



## Minutes

Regular Meeting of the KID Board of Directors  
 Carl W. Petersen Board Room  
 Tuesday, October 5, 2010, 9:00 a.m.

President Jaksch called the meeting to order at 9:00 a.m. District Manager Freeman called roll.

**Directors Present:**

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

**Staff Present:**

Charles Freeman, District Manager  
 Ed Everaert, Engineering Manager  
 Brian Iller, Legal Counsel  
 Scott Revell, Planning Manager  
 Colleen Storms, Comptroller/Treasurer  
 Judy Smith, Administrative Contracts Specialist  
 Doris Rakowski, Executive Assistant

**APPROVAL OF AGENDA:** President Jaksch added consideration of the minimum price at which real estate will be offered for lease or purchase to executive session. **Vice President Huffman moved to approve the agenda as amended. Director McKenzie seconded the motion and it carried unanimously.**

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

Items approved by consent agenda were:

1. Minutes, KID Board Meeting, September 21, 2010
2. KID O&M Vouchers

**Accounts Payable**

Numbers: 60821 through 60861	\$	31,653.80	
60862 through 60902		40,352.30	
<b>Total Accounts Payable</b>			72,006.10
<b><u>Payroll</u></b>			
Numbers: 31557 through 31562	\$	6,974.94	
Direct Deposit		63,158.99	
<b>Total Payroll</b>			70,133.93
<b>Total Disbursements</b>			\$ 142,140.03

**Voided Checks:** None

President Jaksch asked Mr. Freeman to address the Bretz Road LID formation. Mr. Freeman said consideration of approval of the Bretz Road LID was removed from the agenda due to a delay in the dedication of the new source pond. He said he hoped the LID formation could be considered at the next Board meeting, but it was dependent on a third party and a couple issues with the pond dedication.

**PRESENTATIONS:**

**Yakima Basin Plan Update:** Mr. Revell reviewed the Yakima River Basin Water Enhancement Program (YRBWEP) process. He reported that, at the September Work Group meeting, he indicated the District's conditional support for the Out-of-Stream Needs report provided that there

would be provisions included for KID's needs for agricultural and residential water. He said he also indicated the District's conditional support for the In-Stream Needs report provided that there would be a better explanation for why the Chandler reach of the Yakima River was listed as a low priority when it was listed as a high priority on the federal Endangered Species map for steelhead.

Mr. Revell said that the work of the group would result in a legislative package to Congress, but there was not yet full support of all group members. He said Yakima County, Benton County, and the Yakima Basin Storage Alliance were not in support of the package. Mr. Revell said he would send the Board Yakima County's letter of explanation of their position when it arrived.

Mr. Revell said the group discussed a drought mitigation concept proposed by Roza Irrigation District and heard a presentation by the USGS on the effects of groundwater withdrawals. He said the issue of irrigation water conversion arose and that he told the group that KID's tens of thousands of customers have been using Project irrigation water in urban areas and would expect to continue doing so. Mr. Revell asked if the Board wanted him to convey different messages to the work group.

President Jaksch said KID needed to consider the effects of increased efficiencies, conservation by irrigation districts, well withdrawals in the upper valley and reduced return flows to the Yakima River on KID's future water supply.

**Funding the State Water Resource Program:** Mr. Revell discussed a September Department of Ecology report to the Governor and the legislature regarding funding the Water Resources Program through more fees and less general tax revenues. He said KID staff assumed the Board did not support the establishment of new taxes on water right holders who already paid utility, property, sales and other taxes to the State. Mr. Revell noted that the report discussed water as critical to Washington's economy and quality of life, yet did not make the case that it was not worthy of the expenditure of the State's general fund revenues.

Mr. Revell reported that the Columbia-Snake River Irrigators Association (CSRIA) opposed this package and the Washington State Water Resources Association (WSWRA) would also oppose these taxes. He said that as the State's budget was tightened, a concerted effort would be needed to ensure that the water resource community would not bear an undue burden. Mr. Revell noted that the Water Resources Program staff had grown by about 47% since 2001 despite recent cuts. Mr. Revell asked if any of his assumptions were incorrect.

President Jaksch asked for an electronic copy of the Ecology report. President Jaksch asked whether the Department of Ecology had made any budget cuts to offset the proposed fees. Mr. Revell discussed the possibility and difficulties of streamlining the water code. Discussion ensued. The Board asked for no change of direction.

**PUBLIC HEARING:** None

#### **BOARD REPORTS:**

**Operations & Engineering Committee Report:** Director McKenzie reported:

- Progress on the SCADA system was reviewed and there were still communication issues at some locations.
- How to meter flow at turn outs was discussed. Director McKenzie said metering could solve some of the problems in private line areas.
- District direction regarding adding new pressurized service areas to the system was discussed. Concerns included capacity at current staff size and with existing equipment. The committee asked for research on how to determine the cost to the District when adding a new PSA and what was a fair way to pay for that cost.
- The committee asked for a report on the financial impact to the District of the Southridge annexation. Water availability and whether the infrastructure would be adequate to handle the

additional flow were discussed. Standards for new LIDs were discussed as was the possibility of using water masters.

- The committee heard an update on Red Mountain. President Jaksch confirmed that as of the previous week there was no date set for the tribal council to address the Settlement Agreement issue.
- Mr. McKenzie said that Bretz Road would probably be addressed at the next Board meeting.
- The committee asked for clarification on election voting issue.
- Preparations were started for water-off winter work. Director McKenzie said the project plan was in place and Engineering was working on detailed prospectuses, costs and priorities.

President Jaksch announced that water would be shut off October 18th.

**Realty Committee Report:** Vice President Huffman reported on Realty Department changes:

- The Realty Department focus would be on land management rather than active marketing of surplus land. Properties were marked with signs per Policy #74.
- The Realty Department would report directly to the District Manager and was relocated to the Administrative office.
- The Operations, Engineering and Planning Departments would provide staff support as needed. President Jaksch clarified that staff from other departments which work on Realty projects would be paid out of the Realty budget.
- The Contract Administrator would continue to administer active land contract payments, land purchase proposals and administrative purchase contract proposals.
- The Realty Committee would be examining surplus land inventory for best use including possible zoning or binding site plan modifications.
- Realty's priority for Red Mountain would be evaluation of land values and leasing options.
- The committee did not recommend hiring a realtor to market KID property at this time.

**Finance Committee Report:** No report.

**Water Rate Advisory Committee Report:** Mr. Revell reported that the committee met in executive session and deferred action until the next meeting on October 18.

**ACTION ITEMS:** None

**RESOLUTIONS:** None

**PUBLIC COMMENTS:**

**Dale Walter**, 5624 W. 10<sup>th</sup> Avenue. Mr. Walter referred to an August 2008 report by Mr. Revell. Mr. Walter said, using a 5% inflation factor and the 2009 population, by 2023 urbanizers would pay \$25 million for canal refurbishment, but tiers 10 and 11 would pay less than \$500,000.

Mr. Freeman said Policy 2.26, Canal Rehabilitation Program, passed by the Board (September 21, 2010), had no automatic inflator. Under the policy, the budget would be set every year in a public meeting by an affirmative vote of the majority of Directors in attendance, and there would be no automatic increase.

Mr. Walter said without inflation and assuming a \$10 increase up to the original \$60, the urbanizers would pay \$16 million and tier 10 and 11 would pay \$280,000. He asked how the Board justified that rate.

Mr. Freeman said justification would be within the new rate study document when it is released. President Jaksch concurred.

**James Wade**, residing at 1813 S. Rainier Place, said KID had spent \$22,634 on travel, meetings and entertainment this year and, at that rate, would spend \$40,000 for the year. He asked when and where KID increased the District from 55,000 to 55,490 acres and why KID rented vehicles when it owned 28 or 30.

In reply to Mr. Freeman's letter, Mr. Wade said Benton City, Kennewick, Richland and West Richland had approximately 59,220 acres and a population of about 130,000. He said Mr. Freeman showed 24,086 parcels for 12,360 acres. Mr. Wade agreed this was less than 50%, but was only .19 acres per parcel. Mr. Wade said Mr. Freeman failed to count the five acres and less that did not pay assessments or receive water. Mr. Wade said if Mr. Freeman corrected his mistakes and counted those people, the total of land owned that was five acres and less would be approximately 28,300.

Mr. Freeman said staff stood behind letter mailed to Mr. Wade on September 28<sup>th</sup> regarding the election process and that the number of parcels was straight out the GIS system parcel database. He noted for the record that KID had 24,086 parcels less than 5 acres totaling 12,316 acres which is much less than the 55,490 acres, which was from the Bureau's data.

Mr. Iller asked Mr. Wade to please read statute carefully. He said if Mr. Wade had any information that there were parcels which were not counted that were within the boundary of the District, he needed to provide it. He said it was not constructive for Mr. Wade to say the District was wrong without providing supporting facts. He noted that Mr. Freeman said the count was based on the District's records and said if the District's records were wrong, he needed to demonstrate that they were wrong.

Mr. Wade said he just did.

#### **STAFF REPORTS:**

**Finance Manager:** No report.

**Engineering/Operations Manager:** Mr. Everaert reported:

- The USBR was conducting a Stimulus-funded inspection of high risk areas. Ben Woodard and Con Higley were attending the inspection and expected the inspection to be completed within 24 hours. Mr. Everaert said the report would have observations but no recommendations and no construction funding was available. Mr. Everaert said the money might have been better spent on construction and that the inspection did little more than the existing USBR review of operations and maintenance.
- Labor and equipment cost spreadsheets were nearing completion.
- The 2011 Capital Improvement Plan prospectuses were nearing completion and would be presented at the October 19<sup>th</sup> Board meeting.
- John Humphries of Sutron ordered software to enable the 9210 data collection platforms to communicate with the main system. Once the software was in place, the eleven other units would be installed by Mr. Humphries and Brad Crawford.
- A valve was installed at Pond 157 and would be tested during the week. He said he hoped the easement transfer issues and contingencies would be resolved that week so the preferred alternative for the Bretz Road LID could be prepared by Engineering.

Discussion ensued regarding the Bureau inspection. Mr. Everaert confirmed that it was paid for with Stimulus funds and not by KID. Director McKenzie asked if the focus was areas with potential impact to residences and if the Bureau position was that canal rehab dollars should be spent there first. Mr. Everaert said he requested the Bureau report soon enough that adjustments could be made to winter work if needed. Mr. Everaert said he was the main point of contact and Mr. Woodard was assigned to the inspection. Mr. Freeman said KID's cost was two FTEs to attend the inspection

and that based on discussions in the field there were no surprises. Mr. Revell discussed the selection process for areas which were inspected.

**Planning Manager:** Mr. Revell reported:

- The monthly River Ops meeting was October 4<sup>th</sup>. The water year started October 1<sup>st</sup> and there were three to four hundred thousand acre feet of carry over storage.
- Annual maintenance on the Chandler fish screen was to begin shortly.
- The Planning Department has been researching Red Mountain Property issues and reviewing options with the Realty Committee.
- KID will meet in about two weeks with city staff about Southridge water planning issues.

**District Manager:** Mr. Freeman reported:

- A press release was being developed for the election notifying people to file for candidacy and a call would go out during the week for volunteers for inspectors and judges.
- Mr. Freeman met with the interim city manager and invited her to the Southridge planning meeting. He urged Board members to attend. KID intends to require that the pre-design work for irrigation be redone as it does not meet District standards for on-demand systems. Mr. Freeman said he would email the Board when the schedule for the meeting is finalized.
- Mr. Freeman said the Salary Survey kick-off meeting would coincide with the Finance Committee meeting or a special meeting would be called and that job duties and job description titles were being reconciled so the report would have value.
- Mr. Everaert was assigned to develop the scope of work for Red Mountain design in house to control costs.
- The budget was nearing completion but public records requests would need to be added as a line item. There were 78 requests to date requiring 168 hours of staff time, not including final hours for Mr. Iller or Mr. Freeman. KID cannot bill for research time but would begin to allocate to a specific GL for tracking. Of the requests to date, 44 were by Mr. Walter, 12 by Mr. Wade and nine by the paper. Mr. Freeman said responding to records requests is time-consuming and costly but KID is following the letter of the law though they may disagree.

**WORKSHOP:** None

President Jaksch called a break at 9:50 a.m.


At 10:00 a.m., the Board went into executive session for two hours to discuss with legal counsel litigation per RCW 42.30.110(1)(i)(i), potential litigation per RCW 42.30.110(1)(i)(ii), and litigation or legal risks of a proposed action or current practice per RCW 42.30.110(1)(i)(iii), and to consider of the minimum price at which real estate will be offered for lease or purchase per RCW 42.30.110(1)(c).

Executive session was extended for one hour at 12:00 p.m. and 1:00 p.m. At 1:55 p.m., the Board returned to open session.

**Vice President Huffman moved to adjourn. Director McKenzie seconded and the motion carried unanimously.**

Attest:

Witness:

  
John Jaksch, Board President

  
Charles Freeman, Secretary/Manager

Prepared by Doris Rakowski