



**Minutes**

Meeting of the KID Board of Directors  
 Carl W. Petersen Board Room  
 Tuesday, February 17, 2015, 9:00 a.m.

President Rathbun called the meeting to order at 9:00 a.m. and Mr. Freeman called roll.

**Directors Present:**

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

**Staff Present:**

Chuck Freeman, District Manager  
 Colleen Storms, District Treasurer  
 Jason McShane, Engineering/Operations Manager  
 Seth Defoe, Planning Manager  
 Lynda Rosenbaum, Real Property Manager  
 Jaime Britton, Senior Accountant  
 Doris Rakowski, Executive Assistant

**Other Persons Present:**

Brian Iller, Legal Counsel

**APPROVAL OF AGENDA: Director Huffman moved to approve the agenda. Vice President McKenzie seconded the motion and it carried unanimously.**

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

Items on the consent agenda were:

1. Minutes, KID Board Meeting, February 3, 2015
2. Binding Site Plan 14-07 Rusty Morse – Dry
3. Easement Request – Cherry Creek
4. Public Work Contract 2015-01 Cherry Creek Pond and Pump Station
5. Confirm New Job Description and Wage Range
6. Confirm Job Description Update
7. Vouchers/Warrant Approval

**Accounts Payable**

Numbers:	69543	through	69545	\$	8,552.90
	69672	through	69716		70,720.37
	69717	through	69745		<u>275,618.67</u>
<b>Total Accounts Payable</b>					<u>354,891.94</u>
<b><u>Payroll</u></b>					
Numbers:	33016	through	33028	\$	10,256.82
Direct Deposit			2/5/2015		<u>87,197.09</u>
<b>Total Payroll</b>					<u>97,453.91</u>
<b>Total Disbursements</b>					<u>\$ 452,345.85</u>

**Voided Checks:** Ck #'s 69546-69620 – being used for 2014 AP Batches through 01/20/15  
 (will be voided subsequently)

**PUBLIC COMMENTS:** None

**PRESENTATIONS:**

**Financial Reports for December 2014:** Ms Storms displayed the December 31, 2014 financial reports and reviewed highlights. Pages reviewed included:

- Balance Sheet as of December 31, 2104-Final
- Statement of Revenues & Expenditures-Budget to Actual, Year-to-date Dec. 31, 2014
- Statement of Revenues & Expenditures-Comparative, 12 Months Ended Dec. 31, 2014 and Dec. 31, 2013
- Statement of Revenue Footnotes through Dec. 2014-Grant & Matching Funds Schedule
- Red Mountain Revenue to Expenses-LID Formation through Dec. 2014
- Fund Balance Change through December 31, 2014

In response to a question from President Rathbun, Ms. Storms spoke about the Red Mountain Grants line of the Statement of Revenues & Expenditures-Budget to Actual report.

Discussion ensued regarding the District's loan to the Red Mountain South LID (RMSLID). Ms. Storms confirmed that none of the RMSLID participants had paid off their LID assessment in advance of the loan yet. She spoke about the semi-annual payment amortization of the loan.

Ms. Storms spoke about what she expected at the State audit this year.

**Director McGuire moved to accept the 2014 financial report as presented. Director Huffman seconded the motion and it carried unanimously.**

**PUBLIC HEARING:** None

**BOARD REPORTS:** None

**ACTION ITEMS:** None

**RESOLUTIONS:**

**Resolution 2015-05 Sole Source Purchase – Excavator:** Mr. McShane spoke about the used 2013 John Deere 85D Excavator which was recommended for purchase from the Capital Equipment Reserve Fund. He described features which were useful for District work.

Mr. McShane spoke about budgeting for the purchase and said this used excavator provided significant cost savings over similar new or used machines. He said this machine had fewer hours logged than other machines with a similar price.

Mr. McShane said this excavator had been tested on site. He noted that staff did not recommend purchase of a warranty, as with proper maintenance, issues were not expected during a warranty period.

Mr. McShane confirmed to President Rathbun that this excavator had a closed cab, and said it was the machine some board members had seen on the recent canal lining tour.

Ms. Storms confirmed to Vice President McKenzie that requirements were met for a special market condition purchase by direct negotiation under RCW 87.03.435(3)(c). She said the last auditor asked that Board actions cite statutes under which sole source purchases were made.

Discussion ensued regarding rules of order for the Board meeting. Mr. Iller noted that adherence to Roberts Rules of Order was once in the Bylaws but had been removed.

Director Huffman moved to approve Resolution 2015-05, Authorization to Waive Competitive Bidding and Award a Sole Source Contract to Purchase a Used 2013 John Deere 85D Excavator, pursuant to RCW 87.03.435(3)(c), with funds for this purchase to come from the Capital Equipment Replacement Reserve Fund. Vice President McKenzie seconded the motion and it carried unanimously.

**STAFF REPORTS:**

**Finance Manager:** Ms. Storms reported:

- Only 20 properties remained on the foreclosure list prior to Mr. Iller mailing letters to owners.
- Staff was working on year-end reports.
- A purchasing policy revision regarding grant rules would be brought to the Board.
- Staff was anticipating the new financial software purchase and launch.

**Engineering/Operations Manager:** Mr. McShane reported:

- Canal lining, concrete work and earth work was progressing.
- Crews were readying to pour foundations for Rubicon gates.
- Drought plan implementation preparations were being made in response to SNOTEL reports.
- Red Mountain training was underway with the contractors and start up testing was planned for mid-March. Flow meters and automation installation was in process. Paving at the intake structure was dependent on weather.
- A crew was working steadily on maintenance and preparations for the water season.

In response to a question from Vice President McKenzie, Mr. McShane spoke about the water delivery start up schedules for RMSLID and the rest of the District. He said training would be provided to new water masters at RMSLID. Benefits of a staggered start up were discussed. Mr. McShane noted that RMSLID pipelines were under warranty, so failures would be repaired by contractors, not KID crews. Mr. McShane spoke about start up timing for Badger West and Highland Feeder 3-3 Canal.

Mr. McShane reviewed the schedule for receipt and installation of the Rubicon gates in view of the Teamster strike. Discussion ensued regarding installation of the gates.

**Planning Manager:** Mr. Defoe reported:

- Snow pack was quite low and conditions looked similar to 2005. Mr. Defoe spoke about the process for the Governor to declare droughts. In response to a question from Director McGuire, Mr. Defoe said he would look into whether he could attend the March 10<sup>th</sup> meeting of the committee advising the Governor of water shortage conditions.
- A new version of the interactive water on map was being prepared and a similar map for outages was planned. Discussion ensued regarding other possible uses for the technology. Mr. Freeman said rolling brown outs were too hard on the system and other techniques such as throttling or interties were planned for responding to low water circumstances. President Rathbun suggested legal risks of a proposed action or current practice regarding response to low water conditions be discussed in executive session.
- A developer filled in a channel in Amon Wasteway despite being asked to wait. KID crews were cutting vegetation to allow planning to get water around that location and to the Gage Pumps. Mr. Freeman recommended discussion in executive session of legal risks of a proposed action or current practice regarding billing for correction of the developer's action.

**District Manager:** In response to a question from Director McGuire, Mr. Freeman confirmed that rental rates had not been updated this year.

Mr. Freeman reported that no feedback data was available yet from the new Facebook page.

**WORKSHOP:** None

**EXECUTIVE SESSION:** At 10:02 a.m., President Rathbun reported that, following a short break, the Board would go into executive session for an estimated 30 minutes to consider the minimum price at which real estate will be offered for sale or lease, pursuant to RCW 42.30.110(c) and to discuss with legal counsel potential litigation, in the form of litigation or legal risks of a proposed action or current practice, pursuant to RCW 42.30.110(i)(iii).

Executive session was extended for five minutes at 10:42 a.m. and at 10:47 a.m. At 10:56 a.m., the meeting returned to open session.

**ACTION ITEMS:**

**Authorize Sale of KID #9041 Administrative Building & Parking Lot:** Mr. Freeman reported that an offer was received from Meier Enterprises to purchase the District administrative building and parking lot and had been presented to the Realty Committee on February 12, 2015. He reviewed terms of the offer including offer price, closing date, commission, seller financing, interest, and net to the District.

He reviewed terms and contingencies recommended by the Realty Committee, including earnest money, down payment, seller financing terms, the due diligence period, and commission. He noted a change from the Board report: the K.I.D. would offer 0% interest rate after closing until March 1, 2016, with the first payment due April 1, 2016, not March 1, 2016.

Mr. Freeman said Meier would be permitted to begin renovation of the basement prior to K.I.D. vacating the building with mutual agreement of dates and impact to District business operations, and said that the District was committed to working towards vacation of the premises with a target date of January 1, 2016, with a \$150 per day charge to be paid by the District beginning March 1, 2016 for failing to vacate.

Mr. Freeman confirmed to President Rathbun that the sale would include the administrative building and parking lot. He reviewed advertising and publicity regarding sale of the property. Ms. Rosenbaum reported that the District received two other inquiries about the property, but no other offers.

In response to a question from Director Huffman, Mr. Freeman verified that the offer was above appraised value for the property. He reported he spoke with Scott Musser last year about auctioning the property and had just received an email response advising that this offer price was good and that the District was unlikely to get more selling the property by auction.

In response to a question from Vice President McKenzie, Mr. Freeman said he thought there was a 70% probability of vacating by January 1 and a 30% probability of vacating by March 1 when fees would begin.

**Director Huffman moved to authorize the sale of KID #9041 (Administrative Building & Parking Lot) to Meier Enterprises in the amount of \$915,000 and authorize the Board President and Secretary/Manager to execute the Purchase and Sale Agreement with all terms and conditions contained in the Offer to Purchase Summary, as amended. Director Dennis seconded the motion and it carried unanimously.**

Mr. Freeman requested that the Board President assign Board members to serve on a design committee for the new building.

**Director Dennis moved to adjourn the meeting at 11:04 a.m. and Director Huffman seconded the motion. The motion carried unanimously.**

Attest:

Witness:

  
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Kirk Rathbun, Board President  
Approved March 3, 2015

  
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Chuck Freeman, District Manager

Prepared by Doris Rakowski