



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, May 1, 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
 Kirk Rathbun
 David McKenzie

Staff Present:

Charles Freeman, District Manager
 Ed Everaert, Engineering/Operations Manager
 Scott Revell, Planning Manager
 Colleen Storms, District Treasurer
 Jason McShane, Staff Engineer
 Doris Rakowski, Executive Assistant

Absent: John Jaksch

Other Persons Present: Brian Iller, Legal Counsel

APPROVAL OF AGENDA: President Huffman added to the agenda an executive session discussion with legal counsel of potential litigation in the form of the legal risks of a proposed action or current practice regarding water allotments pursuant to RCW 42.30.110(1)(i)(iii). **Vice President McGuire moved to approve the revised agenda. Director Rathbun seconded the motion. The Directors present voted in favor and the motion carried.**

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

Items approved by consent agenda were:

1. Minutes, KID Board Meeting, April 17, 2012
2. Approve Short Plat – Jeff Moody
3. Approve Preliminary Plat Conditions – Ridgeline
4. Approve Revised Short Plat - 12-01/PLN-2012-00451 (Dry Plat)
5. Confirm Job Description for Engineering & Operations Administrative Assistant
6. Approval of Revised Organizational Chart
7. KID O&M Vouchers

Accounts Payable

| | | | | |
|-------------------------------|---------------|-------|----|------------|
| Numbers: | 64046 through | 64108 | \$ | 87,119.27 |
| | 64109 through | 64149 | | 28,775.40 |
| | 64150 through | 64198 | | 161,740.98 |
| | | | | 277,635.65 |
| Total Accounts Payable | | | | 277,635.65 |

Payroll

| | | | | |
|----------------------------|---------------|-----------|----|------------|
| Numbers: | 32253 through | 32259 | \$ | 8,486.31 |
| | | | | - |
| Direct Deposit | | 4/19/2012 | | 79,318.06 |
| | | | | - |
| Total Payroll | | | | 87,804.37 |
| Total Disbursements | | | \$ | 365,440.02 |

Voided Checks: None

PRESENTATIONS: None

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Confirm Procedure 4.19 Standard Specifications Revision 2: Mr. Freeman briefly reviewed modifications to Procedure 4.19, for which he was asking Board confirmation. Changes included revisions in the number of service connections for townhome projects, and the designation of a one-year expiration of construction plans unless construction had begun or upon expiration of a linked city or county permit. Also added to the procedure was a passage providing the Board the option to accept alternate means of securing performance of the construction under some hardship circumstances. Mr. Iller discussed an example of a hardship which could be considered under this section.

In response to a question from Director McKenzie, Mr. Revell and Mr. Freeman said city and county standards varied but that 180 days was a typical expiration period for building permits.

Director Rathbun moved to confirm Procedure 4.19 Standard Specifications Revision 2. Vice President McGuire seconded the motion. The Directors present voted in favor and the motion carried.

Approve Shrub Steppe Mitigation Agreement with the Washington Department of Fish & Wildlife (WDFW): Mr. Revell presented the agreement which had been signed by the WDFW. He described shrub steppe habitat and said black tailed jackrabbits, ferruginous hawks, ground squirrels and burrowing owls were the indigenous wildlife species intended to be benefited by the habitat mitigation agreement. Mr. Revell briefly reviewed the negotiation process and some of the terms of the agreement.

In response to a question from Director Rathbun, Mr. Revell said the permit could be issued and the appeal period expired by the end of summer 2012 if all went well, after which time payment of \$500,000 by KID would be made. At the request of Mr. Freeman, Mr. Revell reviewed the termination conditions of the agreement.

In response to a question from Director McKenzie, Mr. Revell confirmed that the \$500,000 payment was an obligation of the Red Mountain South LID.

Director McKenzie moved to approve the shrub steppe mitigation agreement contained in attachment 1. Director Rathbun seconded the motion. The Directors present voted in favor and the motion carried.

Approve TruePoint Acceptance Agreement: Ms. Storms discussed the costs of the TruePoint software and the terms of the contract for payment of the final balance. She reviewed the process of configuring and implementing TruePoint Software for accounts receivable and water delivery management functions. She described the improvement to the process of collecting assessment payments in the first season of use.

Ms. Storms reviewed to a punch list of items remaining to be completed. She recommended the Board release \$45,000 of the remaining \$50,000 to be paid with the balance due and payable upon full completion as authorized by the District Manager.

Discussion ensued regarding future functionality expected from the software in regards to water management. In answer to a question from Director Rathbun, Ms. Storms confirmed that the database was set up in a way to ease of transition if the Board decided to adopt the draft rate structure. Ms. Storms added that software maintenance costs were reduced by about \$15,000.

Vice President McGuire moved to accept the TruePoint Solutions software solution as placed into satisfactory production service, and authorize payment of 95% of the contract payment owed with a reserve of 5% Retainage (\$5,000) to be paid by the District Manager upon completion of the remaining deliverables. Director Rathbun seconded the motion. The Directors present voted in favor and the motion carried.

RESOLUTIONS:

Resolution 2012-09, Intent to reimburse capital expenditures in connection with the construction of the Red Mountain South LID: Ms. Storms said that while no decision had yet been made to use bond proceeds for Red Mountain costs, the resolution would give the District to option to do so for expenses incurred from sixty days ago and forward. She confirmed to President Huffman that any bond for this purpose would be reimbursed by the LID participants.

In response to a question from Director Rathbun, Ms. Storms discussed the Department of Ecology grant.

Ms. Storms confirmed to Vice President McGuire that monies expended since 2008 when the project started would be reimbursed by the LID.

Director Rathbun moved to adopt Resolution 2012-09, Intent to Reimburse Capital Expenditures in connection with the construction of the Red Mountain South LID from proceeds of future borrowing. Vice President McGuire seconded the motion. The Directors present voted in favor and the motion carried.

Resolution 2012-18, Retainage Release - Bretz Road: Mr. McShane discussed the completion of work for Contract 2011-01 Bretz Road LID, and requested the Board approve release of the retainage previously withheld from the contractor's payment.

Director McKenzie moved to approve Resolution 2012-18, Project Acceptance and Release of Retainage for Public Works Contract 2011-01 - Bretz Road LID. Director Rathbun seconded the motion. The Directors present voted in favor and the motion carried.

PUBLIC COMMENTS:

James Wade, residing at 1813 S. Rainier Place, asked when the \$500,000 for shrub steppe mitigation would be paid and by whom.

Mr. Freeman responded that the Red Mountain South LID would pay for the shrub steppe mitigation, but that money would be fronted by Realty or the Office of the Columbia River grant. He confirmed to Mr. Wade that historically Realty proceeds had been used to reduce assessments, but were now being used for matching funds for grants. Vice President McGuire said that if the District did not have money for matching funds, it would have to raise assessments to pay for future projects. Mr. Freeman restated to Mr. Wade that the Red Mountain South LID would repay any District money loaned to it.

Mr. Wade asked where approved dry land plats would get irrigation water. Mr. Freeman said it would be up to jurisdictions such as cities.

Mr. Wade asked if any dry land property in the District had ever paid assessments. Mr. Freeman said yes.

Sarah Garth, residing at 1210 S. Yelm, asked what to tell people who paid assessments but could not receive water. Mr. Freeman said KID had a program to relegate water allotments and that staff would meet with them to prequalify them for the program.

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- Ms. Storms commended the Customer Services Specialists and the Customer Accounts Supervisor for their performance in implementing the new software and taking on responsibility for accepting and posting cash receipts.
- The 2009-2010 audit exit conference was not yet scheduled by the State Auditor, but should be done before 2011 year-end statements were due to be complete at end of May.
- In response to a question from President Huffman, Ms. Storms reported that the \$15.5 million for the Red Mountain South LID would come to just over \$8,000 per acre. Mr. Revell said it would be about \$470 per acre per year for construction, interest and some other variables. Discussion ensued.
- In response to a question from Director Rathbun, Ms. Storms and Mr. McShane confirmed the payment to the Living Room Church was a construction bond release for a short plat.

Engineering/Operations Manager: Mr. Everaert reported:

- The Chandler diversions for April 1 through April 30 were run as if the Red Mountain were operating and Wanawish was 1,200 acre feet per year for the PSAs served by the Columbia Irrigation District. The diversion was 9,271 acre feet which was less than a measurement error from the target. Spills on April 26th were down to 5.26 percent.
- Today the Yakima River was running high with 16,026 cfs at Prosser and 14,983 cfs at Kiona. Storage in the Yakima Basin was 118 percent of average; inflow was 185 percent of average; releases from the five reservoirs were 387 percent of average. Upper Yakima Basin Snotel was 121 percent of average and Lower Yakima Basin was 135 percent of average. Precipitation for October 1 through April 30 was 104 percent of average.
- Yesterday the Red Mountain South LID Design Committee reviewed the preliminary 30 Percent Design Report, which would be presented to the Board on May 15th. Mr. Everaert briefly discussed contents of the preliminary report. He discussed sediment filtering. Director Rathbun confirmed that the meeting went well and that Mr. Cross and RH2 communicated information well. Mr. Everaert discussed Red Mountain South LID costs and scheduling. He said it was possible the project could be complete one year early.
- True Point was working well in field and coverage was good.
- A meeting would be held May 11 on the Environmental Services Contract.
- In response to a question from Director McKenzie, Mr. Everaert discussed the maintenance differences between the different filtration options. Discussion ensued.

Planning Manager: Mr. Revell reported:

- The Yakima Basin Joint Board heard a report on integrated plan at the meeting last week.
- Directors McGuire and Huffman joined a conference call with the USBR on directives and standards.
- The Finley short plats would be on the May 15th Board meeting agenda.

District Manager: Mr. Freeman reported:

- The Tri-state meeting would be held May 18th in Spokane. Agendas would be distributed. Directors were invited to contact Mr. Freeman if they were interested in attending.
- Staff would meet with Bretz Road LID members Saturday at 5:00 p.m. in the board room.
- The USBR was having issues with the fish screens due to sediment load in the river. There was a possibility of a June shut down to clear them.
- Realty was working on KID Red Mountain property marketing with some WSU marketing students and their instructor. The Realty Committee would review their suggestions.
- Mr. Freeman commended staff for performance at start up and for embracing the new technology. He thanked Lynda Rosenbaum and Judy Smith for assisting customer service.
- Discussion ensued regarding the fish screen at the Prosser dam. Director McKenzie said that if a shut down for cleaning was necessary it would be best to schedule it as early as possible. Mr. Freeman said he would convey the message to Walt Larrick.

WORKSHOP: None

President Huffman called a short break at 10:05 a.m.
The meeting was resumed in open session at 10:17 a.m.

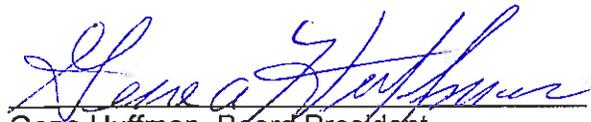
EXECUTIVE SESSION: At 10:18 a.m., on behalf of presiding officer, Mr. Iller announced that the Board would go into executive session for approximately one half hour for planning or adopting the strategy or position to be taken by the governing body during the course of any collective bargaining, professional negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or proceedings while in progress pursuant to RCW 42.30.140(4)(b), and to discuss with legal counsel potential litigation in the form of the legal risks of a proposed action or current practice regarding water allotments pursuant to RCW 42.30.110(1)(i)(iii).

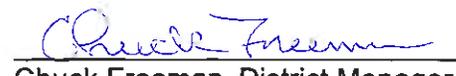
At 10:52 a.m. the meeting returned to open session. Mr. Iller noted for the record that Director Jaksch had returned from other obligations and arrived at the meeting. There being no further business, President Huffman called for a motion to adjourn.

Director Rathbun moved to adjourn at 10:53 a.m. and Vice President McGuire seconded the motion. The motion carried.

Attest:

Witness:


Gene Huffman, Board President
Approved May 15, 2012


Chuck Freeman, District Manager

Prepared by Doris Rakowski