



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, May 15, 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
 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

Other Persons Present:

Paul Cross, Consultant, RH2
 Brian Iller, Legal Counsel

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

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

Items approved by consent agenda were:

1. Minutes, KID Board Meeting, May 1, 2012
2. Approve Final Plat - Sage Crest Phase 2B
3. KID O&M Vouchers

Accounts Payable

Numbers:	64199 through	64233	\$	49,757.66
	64234 through	64234		45,000.00
	64235 through	64241		1,325.89
	64242 through	64250		12,629.35
	66251 through	66269		77,126.28
	66271 through	66278		4,640.44
	64279 through	64324		<u>175,106.01</u>
				365,585.63
Total Accounts Payable				365,585.63

Payroll

Numbers:	32260 through	32268	\$	8,279.21
				-
Direct Deposit		5/3/2012		78,356.39
				<u>-</u>
Total Payroll				<u>86,635.60</u>

Voided Checks:

64251 to 64278: void and reissue same day (5/3/12)
66271 to 66278: void and reissue same day (5/3/12)
66270: lost check void and reissue on 5/10/12

PRESENTATIONS: None

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Red Mountain South LID Project - RH2 Engineering Thirty Percent Design Project Report and Preliminary Plans: Paul Cross of RH2 Engineering thanked the Board for the opportunity to work on the project. Mr. Cross distributed printed reports and displayed PowerPoint slides (on file). He presented the project report and discussed the 30 Percent Preliminary Design.

Mr. Cross reviewed parameters established for the project. He described the area to be served and the need to provide an adequate supply of water. He went into detail regarding evaluation of options for the source of supply.

Mr. Cross reviewed the project design criteria. He reported that eleven design criteria memos had been created and presented to the Red Mountain South LID Design Committee. He discussed a diagram of the design concept for the three pressure zones of the project.

In response to a question from Vice President McGuire, Mr. Cross said there had not yet been discussions with the landowners to suggest what they needed to prepare in order to connect with the future system. He confirmed that an education process would be needed for owners who had not been actively participating in the design process.

Mr. Cross discussed system components including distribution systems, motors, reservoirs, SCADA systems and metering.

Mr. Cross displayed a rendering of the future Kiona Booster Pump Station and Intake and discussed some of the challenges of the site. He briefly went over some of the details of the drawings, which he noted were included in the packets.

Mr. Cross discussed sediment filtration plans including method of filtration and possible volume of sediment collection, which he noted would be an increased demand on operations and maintenance personnel. He said there probably would be some permitting requirements for handling the sediment and effluent.

Mr. Cross reviewed the pump station and reservoir designs. He discussed issues including meeting pressure and capacity criteria, as well as addressing aesthetic concerns.

Mr. Cross discussed property and easement acquisition needs. He noted that property or easements would be needed to be acquired for elements of the system. He discussed the method used to optimize the pipeline alignments, taking into consideration existing easements, various property ownerships and minimizing costs. He displayed a summary report of the proposed irrigation system easement requirements.

Mr. Cross reviewed the project cost estimate. He noted that the 30% design differed significantly from the project identified at the LID formation stage. Differences included storage, redundant pumps, generators, water treatment, automatic metering and shrub steppe mitigation.

Mr. Cross referred to RCW 87.03.486 and noted that irrigation local improvement districts were not tied to assessments that were set before participants in the past as long as the true and fair

value of the improvements add equally to those parties in the LID. He nonetheless encouraged frequent and transparent communication with participants.

Mr. Cross reviewed various elements in the estimated costs for the project. He compared the Total Project Cost in 2012 dollars of \$16,289,000 to cost escalations of the amounts presented to the LID in 2009. Mr. Cross said the project report contained details of the costs. He briefly discussed project elements for which he was confident of the estimate and those for which it was impossible to be certain of the future costs, such as material costs for PVC pipe.

Mr. Cross estimated the project could be completed by the spring of 2014 and discussed the estimated cost escalations for 2013 and 2014. Total project cost with the escalations through 2014 would be \$17,215,000. He said if the construction were delayed until 2015, an additional 3.5% escalation should be added to the construction cost estimate.

Mr. Cross discussed opportunities to reducing costs. He displayed an intake structure design and discussed possible design alterations which could be evaluated for potential cost reductions and functionality. He discussed material selection options, comparing three types of pipe. He reported that based on current design information, the conservative 2009 power cost estimate had been recalculated and the estimate had been significantly reduced.

Mr. Cross discussed a list of County, State and Federal permits that would be required. He said completing the permitting processes was the biggest scheduling challenge for the project. He displayed a map overview of critical areas in the project and discussed the relevance to the permitting requirements.

Mr. Cross displayed a schedule spreadsheet and discussed the next steps to be taken, specifically, permitting and easement/property acquisitions. He urged diligence in proceeding on these steps. He noted that the July 15 to September 15 period of time when the Washington Department of Fish and Wildlife would allow construction in the river was the critical target for the schedule and said, if the window were missed, project completion would be delayed a year.

Director Rathbun commended Mr. Cross, RH2 and Mr. Everaert for their work. President Huffman thanked Mr. Cross for the presentation.

In response to a question from Director Rathbun, Mr. Cross confirmed that there were no pressures for the project that would require higher than C905 pipe. Mr. Cross said there was a good safety factor in the KID standard, which exceeded other irrigation pipe.

Director McKenzie recommended the next presentation tie costs to the list of value-added changes. President Huffman said the LID participants on the design committee were in favor of those elements. Mr. Cross listed a number of options which were discussed and said generators and spare pumps were what the committee selected to include. Mr. Cross agreed that the next meeting with land owners would be an excellent chance to review the options.

President Huffman reported attending a tour for new legislators yesterday and said there was interest in keeping the project moving.

Director McKenzie moved to approve the RH2 30 Percent Engineering Design Project Report and Preliminary Plans for the Red Mountain South LID Irrigation Project. Director Rathbun seconded the motion and it carried unanimously.

President Huffman called a break at 10:10 a.m. and open session resumed at 10:23 a.m.

Approve Application for Renewal of Insurance: Ms. Storms reported that the estimated premium would be given to KID following reporting of KID property schedule to the CIAW. She discussed method of valuation of KID properties for insurance purposed. She reviewed the process of investigating insurance alternatives and recommended that KID stay with CIAW and work to improve its claims record.

Vice President McGuire moved to approve application for renewal of the District's insurance with Cities Insurance Association of Washington. Director Rathbun seconded the motion and it carried unanimously.

Approve Policy 2.8, Investment & Portfolio Policy: Ms. Storms discussed the creation of the proposed Investment and Portfolio Policy. She discussed criteria for governmental agency investments and appropriate protections for cash and cash equivalents. She discussed management of bank accounts and investments. She said that the two highest objectives of the policy were legality and safety. Setting of cash targets for liquidity would be required. Return on investment was the fourth criteria. Ms. Storms recommended approval of the policy.

Vice President McGuire confirmed that the Finance Committee found the proposed policy to be well thought out and safe.

Vice President McGuire moved to approve revised Policy 2.8 Investment and Portfolio Policy. Director Rathbun seconded the motion and it carried unanimously.

Resignation of John Jaksch and Appointments to Operations & Engineering Committee: President Huffman read a letter of resignation from Mr. John Jaksch (appended to minutes).

President Huffman offered the open seat on the Operations and Engineering Committee to Director Rathbun, who said he would accept the appointment.

Director Rathbun moved to accept the resignation of John Jaksch from the Board of Directors. Director McKenzie seconded the motion and it carried unanimously.

President Huffman appointed Kirk Rathbun to the Operations and Engineering Committee and Gene Huffman as chair of the Operations and Engineering Committee.

Resolutions:

Resolution 2012-19, In Appreciation of John A. Jaksch: Mr. Freeman read into the record proposed resolution 2012-19 (appended to minutes).

Vice President McGuire moved to approve Resolution 2012-19, in Appreciation of John Jaksch for Dedicated Service to the People of the Kennewick Irrigation District. Director McKenzie seconded the motion and it carried unanimously.

Mr. Freeman requested instructions regarding the Board vacancy. Vice President McGuire recommended staff bring the Board an application form and submittal timeline for approval. He said the Benton County Commissioners would make the appointment. The Directors concurred.

PUBLIC COMMENTS: None

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- Finance Committee discussed that there were only about 3,200 accounts which did not make their first half assessment payments and were delinquent. Ms. Storms discussed changes to re-billing practices, processing address changes, and the establishment of delinquency fees. Ms. Storm said she was working on a consolidated report.
- Ms. Storms referred to a spreadsheet she distributed titled, May 2012 Realty Payments (on file). She noted that of the seven accounts, none were more than thirty days delinquent. She said she would provide the report semi-annually.
- Ms. Storms referred to the Public Deposit Protection Commission report (on file) which she distributed. She discussed the net worth and public deposits at the two institutions in which the District was invested.
- Staff was working on sending bills to delinquent accounts. Ms. Storms was requiring invoices have details that separate penalties and interest from the principle.
- Customer service volume was slowing down somewhat. The new software was providing more details in service orders, including comments from field employees.
- Financial Statements would be provided at the next Board Meeting.

Engineering/Operations Manager: Mr. Everaert reported:

- TruePoint was functioning well and staff was addressing areas for improvements.
- KID's Chandler diversion was at 239 cfs this morning.
- Yakima Basin Storage in the five reservoirs was 111.5% of average, inflow was 167% of average, and releases were 175% of average. Major canal diversions were 94% of average. Precipitation to the five reservoirs was 42% of average for May, and October 1 through May 14 precipitation was 103.8%. Upper Yakima Basin snow pack was 130% of average and Lower Yakima Basin snow pack was 146% of average.
- Operation crews were working on the sixteen open service orders. The east leg of the South AP Canal was being reshaped.
- Gage pump went down last night due to air conditioning issues, which were being addressed.
- USBR met with KID last week regarding the results of the 2009 wet and 2011 dry canal inspections. The six recommendations concerned with vegetation control, burrowing animals, erosion and sediment control. These were non-critical, standard operations and maintenance items which were being address by KID on an on-going basis. Operations crews would identify items which were already complete. A report would be made to the USBR when the recommendations were completed.
- Mr. Everaert commended Mr. Cross on an exemplary 30 percent design report and said he thought KID was headed in the right design with the Red Mountain South LID project.

Mr. Freeman said staff would schedule a June meeting with LID participants and Board members. He discussed providing notice to out-of-state property owners.

Mr. Everaert discussed getting approval for the final design scope of work.

Planning Manager: Mr. Revell reported:

- Directors Huffman and McGuire joined staff on a tour for Maureen Walsh, Mike Hewitt, and Terry Neely, legislators new to the District. Mr. Revell displayed a map of the legislative districts in KID. Topics addressed by KID included Prosser Dam, Edison Street Diversion and 82 cfs, the Office of the Columbia River, the YRBWEP Integrated Plan, critical areas designation, and foreclosure regulations.
- Internal review of the SEPA process documents for Red Mountain was underway and Mr. Revell would meet with the Environmental Lawyer in Seattle on Thursday.

- May 21st, the Planning Committee would discuss PLA policy and hear an update on drought planning. Responding to Vice President McGuire, Mr. Revell suggested the committee consider whether new farm and residential PLAs would be treated the same.

District Manager: Mr. Freeman reported:

- The USBR informed KID last week of two constituent referrals. One concerned a request to relocate a private line area pipe which was in the constituent's backyard; KID told the constituent the District would not touch the pipe and while the USBR also does not own the pipe, they would review it. The other concerned a fence encroaching on the Highlift Canal easement; KID surveyed the line for the owner but the owner built the fence in the easement anyway. KID provided relevant correspondence to USBR, which was expected to support the District request.
- The USBR fish screens were past the critical time and the sediment was now at Horne Rapids. Mr. Freeman conveyed the Board's suggestion that if a shutdown was needed, the sooner the better, but Mr. Laird thought the worst was past.
- Mr. Freeman would attend the Tri-State meeting in Spokane on Friday.
- KID was holding PSAs which could be measured to their water allotments. Measurements were being recorded. Mr. Freeman would meet with a Homeowner Association president regarding the policy tomorrow.
- Managers would provide food and host an all staff luncheon at shop. Staff would be asked to complete a short questionnaire regarding this year's start up.

WORKSHOP: None

President Huffman announced that the agenda needed to be amended to add action following executive session regarding an Irrigation System Construction Agreement and a collective bargaining agreement.

Vice President McGuire moved to approve the amended agenda. Director McKenzie seconded the motion and it carried unanimously.

EXECUTIVE SESSION: At 11:13 on behalf of the presiding officer Mr. Iller announced that the Board would go into executive session for an estimated twenty minutes to discuss the 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 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 pursuant to RCW 42.30.10(1)(i)(iii).

OPEN SESSION:

The Board returned to open session at 11:34 a.m.

Irrigation System Construction Agreement: Mr. Iller said the agreement to be considered was with a landowner with a short plat approved with certain conditions under the prior KID development policy which required the irrigation system be constructed or fully bonded prior to final plat. He noted the Board had modified the policy to include a hardship exception. Mr. Iller said Mr. Tadlock, the landowner, claimed hardship because the subdivision was required by a dissolution decree and the conditions would be so onerous he would not be able to comply with the decree. Mr. Iller said some other clarifications to the original conditions on KID's approvals were included in the draft irrigation construction agreement (on file) provided to the Board. He said staff recommended approval of an exception based on the hardship of Mr. Tadlock.

In reply to a question from Vice President McGuire, Mr. Iller said the recorded agreement would bind heirs and successors. Regarding recourse for the District if the irrigation system were not built, Mr. Iller said no building permit would be issued unless they built the irrigation system. He described a circumstance which could lead to a loss for the District, but said it was a low risk.

There being no further questions, President Huffman called for a motion. **Director McKenzie moved to authorize Secretary/Manager Freeman to execute the Irrigation System Construction Agreement between KID and William Tadlock on behalf of KID. Director Rathbun seconded the motion and it carried unanimously.**

Collective Bargaining Agreement (CBA): Mr. Freeman discussed the negotiations for the proposed new three-year Office Staff CBA and highlighted changes including:

- 2010 District Employee Handbook to be followed if no past practice and CBA silent
- 7:00 a.m. to 6:00 p.m. usual work shift with manager approval of variances
- Alternative work schedule memorandum of understanding was folded into contract
- Overtime: 40 hours or more per week, rather than 8 hours per day or 40 hours per week
- Added one floating holiday and eliminated the 10-hour exempt pay for medical appointments
- Provisions for when floating holidays are accrued for new employees
- New policy for vacation cash out for hardship was incorporated
- District may shop insurance carriers as long as benefits stay the same
- District to pay 95% of lowest health insurance premium starting January 1, 2013, then 92% starting January 1, 2014
- Existing Employee Assistance Program incorporated in CBA
- Training and certification policies listed
- Clothing allowance rather than purchase by KID, with higher allowance for employees required to purchase boots for work in the field
- Cashier losses covered by insurance and employees not required to make up shortages. Internal controls in place to prevent loss.
- Date for merit steps to be promotion or transfer date rather than hiring anniversary
- Job classification titles and dates updated
- For COLA, using Urban Wage Earners CPIW for US Cities rather than Seattle CPI, with 3% ceiling and 2% floor
- After every third year step 10 with a performance evaluation at 30 points or higher, employees eligible for \$1,000 performance incentive
- Performance evaluation form developed with union. No merit increase for 0 to 17 points; half-step merit increase for 18 to 29 points; full step merit increase for 30 to 40 points. Review committee can be requested. Mediation if committee unable to reach agreement. Mediation may be grieved but not subject to arbitration.

In reply to a question from President Huffman, Mr. Freeman said the agreement was retroactive to January 1, 2012, and if the Board approved the proposal, the Union would vote tomorrow.

In reply to a question from Director Rathbun, Mr. Freeman said the Union would be provided courtesy notifications of changes to the organizational chart. He noted that unused positions would drop down to the list that currently had eight idle positions.

Director Rathbun moved to approve the proposed Collective Bargaining Agreement between the Kennewick Irrigation District and the International Union of Operating Engineers representing the KID Office Staff, effective January 1, 2012 to December 31, 2014. Vice President McGuire seconded the motion and it carried unanimously.

Vice President McGuire moved to adjourn at 11:57 a.m. and Director Rathbun seconded the motion. The motion carried.

Attest:

Witness:


Gene Huffman, Board President
Approved June 5, 2012


Chuck Freeman, District Manager

Prepared by Doris Rakowski

2500 S. Vancouver St.
Kennewick, WA 99337
May 1, 2012

Mr. Gene Huffman
President
KID Board of Directors
Kennewick Irrigation District
12 W. Kennewick Ave.
Kennewick, WA 99336

Dear Gene,

I am tendering my resignation from the KID Board of Directors effective May 1, 2012 due to our relocating to Texas.

It has been my honor to serve the KID and, like John Pringle said when he left, I feel the KID is in a lot better shape than when I joined the Board almost five years ago. This Board is cohesive and while we may disagree on issues, there is free and open discussion and we all work well together. I hope it continues with the selection of my replacement.

I am also proud of the management team. Chuck and staff have done an amazing job over the last couple of years modernizing the District and making much needed changes. Finally, my hat is off to a very dedicated staff. It has been my pleasure to know many of them.

With that said, Carol and I are off to a new adventure. I guess I will need to begin mastering the southern drawl.

My best wishes to all at the KID now and in the future.

Sincerely,



John A. Jaksch



Resolution 2012-19

**Resolution of Appreciation of John A. Jaksch,
For Dedicated Service to the People of the
Kennewick Irrigation District**

A **RESOLUTION** of the Board of Directors of Kennewick Irrigation District, Benton County, Washington, to recognize and acknowledge John Jaksch for rendering invaluable service to the customers of Kennewick Irrigation District for six years as a Director of the Kennewick Irrigation District;

WHEREAS, John Jaksch has faithfully served on the Board of Directors since October 2007; and

WHEREAS, during his tenure in office, John Jaksch has served as President of the Board of Directors, and served on multiple committees and been a positive influence on every department of the Kennewick Irrigation District; and

WHEREAS, John Jaksch led and inspired the District through his hard work and dedication to public service; and

WHEREAS, John Jaksch has worked tirelessly to support improvements to the District's facilities, organization and service to the water users of the District; and

WHEREAS, under John Jaksch's leadership the Kennewick Irrigation District has continued to meet the changing needs of a growing community; and

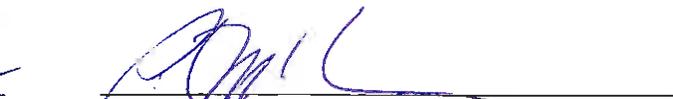
WHEREAS, Kennewick Irrigation District staff and Directors wish to express their gratitude and appreciation for John Jaksch's service to the District;

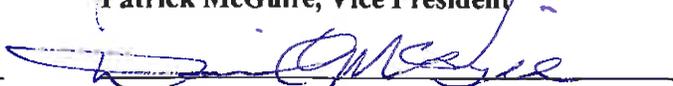
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE KENNEWICK IRRIGATION DISTRICT, BENTON COUNTY, WASHINGTON, that the Kennewick Irrigation District does hereby recognize John Jaksch and expresses sincere gratitude and appreciation for the exemplary work performed during his tenure as a Director of the Kennewick Irrigation District.

RESOLUTION 2012-19 IS HEREBY ADOPTED by the Board of Directors of Kennewick Irrigation District, Benton County, Washington, at a regular open public meeting thereof this 15th day of May, 2012.


Gene Huffman, President


Kirk Rathbun, Director


Patrick McGuire, Vice President


David McKenzie, Director