



MINUTES

Regular Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 August 4, 2009

Call to Order/Roll Call: The meeting was called to order in open public session at 9:00 a.m. by President Jaksch. Interim Secretary/Manager Revell called the roll.

Directors Present:

John Jaksch, President
 David McKenzie
 Patrick McGuire
 Gene Huffman

Director Absent:

John Pringle, Vice President

Staff Present:

Scott Revell, Interim Secretary/Manager
 Margo Hines, Asst Manager-Administration
 Brian Iller, Legal Counsel
 Clark Haueter, District Treasurer
 Harry Fox, Operations Manager
 Doris Fiske, Executive Assistant

President Jaksch congratulated staff for their management of repairs to the canal break.

Approval of Agenda: Director McGuire moved to approve the agenda. Director McKenzie seconded the motion and it carried unanimously.

Consent Agenda: Director Huffman moved to approve the consent agenda. Director McGuire seconded the motion and it carried unanimously. On the consent agenda were the KID O&M Vouchers.

Accounts Payable

Numbers:	57447	through	57479	\$	71,637.51
"	57480	through	57491		33,416.47
"	57492	through	57557		<u>49,465.87</u>

Total Accounts Payable 154,519.85

Payroll

Numbers:	31195	through	31207	11,934.39
	31208	through	31208	521.08
	31209	through	31209	3,238.52
Direct Deposit				<u>75,389.99</u>

Total Payroll 91,083.98

Total Disbursements \$ 245,603.83

Unscheduled Visitors:

➤ **James Wade**, residing at 1813 S. Rainier Place, said the process by which property owners may be included or excluded from the Red Mountain LID formation is unclear and misleading. Mr. Revell said the Board has stated that they will only include petitioners in this LID. Mr. Wade said, according to the RCW, if a parcel is within the area of the LID, it must be included even if the owners do not support the LID. Mr. Iller agreed but said that this LID differs because the boundaries include only the properties of petitioners.

Mr. Wade asked how many acres of Red Mountain are within the KID boundaries, and how many acres were brought in through the last annexation. Mr. Revell said the Red Mountain AVA is approximately 4,500 acres, all within KID and that about one quarter of that area was brought in to the KID in the last annexation.

Mr. Wade said if there is not an exact figure until August 18th, people won't know exactly how much they will have to pay if they participate. President Jaksch said he and Mr. Revell anticipate keeping the LID hearing open through the September 1st Board meeting.

New Business:

1. Resolution 2009-22, Emergency Proclamation re major leak in the Main Canal at mile marker 22.3 on July 27, 2009: Mr. Revell reviewed the canal break event. As Interim District Manager, Mr. Revell issued an emergency proclamation per District policy and RCW 78.03.435. Mr. Revell said legal counsel reviewed the proclamation and he asked the Board to endorse it. **Director McGuire moved to adopt Resolution 2009-22. Director McKenzie seconded the motion and it carried unanimously.**

Unscheduled Visitors, continued:

➤ **John Trumbo**, reporter for the Tri-City Herald, addressed questions to the Board. Mr. Trumbo asked Mr. Haueter provide a reference source in state records illustrating that the state allowed a rate higher than the \$25/hour FEMA rate to be charged for use of trucks on LID accounts. Mr. Trumbo said he believed that KID has charged customers using depreciation as a cost factor and asked, if so, what was being depreciated, how the assets were purchased and why depreciation was being levied against LID customers. Mr. Trumbo also asked how much money has been collected for canal refurbishment since the program was established, how that money has been spent, whether any of those funds were used for anything other than canal refurbishment, and, if so, how much. Mr. Haueter said depreciation was not used as a cost factor and that he will respond to the other questions in writing before next Board meeting.

➤ **Robert Gretzinger**, residing at 6306 W 10th Place, told the Board he has had trouble with water pressure for years and that there have been six outages on his system this year not including the major break. He said two KID engineers told him there are problems with his LID and he asked to Board to budget fixing the problems. Mr. Fox will look into the problem and report at the next Board meeting.

New Business, continued:

President Jaksch said discussion of Policy 2.11 will be postponed until the first Board meeting in September when everyone is present, including Fran Forgette.

2. **Policy 2.21, Interest Rate on KID Funded LIDs:** Mr. Haueter presented the Finance Committee's recommendation for approval of Policy 2.21. Discussion ensued regarding the advisability of including a rate cap or floor in the policy. **Director McGuire moved to approve Policy 2.21. Director McKenzie seconded the motion. Directors McGuire and McKenzie voted in favor. Directors Huffman and Jaksch voted against approval. Motion did not carry.** President Jaksch asked that the policy be reconsidered at a Board meeting when all five Directors are in attendance.

3. **Repeal Policy 33 News Releases:** Mr. Revell presented the staff recommendation to strike Policy 33. **Director Huffman moved to repeal Policy and Procedure 33, News Releases. Director McGuire seconded the motion and it carried unanimously.**

4. **Resolution 2009-20, Water Allotment Transfer Request, Irrigation & USBR Loan Repayment Assessment Removed:** Ms. Hines presented the history of the Water Allotment Transfer request addressed by Resolution 2009-20. Discussion ensued regarding the case and upcoming policy revisions. Ms. Hines said Mr. Revell plans to address policy revisions by September 2009. Ms. Hines confirmed that this case is one of 14 which were denied by staff and overturned by the Board because the wording of the old policy was controversial. President Jaksch noted that the policy under which this case falls was voided by the Board. **Director McKenzie moved to approve Resolution 2009-20, Water Allotment Transfer Request, Irrigation & USBR Loan Repayment Assessment Removed. Director Huffman seconded the motion and it carried unanimously.**

5. **Resolution 2009-21, Project Acceptance and Release of Retainage for Public Works Contract 2009-03, Badger East Canal Joint Sealant Application:** Mr. Revell presented the details of Resolution 2009-21 and the staff recommendation for approval. **Director McGuire moved to approve Resolution 2009-21, Project Acceptance and Release of Retainage for Public Works Contract 2009-03, Badger East Canal Joint Sealant Application. Director Huffman seconded the motion and it carried unanimously.**

6. **District Manager's Report:** Mr. Revell offered additional information on topics in the District Manager's report:

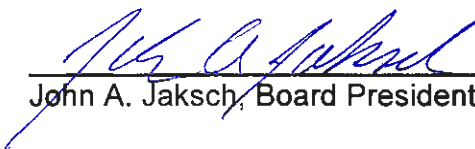
➤ **Livestock grazing in canal rights of way:** Mr. Revell reported that staff confirmed with Benton County that all of KID is within a closed range area. The applicable USBR regulations have been reviewed. A template letter is being drafted with legal counsel's assistance to deal with about a dozen cases of grazing along the canal rights of way. Discussion ensued. Mr. Fox said the primary problem caused by this practice is dead animals in the canal which must be removed and disposed of by District staff.

➤ **Lorayne J water system:** Mr. Revell reported that a pump problem on July 20th caused the storage tank on the domestic water system to drain. Mr. Fox switched the water supply to the emergency intertie with the City of Richland on the 20th and back to the well this morning. Staff will meet with the City of Richland to discuss requirements for infrastructure improvement needed for the city to take over the system. Discussion ensued regarding system challenges.

- **Red Mountain South LID:** Mr. Revell asked if the Board supports keeping the hearing open until September 1st. President Jaksch said additional time to resolve shrub steppe mitigation issues with the state is needed and that he is pursuing this issue. Mr. Revell said the consultant has audited the preliminary assessment roll, petitions and protests and reported that a meeting notice was mailed July 31st. He agreed that an additional two weeks would be beneficial. Director McGuire advocated forming the LID quickly and un-forming it later if the cost is too high. Discussion ensued. Derrick Smith said the assessment roll revision will be ready by August 14th, and will be available at the August 18th meeting. President Jaksch said further work is needed with the Department of Ecology and Washington Fish and Wildlife before LID formation. Mr. Iller confirmed that cost of investigating the petition can be charged to the petitioners if the LID is not formed, but that statute is unclear on whether an LID can be un-formed. He said accuracy is important in forming the LID and concurred with leaving hearing open another two weeks.
- **Home Builders Association:** Mr. Revell reported that he and Beth Smith met with the Home Builders Association last week and that their message was well received.
- **Asbestos Pipe removal:** Mr. Revell reported that Mr. Fox supervised removal of the materials by a contractor.
- **Segregation Technician Contract:** Jim Edgar will return temporarily to train Chris Sittman in segregation technician duties. The professional services contract has a \$15,000 cap and will be funded from the segregation technician line item.
- **Board meeting minutes:** The July 21st and 28th minutes will be on the August 18th consent agenda.
- **Upcoming meetings:** Mr. Revell said the 2009 budget, the expected \$234,000 revenue shortfall, and District expenses will be discussed at the August 20th Finance Committee meeting. President Jaksch asked that minutes of the Operations and Engineering, Finance and Realty Committee meetings be distributed to all Board members. He asked that the canal break be reviewed at the August 13th Operation and Engineering meeting. Mr. Revell said the contractor's bill for the break repairs is expected to be about \$30,000.
- **Meadows North Home Owners Association:** Mr. Revell reviewed the history of this case and said staff will prepare a response and put a copy in the next Board packet.

Director McGuire moved to adjourn the meeting at 9:50 p.m. Director Huffman seconded the motion and it carried unanimously.

Attest:



John A. Jaksch, Board President

Witness:



Scott Revell, Secretary/Manager