



## MINUTES

Regular Meeting of the KID Board of Directors  
Carl W. Petersen Board Room  
September 15, 2009

**Call to Order/Roll Call:** President Jaksch called the meeting to order in open session at 9:00 a.m. and Assistant Manager-Administration Hines called the roll.

**Directors Present:**

John Jaksch, President  
John Pringle, Vice President  
David McKenzie, Director  
Patrick McGuire, Director

**Staff Present:**

Scott Revell, Interim Secretary/Manager  
Joetta Rupert, Real Estate Manager  
Margo Hines, Assistant Manager-Administration  
Brian Iller, Legal Counsel  
Clark Haueter, District Treasurer  
Beth Smith, HR/Risk Mgmt & Acting Engineering Mgr  
Harry Fox, Operations Manager  
Doris Fiske, Executive Assistant

**Approval of Agenda:** President Jaksch added action on the Feasibility Study to the agenda and changed the order of discussion in executive session. **Director McGuire moved to approve the agenda as modified. Vice President Pringle seconded the motion and it carried unanimously.**

**Consent Agenda:** **Vice President Pringle moved to approve the consent agenda. Director McKenzie seconded the motion and it carried unanimously.** Items on the consent agenda were:

1. KID O&M Vouchers

Numbers:	57793 through 57815	\$	24,236.62
	57816 through 57816	\$	100.00
	57817 through 57889	\$	8,753.90
	57898 through 57947	\$	208,098.53
"	57948 through 57949		<u>1,000,000.00</u>

**Total Accounts Payable**

1,241,189.05

**Payroll**

Numbers:	31240 through 31252	11,659.27
	31253 through 31253	344.64
	31254 through 31254	1,976.82
	31255 through 31255	639.59
Direct Deposit		<u>71,118.66</u>

**Total Payroll**

85,738.98

**Voided Checks**

Check No. 57890 through 57897 void and reissued.

2. Minutes, KID Regular Board Meeting, September 1, 2009
3. Resolution 2009-25 Confirmation of Treasurer's Correction of Manifest Errors in the 2009 Assessment Rolls

**Unscheduled Visitors:** Dale Walter, residing at 5624 W. 10th Avenue, addressed the Board regarding the 2009 assessment and referred to a paper he distributed to the Board and staff just before the meeting. Mr. Walter asked for an explanation of why the per acre cost for pressurized parcels was higher than the per acre cost for non-pressurized parcels by a difference greater than his calculations indicate. Mr. Haueter asked to meet with Mr. Walter to discuss his concerns. Mr. Iller reminded Mr. Walter that he has been repeatedly asked provide his questions to staff in advance of the Board meetings, to allow staff to be prepared to respond in the Board meetings.

Mr. Walter asked about the hourly charges to LIDs based on FEMA rates used for half ton versus one ton pickup trucks. Mr. Haueter will respond after researching the question.

**New Business:**

1. **Policy 1.9 Telephone Voting:** Mr. Revell presented the draft policy and staff's recommendation for approval. **Director McGuire moved to adopt Policy 1.9 Telephonic Voting. Director McKenzie seconded the motion and it carried unanimously.**

2. **Policy 2.2 Spending Authority:** Mr. Revell presented the changes to the policy and staff's recommendation for approval. **Vice President Pringle moved to approve Policy 2.2 Spending Authority revision 5. Director McGuire seconded the motion and it carried unanimously.**

3. **Policy 3.2-2 Water Entitlement Transfer Process:** Mr. Revell presented details of the updated policy and procedures which have been reviewed by the Operations and Engineering Committee and were first presented to the Board on September 1<sup>st</sup>. He noted that, at the recommendation of legal counsel, an additional sentence has been added to the definition of water entitlement in the policy: *The water entitlement is further limited by the water available to the District from the Yakima Project pursuant to the District's pro-ratable water right.* Staff recommends approval of the policy.

Discussion ensued regarding application fees. Mr. Revell will bring the existing fee schedule to the next Board meeting, and stated that processing costs would be examined during the next year and amendments to the fee schedule proposed if necessary.

Discussion continued regarding scheduling of transfers.

Director McGuire asked about requirement for KID inspection of systems. Ms. Smith said District standards are not yet in place. Ms. Hines noted that the three-year time limit for installation of an approved delivery system would not begin until the standards are in place. Discussion ensued. Mr. Revell said the standards will be brought to the first meeting in February 2010. President Jaksch said lack of standards being in place should not impact passage of the Water Entitlement policy and procedures.

President Jaksch tabled the discussion until the first Board meeting in October (October 6<sup>th</sup>).

**4. Insurance Coverage Report:** Ms. Smith presented details of the Conover Property & Casualty insurance review and answered questions from the Board. She noted that premiums have increased primarily due to the increase in third party claims from canal breaks. Discussion ensued.

**5. Badger East Canal Seepage Report:** Ms. Smith reviewed details of the leaks on the Badger East Canal and their causes. She said replacement of faulty liners with Olympia rock, a strategy which was successful at Division IV, was less successful on the Badger East Canal. Discussion ensued regarding engineering of the attempted solutions. Mr. Fox discussed reasoning behind staff's choice of repair materials. Vice President Pringle asked that an assessment by a soil engineer be obtained. Budgeting considerations for 2010 and capital projects priorities were discussed. The need for a professional engineer to oversee this work was discussed. She stated that the staff engineers believe shotcrete of the Badger East Canal is of higher priority than the Division IV work. Mr. Fox disagreed.

**6. Revisions to 2009-2010 Capital Projects:** Mr. Revell reviewed the proposed amendments to the Capital Improvement Plan which have been reviewed by the Operations and Engineering Committee: Moving the chemical handling building to the operations budget, reducing the scope of the pump consolidation in south Richland, adding rehab of a portion of Division I of the Main Canal and confirming that costs for seepage repairs on the Badger East Canal may be paid from the capital improvements canal repair contingency budget item.

Discussion ensued regarding whether issues with canal condition and encroachments will be remedied by the proposed work on the High Lift Canal. Hydroelastic sealing was discussed. Mr. Fox noted there is now a second vendor for hydroelastic liners which will allow a competitive bid this year. Discussion continued regarding staff's prioritization of repairs the High Lift Canal over lining the Badger East Canal or more sealing of the Main Canal. Vice President Pringle suggested that soil engineering, and boundary line issues and rights-of-way be resolved before work begins on the High Lift Canal. President Jaksch added discussion of legal risks of a proposed action to executive session with possible action to follow executive session.

**7. 2009 Budget Adjustments:** Mr. Revell reviewed the 2009 budget adjustments report. The total shortfall for 2009 is expected to be \$299,000 which will be offset by reductions in expenses. New expenses are detailed in the Board packet materials as are the transfers of the District Engineer and District Planner positions back to the O&M budget from the Real Estate Department budget.

**8. District Manager's Report:** Mr. Revell briefly reviewed several topics in the District Manager's report:

➤ **Grants:** Mr. Revell discussed reasoning used to determine for which grants KID applied. KID applied for \$500,000 for canal sealing from the Small Communities in Rural Counties Grant. KID asked for a \$20,000 grant for canal sealing from the Water Conservation Field Services Program. KID did not apply for a Water System Acquisition and Rehabilitation Program grant or the Columbia River Water Management Grant.

➤ **USBR Yakima Basin Diversion Summary and KID Diversion Summary:** Mr. Revell discussed the diversion reports and the long range forecasts for snow pack.

- **Financial Reports:** Cash Receipts and Cash Investment reports are attached to the District Manager's report.
- **Home Builders Association (HBA) article:** The presentation made by Mr. Revell and Ms. Smith to the HBA was reported in the HBA's newsletter.
- **Monthly Report for Business Department:** The report by Ms. Hines is attached to the District Manager's report.

9. **Feasibility Study:** Mr. Revell presented the three party agreement and the USBR's request that signing of the agreement be expedited. If approved by the Board the signed agreement will be hand delivered today. Ms. Rupert asked whether the \$54,718\* is a loan or a simple transfer of budgetary funds. The Board and Mr. Haueter agreed the money was in the nature of a transfer not a loan as the purpose of the endowment is matching funds. **Director McKenzie moved to authorize the Interim District Manager to execute the three party agreement with the US Bureau of Reclamation and the Department of Ecology; to transfer the District's matching funds of \$54,718 from the Realty budget to the Executive budget; and to authorize the Interim District Manager to execute a revision to Section 5 of the contract with MacKay and Sposito to change the location of contract notice to the 12 W. Kennewick Avenue office. Director McGuire seconded the motion and it carried unanimously.**

\*Preparer's note: The District's matching funds were erroneously reported as \$56,718 in the suggested motion. The correct amount, \$54,718, matches the three party agreement and the previous transfer to the Realty budget.

- **Red Mountain South LID:** Mr. Revell reported on the status of preparations for the Red Mountain South LID formation which is scheduled for the September 24th special meeting of the Board. He said a more definitive answer will be ready later in the week.

President Jaksch called a short break at 10:27 a.m.

At 10:40 a.m., the Board met in Executive Session for 80 minutes to evaluate the qualifications of applicants for public employment, and to discuss with legal counsel legal risks of a proposed action regarding reductions in force and reductions in compensation, potential litigation regarding threatened litigation on alleged encroachments and legal risks of the proposed action regarding capital projects prioritization.

At noon, executive session was extended for 30 minutes.

At 12:15 a.m., the meeting reconvened in open public session.

**Director McGuire moved to interview Larry Blanchard, Charles Freeman, Paul Gagliardo, Micky Webb, and Neal Beets. Director McKenzie seconded the motion and it carried unanimously.**

President Jaksch announced special Board meeting will be held on September 25<sup>th</sup> to discuss budget issues.

**Director McGuire moved to adjourn the meeting at 12:17 p.m. Director McKenzie seconded the motion and it carried unanimously.**

Attest:

Witness:

  
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John A. Jaksch, Board President

  
\_\_\_\_\_  
Scott Revell, Secretary/Manager