



Minutes

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

President Huffman called the meeting to order at 9:02 a.m. Mr. Freeman called roll.

Directors Present:

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

Directors Absent:

Kirk Rathbun

Staff Present:

Charles Freeman, District Manager
 Scott Revell, Planning Manager
 Ed Everaert, Engineering/Operations Manager
 Judy Smith, Administrative Contracts Specialist
 Colleen Storms, District Treasurer
 Sandy Angotti, Canal Patrol & Union Steward
 Seth Defoe, GIS Specialist
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel
 David Child, Yakima Basin Joint Board, Biologist

APPROVAL OF AGENDA: President Huffman added Revised Petty Cash and Change Fund Authorization Resolution 2012-17 to the agenda. He added to executive session discussion with legal counsel of pending litigation regarding Acquavella per RCW 42.30.110(1)(i)(i).

Director Jaksch moved to approve the agenda as amended. Director McKenzie seconded the motion. The Directors present voted in favor. The motion carried.

CONSENT AGENDA: Director McKenzie moved to approve the consent agenda. Director Jaksch seconded the motion. The Directors present voted in favor. The motion carried.

Items approved by consent agenda were:

1. Minutes, KID Board Meeting, March 20, 2012
2. Revised Minutes, KID Board Meeting, February 7, 2012
3. Approve Supplemental Letter to the USBR Regarding Directives and Standards
4. KID O&M Vouchers

Accounts Payable

Numbers: 63950 through	63982	\$	40,379.05
			40,379.05

Total Accounts Payable 40,379.05

Payroll

Numbers: 32239 through	32245	\$	9,141.35
			-
Direct Deposit	3/22/2012		80,729.69
			-

Total Payroll 89,871.04

Total Disbursements \$ 130,250.09

Voided Checks: None

PRESENTATIONS:

2011 Fish Count Report, David Child, Yakima Basin Joint Board (YBJB), Biologist: Mr. Child gave a brief overview of his background and presented his report, 2011 Returns of Yakima River Basin Salmon and Steelhead Trout. He responded to a question from Director Jaksch regarding the importance of the Pacific lamprey to the Yakama Nation. Mr. Child said the Pacific lamprey evolved with salmonids and was an important resource in the aquatic ecosystem. He said its numbers were extremely depressed and reintroduction plans were unlikely to adversely affect salmonids.

Mr. Child discussed Cle Elum sockeye returns and said the focus was on providing long-term fish passage at Cle Elum Dam.

Mr. Child said the Yakima Project's Supplemental Biological Assessment was in progress and dealt with endangered species listing for summer steelhead and bull trout. He said a bull trout recovery plan from U.S. Fish and Wildlife was expected this spring.

Mr. Child reported that the Roza Reach survival study was about to be conducted and would provide information on whether lower flows delayed juvenile out-migration and increased mortality. He said the results would inform management decisions for hydroelectric production in the Roza facility. He said the irrigation demand of the Roza Irrigation District would be met.

Mr. Child reported that about 9,000 acre feet of water conserved by a number of irrigation districts through improvement projects was available for use for fish at the System Operations Advisory Committee's (SOAC) discretion. He discussed use of the water in combination with natural events such as in a pulse flow released this spring. Mr. Child said SOAC was a group of fish biologists which reviewed river operations and made recommendations to the USBR regarding fisheries issues. Mr. Child said he represented irrigation districts on the committee.

Mr. Child thanked the Board for participating in the YBJB tour last fall and invited the Directors to participate again this year.

Vice President McGuire asked about the affect of increased spawning of reds in the lower Yakima below Horne Rapids on the Amon Wasteway. Mr. Child said he and Mr. Defoe observed two adult coho, but no reds or spawning activity, in the Amon Wasteway this year. He said his yearly analysis of irrigation drains and wasteways was in his January or February update. He discussed observations made in the aerial survey. Discussion ensued. Mr. Child said the Amon Wasteway lacked riffle passage and did not have a good habitat for spawning.

President Huffman thanked Mr. Child for his work with the irrigation districts.

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Red Mountain South LID Project - RH2 Engineering Contract Amendment Number 2: Mr. Everaert reviewed background of the RH2 Engineering contract for the 30 percent design work for the Red Mountain South LID Project and discussed work done to date. He said the proposed contract extension would allow time for a Board report on the 30 percent design in May followed by an LID member meeting. It would also allow time to develop the scope of work and contract for the final design.

Mr. Everaert reported that Contract Amendment Number 1 for Red Mountain Irrigable Acreage analysis for the KID-owned parcels was completed for slightly below the not-to-exceed contract amount of \$9,200.

Mr. Everaert discussed the tentative schedule for the next steps. He said the LID presentation would be held in June and that he hoped to bring the contract extension to the Board in July. He added that KID staff and RH2 Engineering plan to have two more Red Mountain Design Committee meetings prior to completion of the draft 30 percent design report.

Mr. Everaert said there would be no budget impacts for contract amendment 2 as the budgeted amount was not yet expended.

Discussion ensued regarding scheduling July Board meetings around harvest.

President Huffman reported that he attended the last Red Mountain South LID Design Committee meeting and was pleased with Paul Cross's presentation and project progress.

Director Jaksch moved to approve Contract Amendment Number 2 between Kennewick Irrigation District and RH2 Engineering for the 30 percent Preliminary Engineering Design for the Red Mountain South LID Irrigation Project. Director McKenzie seconded the motion. The Directors present voted in favor. The motion carried.

RESOLUTIONS:

Resolution 2012-11, Authorizing the Sale of Real Property, KID #7023, City View, Lot 1, Block 3: Ms. Smith reported the sale had closed and the terms and conditions of the Purchase and Sale Agreement had been met. She said the purpose of the resolution was to memorialize the sale.

Director McKenzie moved to approve Resolution 2012-11 authorizing the sale of KID #7023, City View Lot 1, Block 3, to Real Property Acquisitions, LLC in the total cash purchase price of \$561,050.00. Director Jaksch seconded the motion. The Directors present voted in favor. The motion carried.

Resolution 2012-15, Declaring Certain Real Property to be Retained as Non-Surplused Real Property: Ms. Smith discussed the recommendation of the Realty Committee and staff that the District retain and not surplus several parcels above the Main Canal in Webber Canyon to better preserve the integrity and safety of the Main Canal.

Additionally, Ms. Smith reported the recommendation not to surplus KID lot number 4014, which was selected as the future pump site for Red Mountain South LID, until that project was complete. She said that following completion of the LID, unused portions of the parcel could be considered for surplus if zoning permitted dividing the parcel.

Mr. Freeman confirmed to Director McKenzie that the District would own all reservoir and pump station sites for the Red Mountain South LID.

Director Jaksch moved to approve Resolution 2012-15 retaining KID numbers 6001, 6004, 6005, 6006, 6008, 6009 and 6012 as non-surplused real property, and retaining KID number 4014 as non-surplused real property until the Red Mountain South LID project has been completed and the remaining unneeded portion of said property may then be surplus. In response to a question from Vice President McGuire, Director Jaksch clarified

that it was not the intent of the motion that KID properties 6001, 6004, 6005, 6006, 6008, 6009 and 6012 be reconsidered for surplus after completion of the Red Mountain South LID. **Director McKenzie seconded the motion. The Directors present voted in favor. The motion carried.**

Resolution 2012-17, Revised Petty Cash and Change Fund Authorization: Ms. Storms presented the proposed resolution which would increase the number of petty cash and change funds from two to four.

In response to a question from President Huffman, Ms. Storms discussed which employees would have cash drawers and described the internal controls in place.

Vice President McGuire moved to approve Resolution 2012-17 authorizing petty cash and change funds as described. Director Jaksch seconded the motion. The Directors present voted in favor. The motion carried.

PUBLIC COMMENTS:

Carol Erickson, residing at 832 Bretz Road, addressed the Board regarding the following issues with the Bretz Road LID:

- Inaccuracies in the irrigable acres assessment, specifically for 888 and 879 Bretz Road and 4950 Arena Road.
- The cost of moving the boxes from the back to front of properties on the west side of Bretz Road was charged equally among all property owners in the LID rather than to the individual property owners as agreed.
- Mr. Tahvili's box, which was attached to the LID due to City of Richland requirements.
- Availability of a monthly payment option and a possible extension of payment until the irrigable acreage and other issues were resolved.
- Water meters were never discussed at LID meetings. She asked who was paying for them and what the criteria was for determining how much water was too much.
- The total LID cost was considerably higher than discussed.

Mr. Freeman reported he spoken with Deb Kasperek, the homeowners association secretary, and several residents about concerns. He said irrigable acreage was set early on in the LID process based on the irrigable acres as KID knew them at that time. Mr. Freeman said Ms. Kasperek mentioned an individual who was required as a project condition by the city to connect to the LID but stub out and not apply the water to his property.

Mr. Freeman discussed changes to the City of West Richland requirements made while the project was under construction which resulted in a price increase. He said the City of West Richland was mailed a request to forgive the additional \$11,000, but the request was denied. He suggested citizens discuss the matter with the City and that the Board consider next steps.

Mr. Freeman said monthly payments were brought up at a meeting, but had never been an option at the District and would not have been offered by staff.

Mr. Freeman said water meters were part of the original scope of the project, as was the water master requirement. He said KID would inform LID participants about their allotment and that excess charges would apply if the allotment was exceeded. He offered to hold another informational meeting with LID participants.

Mr. Freeman said he would follow up on the question regarding charges for moving the boxes.

Mr. Freeman reported that the original engineers estimate was \$121,340, bids came in at \$130,000, and the actual cost went to \$169,087 due to changes on the ground. He said, in hindsight, that while not legally required, staff should have met with the LID participants when the increases became known. He said staff would welcome a motion of the Board to make the first year payment of the LID portion voluntary while issues were addressed.

Mr. Freeman said the individual the City forced to connect to the system would have to be brought into the LID and the other LID participants adjusted proportionately. Discussion ensued regarding Mr. Tahvili's acreage.

Mr. Freeman said KID would need to field verify the multiple reports of parcels watering more than their irrigable acreage. Ms. Erickson added that she had observed gardeners at the Buddhist temple using slurpers from the canal and irrigating the entire parcel.

In response to a question from President Huffman, Ms. Storms said changes to the assessment roll would require a revised resolution. Mr. Freeman noted that field work was needed first.

President Huffman suggested KID's attorney speak to the City of West Richland's attorney. Vice President McGuire recommended citizens talk to their elected city officials. Discussion ensued regarding which parts of the project were in Richland and West Richland. Mr. Freeman said the half road which was required to be built was in West Richland.

Ms. Storms confirmed to Director McKenzie that Finance would be willing to accept advance monthly payments. Director McKenzie suggested monthly payments could be made in advance this year to apply to next year's LID payment. Vice President McGuire clarified that there would be loan interest but no late penalty in that case.

James Wade, residing at 1813 S Rainier Place, said he thought Candy Mountain was in the District and asked how many acres would be developed. He said Director Rathbun was one of the developers.

Mr. Wade said he had used a tool for estimated assessments on the KID website to check assessments on several parcels about which he had previously questioned the Board. He asked why that tool was removed from the website. He noted that a password was required to see one's own billing now and a public records request was needed to see assessments for other customers. Mr. Wade said his questions were about the Royal Ann Estates LID and whether how the LID was done was because an ex-Board member was a developer for it.

Mr. Wade asked if KID was charging for all condominiums and townhouses and said he didn't see all of them being charged.

Mr. Wade said rates had gone up in the last three years.

Mr. Wade said KID had the authority to step in and take control of sewer, water and everything.

Mr. Freeman responded that the online calculator for estimated 2013 assessments was put on the website after the town hall meeting (October 4, 2011) as a way for the Board to receive feedback from the public on the proposed rate model and learn about impacts of the proposed model. He confirmed it was no longer on the website. Mr. Freeman said the Board had not yet implemented the proposed rate model. Mr. Freeman thanked Mr. Wade for his feedback.

Mr. Freeman said assessments for agricultural parcels did not go up for the last two years and did not go up for the last three years for residential parcels.

Mr. Freeman said the fact that the original developer for Royal Ann Estates was a previous Board Member had no bearing on the LID formation. He said KID did not meet with him during the LID formation process, but did meet with the homeowners association on that project.

Mr. Freeman said that he did not know without checking whether Candy Mountain was in KID.

Mr. Freeman said all townhomes and condominiums which had not relegated over the years were now being charged individually.

Regarding increases in rates, President Huffman said Mr. Wade may have been referring to the capital charge. Mr. Freeman noted that the capital charge did not increase this year.

President Huffman called a short break at 10:04 a.m.

The meeting resumed in open session at 10:11 a.m.

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- Bills went out by the deadline. Only one envelope was included, so the printer will give a discount on the next mailing.
- A few relegated properties were accidentally billed and the mistake was being corrected.
- Customer Service was helping set up online accounts for payments.
- Authorization for KID to accept American Express cards was in process.
- The amount billed was very close to what was budgeted and Ms. Storms was confident that all properties that should have been billed were billed.
- Some late requests for master billing were received and master payment would be allowed, but it was too late to note the arrangement on the bills sent to the individual customers.
- The phone system was very busy, the voicemail system was functioning well and there have been few complaints about it. Rob Schunk has been quick to take calls from people who want to talk to a supervisor and Ms. Storms was pleased with how that was working.
- Ms. Storms met with the financial consultant last week and would have a phone conference with the bond counsel, Mark Greeno, next week.
- KID was making monthly draws on the grant for Red Mountain. Second \$5m in Columbia river fund but not marked for KID
- The State Auditor returned this week for a few hours of additional auditing on 2011 procurements. An exit conference would be scheduled soon.

President Huffman suggested adding the KID logo to the assessment billing stubs to identify them after separation from the statement. Discussion ensued regarding design refinements.

Engineering/Operations Manager: Mr. Everaert reported:

- 146.38 cfs were in the KID Main Canal at Chandler this morning. Mr. Everaert discussed the schedule for turning on Division 4 and Badger East.
- The Main Canal and Division 4 had been burned and Badger East would be finished today.
- Screens and walkways for the two hydroscreens were being built.
- The pump for PSA 149 was being picked up and installed.

- The North AP Canal was cleaned.
- Most items on the winter project list were completed.
- The flow rate on the Main Canal would be set to hit the monthly target for April.
- Storage on the Yakima River Basin was at 123.1% of average. Inflow was 72% of average. Releases were 118% of average. Major canal diversions were 88% of average. Precipitation for October 1 through April 2 was 191.52 inches or 104.5 % of average. The NRCS Snotel site for the Upper Yakima Basin was 122% of average and the Lower Yakima Basin was 146% of average.
- Seven SCADA sites with Intergra radios were transmitting continuously and consistently. An electrician was being sought through the bid process to work on stations with equipment and have them certified up to L&I code. Two stations would need phone lines instead of radios. SCADA data would be transmitting this year. Some bad sensors were being worked on. Nick Rojas, the new Locator-Engineering Technician, would be helping with SCADA.
- Work on the Red Mountain South LID was progressing well. Mr. Everaert discussed reservoir sites.
- Work was underway on the Environmental Services contract with RH2. Mr. Everaert discussed main components of the project and the importance of not skipping area not currently on the capital plan.

Planning Manager: Mr. Revell reported:

- Staff had been working with cities and school districts on the Directives and Standards comments. The cut-off was today.
- Some calls were still coming in on townhome and condominium assessments.
- A second internal meeting on the drought plan was held. A series of policy issues were being framed for the Board and would go to Committee soon.
- Mr. Freeman and Mr. Revell met with the City of Kennewick recently regarding relocations and other water policy issues.
- One of the short plats in Finley was being finalized by surveyor. Approvals from the County were in place on the other short plat.

District Manager: Mr. Freeman reported:

- The change in the business model for customer service was working well. Mr. Freeman discussed a few of the changes including receipt of money, TruePoint and the phone auto-attendant feature. Ms. Storms and Mr. Freeman were monitoring the changes.
- Field laptops would be deployed shortly. Mr. Freeman met with the field yesterday morning and discussed appropriate use of the internet.
- Training on the new laptops and software was ongoing. Mr. Freeman, Mr. Everaert, Mr. Revell and Mr. McShane would be riding along with field crew as they began to use the laptops.

In response to a question from President Huffman, Mr. Freeman discussed computer use monitoring and said staff was told there was no expectation of privacy for computer use.

WORKSHOP: None

EXECUTIVE SESSION: At 10:33 a.m., on behalf of presiding officer, Mr. Iller announced that the Board would go into executive session for approximately one hour for planning or adopting the strategy or position to be taken by the governing body during the course of any collective bargaining, professional negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or proceedings while in progress per RCW 42.30.140(4)(b),

to discuss with legal counsel potential litigation in the form of risks of a proposed action regarding water allotments per RCW 42.30.110(1)(i)(iii), to consider the selection of a site or the acquisition of real estate by lease or purchase per RCW 42.30.110(1)(b) and to discuss with legal counsel pending litigation regarding Acquavella adjudication and water rights per RCW 42.30.110(1)(i)(i).

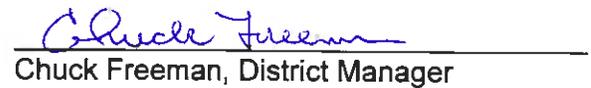
The meeting returned to open session at 11:36 a.m.

Director Jaksch moved to adjourn at 11:36 a.m. and Director McKenzie seconded the motion. The Directors present voted in favor and the motion carried unanimously.

Attest:

Witness:


Gene Huffman, Board President
Approved April 17, 2012


Chuck Freeman, District Manager

Prepared by Doris Rakowski