



MINUTES

Regular Meeting of the KID Board of Directors
Carl W. Petersen Board Room
Tuesday, November 3, 2009, 9:00 a.m.

Call to Order/Roll Call: President Jaksch called the meeting to order in open session at 9:02 a.m. and District Manager Freeman called the roll.

Directors Present:

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

Staff Present:

Charles Freeman, District Manager
Scott Revell, Planning Manager
Joetta Rupert, Real Estate Manager
Brian Iller, Legal Counsel
Clark Haueter, District Treasurer
Beth Smith, HR/Risk Manager, Acting Engineering Manager
Harry Fox, Operations Manager
Brad Crawford, Information Technology Specialist
Doris Fiske, Executive Assistant

Approval of Agenda: President Jaksch added to the agenda revisions to Policy 2.2 Spending Authority, a resolution to waive sealed bid requirements to qualify a third vendor for poly-urea sealing of concrete sections of District canals, a District financial status review and an update on Red Mountain. He added an executive session on realty and pending litigation regarding Acquavella. Director McGuire asked to remove exempt employee job description updates as the original versions were not provided to the Board. President Jaksch said he intended to table discussion until the next meeting to allow time for review and instructed that comments on the job descriptions be directed to Mr. Freeman.

Director McGuire moved to approve the agenda as amended. Vice President Pringle seconded the motion and it carried unanimously.

Consent Agenda: Vice President Pringle moved to approve the consent agenda. Director Huffman seconded the motion and it carried unanimously.

Items on the consent agenda were:

1. KID O&M Vouchers
2. Minutes, KID Board Meeting, October 13, 2009

Accounts Payable

Numbers:	58258 through 58259	\$	1,000,000.00
	58260 through 58303		66,889.74
	58304 through 58380		188,708.97
	58381 through 58442		84,233.21
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Total Accounts Payable 1,339,831.92

Payroll

Numbers:	31280 through 31289	9,141.54
	31290 through 31291	6,607.16
	31292 through 31292	4,593.87
	31293 through 31303	8,600.14
	31304 through 31304	1,307.01

Direct Deposit	67,533.66
Direct Deposit	64,511.99
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Total Payroll 162,295.37

Total Disbursements \$ 1,502,127.29

Voided Checks

Check No. 58149 void and reissued with correct name. Check No. 57480 void and reissued, vendor has not received original payment.

Scheduled Visitors: Pete Rogalsky, City of Richland Public Works Director

1. City of Richland Keene Road Improvements and Storm Pond.

Ms. Rupert displayed a map of the property to be discussed and reviewed the background of the proposal that KID convey the land for installation of a storm pond. Discussion ensued regarding management of irrigation run-off water along Keene road. Director Huffman said the proposed improvements will enhance the rest of KID's properties in the area and he confirmed with Mr. Rogalsky that once the land is conveyed to Richland, City of Richland will own it and be responsible for the storm water facility. Mr. Rogalsky said that, due to the freeway, the Leslie Drain does not feed into the Amon Wasteway, thus necessitating the holding pond. Vice President Pringle commended the City of Richland for working to solve these issues.

Director Huffman moved to approve the donation of approximately 1.24 acres in City View, Block 4, Lot 1, KID #7014, to the City of Richland for the purpose of installation of a storm pond and improvements to Keene Road. Vice President Pringle seconded the motion and it carried unanimously.

Preparer's note: This motion authorized the signing, by the Board of Directors, of Resolution 2009-31, Donation of Approximately 1.24 Acres of KID #7014, City View, Block 4, Lot 1, to the City of Richland for Keene Road Improvements and Storm Pond.

Unscheduled Visitors: Dale Walter, residing at 5624 W 10th Avenue, said, based on the answer he received on previous questions, that KID assessed \$1,600,000 in O&M charges, and assuming \$900,000 in expenses, \$700,000 is going to the reserves. He asked, "now that this \$700,000 is going to the reserves, are we going to refund another \$700,000?"

Mr. Haueter said, when he and Mr. Walter met regarding the question about \$1.6 million, he answered that it was not just O&M as it includes other expenses that were allocated back to the LIDs. He confirmed that \$1.6 million was assessed. Mr. Haueter said he had no idea what Mr. Walter was talking about in terms of \$900,000 in expenses and \$700,000 going back to the reserves and requested another meeting to discuss this. He said Mr. Walter's numbers do not match anything in KID's books.

Mr. Walter said the \$900,000 was estimated because KID had \$951,000 last year. He said in March 2009 KID came up with \$433,000 under the FEMA Act. He said the FEMA Act has overhead and profit and when KID charges out equipment it should probably apply the most economic rate, which means if you use it more than five hours you have a daily rate. If you use it more than three days you have a weekly rate. If you use it more than two and a half weeks you have a monthly rate. He said KID charged an hourly FEMA rate straight through for six months and seven half ton vehicles were charged out as one ton. Mr. Walter said he therefore estimated \$900,000 for direct costs, approximately the same as last year, and that he thinks it is more than enough. He said now we have a surplus of \$600,000 and if we assess the same rate in 2010, we've got that million-four back. He asked if that is the intention of the Board.

Mr. Haueter repeated that Mr. Walter's numbers do not coincide with KID's analysis. He repeated his request to meet with Mr. Walter.

Director McGuire noted that Mr. Walter refused to sign his public records request and asked if he got all the information he wanted. Mr. Walter said he has no way to know if got all the information from a public records request except for trust. He said he asked for a different utility billing and has not gotten all the pages, and said there are other items that he has now found that he has not received all the materials. He said he used to sign, believing in good faith that he received everything, but after realizing there is no way he could verify it he has refused to sign. Director McGuire asked Mr. Walter to identify the material he is not receiving to the District Manager to resolve this problem. Mr. Walter said he has not. Director McGuire requested that he do so in the future. Mr. Walter agreed to do so.

James Wade, residing at 1813 S. Rainier Place, listed to the Board items he regards as wasteful spending: a Dale Carnegie course for \$1,800; golf for \$1,500; cell phones for \$2,400 per month; and almost \$7,000 spent on seminars. He said he was told the last time he addressed the Board that rate payers need not worry that any of their money would go to Red Mountain, asked if the Board would be willing to make a resolution to the effect that no monies from rate payers other than Red Mountain would go to Red Mountain. President Jaksch said the Board will take his suggestion under advisement.

Realty Business:

2. Real Estate Department Budget: President Jaksch said the Board received a budget from Ms. Rupert which will be discussed at the November 17, 2009 Board meeting. Ms. Rupert said copies of the budget are available to meeting attendees.

3. Realty Presentation: A copy of Ms. Rupert's presentation reviewing KID's District-owned properties is filed with the Board meeting packet. Ms. Rupert discussed characteristics, strengths, challenges and suggested work plans for KID properties in the Vista Entertainment District, Vista Business and Technology Park, Kennewick Industrial Park, Cityview, Stoneridge, Sandalwood, and at Red Mountain.

Director McGuire asked about the status of Red Mountain South LID funding. Ms. Rupert said she would like to be involved in the conversation. Mr. Revell said the main components are the engineering design, for which KID is issuing a request for qualifications, the financing details, and the water right. He said that last month most efforts were directed to the issue of the water right, but that the finance portion will be addressed. Ms. Rupert noted that the soil surveys were prepared for KID's benefit as a land owner.

Ms. Rupert also addressed properties sold in 2009, maintenance on KID properties, staff training and participation with the Young Professionals Lifestyle Survey. She reviewed accomplishments from 2009 and discussed goals for 2010.

President Jaksch called a short break at 10:00 a.m.

New Business:

4. Confirmation of Appointment of District Manager as Board Secretary: The Board of Directors joined Director McGuire in welcoming Mr. Freeman.

Director McGuire moved to confirm Charles Freeman, District Manager, as Board Secretary. Director Huffman seconded the motion and it carried unanimously.

5. Exempt Employee Job Descriptions Updated: President Jaksch postponed discussion of the exempt employee job descriptions and instructed that staff and Board comments be directed to Mr. Freeman. Director McGuire encouraged due diligence regarding how changes in assignments and responsibilities will affect other procedures. He said the bylaws need to be revised based on the new job descriptions.

Mr. Revell reported that as soon as the Engineering Manager job description is approved, an advertisement will be run to fill that position. Discussion ensued. Mr. Freeman advised that the job description be available prior to advertising the position. Mr. Jaksch asked that the Engineering Manager job description be a priority for approval on November 17, 2009.

6. Filing of Assessment Roll and Notice of Equalization: Mr. Freeman delivered the assessment roll to the Board as required by statute. Mr. Haueter discussed the need for publication of a legal notice of the filing of the assessment roll and the date and time the Board of Directors will meet as a board of equalization. He noted that the assessment roll will remain in Secretary/Manager's office, available for inspection, until the Board of Equalization.

Director McGuire move to give notice by publication in the Tri-City Herald legal notices on November 8th and 15th of 2009 that the 2010 Assessment Roll has been filed with the KID Board of Directors and that the Board of Directors, acting as a board of equalization, will meet on December 1st, 2009 at 9:00 a.m. to equalize assessments. Director McKenzie seconded the motion and it carried unanimously.

7. 2009 Election of Directors to Positions 2 and 5: Mr. Revell reviewed the filing of petitions and declarations of candidacy. He reported that it has been verified by staff that each candidate has presented at least ten qualified nominating electors and have, themselves, been found to be qualified per RCW 87.03.051. Candidate statements are being gathered and will be posted.

The candidates are:

Position 2

John Blanco
Patrick McGuire
James E. Wade

Position 5

Gene A. Huffman
Richard C. McAloon

8. Policy 2.2 Spending Authority, Revision 6: Mr. Haueter introduced proposed policy revision added after yesterday's Finance Committee meeting. Director McGuire said the Finance Committee does not want the KID's procedure to allow phoned in bids though the RCW does allow them. Mr. Haueter agreed and said the requirement for a written rather than phoned-in bid will be included in changes to the current purchasing procedures. Director McGuire noted that the Finance Committee would like all qualified vendors on roster to be given the opportunity to bid rather than the RCW requirement of three vendors. Mr. Haueter concurred. Mr. Haueter described how the vendor list will be administered.

Director McKenzie moved to approve Policy 2.2, Spending Authority, revision 6. Vice President Pringle seconded the motion and it carried unanimously.

9. Resolution 2009-32*, Purchase of Materials: Mr. Haueter described the request for approval of this resolution to allow a specific instance of waiving the requirement for sealed bids in order to qualify a third vendor for poly-urea sealing. He reported that the State Auditor's office was contacted regarding the proper procedure for qualifying a vendor by sampling. Director McGuire said the Finance Committee requests quality assurance by a third party to be included in the contract.

Vice President Pringle moved to approve Resolution 2009-32* and to direct staff that the contract may only be awarded concurrently with contracting engineering oversight of the application of the poly-urea sealing. Director Huffman seconded the motion and it carried unanimously.

*Preparer's note: This resolution was referred to in session as 2009-32 but was renumbered as 2009-32 to avoid duplicate use of number 2009-31.

10. District Financial Status: President Jaksch suggested KID contract an outside review of the District's financial status. He said a cost estimate will be needed if the Board wishes to pursue this. Discussion ensued. Each of the Directors confirmed their support for the concept. President Jaksch appointed Vice President Pringle, as Finance Committee Chair, to lead the process and offered to assist him. Discussion continued. Vice President Pringle advised that the scope of work be defined and a cost estimate be brought to the next Board meeting.

11. Interim District Manager's Report: Mr. Revell reviewed his last report to the Board as Interim District Manager.

- **Chemical Building remodel:** Bids were received and the contract was awarded to Conner Construction, the low bidder at just under \$56,000.
- **Columbia Snake River Irrigators Association (CSRIA):** Mr. Revell reported he was appointed as alternate board member to the CSRIA.
- **Columbia Park West Master Plan:** Mr. Revell is working with the Cities of Kennewick and Richland to assure that KID plans for a pump station in the vicinity of Edison Street will be included in the Master Plan map and text.

- **Grants:** Mr. Revell reported that KID did not receive the \$500,000 grant from the State Public Works Board, but has applied for \$100,000 for canal sealing from the USBR. President Jaksch asked that Ms. Rosenbaum debrief on what was learned from State Public Works Board grant application process.
- **Chandler Repairs:** Mr. Revell included materials in the report regarding the USBR sealing work on the Chandler Diversion Canal. KID's financial contribution of about \$20,000 was accommodated in the 2009 budget.
- **Red Mountain:** Red Mountain was one portion of the meeting with the Department of Ecology (DOE) last week. Progress was made on environmental issue regarding shrub steppe habitat. Information was conveyed to the Washington Department of Fish and Wildlife (WDFW) who will be sending out a biologist to do a rough water survey. Work continues on the recalibration effort, and Derrick Smith will meet with DOE to work on this. A meeting will be scheduled in early Dec to keep momentum going.

Director McGuire noted that \$97,000 was set aside to build the chemical storage building leaving \$40,000 over the amount contracted to Conner Construction. Mr. Revell said there are other expenses related to this project and that a final tally will be provided upon completion.

Mr. Revell thanked Board and staff for their performance during his time as interim District Manager, in particular the handling of the water-on season and the breaks. He thanked Ms. Smith for assuming the role of acting engineering manager. He thanked the Board for the opportunity to lead the District for the last eight months.

President Jaksch thanked Mr. Revell on behalf of board and the other Directors concurred.

President Jaksch called a break at 10:40 a.m.

At 10:50 a.m., the Board reconvened in executive session to discuss with legal counsel potential litigation and pending litigation, and to discuss the price at which property will be sold.

At 11:44 a.m., the Board returned to open public session.

Director Huffman moved to authorize Real Estate Manager Rupert to spend \$25,000 from Realty's 2009 budget surplus to the Red Mountain LID line item for payment to MacKay and Sposito for work performed. Vice President Pringle seconded the motion and it carried unanimously.

Director McKenzie moved to adjourn the meeting at 11:45 a.m. Director Huffman seconded the motion and it carried unanimously.

Attest:

Witness:


John A. Jaksch, Board President


Charles Freeman, Secretary/Manager

Prepared by Doris Fiske, Executive Assistant