



## Minutes

Meeting of the KID Board of Directors  
 Carl W. Petersen Board Room  
 Tuesday, August 20, 2013, 9:00 a.m.

President Huffman called the meeting to order at 9:03 a.m. and Mr. Freeman called roll.

**Directors Present:**

Gene Huffman, President  
 Patrick McGuire, Vice President  
 David McKenzie, Director  
 Kirk Rathbun, Director  
 Penny Hermanson, Director

**Staff Present:**

Chuck Freeman, District Manager  
 Scott Revell, Planning Manager  
 Colleen Storms, District Treasurer  
 Jason McShane, Engineering/Operations Manager  
 Judy Smith, Real Property Manager  
 Ben Woodard, Staff Engineer  
 Seth Defoe, GIS Specialist  
 Lynda Rosenbaum, Assistant Planner  
 Doris Rakowski, Executive Assistant

**Other Persons Present:**

Brian Iller, Legal Counsel

**APPROVAL OF AGENDA:** President Huffman added review of the performance of a public employee pursuant to RCW 42.30.110(1)(g) to executive session. **Director Rathbun moved to approve the amended agenda. Vice President McGuire seconded the motion and it carried unanimously.**

**CONSENT AGENDA:** **Director McKenzie moved to approve the consent agenda. Director Rathbun seconded the motion and it carried unanimously.**

Items included on the consent agenda were:

1. Minutes, KID Board Meeting, August 6, 2013
2. Short Plat 13-08 - KID, Whitaker Hill Estate - Dry
3. Easement Vacation Request (Brad Beauchamp)
4. Travel Requests - True Point User Conference
5. KID O&M Vouchers

**Accounts Payable**

Numbers:	66749	through	66770	\$	27,103.37
	66771	through	66772		182.03
	66773	through	66830		49,042.53
	66831	through	66854		577,695.42

**Total Accounts Payable**

**654,023.35**

**Payroll**

Numbers:	32574	through	32580	\$	7,538.15
Direct Deposit					74,588.91

**Total Payroll**

**82,127.06**

**Total Disbursements**

**\$ 736,150.41**

**Voided Checks: None**

**PUBLIC COMMENTS:** None

**PRESENTATIONS:**

**Financial Reports through July 2013:** Ms. Storms displayed the July 2013 financial reports and reviewed highlights. Pages reviewed included:

- Balance Sheet as of July 31, 2013
- Statement of Revenue & Expenditures – Budget to Actual – Summary
- Statement of Revenue & Expenditures – Budget to Actual – Comparative

In response to a question from President Huffman, Ms. Storms said the first draft of the 2014 budget should be ready for the second meeting in September.

**Vice President McGuire moved to accept the July 2013 financial reports. Director Rathbun seconded the motion and it carried unanimously.**

**PUBLIC HEARING:** None

**BOARD REPORTS:** None

**ACTION ITEMS:**

**Liability Insurance Renewal:** Mr. Freeman reported that he and Ms. Storms met with Jeff Barron of Argus Insurance to receive proposals for Liability Insurance, copies of which were provided to the Directors. He briefly reviewed the proposals.

Mr. Freeman recommended that KID remain with CIAW and continue to work cooperatively with Argus Insurance and Canfield Insurance on reducing the District's risk. He further recommended continuing the contract with Argus Insurance, which had been instrumental in facilitating the District's interactions with CIAW.

Mr. Freeman reviewed the budget impact of liability insurance renewal and briefly went over the cost breakdown of the types of coverage.

In response to a question from President Huffman, Mr. Freeman said he hoped that if claims continued to be reduced in the future, insurance premiums would go down, though it would be dependent on market factors.

**Director Rathbun moved to renew all insurance programs, Commercial General Liability; Public Officials Liability; Automobile Liability; Property Coverage; Equipment Breakdown; Crime Coverage and Risk Management Services with CIAW and moved to approve a contract for Insurance Professional Services with Argus Insurance, Inc. Director McKenzie seconded the motion and it carried unanimously.**

**Policy 2.16, Accounts Receivable Rev. 1:** Ms. Storms discussed progress made by the District in the area of accounts receivable and assessment billing. She said the goal was to provide as much flexibility as was allowed within the guidelines of the RCWs. She briefly went over the proposed changes to the policy.

**Vice President McGuire moved to adopt Policy 2.16, Accounts Receivable, Revision 1. Director Rathbun seconded the motion and it carried unanimously.**

**Policy 3.1-7, Alcohol or Illegal Drug Use Rev. 3:** Mr. Freeman reported that the revised policy, which was from a Washington Employers template, had been reviewed by legal counsel. He briefly reviewed elements of the policy. Mr. Freeman said he would provide the policy revisions to the Union, if approved.

**Director McKenzie moved to approve revised Policy 3.1-7 Alcohol or Illegal Drug Use. Director Rathbun seconded the motion and it carried unanimously.**

**Policy 3.2-3, Water Delivery Rev. 3:** Mr. McShane briefly reviewed areas addressed by the proposed policy revision, including Water Masters, water orders, excess water charges, limits to operations of KID infrastructure, and double lock procedures.

**Director Hermanson moved to approve Policy 3.2-3, Water Delivery, Revision 3. Director Rathbun seconded the motion and it carried unanimously.**

**Approval to Propose Purchase of Real Property:** Ms. Smith briefly reviewed the recommended purchase of the Willow Crest Pond Site, which had been presented at the August 6, 2103 Board meeting. She reported that the Homeowner's Association became inactive in 2009 and she was not aware of any outstanding assessments. She said any maintenance of the pond site would be done by KID.

**Director Hermanson moved to approve the purchase of the Willow Crest Subdivision pond site, Parcel No. 1-1389-305-0005-000, for O&M purposes, in the amount of \$1,358.92 and the payment of all closing costs of the sale, and authorize the Board President and Secretary/Manager to sign all documents to facilitate the purchase. Director McKenzie seconded the motion and it carried unanimously.**

**Funding for Clodfelter Pipeline Upsizing:** Mr. McShane reported that the Finance Committee recommended that money for this project be transferred from general operating funds to the Capital Improvement fund.

Mr. Woodard displayed a map of the service area and discussed planning for the future development. He reviewed the staff recommendation for pipelining upsizing when the existing line was replaced.

In response to a question from President Huffman, Mr. McShane said a larger pipe would accommodate future development in the area. He said flow was vastly increased by between by upsizing from 12 inch to 16 inch pipe.

Mr. McShane confirmed to Vice President McGuire that the areas to be served had a longstanding water allotment.

Director McKenzie recommended sending affected landowners a newsletter describing the District's plan for serving the area.

**Director Rathbun moved to approve the upsizing of the lateral pipeline to be replaced by Edward Rose in an amount not to exceed \$35,000 from the Capital Upgrade and Improvement Fund. Director McKenzie seconded the motion and it carried unanimously.**

**Geomembrane Lining:** Mr. McShane distributed a staff report on geomembrane lining materials. He displayed slides overhead while he reviewed observations of various lining materials made on the recent trip to inspect installations at irrigation districts in Oregon.

Mr. McShane reviewed a 2007 KID installation of HPDE in a buried application and discussed the installation process and challenges. In response to a question from President Huffman, Mr. McShane said staff was recommending an exposed installation of HPDE liner.

President Huffman noted that the lava rock under the lining observed in Oregon was much sharper than most rock in the Kennewick Irrigation District.

In response to a question from Director Rathbun, Mr. McShane discussed his observations of the installation process for HPDE. He said he thought the HPDE seaming process would be quicker in cold installation conditions than the EPDM seaming process.

**Vice President McGuire moved to approve 60-mil HDPR as the material to be used in the 2013 WaterSMART and 2013 Department of Ecology grants. Director Rathbun seconded the motion and it carried unanimously.**

President Huffman called a short break at 10:40 a.m. and the meeting resumed at 10:48 a.m.

#### **RESOLUTIONS:**

**Resolution 2013-15, Capital Plan:** Mr. McShane said that, beginning this year, the Capital Improvement Plan would be approved by yearly resolution, rather than by motion. He reported that the Capital Improvement Plan had been reviewed by the Finance Committee and the Operations and Engineering Committee.

In response to a question from Director McKenzie, Mr. McShane said that re-reg ponds might qualify as WaterSMART projects, but were more about better water management than water conservation.

There being no further questions, a motion was offered.

**Director McKenzie moved to approve Resolution 2013-15, adopting the six-year Capital Improvement Plan 2013-2018 of the Kennewick Irrigation District. Director Rathbun seconded the motion and it carried unanimously.**

**Resolution 2013-14, Waiver of Language in Vista Field Protective Covenants:** Ms. Smith discussed the concerns of a purchaser KID property in the Vista Field area regarding the Protective Covenants requirement for review by an Architectural Control Committee which currently did not exist.

In response to a question from President Huffman, Ms. Smith reported there had been no problems with plan reviews in the past.

**Director Rathbun moved to approve Resolution 2013-14 waiving Section III B of Protective Covenants of Vista Field Regarding Architectural Control Committee, and that future purchasers comply with the language of the Purchase & Sale Agreement regarding approval of the site plan. Vice President McGuire seconded the motion and it carried unanimously.**

**Resolution 2013-16, Revised Resolution for FY 2013 WaterSMART Grant Application:** Mr. Freeman discussed the need for the District to commit funds for the match to the grant. He said a commitment was needed by September 1, 2013 to allow the grant award to go forward.

Ms. Storms discussed how the resolution would encumber part of KID's reserves until the money came in from the capital program, which was intended to be used for this purpose. She reported that there was currently over a million dollars in the capital budget and noted that the project would take three years so the money would not be expended until the new capital funding was available.

In response to a question from Director Rathbun, Mr. Freeman said the benefit to accepting the full three year grant amount immediately would be avoidance of possible lack of state funding for the grant in future years.

**Vice President McGuire moved to approve Resolution 2013-16, Revised Resolution for Fiscal Year 2013 WaterSMART Grant Application. Director McKenzie seconded the motion and it carried unanimously.**

Due to time constraints, Mr. Freeman requested that staff reports and Workshops on Draft Policy 8.2 and the Draft Drought Plan be held until the September 3, 2013 Board meeting.

#### **STAFF REPORTS:**

**Planning Manager:** Mr. Revell reported:

- The Planning Committee and Director Hermanson toured Red Mountain, the Edison pump station, Amon Basin and Southridge yesterday.
- The initial conference call for the Amon Basin West Fork Study was held yesterday. Mr. Freeman would be the primary contact and Mr. Defoe was informed about the project.
- Mr. Revell and members of the Yakima Basin Joint Board attended the Kittitas County rural water meeting to explain the Joint Board's position.
- The Benton County rural water process had begun and would be discussed at the Yakima Basin Joint Board.

#### **WORKSHOP:**

**2013 Integrated Plan Funding:** Mr. Revell briefly reviewed the project list in the staff report.

In response to a question from Vice President McGuire, Mr. Revell said the City of Kennewick had provisions for future droughts, but they were not on a scale that would be relevant to delivery of irrigation water.

In response to a question from Vice President McGuire, Mr. McShane said almost all of the projects in the Capital Improvement Plan had elements which would help the District in the event of drought.

**EXECUTIVE SESSION:** At 11:10 a.m., on behalf of the presiding officer, Mr. Iller announced that the Board would go into executive session an estimated 60 minutes to discuss with legal counsel pending litigation pursuant to RCW 42.30.110(1)(i), to consider the minimum price at which real estate will be offered for sale, pursuant to RCW 42.30.110(1)(c), and to review the performance of a public employee pursuant to RCW 42.30.110(1)(g).

At 12:10 p.m., executive session was extended for 30 minutes.

At 12:40 p.m., executive session was extended for 30 minutes.

At 1:09 p.m., the Board returned to open session.

**OPEN SESSION - ACTION ITEMS:**

**Real Property Listing and Auction Agreement:** Scott Musser with Musser Bros. reviewed terms of his proposal to the Board for Auction Sales of surplus District real properties.

In response to a question from Mr. Iller, Mr. Musser said Real Estate Auction Consultants, Inc. was the principal broker for Musser Bros. and Mr. Judson Glen Vannoy would sign the agreement on behalf of Real Estate Auction Consultants, Inc.

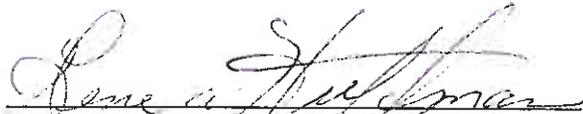
Discussion ensued regarding which parcels to exclude from the auction. Vice President McGuire recommended exclusion of parcels 4019N, 4019S, 5004 and 4014. Director Hermanson suggested parcels 4017 and 4011 to be offered individually at the same auction.

Vice President McGuire moved to approve the Real Property Listing and Auction Agreement with Real Estate Auction Consultants, Inc. and Musser Bros. Inc. for all KID parcels shown on the KID Red Mountain Parcels Map except KID Parcels 4019N, 4019S, 5004 and 4014, on condition that the advertising budget shall not exceed \$42,000.00, KID has the right of pre-approval of marketing materials and sales documents, and the presidents of both Musser Bros., Inc. and Real Estate Auction Consultants, Inc. sign the agreement. Director Rathbun seconded the motion and it carried unanimously.

Vice President McGuire moved to adjourn the meeting at 1:16 p.m. and Director Rathbun seconded the motion. The motion carried unanimously.

Attest:

Witness:



Gene Huffman, Board President

Approved September 3, 2013



Chuck Freeman, District Manager

Prepared by Doris Rakowski