



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, June 19, 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

Staff Present:

Charles Freeman, District Manager
 Ed Everaert, Engineering/Operations Manager
 Scott Revell, Planning Manager
 Colleen Storms, District Treasurer
 Jason McShane, Staff Engineer
 Becky Hiles, Staff Engineer
 Judy Smith, Administrative Contracts Specialist
 Doris Rakowski, Executive Assistant

Absent: David McKenzie

Other Persons Present:

Fran Forgette, Legal Counsel

APPROVAL OF AGENDA: President Huffman moved approval of Southcliffe Preliminary Plat Revised Review Comments from the Consent Agenda to Action Items and added approval of Final Plat - Fountain Hills, Phase 3 Divisions 1 and 2 (Dry Plat) to the Action Items. **Vice President McGuire moved to approve the amended agenda. Director Rathbun seconded the motion. The Directors present voted in favor and the motion carried.**

CONSENT AGENDA: **Vice President McGuire moved to approve the modified consent agenda. Director Rathbun seconded the motion. The Directors present voted in favor and the motion carried.**

Items approved by consent agenda were:

1. Minutes, KID Board Special Meeting, June 4, 2012
2. Approve Short Plat - Tadlock
3. Approve Exempt Employee Performance Evaluation Form
4. Approve Grievance Settlement Agreement with Field Employee Union
5. KID O&M Vouchers

Accounts Payable

Numbers:	64525 through	64525	\$	166.34
	64526 through	64557		12,105.67
	64558 through	64604		91,843.71
				104,115.72
Total Accounts Payable				104,115.72

Payroll

Numbers:	32279 through	32286	\$	8,928.04
				-
Direct Deposit		5/31/2012		93,748.18
				-
Total Payroll				102,676.22

Voided Checks:

Accounts Payable check #64601: incorrect amount paid, reissued on the same day

PRESENTATIONS:

Financial Reports through March and April 2012: Ms. Storms introduced a new spreadsheet titled "Aging by Year." She said the 2007 and 2008 balances primarily represented KID and County parcel assessments which would remain unpaid until there was a change of ownership. She said that the 2009 balance was the next to be pursued through foreclosure action. Ms. Storms offered to provide Director Rathbun the number of parties represented by the 2009 number. In response to a question from Vice President McGuire, Mr. Freeman said the District was slowly moving towards being able to withhold water from delinquent accounts.

Ms. Storms noted that the March basic financial statements had been provided, but said she would discuss the April statement. She displayed the financial statements on the screen and reviewed highlights. Pages reviewed included:

- Balance Sheet as of April 30, 2012
- Statement of Revenues & Expenditures–Budget to Actual
- Balance Sheet Footnotes through March 2012–Cash Schedule
- Statement of Revenue Footnotes through April 30, 2012–Grant & Matching Funds Schedule

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Approve Policy 4.17, Irrigable Land Recalibration Principles, Rev. 1: Mr. Freeman noted that the Board had a workshop on the draft policy at the last meeting. He said the purpose of recalibration was to prevent waste of irrigation water and maximize beneficial use for the benefit of KID and its water users as a whole.

Mr. Freeman discussed highlights of the proposed policy. He said the policy would allow the District to make the sole determination of whether to proceed with recalibration. He said staff recommended first looking at recalibrating existing urbanized areas and applying the water to other locations where it would be put to beneficial use, with a target of up to 9%. He discussed the importance of timing recalibration with new uses for the water. Mr. Freeman said section 4 addressed the method of assigning recalibrated water and management of the list of irrigation water allocation requests by the Engineering Department. Mr. Freeman said language added on page 4 was the only change to the policy since the last review.

Director Rathbun moved to approve revised Policy 4.17 Irrigable Land Recalibration Principles. Vice President McGuire seconded the motion. The Directors present voted in favor and the motion carried.

Approve Policy 9.5, Red Mountain Irrigation Water Allocation Program: Mr. Freeman said an incorrect version was included in the Board meeting packet and the version distributed at the meeting was the correct version which had been reviewed by the Board one June 5th. He said there had been no changes since that review and briefly reviewed highlights of the policy.

In response to a question from Director Rathbun, Mr. Revell said most of Red Mountain was classified as irrigable, but some areas were class 6 and would have to pay off their USBR construction debt in order to be reclassified.

Vice President McGuire moved to approve Policy 9.5 Red Mountain Water Allocation Program. Director Rathbun seconded the motion. The Directors present voted in favor and the motion carried.

Southcliffe Preliminary Plat Revised Review Comments: Mr. Revell briefly reviewed a packet which was distributed before the meeting (on file). He reported that the developer requested that the Board defer action until the July 3rd Board meeting and said staff concurred.

President Huffman tabled the matter until the July 3 Board meeting.

Approve Final Plat - Fountain Hills, Phase 3 Divisions 1 and 2 (Dry Plat): Mr. Freeman noted that the impact to the District of this dry plat was minimal. Ms. Hiles presented details of the final plat and noted that KID's conditions of approval had been met.

Director Rathbun moved to approve Final Plat, Fountain Hills, Phase 3 Divisions 1 and 2 (Dry Plat). Vice President McGuire seconded the motion. The Directors present voted in favor and the motion carried.

RESOLUTIONS:

Resolution 2012-20 Amending Resolution 2011-17: Ms. Storms reported that the Board had previously approved two changes to the collective bargaining agreements which related to Resolution 2011-17. She said the salary system now had the cost of living increase tied to the CPIW for U.S. Cities rather than to the Seattle region, and that the minimum and maximum salary ranges were turned into salary steps for both office and field. She noted that merit steps were tied to a new review form. Ms. Storms said Resolution 2012-20 would confirm that the Board had authorized these decisions.

Mr. Freeman reported that the field union previously had ranges that could cap out in two years and they proposed changing to five steps over five years. He reported that the steps were tied to performance and included half steps or no step for employees who are struggling, based on points. He said to get the full step employees must exceed not meet expectation.

Ms. Storms noted that for 2012 85% of U.S. Cities was 2.7% and for 2013 it would be 2%.

Vice President McGuire moved to approve Resolution 2012-20, Revising the Salary System and the 2012 Salary ranges. Director Rathbun seconded the motion. The Directors present voted in favor and the motion carried.

PUBLIC COMMENTS: President Huffman noted that several people who had indicated on the sign-in sheet that they wished to address the Board had left the meeting.

James Wade, 1813 S Rainier Place, said as a business man he could not afford to pay health insurance for his employees because he did not have taxes to cover it. He said it would be nice wages were figured to the private sector. He said companies fight unions on insurance and other things but government employees do not and allow unions to take over. Mr. Wade said if it was not for the government and the rates that the unions push through for insurance, private sector insurance would be a lot lower.

STAFF REPORTS:

Finance Manager: No report.

Engineering/Operations Manager: Mr. Everaert reported:

- The Main Canal was at 249 cfs this morning. Cool temperatures, rain and efficient operation to minimize spills allowed diversions at Chandler to be 8,545 acre feet for June 1 to 18 (85% of the allotment if Red Mountain were running).

- Yakima Basin Storage in the five reservoirs was 110% of average, inflow was 184% of average, and releases were 208% of average. Main canal diversions were 96% of average. Precipitation to the five reservoirs was 5.66 inches or 128% of average for June to date, and October 1 through June 18 precipitation was 219 inches or 104% of average. Upper Yakima Basin snow pack was 203% of average and Lower Yakima Basin snow pack was 195% of average.
- Operations crew installed the flow meter on PSA 5 (operated for KID by CID). Mr. Everaert said flow meters were being installed on all four systems operated by CID for KID. The data collection platforms were in and John Humphries would be scheduled for the installation.
- There were 4 service orders being worked on today.
- The Arena Road culvert was installed by Ray Poland and Sons. With flow at the normal maximum level for the canal, water was at 6 inches below top of the raised head wall and the culvert was only half full and sloped correctly.
- The new vac truck arrived and training was provided. Operators would be trained by the head mechanic tomorrow.

Discussion ensued about the functioning of the Arena Road culvert and the hydroscreens.

Planning Manager: Mr. Revell reported:

- Staff discussed the two unsuccessful grant applications with USBR staff and Ms. Rosenbaum would write a short report to help in the next grant cycle.
- Staff was working on the next steps for the SEPA process for Red Mountain.
- Staff was gathering information for the inclusion application for the area annexed in 2007, which would be submitted shortly.
- The scheduled tour for the Planning Committee was modified and only Mr. Berk and Ms. Fangman participated. The tour would be rescheduled.
- The quarterly YRBWEP meeting would be held June 20th.

District Manager: Mr. Freeman invited Board members to attend the next WSWRA meeting.

WORKSHOP:

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

Red Mountain

- The Kiona Point of Diversion change permit target date would be in August.
- There would be a Red Mountain Design meeting with Paul Cross today and the full design scope of work and contract was expected to be brought to the Board on July 3.
- USBR representative would meet with staff in next couple weeks on inclusion/annexation.
- The cultural resources survey final report was being awaited.
- Staff was working on reservoir site, rights-of-way and easement acquisitions.
- Financial Consultant had been selected and meetings would be scheduled.
- The County was gathering notarized letters on the vote for Antinori Road. KID was not affected because of the open space designation.
- Policy 9.5 would govern delineation of irrigable acres on KID property. Board action may be needed later.

Water Rights Management

- The Engineering department was instructed to finish phase 1 of recalibration for inclusion in the next assessment roll.
- The drought mitigation plan was under review and would be brought to the Board soon.
- USBR standards and directives would be discussed at the WSWRA meeting tomorrow.

Strategic Planning and Special Projects

- The Comprehensive Plan was in progress.
- Staff recommended tracking costs for a third year and evaluating how well the numbers match to the draft rate model.
- The Planning Committee hoped to have a recommendation regarding private line areas to the Board by the end of the year.
- The five-year capital plan was discussed at the last Operations and Engineering Committee meeting.
- Following completion of the programmatic review of the canals (expected in September), a new scope of work and change of contract would be needed in anticipation of cleaning the Amon Basin. Permits would be needed.

Finance

- Determination of cash on hand and reserves to invest would be determined by policy from the Board at a different date.
- Punch list items remain for True Point, and GIS would be added next.
- The Accounting Policy was expected to go to the Finance Committee in August.
- The Finance Department Operations Manual was targeted for review in October.

Engineering

- The NPDES permit was received yesterday. All projects would now be allowed to treat to the label rate with Endothall.

Realty

- Kennedy Road was complete.
- The Due diligence period was underway for a pending purchase in City View and negotiations were underway another offer.
- Due diligence ends June 21st for a pending purchase in Vista Field.
- Red Mountain easement requests were received from utility providers and Clipper Wind.

Administrative

- A survey was sent to Lorayne J property owners regarding potable system ownership transfer. Comments so far were mostly positive. Once the data is back a meeting would be scheduled with the LID.
- Financial advisor would be asked to meet the Board at a retreat this fall.
- CID meters were being replaced so they would be able to transfer via telemetry.

President Huffman called a short break at 10:00 a.m.

EXECUTIVE SESSION: At 10:10 a.m., President Huffman announced that the Board would go into executive session for an estimated 20 minutes to consider the minimum price at which real estate will be offered for sale or lease pursuant to RCW 42.30.110(1)(c). He said open session action to Approve Sale of Real Property was expected to follow executive session.

OPEN SESSION:

The Board returned to open session at 10:30 a.m.

Approve Sale of Real Property: Ms. Smith presented an offer, received from J & L Fairchild, LLC, to purchase KID properties in City View for a movie theater. She reviewed details of the offer, including a late-comers agreement, a requirement to construct a 30-foot driveway access,

and a non-compete agreement for a one-mile radius of City View for a movie theater unless the contract expires following at the end of the due diligence period.

In response to a question from Vice President McGuire regarding covenants and restrictions, Ms. Smith said a theater was allowed specifically in that area in the existing ECRs. President Huffman noted that compliance with ECRs would be the responsibility of the buyer and Ms. Smith confirmed that the ECRs were provided to the buyer.

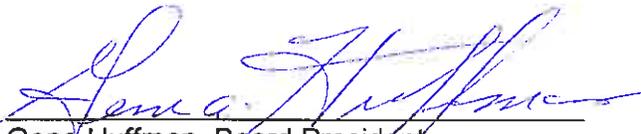
Vice President McGuire asked how fair market value had been determined. Ms. Smith said a broker was hired who provided comps and took into consideration the property location.

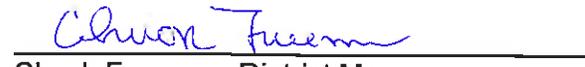
Director Rathbun moved to approve the sale of City View Block 4, Lots 2, 3, and 4, and a portion of Block 3, Lot C, KID numbers 7024, 7034, 7044 and a portion of number 7303, totaling approximately 11.5 acres, to J & L Fairchild, LLC, in the amount of \$1,292,144. Vice President McGuire seconded the motion. The Directors present voted in favor and the motion carried.

Vice President McGuire moved to adjourn at 10:37 a.m. and Director Rathbun seconded the motion. The Directors present voted in favor and the motion carried.

Attest:

Witness:


Gene Huffman, Board President
Approved July 3, 2012


Chuck Freeman, District Manager

Prepared by Doris Rakowski