

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
December 19, 2006**

MEMBERS PRESENT: Directors Barkhurst, Griffith, Pickard and Sorell.
Director Kilburn was excused due to a prior commitment.

STAFF PRESENT: Melvin Matthews, General Manager
Chris Burt, Facilities Supervisor
Shirley Burt, Administrative Assistant

CALL TO ORDER: The meeting was called to order at 1930 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

There were no members of the public present.

OPENING OF THE PUBLIC HEARING – WATER RATE INCREASE

The Chair declared that the Public Hearing under the Provisions of Proposition 218 was now open and that comments from the public would be heard about a proposed water rate increase that was approved by the Board two months ago.

There were no members of the public present to comment.

The Chair then declared that the Public Hearing was closed.

APPROVAL OF THE WATER RATE INCREASE

The Chair requested comment from the Board regarding the proposed Resolution 2006-12-19 having to do with the proposed water rate increase.

Director Sorell requested that his comment be included in the minutes.

“That the rate increase was proposed after consideration of what the operating expense increases were going to be and the commitment to continue the planned maintenance capital improvement program and that it was the recommendation of the budget committee that this rate increase be approved in order to permit the continuation of funding for capital improvements and planned maintenance at the approved planned level.”

It was M/S/C – (Pickard/Sorell-4/0) – **“That Resolution 2006-12-19 be approved which increases the Daily Service Charge to \$36.00 per month and the commodity charge to \$2.42 per unit.”**

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SELECTION OF AUDITOR FOR FISCAL YEAR 2006

The Chair called the Board's attention to the letter from the Auditor Egan & Egan.

Director Pickard stated that he was pleased that the rate has not been raised from last year.

Director Sorell stated that he was satisfied with the quality of their services, that they have been broken in, which is a good thing, that their rates are about half of what was being paid before and that they have established a good working relationship.

Director Griffith asked how many years the District had had this auditor and the General Manager stated that it would be the fourth year.

Director Griffith stated that he thought maybe other quotes should be obtained.

Director Sorell stated that probably next year would be the time to reconsider the selection process as it would be the fifth year. He stated that he is confident on the price and that he has not reviewed their audit procedures but has looked at the overall output and is satisfied that the District is getting what it needs.

Director Griffith questioned whether the statement in the Auditor's letter – "We are also aware of the possibility that illegal acts have occurred" is a standard line.

Director Sorell replied that that is the standard kind of thing and that it leads up to the next line "However, you should recognize than an audit cannot be expected to provide that illegal acts will be detected."

It was M/S/C-(Sorell/Pickard-4/0)- **"That Egan & Egan be retained for an additional year as Auditor pursuant to the terms noted in their letter of December 8, 2006."**

GENERAL MANAGER'S REPORT

Mr. Matthews reviewed his report and highlighted the following items.

House Tunnel: The project has been completed, it came out well, and additional flow was picked up by straightening out the line.

Hi/Lo Pressure Tunnel: The project is 80% complete but there is additional work to be done to tie the line into the manifold system and to prepare the Low Pressure #2 Tunnel entrance.

Director Griffith asked about the status of the permits that had been requested by the County and Mr. Matthews replied that the contractor proceeded with the permit from Los Angeles County but that Fish & Game was not interested and the Flood Control District appears to be satisfied now that the site has been picked up.

Chlorine Analyzer: The Chlorine Analyzer is on display before the board and this is an item that the Health Department had requested be installed several years ago at all of the treatment sites. All sites will have analyzers by the end of the 2007 year.

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Doyne Road Project: The Developer has met with the staff and has indicated that he will start with the grading fairly soon. He has requested that the District provide him with an estimate of the cost to up grade the original plans. The District has told him that he needs to find out what fire flow the Fire Department will require so that the plans can be upgraded to meet the required flow and that until the Engineer has that information he cannot proceed to provide an estimate for the plan upgrade.

REVIEW OF THE MINUTES

Director Griffith commented that at the last meeting a resolution concerning a document that had been sent by Mr. Kruse, General Counsel, but had been edited by Mr. Matthews was presented and he is suggesting that next time a copy of the original document from Mr. Kruse be provided along with the edited document so that comparison can be made before the meeting.

The minutes of November 21, 2006 were reviewed and unanimously approved as presented.

REVIEW OF FINANCIAL REPORTS

The Financial Report was reviewed by the Treasurer, Director Sorell.

Director Sorell questioned the amount of water sales being \$118,000 for the month, which is unusually high making it almost the same as the month of August, and the power expense being only \$1037. He noted that while the current net surplus for the month is shown as \$90,000, it is negative when the expenditures are considered which makes the picture not quite as rosy as the revenue is unusually high and the expenses are understated.

Mr. Matthews stated that he would investigate these matters.

Director Sorell noted that for the eleventh months to date the District has spent \$304,000 of which approximately \$100,000 is the FEMA reimbursement, \$100,000 is the tank and reservoir contract and \$100,000 is for capital budget items. He further noted that when the FEMA reimbursement is received the District would be in a good financial situation and asked what capital projects were scheduled for the following year.

Director Griffith asked and received explanation of the mailing expenses, the employee certification expense, and administrative travel expense.

Director Sorell asked if Mr. Matthews would give a report on the ACWA convention that he attended and he said that he would do so at the next Board Meeting.

The Financial Report was unanimously approved for filing.

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ITEMS FOR NEXT AGENDA

Election of Officers
Report of ACWA Convention
Prioritization of Capital Projects
Selection of Engineering Firm for K-3 Water Main Extension

ADJOURNMENT

The meeting was adjourned at 2025 hours and the next meeting will be on January 16, 2007.

Respectfully submitted,

Shirley L. Burt,
Secretary to the Board