description
5. Approve Capital Improvement Plan Environmental Review Request for Qualifications
6. KID O&M Vouchers

Accounts Payable

Numbers: 63494 through	63539	\$	7,779.63
63540 through	63576		123,601.23
63577 through	63621		108,151.33
			239,532.19
Total Accounts Payable			239,532.19

Payroll

Numbers: 32181 through	32191	\$	9,487.28
32192 through	32192		1,502.23
32193 through	32203		9,467.38
Direct Deposit	12/29/2011		73,031.63
	1/12/2012		73,500.68
			165,486.97
Total Payroll			165,486.97
Total Disbursements		\$	405,019.16

Voided Checks: None

PRESENTATIONS:

Helping Hands Update by Cathy Merrill Holle, Benton Franklin Community Action Committee:

Ms. Storms introduced Cathy Merrill Holle, Director of Community Services of the Benton Franklin Community Action Committee (CAC).

Ms. Merrill Holle told the Board she oversaw "emergent services" for people with immediate needs and the Helping Hands programs from various utilities. Ms. Merrill Holle referred to the spread sheet provided in the Board packet which reviewed the first year of the new program and said she hoped the Board would choose to continue the program. She noted that each of the 25 participants paid a portion of their assessment themselves and that many of these customers were saved from foreclosure.

Ms. Merrill Holle said the CAC's mission was to help people out of poverty and had 42 programs which addressed that mission. She reported that the CAC did not charge KID for administering program because, when customers were referred for help with irrigation assessments, CAC had the opportunity to counsel them regarding the other programs which could help them on to the path out of poverty. She asked that KID continue to refer anyone who may be helped by the CAC.

Ms. Merrill Holle complimented Ms. Storms and Ms. Horrocks for their professionalism and interest in helping their customers. She thanked the Board for giving the program a chance and said the program was a tremendous success from the point of view of the CAC. President Huffman agreed that the program was a success and continuation should be considered.

In response to a question from Director Jaksch, Ms. Merrill Holle confirmed that the CAC maintained statistics on the programs it administered. She estimated that in five years they got 50% of the homeless people in the bi-county area, or about 2,500 people, off the street and functioning in society. She said they see approximately 4,500 people per year for help with energy bills.

Ms. Storms said Ms. Horrocks was consistent in helping people understand this program was not a hand out and requiring them to pay their portion up front. Ms. Horrocks thanked the Board for supporting the program and making it a success.

Financial Reports for December 2011: Ms. Storms displayed the December 2011 Financial statements on the screen and reviewed highlights. Pages reviewed included:

- Balance Sheet.
- Statement of Revenue & Expenditures–Budget to Actual. Discussion ensued. In response to a question from Director Jaksch, Ms. Storms said time and expenses for public records requests was being gathered and would be input, but was not recorded monthly. In response to a question from Vice President McGuire, Ms. Storms said operation expenses were being captured and recorded to the categories, but the statement in the packet did not show that clearly.
- Cash Schedule.
- Grant & Matching Funds Schedule.
- Comparative Salary & Benefit Report.

In response to a question from Director McKenzie, Ms. Storms confirmed that the statements reflected moving a portion of salaries for people providing support to the Realty Department for at least the first eleven months.

Canal Lining: Mr. McShane played a video which showed the process of canal lining and the extent of work done to date.

Following the video, Mr. McShane discussed the project and noted that the teamwork on this project was the best he had ever seen, from the design stages to installation and inspection. Discussion ensued regarding the installation of test sections of ballast and concrete. Mr. McShane said 15,000 feet on the main canal had been completed at the time the video was made. The expected longevity of the lining was discussed. Vice President McGuire suggested posting the video on the website.

PUBLIC HEARING: None

BOARD REPORTS:

At the request of President Huffman, Mr. Freeman reported that annual training by the U.S. Bureau of Reclamation would be available in Denver in February. Ms. Smith and Mr. McShane were scheduled to attend and Board members were invited to participate as special training would be provided for directors. President Huffman said he planned to attend.

ACTION ITEMS:

Committee and Committee Chair Appointments:

President Huffman appointed President Huffman to the Operation and Engineering Committee and Director Jaksch as chair of the Operations and Engineering Committee.

President Huffman appointed Director McKenzie to the Finance Committee and Vice President McGuire as chair of the Finance Committee.

President Huffman appointed Director Rathbun to the Realty Committee and President Huffman as chair of the Realty Committee.

President Huffman said he would wait to appoint a Board Liaison to the Planning Committee. He said he preferred to see how the Planning Committee progressed without Board involvement and reevaluate making an appointment at a later date if staff and the Board considered it advisable.

Approve Request for Qualifications (RFQ) for KID Legal Counsel - Red Mountain LID: Mr. Freeman discussed the proposed RFQ for Bond Counsel, initially for the Red Mountain project. He said he planned to invite four experienced firms suggested by the Financial Consultant, Annette Sommer, to respond to the RFQ.

Director Jaksch moved to approve issuance of the RFQ for KID Legal Services for the Red Mountain LID. Director McKenzie seconded the motion and it carried unanimously.

Set Date for Elliot Lake Public Meeting: Mr. Freeman discussed process for LID formation and said the attorney recommended following the LID process to dissolve the existing LID. He briefly reviewed background information and topics which would be discussed with the Elliot Lake residents at the public meeting. Mr. Freeman discussed ownership options including the City of Kennewick, LID members or a third party assuming ownership. He said there was a grant opportunity which would have 50% of the grant forgivable if the City of Kennewick took over the system.

Mr. Freeman asked the Board to confirm its support for the proposed action. He briefly reviewed plans for an evening meeting at the Benton PUD conference room and planned notification methods including legal notice, personal contact and door hangers.

In response to a question from Director Jaksch, Mr. Freeman said Elliot Lake was within city limits, but that the City of Kennewick was not obligated to serve the area. He added that the Department of Health was working with KID and encouraging the City of Kennewick to assume the system.

Director McKenzie move to authorize the District Manager to hold a public informational meeting with the Elliot Lake Potable Water System water users with the aforementioned topics. Director Jaksch seconded the motion and it carried unanimously.

Approve Vehicle Purchase: Ms. Storms reported there was \$165,000 in the 2012 budget for vehicle replacement and that replacement of vehicles was following the vehicle replacement spreadsheet. Mr. Everaert noted that the purchase order should be corrected to show the Ford Escapes were 4WD, not 2WD. Ms. Storms confirmed that she had verified that Escapes were 4WD.

In response to a question from Vice President McGuire, Ms. Storms said that surplus vehicle income would be put in the vehicle replacement account.

President Huffman asked about the bid process. Ms. Storms said the vehicles would be purchased via the State Cooperative Purchasing Program. She said the Escapes were expected to be delivered shortly after approval of the purchase but that the other vehicles were not yet off the factory line.

Director McKenzie moved to approve the purchase of the vehicle replacements as listed on the attached purchase orders (Purchase orders #38310, 38311, and 38309). Director Jaksch seconded the motion and it carried unanimously.

Approve Policy 2.36 Master Billing Policy - Condominiums & Townhomes: Ms. Storms discussed the need to implement this policy in 2012 to accommodate requests from condominium and townhome associations for master billing. She noted that, per legal advice, KID would assess the individual parcels and that the proposed policy would allow a courtesy billing to be sent to the homeowners association if the proper authorization was provided.

Director Jaksch moved to approve and adopt Policy 2.36 Master Billing Policy- Condominiums and Townhomes. Director McKenzie seconded the motion and it carried unanimously.

Suspend Policy 2.21 Interest Rate on KID Funded LIDs: Mr. Freeman discussed a Finance Committee request to suspend Policy 2.21 until the committee and staff discussed whether changes were needed. He reported that the topic was on the next Finance Committee agenda.

Vice President McGuire expressed concern that, without a good long term plan for Realty money, the money could become tied up for many years. In response to a question from Director Jaksch, Vice President McGuire said alternatives had not yet been discussed, but that adjustable rates could be included in the discussion. Mr. Freeman recommended seeking input from the financial advisor. President Huffman thanked the Finance Committee for bringing attention to the issue.

Vice President McGuire moved to suspend Policy and Procedure 2.21 (Interest Rate on KID Funded LIDs) and direct staff to work with the Finance Committee on revising the policy. Director Jaksch seconded the motion and it carried unanimously.

RESOLUTIONS: None

PUBLIC COMMENTS: None

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- Implementation of the new financial software was underway. Engineering and Finance were working on different pieces of the conversion of the database of customers to the new categories and billing method using a combination of automated and manual entry. Ms. Storms was appreciative of True Point implementation process, which was allowing training of staff and checking of the data.
- There were about 70 applications received for the Customer Accounts Supervisor position, and testing and interviews would start next week for six to eight selected applicants.
- The State Auditor just finished work at the KID office. In Answer to a question from Director Jaksch, Ms. Storms said that the exit conference would be scheduled by the Auditor and that if more than two Directors wanted to attend the exit conference it would be published as a special meeting.

In response to a question from Vice President McGuire, Ms. Storms said she planned to use online testing of prospective employees, but was waiting for a legal opinion. She said she believed that it was important that the tests, which included psychological elements, only addressed areas applicable to the position, in this case accounting and customer service. She added that the test was to be only part of the process, not the deciding factor. Vice President McGuire said he appreciated the preamble to the job advertisement.

Engineering/Operations Manager: Mr. Everaert reported:

- Six candidates were interviewed for the Staff Engineer I position and second interviews would be held next week.
- The USBR PNW Region Hydromet site showed storage in the five Yakima Basin reservoirs was at 143.6% of average, inflow was at 78% of average and releases were at 96% of average. The NRCS Snotel report said the Upper Basin snow pack was at 74% of average, but Mr. Everaert said that storage could make up for lack of snow pack. He discussed current and expected precipitation levels.
- The Yakima River flow at Prosser was 1,040 CFS and at Kiona was 2,246 CFS.
- As of today, 15,030 feet of the Main Canal project were totally lined. Prep work was done for over 1,000 more feet. Mr. Everaert said he expected this project to be complete in time to complete many other needed projects.
- Red Mountain South LID Design Committee met on January 10th. Mr. Everaert said Paul Cross was asked to provide PDFs to be displayed at future meetings. On Thursday, staff would go out on the river with the surveying company to see six sites being considered for the site of the pump station. Mr. Everaert discussed the project schedule.

In response to a question from Director Jaksch, Mr. Everaert said the Design Committee schedule would depend on the result of river tour and other factors. Mr. Freeman confirmed that committee members were invited to the river tour but had not responded. Director Jaksch asked that the site selection recommendation be brought back to the committee. Mr. Everaert discussed the site selection process. Discussion ensued regarding potential use of one of KID's

parcels. Mr. Everaert said legal ramifications, administrative and physical factors would all be considered in the decision.

In response to a question from Director McKenzie, Mr. Everaert said that the canal sections which were lined last year were inspected after a year's operation. He reported that there was some movement of the ballast but not more than could be leveled in a day with the mini-excavator. He observed that lined sections had no weeds compared to unlined sections which had sediment control issues and weeds. Removal of tumbleweeds was discussed.

In response to a question from Vice President McGuire, Mr. Freeman said that if the Committee recommended changing the approved site it would be brought to the Board for action.

Planning Manager: Mr. Revell reported:

- The WaterSMART grant applications were signed and being sent overnight to Denver.
- The internal review of the Drought Plan would begin this week.
- The monthly meetings of the Columbia Snake River Irrigators Association and the Washington State Water Resource Association would be held later in the week.

Mr. Revell and Mr. Freeman said news about the WaterSMART grants was expected in May or June.

District Manager: Mr. Freeman reported:

- All staff training yesterday was attended by all but two employees. A Canfield representative led a team building exercise. Staff received ethics training. Parts of the Disaster Manual were reviewed. Employee of the Quarter was awarded to Susan Herriford. The closure for training was announced by advertisements and on the website.

President Huffman called a short break at 10:35 a.m. and the Board returned to open session at 10:43 a.m.

WORKSHOP:

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

- Kiona point of diversion change was approved by the Water Transfer Work Group on November 7th.
- Staff was preparing KID's first draw on phase 1 Red Mountain funding.
- The NEPA/SEPA process would restart once the point of withdraw from the river was determined.
- Staff would be contacting the Washington Department of Fish and Wildlife about Shrub Steppe Mitigation.
- Recalibration phase 1 was done and the information would be input in True Point. Board policy action would be needed regarding impervious surfaces.
- The Drought Mitigation Plan from Engineering and Planning would be brought to the Board in February.
- Staff met to discuss policy for the Rate Study and it would be brought to the Board soon.
- Private Line Areas would be numbered.
- The 5-year Capital Plan would be discussed in the Operations and Engineering Committee meeting today.
- A computer training station was set up in the basement and was in use.
- The Accounting Policy would be brought to the Board on March 12th.
- The new website was expected to be online April 12th.

- Pond 174 would be plugged.
- The Financial Advisor's evaluation of the Red Mountain LID creation process was expected to be ready for the Board in March.
- A Board retreat was scheduled for February 23rd.

Mr. Freeman noted that he had distributed to the Board copies of the ethics quiz used at the all staff training for the Board's use. He reported that he gave the employee survey results to staff, as well, and discussed for the benefit of new employees what it meant to be a public employee.

EXECUTIVE SESSION:

At 10:52 a.m., on behalf of the presiding officer, Mr. Iller announced that the Board would go into executive session for 15 minutes to discuss with legal counsel litigation or potential litigation per RCW 42.30.110(1)(i), and planning or adopting the strategy or position to be taken by the governing body during the course of any collective bargaining, or reviewing the proposals made in the negotiations or proceedings while in progress per RCW 42.30.140(4)(b).

Executive session was extended for five minutes at 11:08 a.m.

At 11:14 a.m., the Board returned to open session.

Vice President McGuire recommended that President Huffman appoint the Red Mountain South LID Design Committee Board liaison. Director Jaksch said he and Director Rathbun were currently on it. President Huffman directed that it be put on the next Board meeting agenda.

Director Jaksch moved to adjourn at 11:15 a.m. and Vice President McGuire seconded the motion. The motion carried unanimously.

Attest:

Witness:



 Gene Huffman, Board President
 Approved March 6, 2012



 Chuck Freeman, District Manager

Prepared by Doris Rakowski