



Minutes

Meeting of the KID Board of Directors
Carl W. Petersen Board Room
Tuesday, March 6, 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
John Jaksch
David McKenzie
Kirk Rathbun

Staff Present:

Charles Freeman, District Manager
Colleen Storms, District Treasurer
Ed Everaert, Engineering/Operations Manager
Scott Revell, Planning Manager
Con Higley, Asst. Operations/Maintenance Manager
Lynda Rosenbaum, Assistant Planner
Jason McShane, Staff Engineer
Judy Smith, Administrative Contracts Specialist
Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, Legal Counsel

APPROVAL OF AGENDA: President Huffman added to the agenda an executive session for planning or adopting the strategy or position to be taken by the governing body during the course of any collective bargaining, ...or reviewing the proposals made in the negotiations or proceedings while in progress per RCW 42.30.140(4)(b).

Director Rathbun moved to add to the agenda an executive session for planning or adopting the strategy or position to be taken by the governing body during the course of any collective bargaining, ...or reviewing the proposals made in the negotiations or proceedings while in progress per RCW 42.30.140(4)(b). Director Jaksch seconded the motion and it carried unanimously.

Director Jaksch moved to approve the agenda as amended. Director Rathbun seconded the motion and it carried unanimously.

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

Items approved by consent agenda were:

1. Minutes, KID Board Meeting, January 17, 2012
2. Minutes, KID Board Meeting, February 7, 2012
3. Minutes, KID Board Special Meeting, February 21, 2012
4. Minutes, KID Board Special Meeting, February 23, 2012
5. Approve Letter to the USBR Requesting Diversion to Start 2012 Water Season
6. Approve Letter to Columbia Irrigation District to Order Water for the 2012 Water Season
7. Approve Short Plat 12-01 Bauder
8. Confirm Job Descriptions for Planning Manager, Assistant Planner, Construction Inspector/Locator and Locator/Engineering Technician
9. KID O&M Vouchers

Accounts Payable

Numbers: 63779 through	63834	\$	178,912.48
63835 through	63872		84,059.41
			<hr/>
			262,971.89

Total Accounts Payable 262,971.89

Payroll

Numbers: 32222 through	32230	\$	8,176.28
			-
Direct Deposit	2/29/2012		74,696.19
			<hr/>
			-

Total Payroll 82,872.47

Total Disbursements \$ 345,844.36

Voided Checks: Check No. 63583: Void: duplicate payment

PRESENTATIONS: None

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Appoint Planning Committee Members: Mr. Revell said the Board had interviewed the four applicants at a previous meeting and noted that copies of the applications had been provided to the Directors. He said the first meeting of the Planning Committee was scheduled for March 19th.

Director Jaksch disclosed that he had been acquainted with Ben Floyd since 1998 and expressed concern that Mr. Floyd could have potential conflicts of interest. Discussion ensued. Director Rathbun noted that Mr. Floyd was the only rural representative applicant. President Huffman said the Planning Committee had no decision-making authority. Mr. Revell confirmed that the committee would be briefed on conflict of interest concerns. Representation on the Planning Committee of urban, rural and agricultural water users was discussed.

Mr. Freeman noted, regarding Mr. Floyd's bid to be selected as the environmental consultant for the Five-Year Capital Plan, that the Planning Committee would have no role in the historical/cultural/environmental review of the Five-Year Capital Plan projects and that the consultant would not report to the Committee. Discussion continued.

Mr. Iller offered to discuss in executive session his legal opinion on whether there would be a conflict of interest due to the potential for litigation.

Director Rathbun moved to amend the agenda go into executive session for five minutes to discuss with legal counsel the legal risks of a proposed action. Director Jaksch seconded the motion and it carried unanimously.

EXECUTIVE SESSION: On behalf of the presiding officer, Mr. Iller announced that the Board would go into executive session for an estimated five minutes beginning at 9:13 a.m. pursuant to the amended agenda to discuss with legal counsel potential litigation in the form of legal risks of a proposed action regarding the appointment of Ben Floyd to the Planning Committee per to RCW 42.30.110(1)(i)(iii).

OPEN SESSION: The meeting returned to open session at 9:18 a.m.

ACTION ITEMS:

Appoint Planning Committee Members, continued: President Huffman announced that there were four applicants and asked for discussion regarding who to appoint.

Vice President McGuire recommended Mr. Floyd be appointed and said, while recognizing Director Jaksch's concern, he didn't think a quality applicant should be sacrificed. He noted that conflict of interest concerns would be explained to the committee members. Director Rathbun agreed with Vice President McGuire and said Mr. Floyd seemed to be a good, qualified applicant and was the only suburban-rural representative applicant.

Vice President McGuire nominated Ben Floyd (to Position 3 on the Planning Committee for a term expiring December 31, 2015). Director Rathbun seconded the nomination. Director Jaksch abstained from voting and Directors McGuire, Huffman, Rathbun and McKenzie voted in favor. Mr. Floyd was appointed to Position 3 on the Planning Committee.

Director Jaksch nominated Fred Artz to Position 4 on the Planning Committee for a term expiring December 31, 2015. Vice President McGuire seconded the nomination. Mr. Artz was unanimously appointed to Position 4 of the Planning Committee.

Director Jaksch nominated Barbara Fangman to Position 5 on the Planning Committee for a term expiring December 31, 2016. Director Rathbun seconded the nomination. Ms. Fangman was unanimously appointed to Position 5 of the Planning Committee.

President Huffman thanked the applicants and requested that Mr. Revell will notify appointees and thank Mr. Nelson for applying to serve on the committee.

Award Bond Counsel: Mr. Freeman reviewed the solicitation of proposals for Bond Counsel for the Red Mountain South LID project and the responsive submittals. He said though all were very qualified, staff recommended the Board award a professional service contract to Foster Pepper.

In response to a question from Director Rathbun, Ms. Storms reported that this recommendation was reviewed by the Finance Committee, following which Ms. Storms made follow up phone calls to further investigate the top two applicant firms.

Vice President McGuire moved to award Foster Pepper as the District's Bond Counsel and direct the District's Attorney and District Manager to negotiate a professional services agreement and approve the District Manager signing of the aforementioned agreement. Director Rathbun seconded the motion and it carried unanimously.

Authorize District Manager to Execute Contract for Canal Sealing: Mr. McShane described the project to be funded through the Water Conservation Field Services Program (WCFSF)

grant received from the U.S. Bureau of Reclamation (USBR) in 2010 titled KID Seepage Reduction R11AP1C014. Mr. McShane said the USBR grant was \$30,000 and KID's estimated share was \$45,000. He said staff recommended the Board authorize the District Manager to execute the proposed contract in an amount 10% higher than the estimate due to differences in fuel and commodity prices. He discussed other details including warranty requirements.

In response to a question from President Huffman, Mr. McShane discussed expectations for how long the installation would take. He confirmed to Director Rathbun that the sealing just covered cracks and enough concrete for good adhesion. He discussed product flexibility and a how much expansion had been observed.

Director Jaksch noted that the bid opening was on March 8, 2012, not in February.

Director Rathbun moved to approve Charles Freeman, KID District Manager, to execute Contract #2012-01, KID Main Canal Sealing Spring 2012, the cost not to exceed \$82,500. Director Jaksch seconded the motion and it carried unanimously.

Red Mountain South LID Professional Engineering Services: Mr. Everaert referred to the documents attached to the Board Meeting Memo. He went over some of the details included in Design Memo 3 offered for Board approval. He discussed site selection for the Yakima River intake.

In response to a question from Director Rathbun, Mr. Revell said possible segregation of KID parcels would be discussed during the workshop portion of the meeting. Director Rathbun asked if there was one turn-out for every 40 acres and KID reduced lot size if there would be a turn-out for each parcel. Mr. Everaert said yes and that it would have to be done prior to RH2 doing the design. Vice President McGuire asked if other land owners were being informed they could do this. Mr. Freeman said landowners were free to subdivide at any time. Mr. Everaert said landowners have been asked to indicate where they would like their turn-out or turn-outs to be located, subject to feasibility.

In response to a question from Director McKenzie, Mr. Everaert said the landowner representatives on the Design Committee were provided with the design memos, and that all LID participants would be provided with details when the 30% design was approved. President Huffman summarized need to keep community informed. Mr. Freeman confirmed to Vice President McGuire that the design memos could be published on KID's website.

At Director Jaksch's request, Mr. Everaert discussed hydrology and reasons for certain engineering recommendations for site six. Discussion ensued. Characteristics of the second choice for the intake site were discussed

Director Rathbun moved to formally approve the Design Memo 3 (Design Criteria) and the preferred Site 6 Yakima River Intake from RH2 Engineering for the 30 percent Preliminary Engineering Design for the Red Mountain South LID Irrigation Project. Director Jaksch seconded the motion and it carried unanimously.

RESOLUTIONS:

Resolution 2012-14, Final Assessment Roll, Royal Ann Estates: Mr. McShane reviewed formation of the Royal Ann Estates LID. He said the assessment roll for the LID was presented to the Board for approval in a timely manner to include the LID on the 2012 assessment.

Director Jaksch moved to approve Resolution 2012-14, Establish Final Assessment Roll for Royal Ann Estates Irrigation System Local Improvement District #194. Director McKenzie seconded the motion and it carried unanimously.

PUBLIC COMMENTS:

James Wade, 1813 S. Rainier Place, Kennewick, Washington. Mr. Wade addressed the Board regarding discussion of a policy for water allotment transfer for Red Mountain in executive session on February 23rd and the quality of legal advice the KID was receiving. He asked if travel to conventions and seminars was an employee benefit or if employees would pay for these events out of their own pockets. He asked about the yearly charges for lots in the Royal Ann Estates LID. Mr. Wade said, with 55,000 acres in the District, if KID charged \$200 an acre it would have \$11,000,000, and if KID charged \$150 an acre, it would have \$8,230,000. He said he was curious about the increase in wages and benefits from 2007 to 2008 of over a half million dollars, and about an increase in assessments between 2006 and 2009 of over three and a half million dollars.

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- Staff was working on the bill production batch. She discussed efforts to design the invoice with watermarks and messages to reduce the likelihood of duplicate payments when mortgage companies were paying assessments. She said, under the current policy, refund of duplicate payments would be provided if requested or the amount would be applied to the following year's assessment.
- True Point implementation was going well.
- Bills were being printed externally, as it was less expensive to do so for this size of a job.
- New interface for credit card payment of assessments would require customers to set up new user ID and password. Staff was expecting calls and was prepared to assist. In response to a question from Director Jaksch, Ms. Storms said KID did not charge customers for credit card use. She offered to provide Mr. Jaksch a rate list and said the cost was offset by the savings in staff time. She said online checks could not be accepted, but American Express, Visa, and Master Card were accepted. She said a quarter sheet page of instructions would be enclosed with the invoice and instructions would be on the new KID website.

Engineering/Operations Manager: Mr. Everaert reported:

- Per the USBR Hydromet website, inflow to the five reservoirs was 121% of average and releases were 107% of average. Precipitation for the first five days in March was 3.72" or 111% of the month average to date. For October 1st to March 5th, precipitation was 94.2% of average. Snotel sites showed the Upper Yakima Basin was at 104% of average snow pack and the Lower Yakima Basin was at 117% of average.
- The new SCADA radios were programmed yesterday and were being installed. The base station would be moved downstairs and the antennae would be moved to the shop. Testing was being done to ensure radios were working properly. Discussion ensued.
- The Operations crew was installing the Hydroscreen concrete structures, gravel packs and the rest of the winter work list.

Mr. Higley reported:

- The EPDM liner installation was complete but ballast was still being installed with six inches of dirt and six inches of Olympia Pit rock, at three sites on Division 4 and at PSA 166.

- Secoflex was being applied at the head end of the canal. Poly urea was being used in other locations.
- Concrete structures for the Hydroscreen locations were being poured in place.
- Canals would begin filling canals at the end of the month.

Director Rathbun reported that a customer called with concerns about the dust generated at the lining project. Mr. Higley said when the project was finished, the roadway would be graded and Olympia rock would be put down.

In response to a question from Director McKenzie, Mr. Higley said concrete ballast was easier to install than gravel ballast and had provided a savings of about \$250,000.

In response to a question from President Huffman, Mr. Higley said tumbleweeds would be removed by hand in the lined areas.

Planning Manager: Mr. Revell reported:

- The Critical Areas Ordinance bill was scheduled to be signed by the Governor tomorrow.
- The administrative bill with the foreclosure provision died in the Rules Committee last week, but may be pursued again next year.
- Mr. Freeman & Mr. Revell attended a meeting with Commissioner Beaver and Darryl Olson of the Benton County Conservancy Board regarding water supply in the Red Mountain North area. Discussion ensued regarding the County Commissioners' issue assignments.
- The Kennewick Planning Commission met on updating the Binding Site Plan Ordinance. Staff was tracking the issue and would report.
- The County started to re-review the KID's two pending short plats in Finley. Mr. Revell confirmed to Director Jaksch that nothing adverse was found by the Health Department. He discussed the purpose of the short plats.
- Progress was made on the shrub steppe agreement. Staff was waiting to hear back from the Washington Department of Fish and Wildlife.

District Manager: Mr. Freeman reported:

- The Water On meeting would be held at KID on March 28th from 11:00 a.m. to 4:00 p.m. Directors were invited to attend. Canfield would provide part two of the team building program and there would be some True Point training.
- At Water On, the field would have laptops. Triage and Pump employees would open and close work orders remotely. Training of the trainers would take place today and tomorrow. Managers would supervise that the system fully utilized, including notes.
- Mr. Freeman requested the Board President provide a message for the spring newsletter.
- The Home Show went well. Managers were following up with people who commented. Email addresses collected were being added to customer accounts.
- An email was received from Chuck Garner at the USBR confirming that pump test water was not counted against KID's entitlement. 50 cfs would be in the Main Canal on March 26th.
- Regarding the letter to the Columbia Irrigation District (CID) approved today, the CID agreed in meetings last year that the water carried for KID was KID's water and could be ordered as the District wanted.

Director Jaksch recommended a larger booth or different location at future Home Shows and, barring that, suggested that less material be put in the booth. Mr. Freeman discussed future booths and the County Fair. President Huffman said there was too much to read on the signs, but that people watched the video.

President Huffman called a short break at 10:13 a.m.

The meeting returned to open session at 10:22 a.m.

WORKSHOP:

Segregation of Surplus Property: Mr. Revell referred to the Board packet memo and discussed the ability to divide the larger tracts owned by the KID in Benton County. He reported that staff had confirmed with County Planning staff how parcels could be divided via exempt segregation while meeting easement and code requirements.

Mr. Revell discussed options for dividing the Red Mountain properties. He said properties north of Highway 224 (Van Geisen Street) in the Red Mountain area have GMA Agriculture Zoning with a minimum parcel size of 20 acres which Mr. Revell expected would remain in place for the long term. Properties south and east of the AVA have Rural Residential Zoning and some were eligible for five acre minimum parcel size.

Mr. Revell suggested tract #4019 which was bisected by Highway 225 be divided into two parcels by short plat.

Mr. Revell recommended that larger parcels, particularly those in the AVA be divided into smaller parcels to allow more flexibility in selling or leasing in the future. He said there was a potential that the GMA Agriculture Zoning could be amended in the future to increase minimum lot sizes, though he was not aware of pending changes. Mr. Revell said KID could be protected against fluctuating land policy by taking advantage of the opportunity to segregate now.

In response to a question from Director McKenzie, Mr. Revell said track #4019 could be split via long plat, short plat, or exempt segregation. He said short plat approvals had the benefit of not expiring. He confirmed that lots divided by short plat only be divided by that means once every five years, but could be divided by one of the other means within that time. In the urban areas, a binding site plan might also be an option.

In response to a question from Director Rathbun, Mr. Revell said it would be possible to divide tract #4019 to a maximum of four lots. He discussed options of how to do so. Director McKenzie said the District would not want to lose option to break out a five-acre tract. Discussion ensued. Mr. Revell confirmed that Tract #4019 was not in Red Mountain South LID.

Mr. Revell said he was not asking for action today and separate action items would be brought to the Board on at future meetings. He said other rural properties in other parts of the District would also be discussed at later meetings.

Director Jaksch commented that based on his experience, minimum lot size was only likely to increase over time. He encouraged action while options were available.

EXECUTIVE SESSION: At 10:35 a.m., on behalf of presiding officer, Mr. Iller announced that the Board would go into executive session for approximately 45 minutes to consider the minimum price at which real estate will be offered for sale or lease per RCW 42.30.110(1)(c), to discuss with legal counsel pending litigation regarding Acquavella per RCW 42.30.110(1)(i), and to discuss the position to be taken by the governing body during the course of any collective bargaining per RCW 42.30.140(4)(b).

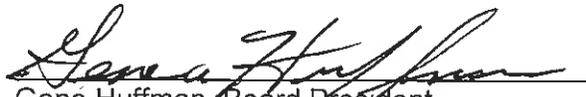
The meeting returned briefly to open session at 11:20 a.m. and President Huffman extended the executive session for an estimated 30 minutes.

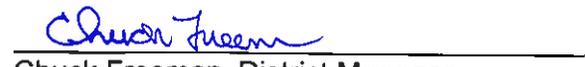
The meeting returned to open session at 11:50 a.m.

Director Jaksch moved to adjourn at 11:51 a.m. and Director Rathbun seconded the motion. The motion carried unanimously.

Attest:

Witness:


Gene Huffman, Board President
Approved March 20, 2012


Chuck Freeman, District Manager

Prepared by Doris Rakowski