

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
MAY 17, 2005**

MEMBERS PRESENT: Directors Barkhurst, Brain, Pickard, Sorell and Stock.

STAFF RESENT: Melvin Matthews, Christopher Burt, and Shirley Burt

CALL TO ORDER: The meeting was called to order at 1933 hours by the Chair, Richard Barkhurst. He noted that there was a quorum of the Board present. The Agenda was unanimously approved as presented.

PUBLIC COMMENT

No members wished to comment at this time.

REVIEW WATER TANK MAINTENANCE PROGRAM

The General Manager stated that following the prior Board Meeting he had taken all the comments from the Board regarding this matter into consideration and negotiated the contracts for each of the five tanks with the Utility Services Company. He reminded the Board that he had supplied all of that information along with a memo summarizing the major features of the contracts to the Board Members earlier in the month.

He then introduced three members of the Utility Services Company - Steven Bishop, Harold Bishop, and John Hake – noting that they had been very cooperative in addressing the concerns that had been expressed at the last Board Meeting and that they were here to answer any questions from the Board Members.

Director Sorell asked for the following information--

- Clarification of the statement in the memo having to do with the timing of the interior and exterior painting schedule
- The number of tanks in their nationwide program
- The drop out rate of companies in the program

Mr. Hake reviewed the reasons for the inspection schedule as presented, noted that they have about 4500 to 5000 tanks under contract, and that the drop out rate of companies who have contracts with the company is ½ of 1 per cent.

The General Manager then commented that while these contracts represent a considerable investment they provide --

- A more predictable cost for tank maintenance
- The ability to drop or renegotiate the contracts as circumstances dictate
- Removal of the enormous uncertainty as regards the costs of the East Tank project
- The spreading of costs that addresses some of the concerns regarding the District's cash flow
- That all work being performed is based on industry standards which gives some protection

Director Stock then questioned the rational of the timing of the inspections and it was pointed out that the maintenance schedule is derived from the standards as stated in the M42 Tank Manual of the American Water Works Association.

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Director Stock then questioned the possibility of antenna placement on top of the tanks and Mr. Bishop stated that it is possible but must be done correctly to prevent damage to the tank top. He noted that the company has their own antenna installation division and are available to market the antenna installation which could produce revenue for the District.

The Chair then stated that before the Board could vote on the matter, the financial impact of these costs and how they would fit into the existing budget framework would need to be known. He directed the General Manager to develop a spreadsheet on each tank over the ten year period, determine how these costs fit into the existing budget framework, and provide this information at the next Board Meeting.

REVIEW OF STATUS OF ANNUAL AUDITOR'S REPORT

Director Sorell reported that the General Manager and the Treasurer had reviewed the Draft Auditor's Report and had sent their comments to the Auditor. He stated that those comments had been included in the final report which is now before the Board for their approval.

Gail Egan, Auditor, then reviewed the report and answered questions from the board. During her report the Auditor called attention to the change in the PERS Actuarial Report and noted that the District has now been combined with other agencies and wondered how this would affect the funding balance for the District. The Board requested that this matter be reviewed and placed on the next Agenda.

The Chair then requested, that if the Treasurer and General Manager were satisfied that the numbers in the report were good and that they had reviewed the report, and if there are no further questions from the Board, that a motion be made to approve acceptance of the report.

It was M/S/C-(Sorell/Pickardl-5/0)-"That the 2004 Auditor's Report, as prepared by Egan & Egan, be accepted as presented"

APPROVE RESOLUTION 2005-05-27

The Secretary to the Board explained that this resolution is required by the Los Angeles County Board of Supervisors. Director Pickard noted however that a candidate statement is not required and that the cost of such a statement can be determined by calling the Registrar/Recorder's Office.

It was M/S/C-(Sorell/Pickard-5/0)-"That a candidate statement will be limited to 200 words and that 100% of the cost will be paid by the candidate."

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GENERAL MANAGER'S GOALS FOR 2005

The General Manager presented the following goals to the Board for their review.

- 1-Improve communication with the Board: Consistently get drafts of agenda items (except routine items) out to the Board at least one week prior to the Board Meeting to provide adequate time for review and discussion; discuss complex and/or potentially controversial items individually with Board Members before putting items on the Agenda.
- 2-Develop and implement computerized inventory control and ordering system for system maintenance items and office supplies
- 3-Develop and implement computerized data collection and reporting system for KID production and storage facilities.
- 4-Maximize the benefit to the KID of FEMA/OES reimbursements of storm-related work through effective management of project applications

Director Sorell asked about the Master Plan Update and it was decided to add that task to the goals for 2005.

The Chair then noted that these goals meet the criteria as they are measurable, and can be managed by the employee.

Director Stock wondered about the **long term water source plan** and the General Manager stated that he didn't see that as a measurable goal but it was an important issue that is a continuing process in keeping the Board informed of water supply issues.

GENERAL MANAGER'S REPORT

The written Report was reviewed and the Board had no questions.

REVIEW OF THE MINUTES

The minutes of April 19, 2005 were reviewed and unanimously approved as presented.

REVIEW OF FINANCIAL REPORT

The financial report of April 30, 2005 was reviewed and approved for filing as presented.

In discussing the billing from legal counsel, Director Sorell noted that the tank contracts need to be approved by legal counsel before signing.

It was noted that cost of the damage to the Wilcox Well site has been pursued in small claims Court and the District has received a judgment. The possibility of collection of the judgement is unknown.

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DAMAGE TO DISTRICT FACILITIES

The Chair asked the General Manager about damage to District Facilities and the letter that had been sent out. The General Manager asked Chris Burt to discuss the current problem at the top of Pasadena Glen where the District has diverted the water to make flow measurements for spreading credit. Following the discussion it was noted by the General Manager that tampering has occurred multiple times.

Mrs. Williams in public comment stated that the letter came across as somewhat strange because outside of a few persons no one understood what the letter was about.

The General Manager replied that he realized that might be the case but there were particular individuals to whom he thought it would have meaning and he didn't want to make accusations toward a limited number of people that may or may not have been involved. The General Manager further stated that there were other incidents involving the Delores Tunnel line and that the purpose of the letter went beyond the immediate issue and was to serve notice that our facilities are not to be tampered with and to make a request to let us know if tampering is observed.

Director Sorell stated that he thought Mrs. Williams was suggesting that the District should be more explicit as to what actually was done and what the impact was.

ITEMS FOR THE NEXT MEETING

Review of the Tank Maintenance Draft Contract
Review of PERS Actuarial Report

ADJOURNMENT

The meeting was adjourned at 2115 hours and the next meeting will be on June 21, 2005.

Respectfully submitted,

Shirley Burt
Secretary to the Board