



Minutes

Regular Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, July 6, 2010, 9:00 a.m.

President Jaksch called the meeting to order at 9:03 a.m. and called roll.

Directors Present:

John Jaksch, President
 Gene Huffman, Vice President
 David McKenzie
 John Pringle

Staff Present:

Charles Freeman, District Manager
 Brian Iller, Legal Counsel
 Ed Everaert, Engineering Manager
 Scott Revell, Planning Manager
 Judy Smith, Administrative Contracts Specialist
 Jason McShane, Staff Engineer
 Doris Fiske, Executive Assistant

Absent: Patrick McGuire

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

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

Items on the consent agenda were:

1. Minutes, KID Board Meeting, June 1, 2010
2. Minutes, KID Board Special Meeting, June 8, 2010
3. Minutes, KID Board Special Meeting, June 11, 2010
4. Minutes, KID Board Special Meeting, June 29, 2010
5. May Financial Status Report including Cash Receipts Report
6. May Cash Investment Report
7. KID O&M Vouchers

Accounts Payable

Numbers:	59894 through 59946	\$	19,946.36
	59947 through 59998		47,345.25
	59999 through 60087		92,653.09
	60088 through 60186		223,581.78
	60187 through 60264		59,097.33
			442,623.81

Payroll

Numbers:	31491 through 31499	\$	8,461.60
	31500 through 31500		5,916.26
	31501 through 31501		1,791.52
	31502 through 31510		8,601.81
			66,081.38
			64,120.57
			154,973.14
			\$ 597,596.95

Voided Checks:

Check No. 59021 void and reissue, vendor has not received payment.

Check No. 59731 void and reissue with correct amount.

Payroll Check No. 31490 void. Printed out of sequence, reissued as Check No. 31500

PRESENTATIONS:

Red Mountain Interchange Letter of Support: Benton County Commissioner Leo Bowman addressed the Board regarding modifications to the pending annual federal appropriations request for the Red Mountain Interchange project. Changes would reduce the amount of the request from \$5 million to \$2.3 million and include the intersection at Kiona which will be done before the interchange. **Director McKenzie moved to authorize the Board President to sign a letter in support of Benton County's I-82 interchange appropriation request. Vice President Huffman seconded the motion and it carried unanimously.**

Alternatives for the KID SCADA System - John Humphreys of Sutron Incorporated: John Humphreys made a PowerPoint presentation to the Board regarding Sutron Inc. products and services for data collection, processing, management and reporting (Copy of presentation materials on file).

Mr. Humphreys discussed integration with KID's existing systems and highlighted different support scenarios dependent upon whether KID uses existing equipment or new Sutron equipment. Discussion ensued regarding support. Mr. Humphreys said little support is needed for Sutron boxes as ditch riders generally maintain them and make changes. Hardware needing repair could be sent to Sutron or a replacement could be sent out for KID to replace. He said if Sutron equipment is used, training will be provided free of charge on an as needed basis.

Mr. Everaert noted that the US Bureau of Reclamation Yakima Project and Chandler pump use Sutron equipment. Yakima USBR cannot put SCADA pack information on Hydromet, but Sutron equipment would be compatible. He said that after the initial capital cost, annual maintenance is lower. Mr. Everaert said expanded automation is a goal of the KID and having one, not multiple, systems is preferable.

Vice President Huffman discussed purpose of automatic gates and remote control. Labor, fuel, and maintenance cost savings as well as water savings from automation were discussed.

Mr. Humphreys confirmed that if KID fixes existing SCADA stations by replacing the SCADA pack with the Sutron box and later adds new stations, they would be compatible. President Jaksch requested a cost estimate be prepared for the July 20 Operations and Engineering Committee meeting for getting rid of the SCADA pack and going with Sutron, versus a cost estimate with follow on help as needed with keeping the SCADA system and integrating Sutron boxes into it.

PUBLIC HEARING: None

BOARD REPORTS:

Finance Committee Report: The next meeting will be Thursday, July 8, 2010.

Water Rate Advisory Committee Report: The next meeting will be Monday, July 12, 2010. Mr. Revell said the agenda includes whether to form subcommittees on items to be addressed in the next assessment cycle. A joint meeting with the Rates Consultant and the Board is

tentatively scheduled for August. WRAC meeting agenda and materials will be posted on the website.

ACTION ITEMS:

Approval of Town Hall Agenda: Mr. Freeman presented the draft agenda and recommended a question and answer format with stations set up for each of the topic listed on the agenda. Discussion ensued. Vice President Huffman moved to approve the Town Hall agenda as presented. Director McKenzie seconded the motion and it carried unanimously.

10th Avenue Irrigation Pipeline Crossings Special Project: Mr. McShane presented a proposal to put two crossings beneath city water lines being installed on 10th Avenue. The crossings are in preparation for a 2013 project to put a line on the south side of 10th Avenue. He said staff recommends approval of the crossings or delaying until after the five year moratorium from the date of paving 10th Avenue. Mr. Freeman confirmed funding will be from the general fund.

Two other crossings to the west were approved for funding in 2008 with Hansen Park phase 2 and will be installed by Watts Construction after the water line is in. Also in 2008, KID upsized a quarter mile of pipe in the Hansen Park project to accommodate this project. Discussion ensued regarding ensuring that developers cover these costs in the future. Mr. McShane noted that KID's participation is due to an early 2000 agreement at the pre-plat stage.

Director McKenzie moved to approve the funding of up to \$15,000 from the 2010 Operating Budget for the completion of two crossings on 10th Avenue in coordination with the City of Kennewick Contract P0902-10. Vice President Huffman seconded the motion and it carried unanimously.

Approve Revised Organizational Chart and Job Descriptions: Mr. Freeman presented the revised organizational chart and job descriptions and discussed phase two of the reorganization started in January. He reported that staffing is down ten full-time equivalents from last year, necessitating maximizing what employees are doing. Changes are as follows:

- Engineering/Operations Manager – Title change only from Engineering Manager.
- Assistant Operations/Maintenance Manager – The Operation Manager position will be eliminated. The lead individuals in Operations are Assistant Operations/Maintenance Managers with a salary range of \$52,010 to \$72,400, based on the 2004 Meridian salary survey and the USBR salary matrix. Mr. Freeman stated he already changed their salaries and roles and they have been functioning as such for some time.
- CAD Specialist – Title change from Associate Engineer and revision of obsolete job description to reflect the employee's actual duties and KID's needs. The salary is unchanged. The Union is reviewing the job description.
- Construction Inspector/CAD Technician – Revised Construction Inspector job description to include CAD data entry duties during down time, helping to eliminate the need for contracted CAD assistance. Mr. Freeman proposed raising the position one grade to 20.
- Purchasing, Inventory & Technology Coordinator – New position recommended by the LeMaster Daniels report. Union has reviewed and agreed to duties and pay. Proposed grade is 26. The IT Specialist position is eliminated. Employees including the previous IT Specialist may apply for the new job.
- Springbrook Specialist/Accounting Assistant - New position recommended by the LeMaster Daniels report. Angela Richardson of LeMaster Daniels and the Union have reviewed and approved the job description. One Administrative Assistant position will be eliminated and

employees may bid on job. Proposed grade is 15. Mr. Freeman said KID will no longer pool Administrative Assistants.

- Assistant Planner - New position to meet demands of highly urbanized district. It was necessary to base salary on similar positions at cities. The Administrative Contracts Specialist position will be eliminated and the person in that position will have to compete for the new position. The position grade will be 25.

Mr. Freeman reviewed budget impact and said total expenditure reduction will be \$181,023.

Director Pringle moved to approve the revised organizational chart, attached job descriptions and respective salaries. Vice President Huffman seconded the motion and it carried unanimously.

RESOLUTIONS:

Water Entitlement Transfer Removal: Mr. Everaert presented the resolution and discussed the background of the case. In March 2009, all Country Meadow Heights was approved, but maps were not provided to the Board at the time and 19.86 acres which were outside the district were inadvertently included. The new resolution will repeal and replace the old resolution and remove that acreage. This was never built and the developer never intended to water to this area. Board action is necessary for documentation cleanup and error correction. **Vice President Huffman moved to approve Resolution 2010-13 that will repeal and replace Resolution 2009-10 which removes the 19.86 acres of irrigation assessment in Parcel Number 1-2188-200-0003-000 that is outside the District Boundary. Director Pringle seconded the motion and it carried unanimously.**

President Jaksch called a break at 10:15 a.m. and the meeting reconvened at 10:27 a.m.

PUBLIC COMMENTS:

Jim Wade, residing at 1813 S. Rainier Place, addressed the Board regarding wasteful spending and assessment and voting practices. He listed examples of private business that require employees to provide their own work clothes and tools and read from a list of tools, protective gear or clothing KID has provided to employees. He said that KID does this because "they don't have to pay for it" and can raise assessments on a captive audience. Mr. Wade said he thinks it is a violation of constitutional rights to force people to pay for water they don't receive or to be on water they don't want. He also said he believes now over 50% of the district is less than five acres which would require only two votes.

Dale Walter, residing at 5624 W 10th Avenue, referred to his spreadsheet (copy on file) which he provided to Board and said: "I'm trying to come up with the rate for our tier rate; how we arrived at \$1.6 million for assessments. I made a public request. Basically...it's historical and I used the 2007 roll and they provided me that they assessed \$1.5 million in 2007 and that includes the 7th Avenue; that includes the Gage and One Point Rehab[sic]. That's how they arrived at 1.689. Now, in 2007, if you look down there, the additional over \$500,000 was added to the reserves. If you remember in 2009, you paid some of this reserve back; \$1.4 million. With your \$500,000, plus your increase of \$100,000 assessment, you are now adding \$600,000 to a reserve over costs that aren't being generated. Now, so you assessed in 2009 and in 2010 approximately \$3.2 million. Of that, you've received 1.2 in excess reserves. And I made the statement earlier, that \$1.4 million that you gave back in 2009, you've gotten... by October you will have received 90% of that money back. What is the Board going to do? Are they going to continue charging urbanizers[sic] more than what they legitimately should be paying? That is the question the Board has to address and they better address it shortly."

President Jaksch said the Water Rates Advisory group is looking at how rates are assessed.

STAFF REPORTS:

Finance Manager: none

Engineering Manager: Mr. Everaert reported that work is progressing on Engineering Standards.

The low bid on the Edison Street 16" PVC pipeline liner was Columbia at approximately \$55,000 with tax and bonding. Because documentation on that pipeline is lacking, staff will pothole both ends of the pipeline to determine length for order placement.

Operations Manager: Mr. Everaert said the last report was 290 CFS on the main canal and averaging 12 to 13% spills.

He reported that staff is working on the moss problem. Discussion ensued. Mr. Everaert proposed to include weed treatment and results on new system maps to help analysis and evaluation of materials and methods.

Regarding SCADA, Mr. Everaert said Mr. Humphreys will schedule a site tour and proposed that Mr. Humphreys install the 13th site at his cost to see what it would take and provide a more thorough answer to the Board's questions. President Jaksch asked Mr. Everaert to look at a transmission problem that existed at Badger East a few years ago. Mr. Freeman said that another antenna has been installed and KID is now receiving data from it. Mr. Everaert discussed KID's future needs.

Planning Manager: Mr. Revell reported that staff is processing Water Entitlement Transfer requests. Inspectors are doing field verifications of the requests. Some applications have been dropped because application files not complete; often because mortgage companies did not provide the necessary release.

Realty Manager: President Jaksch asked that Ms. Smith report in Ms. Rupert's absence. Ms. Smith reported that Realty will be getting bids on cleaning up the Vista Field properties and that Realty is close to a contract on a sale which will be presented to the Board in a couple weeks.

District Manager: Mr. Freeman said the Water Rate Advisory Committee will meet with the rate consultant on July 13th and encouraged the public to attend.

WORKSHOP:

Policy and Procedure 2.26 Canal Rehab Fund: Mr. Freeman staff's recommendation to establish a fund dedicated to the canal rehab program and to limit the projects to the existing delivery infrastructure, not developer driven projects. Earned interest will stay in the fund and project grants would go into the fund. The fund would make expenditures easier to track. The funding source is the special assessment first levied in 2007 at \$10.00 per account and building to \$60; thereafter, increases would be limited to a CPI inflator. He listed examples of allowable projects. Mr. Freeman requested strict guidelines for staff on what projects fall within this program to facilitate budgeting and projects planning. He noted that, in reviewing the history of fund, policy was lacking. This policy is intended to establish clear guidance.

Director McKenzie suggested that options be included for the unexpected rather than limiting the funds to projects approved from the capital improvement plan. He listed Edison Street as an

example and said further discussion is needed. Mr. McKenzie said he finds it odd to move unused capital improvement funds to reserves and then assessing for unexpected repairs. President Jaksch reiterated his opinion that public/private partnerships, like that at Red Mountain, should not be ruled out.

President Jaksch asked that this be added to the Finance Committee Agenda. Mr. Freeman said it will also be discussed by the Operations and Engineering Committee and the full Board.

Project Tracking Update: Mr. Revell reviewed changes to the project tracking spreadsheet line items for Red Mountain, Water Management, and Strategic Planning & Special Projects. Mr. Everaert reviewed changes to items under Engineering and Operations. Mr. Freeman went over Administrative and Finance items.

Revised Engineering Standards: Mr. Everaert reported that the proposed standards have been revised to reflect current engineering standards to operate and maintain a federal irrigation system. He said that the standards are being revised to make clear that KID's standards are for our facilities only, as KID is authorized to do operations, maintenance, rehabilitation and betterment only on our facilities. Mr. Everaert noted that some obsolete references will be corrected and a few items added to the materials list before the standards are brought back to the Board.

Mr. Everaert proposed to the Board that staff should not have to go to Board for minor changes to the standards. President Jaksch agreed that the Board should not be involved at that level and the Directors present agreed. Mr. Everaert said the finalized standards will be brought to the Board on July 20th.

At 11:20 a.m., President Jaksch called a break.

At 11:30a.m., the Board reconvened in Executive Session for 15 minutes to discuss with legal counsel litigation regarding Acquavella.

At 11:45 a.m., the Board returned to open session.

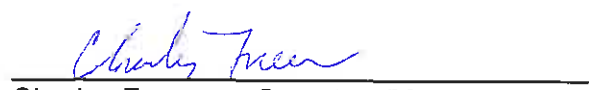
Vice President Huffman moved to adjourn at 11:45 a.m. Director McKenzie seconded the motion and it carried unanimously.

Attest:

Witness:



John Jaksch, Board President



Charles Freeman, Secretary/Manager

Prepared by Doris Fiske, Executive Assistant