



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, November 20, 2012, 9:00 a.m.

President Huffman called the meeting to order at 9:04 a.m. Mr. Freeman called roll.

Directors Present:

Gene Huffman, President
 Patrick McGuire, Vice President
 David McKenzie
 Dean Dennis
 Kirk Rathbun, via telephone

Staff Present:

Chuck Freeman, District Manager
 Colleen Storms, District Treasurer
 Scott Revell, Planning Manager
 Jason McShane, Asst Engineering/Operations Manager
 Judy Smith, Administrative Contracts Specialist
 Beth Smith, Asst Operation/Maintenance Manager
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel

APPROVAL OF AGENDA: Director McKenzie moved to approve the agenda. Vice President McGuire 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, October 16, 2012
2. Employment Contracts
3. Approve Letter of Support to Governor Elect Inslee - Red Mountain Interchange
4. Approve Travel Request to NWRA Leadership Seminar and Forum for Chuck Freeman, Scott Revell and one Board Member
5. KID O&M Vouchers

Accounts Payable

Numbers: 65386 through	65386	\$	502.07
65390 through	65447		236,270.46

Total Accounts Payable 236,772.53

Payroll

Numbers:

Direct Deposit

Total Payroll

Total Disbursements \$ 236,772.53

Voided Checks: Accounts Payable: 65387 through 65389: Void due to printer error

PRESENTATIONS: None

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Election 2012

Appointment of Board of Election and Designation of Polling Place: Mr. Freeman reported that Bob Gudgel, Bette Gudgel, Karen Woofter and Joanne Bunnell had acted as poll workers in the several past elections and had confirmed they are available to serve for this election. He noted that the KID Administrative Office had been the sole designated polling place for the KID Elections since 2008 and said staff recommended continuing this practice.

Director Dennis moved to appoint Bob Gudgel as inspector, and Bette Gudgel and Karen Woofter as judges and Joanne Bunnell as clerk/alternate for the 2012 election and to designate the KID Administrative Office as polling place for the 2012 Election. Vice President McGuire seconded the motion and it carried unanimously.

Compensation of Members of Board of Election: Mr. Freeman recommended an increase in compensation from \$14.00 to \$16.00 per hour for the election board members in consideration of their years of experience and their continued availability to serve. He reported that the Finance Committee reviewed the matter at their last meeting.

Director McKenzie moved to compensate members of the Board of Election at the rate of \$16.00 per hour. Director Dennis seconded the motion and it carried unanimously.

Notice of Election: Mr. Freeman said staff recommended the Board authorize the Board Secretary to post the Election notice in at least three places on or before Monday, November 26, 2012. He listed the locations where notices were posted in 2011.

Vice President McGuire moved to instruct the Secretary of the Board to cause notices of the time and place of holding the 2012 election to be posted in three public places and in the KID Administrative Office, on or before November 26, 2012. Director McKenzie seconded the motion and it carried unanimously.

Purchased Advertisement and Press Release: Mr. Freeman said it had been the practice of the KID to publish the Election Notice in the Tri-City Herald and issue a press release, though these were not required by statute.

Director Dennis moved to instruct the staff to issue a press release announcing the polling place and time, and to purchase space in the Tri-City Herald for the election notice to be published on December 2 and 9, 2012. Director McKenzie seconded the motion and it carried unanimously.

Election Canvassing Date: Mr. Freeman read excerpts from RCW 87.03.033 and RCW 87.03.034 regarding absentee voting, handing of ballots and canvassing the election. He said absentee ballots from the December 11th election must be received by the secretary by Sunday, December 16th, and delivered to the Board of Directors on Monday, December 17th. He said it had been the Board's practice to change the date of the second Board meeting in December to the Monday following the election to accommodate statutory requirements for canvassing the election.

Director McKenzie moved to change the date of the Board meeting regularly scheduled for Tuesday, December 18th, 2012 to Monday, December 17th, 2012 for the purpose of canvassing the Election of December 11th, 2012. Director Dennis seconded the motion and it carried unanimously.

Environmental Services - Phase 1 - Contract Amendment No.1: Mr. Freeman reported that review comments from the USBR for the District's programmatic review led to additional work for RH2, necessitating the contract amendment. He said no other amendments to the contract were needed as all the comments were in. Mr. Freeman said that following completion of this review, Mr. Revell and his team put together a checklist to meet SEPA requirements.

In response to a question from Director McKenzie, Mr. Freeman said the USBR had indicated the review would be good for about 10 years, after which minor amendments would be needed.

At Vice President McGuire's request, Mr. Freeman briefly discussed NEPA and SEPA requirements. He reported KID was the first district in the region to do a programmatic review, which was more cost effective than reviewing each canal section as work was needed.

Vice President McGuire moved to approve Contract Amendment No. 1 in the amount of \$2,300.00 increasing the overall contract amount to \$57,287.00 to RH2 Engineering, Inc., for the 2012-2014 CIP (Capital Improvement Plan) programmatic environmental review. Director McKenzie seconded the motion and it carried unanimously.

RESOLUTIONS:

Resolution 2012-39 Memorializing Sale to IMD: Ms. Smith said that the Board had previously approved the marketing and sale of the subject property. She briefly reviewed terms of the sale, which was based on a record survey. She reported that all terms and conditions of the Purchase and Sale Agreement had been met and the sale closed on October 30, 2012. She requested the Board approve Resolution 2012-39 memorializing the sale.

Director McKenzie moved to approve Resolution 2012-39 authorizing the sale of KID #7033, City View Lot 2, Short Plat 3374, to IMD Development Group, LLC for the total cash purchase price of \$817,180. Vice President McGuire seconded the motion and it carried unanimously.

Resolution 2012-40 Amended 2012 Budget: Ms Storms displayed the summary sheet on the overhead screen and briefly discussed significant changes to the 2012 budget. She said the general fund budget of \$9,270,000 had increased by \$274,650, and \$1,000,000 was transferred to the drought mitigation fund from operating reserves. Largest expense changes included: Elliot Lake, Lorayne J., a litigation settlement with a past employee, insurance premiums and deductibles, overtime in Engineering related to TruePoint issues, and settlement of accounts with USBR for additional 2010 expenditures.

Ms. Storms confirmed to Vice President McGuire that 2012 costs increases were taken into consideration for the 2013 budget. Mr. Freeman said it was common practice to adjust budgets. He said he thought it wise to bring the changes back to the legislative body though it was not required as the expenditures were still under the total 2012 budget. Ms. Storms elaborated on how the 2013 budget was determined. She said this was the fourth year KID would not raise rates. She said the budget was getting tighter, but reserves added flexibility. Director McKenzie conservative budget numbers encouraged management to scrutinize spending. Ms. Storms briefly discussed budgeting for utility bills and reviewed balances in various reserve funds.

In response to a question from President Huffman, Ms. Storms said revenues as of October 30th compared to last year were slightly lower, but that is was due to timing and was not surprising.

In response to a question from Director McKenzie, Ms. Storms said a cost of \$35,000 was anticipated for the emergency canal repair and was included in the budget. Discussion ensued regarding deductibles, staff time and whether the emergency fund amount was adequate. In response to a request from Vice President McGuire, Mr. McShane offered to provide a copy of a report which showed staff time.

Ms. Storms discussed method of accounting used for the financial report, which matched revenues to expenditures and provided more clarity than typical city budgets.

Vice President McGuire moved to approve Resolution 2012-40, 2012 Budget Revision. Director McKenzie seconded the motion and it carried unanimously.

Resolution 2012-41 Approving Interlocal Agreement with US Communities: Ms. Storms discussed KID's use of interlocal agreements for purchasing. She described the U. S. Communities purchasing cooperative.

In response to a question from Vice President McGuire, Ms. Storms discussed how KID could insure U. S. Communities was current with Washington State law. She said if KID were to make a purchase over \$5,000, copies of documents would be requested and reviewed. Discussion ensued regarding how suppliers get on cooperative buying contracts.

Director Dennis moved to approve Resolution 2012-41 Approval of Interlocal Agreement with US Communities. Director McKenzie seconded the motion and it carried unanimously.

PUBLIC COMMENTS:

Mr. Jim Wade, residing at 1813 S Rainier Place, asked how the Board could canvass the election and hold a Board meeting at the same time and how people in attendance could pay attention to both. He noted that Red Mountain was budgeted for over a million dollars and asked if they had ever paid more than the \$100 they started with. He asked, with hundreds of thousands of dollars in the computer system, how the budget could be off.

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- Kennedy Road LID improvements were complete. She discussed terms of the RLID and the final accounting. Ms. Storms confirmed to Director McKenzie that the RLID was paid from Realty Reserves. President Huffman said costs would be recovered from sale of property.
- Mr. Freeman hired Brianna Potts to work with the Finance and Executive departments.

Engineering/Operations Manager: Mr. McShane reported:

- Mr. McShane attended the USBR Water SMART Grants conference in Boise. He said KID's chance to secure a grant this year was good due to preparatory work and the environmental reviews.
- Five temporary operations employees and a temporary staff engineer were hired last week.
- Prep work was underway for the 1.7 mile section of canal. With environmental work done, work could begin on the Badger East Canal next.
- Weather was preventing lining, so work cleaning out sections of the system was being done.
- A sealed bid for rental equipment would be going out.
- Reservoir storage was down slightly to accommodate expected snowfall.
- The election roll was being finalized.

Discussion ensued regarding the availability of WaterSMART Grants, competition for the funds and KID's application.

Planning Manager: Mr. Revell reported:

- Mr. McShane and Mr. Revell testified at the City of Kennewick Hearing Examiners hearing on the Southcliffe Development. A decision was expected in about one week.
- Mr. Iller and Mr. Revell attended a Yakima Basin Integrated Plan meeting. Wendy Christenson from the USBR would attend the next Board meeting to talk about projects in integrated plan. Jerry Kelso would also attend.
- Seth Defoe and David Child, Yakima Basin Joint Board Fish Biologist, completed the 2012 fish survey. Mr. Revell discussed their findings and said a memorandum of agreement with the Washington Department of Fish and Wildlife may result from their findings.
- Vice President McGuire & Mr. Revell attended the Columbia Snake Rivers Irrigators Association (CSRIA) meeting. Exempt wells in Benton County were discussed.
- The trust right application was being finalized.
- Staff was working on the Red Mountain ground water issue. He briefly discussed the history of KID's applications.
- Mr. Revell has a seat on the Benton County Shoreline Advisory Committee.
- Mr. Defoe attended the Vista Field Master Plan meeting.
- A draft Private Line Policy would be brought to the Board.

At the request of Vice President McGuire, Mr. Revell reviewed a CSRIA discussion on the possibility of increased Department of Ecology fees for maintaining water rights or a tax on water. He said the CSRIA Executive Board would vigorously oppose this. Vice President McGuire noted that this could create an increased financial burden for the district.

District Manager: Mr. Freeman reported:

- The Red Mountain South LID Project was proceeding well and there would be a Design Committee meeting scheduled in December. Easement information was being collected. Planning was working with the owner of Whitacre Estates regarding acquisition of property for the tank for the upper pressure zone. Mr. Freeman discussed grant funding process. He said assessments would start in 2015, following the final confirmation hearing for the LID. He noted that KID was tracking costs, but payments would not start for several more years. An appraiser would be hired to analyze the value of the property with and without water.
- Employee of the Year would be announced at the Awards Banquet. Board members were encouraged to join the employee club for \$26 per year.
- Staff would meet with the new insurance broker from Argus today. Mr. Freeman discussed services the broker would provide. He listed some of the proactive risk management practices at KID and concerns that would be discussed with the broker. Director McKenzie suggested employment contracts be added to list of proactive risk management practices.
- The first Board meeting in January would held on January 3, per the Bylaws.

WORKSHOP: None

EXECUTIVE SESSION: At 10:32 a.m., on behalf of the presiding officer, Mr. Iller announced that, following a short break, the Board would go into executive session for an estimated 45 minutes, or until about 11:25 a.m., to discuss with legal counsel potential litigation pursuant to RCW 42.30.110(1)(i), and to review the performance of a public employee, pursuant to RCW 42.30.110(1)(g), regarding the District Manager.

At 11:26 a.m., the Board extended executive session for ten minutes.

At 11:39 a.m., the meeting returned to open session.

Vice President McGuire moved to adjourn at 11:39 p.m. and Director Dennis seconded the motion. The motion carried unanimously.

Attest:

Witness:


Gene Huffman, Board President
Approved January 8, 2013


Chuck Freeman, District Manager

Prepared by Doris Rakowski