



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, February 21, 2012, 9:00 a.m.

At 9:00 a.m., President Huffman announced that the regular Board meeting would be slightly delayed until all of the Planning Committee applicants had been interviewed at the Special Meeting. President Huffman called the meeting to order at 9:15 a.m. Mr. Freeman called roll.

Directors Present:

Gene Huffman, President
 Patrick McGuire, Vice President
 John Jaksch
 David McKenzie
 Kirk Rathbun, via telephone

Staff Present:

Charles Freeman, District Manager
 Colleen Storms, District Treasurer
 Ed Everaert, Engineering/Operations Manager
 Scott Revell, Planning Manager
 Beth Smith, Asst Operations/Maintenance Mgr
 Jason McShane, Staff Engineer
 Becky Mellinger, Accounting Manager
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel

APPROVAL OF AGENDA: President Huffman added a Board report on the trip to the USBR Water Management Workshop in Denver to the agenda, and added to executive session consideration of the qualifications of an applicant per RCW 42.30.110(1)(g), to be followed by possible action on appointments to the Planning Committee. **Director Jaksch moved to approve the agenda as amended. 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 Special Meeting Workshop, October 11, 2011
2. Approve Final Plat - Bridgewater Estates Phase 1B (Dry Plat)
3. KID O&M Vouchers

Accounts Payable

Numbers:	63686 through	63686	\$	5,969.66	
	63687 through	63718		138,730.42	
	63719 through	63719		500.00	
	63720 through	63761		65,157.62	
	63762 through	63777		5,470.74	Less Void Ck#63774
	63778 through	63778		144.29	
				215,972.73	

Total Accounts Payable 215,972.73

Payroll

Numbers:	32215 through	32221	\$	6,807.06	
				-	
Direct Deposit		1/26/2012		72,326.14	
				-	

Total Payroll 79,133.20

Total Disbursements \$ 295,105.93

Voided Checks:

Check No. 63441: Void and Reissue

Check No. 63774: Void and Reissued due to a misprint

PRESENTATIONS:

Introduction of New Staff: Ms. Smith, Ms. Storms and Mr. Everaert introduced recently hired or promoted employees in their departments. Employees introduced were:

- Allen Bolt, Maintenance Laborer
- Steve Miles, Maintenance
- Scott Blakely, Maintenance
- Jeremy Percifield, Mechanic
- Rob Schunk, Customer Accounts Supervisor
- Sharon Ramos, Accounting Technician
- Becky Hiles, Staff Engineer

Revised Year End Financial Reports for 2011: Ms. Storms presented the reissued 2011 financial reports. She said there would be one more revision due to the audit. Pages reviewed included:

- Balance Sheet as of December 31, 2011
- Statement of Revenue & Expenditures – Budget to Actual – Summary. In response to a question from President Huffman, Ms. Storms discussed fuel storage capacity, fuel contract terms and pricing.
- Balance Sheet Footnotes – Cash Schedule
- Cash Investment Report by Investment Maturity Date. Discussion ensued regarding KID investment requirements.
- Comparative Salary & Benefit Report
- Statement of Revenue Footnotes – Grant & Matching Funds Schedule

PUBLIC HEARING: None

BOARD REPORTS: President Huffman reported that he, Beth Smith and Jeff Green attended the USBR Water Management Workshop in Denver, Colorado last week. Some of the topics discussed at the workshop were seepage reduction, the WaterSMART Grant Program, and canal emergency management plans. President Huffman reported that KID was sometimes used as a model and appeared to be ahead of the curve on many issues.

ACTION ITEMS:

Approve Red Mountain South LID 30 Percent Design Criteria Memos 1 and 2: Mr. Everaert reported that Design Memos 1 and 2 had been reviewed by the Red Mountain South LID Design Committee and were now presented to the Board for approval. He summarized the information included in the memos.

In response to a question from President Huffman, Mr. Everaert said the recommendations for the location for the pump site would be presented to the Committee before being brought to the Board for a decision.

In response to a question from Director McKenzie, Mr. Everaert said the Board was being asked to approve the recommendations of RH2 Engineering included in Design Memos 1 and 2. He reported that the Committee Members agreed with the recommendations.

Director Jaksch moved to approve the Design Memos 1 and 2 (Design Criteria) from RH2 Engineering for the 30 percent Preliminary Engineering Design for the Red Mountain South LID Irrigation Project. Director McKenzie seconded the motion and it carried unanimously.

Appoint Planning Committee Members: Mr. Iller said the Board may not be able to go into executive session to evaluate the qualifications of an applicant for the Planning Committee because they would not be employees, but recommended the Board add an executive session to discuss with legal counsel potential litigation in the form of a proposed action regarding Director Jaksch's question regarding Planning Committee applicants per RCW 42.30.110(1)(i)(iii).

Director Jaksch moved to modify the agenda to remove the last item added to executive session (consideration of the qualifications of an applicant per RCW 42.30.110(1)(g)) and have a new executive session to discuss with legal counsel potential litigation in the form of a proposed action regarding the discussion of Planning Committee applicant issues in an executive session per RCW 42.30.110(1)(i)(iii). Director McKenzie seconded the motion and it carried unanimously.

Discussion ensued.

At 9:52 a.m., Mr. Iller announced on behalf of the presiding officer that the Board would go into executive session for an estimated ten minutes to discuss with legal counsel potential litigation in the form of a proposed action regarding discussing in executive session an issue relating to the applicants for the Planning Committee positions per RCW 42.30.110(1)(i)(iii).

The Board came out of executive session at 9:56 a.m.

At the request of Mr. Iller, President Huffman confirmed that the removal of consideration of the qualifications of the Planning Committee applicants from executive session would not change.

President Huffman called a short break at 9:57 a.m.

The meeting resumed in open session at 10:07 a.m.

President Huffman called for a motion to amend to agenda to bring the Appointment of Planning Committee Members out of executive session and into action items. Director Jaksch so moved. Director McKenzie seconded the motion and it carried unanimously.

Appoint Planning Committee Members, continued: President Huffman proposed to make the appointments at the March 6th meeting.

Director Jaksch moved to table action on the Planning Committee nominees and discussion of those applicants until the March 6th meeting. Director McKenzie seconded the motion and it carried unanimously.

RESOLUTIONS:

Resolution 2012-05, Final Assessment Roll, Bretz Road LID: Mr. McShane reviewed milestones of the project to date. He confirmed that a water master would be appointed from the members of the LID.

In response to a question from Mr. Huffman, Mr. McShane reported an incident of positive feedback on the project's progress from an LID participant who was originally hesitant to participate.

In response to a question from Vice President McGuire, Mr. McShane said the interest rate was based on Policy 2.21. Ms. Storms confirmed that it was based on when the LID was formed though, coincidentally, the prime interest rate had not changed. Vice President McGuire noted that Policy 2.21 was recently suspended, though it applied in this case.

Director McKenzie moved to approve Resolution 2012-05, Establishing the Final Assessment Roll for Bretz Road Irrigation System Local Improvement District #193. Director Jaksch seconded the motion and it carried unanimously. At the request of Mr. Iller, Director Rathbun confirmed that he voted in favor of the resolution.

Resolution 2012-13, Approval of Interlocal Agreement with Houston-Galveston Area Council: Ms. Storms presented the staff request for approval to enter into an Interlocal Agreement with Houston-Galveston Area Council. She discussed the proposed purchase of a Vactor truck and said staff had learned of another Washington entity which entered into an Interlocal Agreement with Houston-Galveston Area Council for the purpose of purchasing such equipment. She reported there was a \$75 transaction fee.

In response to a question from Director Jaksch, Ms. Storms said they may be a source for other heavy equipment. She confirmed it was a source for new, not used, equipment.

Director Jaksch moved to approve Resolution 2012-13, approving of intergovernmental cooperative purchasing agreement with the Houston-Galveston Area Council. Director Rathbun seconded the motion and it carried unanimously.

Mr. Everaert said he hoped to bring the Vactor purchase approval to the next Board meeting once the Interlocal Agreement was in place.

PUBLIC COMMENTS: None

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- The Finance department was working on the conversion to the new financial software, and the True Point trainer would be at KID this week. Ms. Storms reported on the Engineering department's large contribution to the data conversion. She discussed the expected new assessment bill production process.

Engineering/Operations Manager: Mr. Everaert reported:

- EPDM liner installation was completed for the 18,011 feet on the main canal and work continued on the air testing, ballast and cross trenching.
- Yakima River storage was 130.8% of average. Inflow was 49% of average. Releases were 104% of average. Precipitation to date was 28.9% of average for the month of February. Precipitation, October 1 to February 20th, was 83.1% of average. The Snotel site showed the Upper Yakima Basin at 91% of average and the Lower Yakima Basin at 102% of average.
- Mr. Everaert distributed a packet illustrating preliminary alternatives for the system design for the Red Mountain South LID, which would be presented to the Design Committee prior to being brought to the Board for action. He briefly described the maps and diagrams in the

packet and discussed the alternatives. In response to a question from President Huffman, Mr. Everaert said the design may have 5-10% excess capacity needed for operational fluctuations, and could not exceed the 14 cfs daily diversion.

- In response to a question from Director McKenzie, Mr. McShane said the work underway by the City of Kennewick at the canal crossing at Olympia and 51st Street was storm, sanitary sewer and water crossings being extended for planned development. He said that KID did not have operational problems at that location.

Planning Manager: Mr. Revell discussed a story in the newspaper regarding water to the north side of Red Mountain. He said he was contacted by the State's Hydrologist regarding KID's ability to provide irrigation water there. Mr. Revell said the residential area had been in the KID for many years. He discussed the history of KID's examination of alternatives for providing water to the area and said that almost all residential contacts in that area asked to not be included in the Red Mountain LID project in 2008 and 2009.

In response to a question from Director Jaksch regarding the availability of water, Mr. Revell discussed urban boundary issues with West Richland and challenges for the city regarding annexing. He said he did not know the Columbia Irrigation District's water capacity.

In response to a question from Director Jaksch, Mr. Iller discussed the intent of the original proposal for the Columbia River 82 cfs. Discussion ensued. Mr. Iller said there was pending litigation on the 82 cfs in and recommended the agenda be amended to include discussion with legal counsel pending litigation regarding the 82 cfs permit per RCW 42.30.110(1)(i). Discussion ensued.

Director Jaksch moved to add discussion with legal counsel of pending litigation regarding the 82 cfs permit litigation. Vice President McGuire seconded the motion and it carried unanimously.

Mr. Revell reported:

- Preparations were being made for the Home Show.
- Seth Defoe was attending the Washington State Water Resources Association (WSWRA) meeting. Expected topics of the meeting included the updates on the Washington Irrigators' Guide and the Columbia River Policy Advisory Committee meeting later this month. The USBR Directives and Standards updates definition of irrigation was also of interest. Mr. Revell said the District had until April 3rd to submit formal comments.
- Vice President McGuire and Mr. Revell attended Columbia Snake Rivers Irrigators Association (CSRIA) meeting last week and heard updates on the Odessa project and several legislative items.
- Discussion ensued regarding whether it would be appropriate to suggest WSWRA or CSRIA address proposed legislation to limit orchard spraying in residential areas. Mr. Revell said WSWRA was already addressing the issue. President Huffman said the issue was discussed at the USBR Water Management Workshop.
- The Critical Areas Ordinance Bill proposed by WSWRA passed the Senate.
- The internal review of the drought plan started last week.

District Manager: Mr. Freeman reported:

- The Board retreat was scheduled for Thursday, February 23rd at 9:00 a.m. He said Attorney Fran Forgette would be in attendance at the meeting which was expected to be held in executive session. Discussion ensued.

WORKSHOP: None

EXECUTIVE SESSION: On behalf of presiding officer, Mr. Iller announced that the Board would take a short break, then at about 10:55 a.m. would go into executive session for approximately 90 minutes to consider the minimum price at which real estate will be offered for sale or lease per RCW 42.30.110(1)(c), to discuss with legal counsel pending litigation regarding Acquavella and the 82 cfs permit litigation per RCW 42.30.110(1)(i), and to discuss with legal counsel potential litigation in the form of the legal risks of a proposed action or current practice per RCW 42.30.110(1)(i)(iii).

At 10:50 a.m., the Board took a short break.

At 10:55 a.m., the Board went into executive session. Executive session was extended for 30 minutes at 12:25 p.m.

Open session resumed at 12:40 p.m.

ACTION ITEMS:

Ms. Smith presented purchase offer for two lots in the Vista Business and Technology Park received from Titan Solutions, LLC. She reported the price offered for each lot, and other details of the offer including no commission on the sale, closing date on or before July 21, 2012, 5% earnest money deposit, 120 day due diligence period, and sale contingent upon the purchases obtaining financing within 120 days.

Director Jaksch moved to approve the sale of Lots 8 and 9, Vista Business & Technology Park, KID #1408 in the amount of \$5.75 per square foot, for a total purchase price of \$348,151, and KID #1409 in the amount of \$5.50 per square foot, for a total purchase price of \$292,287, to the Titan Solutions, LLC, subject to terms and conditions in a written agreement executed by the parties. Director McKenzie seconded the motion and it carried unanimously.

Director Jaksch moved to adjourn at 12:45 p.m. and Director McKenzie seconded the motion. The motion carried unanimously.

Attest:

Witness:


Gene Huffman, Board President
Approved March 20, 2012


Chuck Freeman, District Manager

Prepared by Doris Rakowski