

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
August 21, 2007**

MEMBERS PRESENT: Directors Barkhurst, Griffith, Kilburn, Sorell and Pickard.

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

CALL TO ORDER: The Meeting was called to order by the Chair, **Richard Barkhurst**, at 1930 hours. The Agenda was approved as presented.

PUBLIC COMMENT:

There were no members of the public present.

INTRODUCTION OF GUESTS :

The Chair introduced Nina Jazmadarian, General Manager of the Foothill Municipal Water District, and **Robert Gomperz**, Chairman of the Board of the Foothill Municipal Water District.

Mr. Gomperz stated that he was using this opportunity to visit all of the Agencies served by the Foothill Municipal Water District and also to introduce their new General Manager. He explained that the drought as well as legal challenges have put restraints on the two sources of water to the Foothill Agency – namely the Colorado River and the northern California source coming from the Sacramento Delta, and while Kinneloa Irrigation District doesn't need water from the Foothill Agency at this time, many of the Agencies served by Foothill depend entirely on these two sources. He stated that Kinneloa could be served in other ways by Foothill as it relates to policies that are being adopted and urged the continued attendance of Kinneloa at the Foothill Board Meetings.

Mrs. Jazmadarian stated she wished to share some of her short term goals, the first which is the adoption, implementation and financing of Foothill's Master Plan. Secondly she will be representing the Agency at the Metropolitan Water District and some of the decisions could impact Kinneloa namely the Drought Management Plan for 2008 and also the long range Funding Plan.

The Chair thanked Mr. Gomperz and Mrs. Jazmaderian for their presentations and assured them that Kinneloa would continue to be involved with the Foothill Agency as an active participant.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
August 21, 2007**

Page 2

REVIEW OF NEW YORK PIPELINE PROJECT BIDS

The General Manager reported that the District received 27 requests for plans and specifications and that twelve contractors submitted bids which are listed in detail on the spread sheet that the Board has before them. He stated that there were no bids that could be disqualified at this first review but that there would be a final scrutiny by the Engineer and the District as to whether there are any major deficiencies that would eliminate a bidder and make them not responsible. The Board then held a general discussion regarding the variations between bidders as related to the detailed items on the spread sheet.

Director Griffith questioned what input the Engineer would provide regarding the bids and the **General Manager** replied that the Engineer would add any particular input that he thought was relevant although it would probably have no effect on the low bidder.

Director Barkhurst requested that, through Director Sorell or Mr. Kruse, they investigate Doreck Equipment Rental using a program called Lexus Nexus that is a database that collects all public records and shows how many times a company has been sued or declared bankruptcy, etc. He further questioned whether the District requests a financial statement as part of the process in seeking bids and **Mr. Matthews** replied that the District does not as it relies on the Engineer to put up red flags and that in this case the Engineer is presently working with Doreck on a job.

Director Sorell stated that he would search the company through Lexis Nexis.

Director Barkhurst stated that in his experience with the Banking Industry, before a contract of this magnitude is awarded, an extensive financial investigation of the company is made to make sure that they have the financial resources to perform the job to completion.

Mrs. Burt explained that the District's legal counsel goes over all of the papers in the contract package which includes the Bonding requirements, to be sure that the company is in good standing,

Director Sorell stated that that is a good source of comfort as the bonding companies have more access to financial matters.

Director Barkhurst questioned whether the District has a policy about the minimum of Best rating that the District will accept from the bonding company and the **General Manager** stated he is not aware of such a policy.

Director Griffith questioned whether there are not other expenses involved with the job such as inspection and the **General Manager** replied that he plans to manage the project but that there will be some inspection which will be done by SA Associates or some other Engineer. He stated that the spread sheet does not show the incidental expenses but that they usually amount to about ten to fifteen per cent of the job.

Director Griffith questioned as to what part of these incidental expenses the General Manager would be doing and Mr. Matthews replied that he would be managing the project and then would be relying on an Engineer for inspection at appropriate stages.

Director Griffith questioned what activities were involved in Project Management and Mr. Matthews replied that it would include observing the job on a daily basis and making out the daily observation reports. He stated that he felt that it was something he could easily handle

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
August 21, 2007**

Page 3

along with his other duties. He explained he would keep track of the project rather than hiring someone at a very high rate to simply do daily inspection and watch the work in progress and then have the Engineer come in at critical times but not every day. He stated in the past the District has spent as much as 15 % for continual inspection by an engineer and he hopes to get these expenses down to ten per cent and save money on the project.

Director Griffith questioned what Mr. Matthews was recommending – to look at the group of low bidders or one bidder and **Mr. Matthews** replied that he was recommending that the District go with the low bidder.

It was M/S/C -- (Barkhurst/Sorell-5/0) – **“That the Board give the General Manager the authority to award the contract to the lowest qualified bidder subject to standard due diligence.”**

REVIEW OF TRUCK QUOTATIONS:

The **General Manager** stated that he had sent out a request for bid to eleven Ford Agencies and that he had received three back which are shown on the spread sheet in front of the Board. He explained the need for a service body rather than a cross bed toolbox and the requirements for adequate towing ability. He noted that the lowest bid was from Wondries Ford and that the agency sells a lot of vehicles to government agencies and cities.

Director Barkhurst stated that Wondries was recently successfully sued in a large class action Suit, which included the state of California, for unethical sales practices so he presumes that they are being particularly aware about running a clean shop.

Director Griffith stated that he was questioning that also since when he went to Advantage Ford and got the price shown, he was told that Kinneloa did not qualify for a fleet price. He stated that he had gotten a bid price from Chevrolet that is not shown on the spread sheet and that it was for around \$26,000. which is a comparable bid.

Mr. Matthews stated that he was looking for authority to turn the bid into a purchase contract.

It was M/S/C -- (Barkhurst/Pickard - 5/0) - **“That the General Manager be empowered to purchase a super duty regular cab truck at a price not to exceed \$28,000. and a Harbor brand nine foot utility body not to exceed \$15,000.”**

KINNELOA BOARD OF DIRECTORS NOMINATION RESULTS:

Mrs. Burt stated that the Registrar Recorder’s Office reported that Directors Kilburn, Griffith, and Pickard have no opposition for their offices in the November election, but that Director Sorell is being opposed by Mr. Nicholas Vayos.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
August 21, 2007**

Page 4

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BALLOT:

The Board reviewed the biographical information provided in the packet for three of the four candidates.

M/S/C – (Sorell/Kilburn – 5/0) **“That John Fox be nominated to the slate of the California Special District Association Ballot.”**

ASSOCIATION OF CALIFORNIA WATER AGENCIES BALLOT:

The Board reviewed the ballot which requested that the Board vote for a slate of officers as suggested by the nominating committee or vote for individuals candidates.

Director Sorell questioned when and where this Board would meet and **Mr. Matthews** stated that two of the meetings are at the fall and spring conventions and the other meetings are usually in connection with a tour which is usually at a local site. He explained that he will need to budget a little more for travel expenses.

It was M/S/C – (Kilburn/Griffith-5/0) – **“That the Board nominate the slate of officers as suggested by the nominating committee.”**

APPOINTMENT OF AN HOC BUDGET COMMITTEE:

Director Barkhurst reminded the Board Members of the following rules. If there are only two members of the Board on the Committee it is an Ad Hoc Committee and does not need to be noticed or minutes taken. If there are more than two members of the Board on the committee it becomes a quorum of the Board and is subject to all of the public notice and minute requirements. He explained that he personally thought there was some value in having more than two people involved particularly if they are new members and since he heard three people say that they wanted to be involved he did not think it appropriate to preclude anyone. He there fore appointed the Treasurer to serve as Chairman and Directors Kilburn, Pickard, and Griffith to serve as members of the committee.

Director Barkhurst then stated that the Board was in consensus to hold a Board Meeting Budget Committee or meetings with all four Board Members and a notice will be published and minutes will be taken. And he emphasized that only the budget can be discussed at the meeting.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
August 21, 2007**

Page 5

REVIEW OF EMPLOYEE POLICIES

A. EXECUTIVE EMPLOYEE COMPENSATION:

Director Barkhurst reviewed for the Board the decision that had been made at the last Board Meeting which stated that the exempt employee would continue to be paid for rotation work and any emergency type tasks that would be required above the normal activities and that the rate of pay would be the wage for straight time. He stated that since then the General Manager contacted him and stated that he reviewed all of the documents and it is more appropriate that the Board treat Mr. Matthews as a true exempt employee and that the annual salary would cover all work done for the Kinneloa Irrigation District including rotation and emergency work exclusive of any out of pocket expenses. He stated that he had asked the General Manager to put that in a memo form and that memo is in the board Packet. Director Barkhurst stated that he agreed that the documents clearly point out that the job description done several years delineate this as an exempt position not having the ability to be paid overtime and that the draft offer letter that has been given to several previous General Managers say that there is no overtime included in this offer. He further stated that in keeping with the spirit of the definition of the exempt employee or Executive employee he agrees the Mr. Matthews should consider himself an Executive Employee rather than Exempt Employee so therefore it is appropriate to include such activities associated with the job.

It was M/S/C-(Kilburn/Pickard-5-0)- **“That the decision regarding compensation for the exempt employee be amended to state that the Executive Compensation of the Kinneloa Irrigation District will be inclusive of all activities of the General Manager including participation in the standby rotation facilities checks and all emergency work.”**

B. EXPENSE REIMBURSEMENT POLICY

Director Barkhurst then brought to the Board’s attention a concern that had been expressed by the Auditor that as part of the Board’s internal controls the Board makes sure that the expense reimbursement requests from the General Manager were thoroughly examined by the Board.

It was M/S/C—(Barkhurst/Sorell) – **“That the Kinneloa Irrigation District require that the expense report of the General Manager be approved by two Board members. The expense report should accompany the request for a check. The expense report would be reviewed and signed by the two Board Members who sign the expense check.”**

GENERAL MANAGER’S REPORT:

The **General Manager** questioned whether there were any questions of the report as submitted in the Board Packet.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
August 21, 2007**

Page 6

Director Barkhurst questioned as to the number of polyethylene service lines still in the District and the **Facilities Supervisor** stated that the number is unknown but that most of them were installed back in 1979 and 1983 within tracts so the whereabouts are known and about 35 services remain. He explained that there are three conditions which cause this type of pipe to fail—1) a bad batch of pipe, 2)-poor backfill and 3) it becomes brittle with age.

Director Barkhurst questioned the cost of the replacement on Barhite Street and the **General Manager** replied around \$1200-\$1300.

Director Barkhurst then noted that the District is looking at a \$50,000 expense over time and the **Facilities Supervisor** stated that the cost is more around \$2500. each depending upon the amount of street that has to be dug up.

Director Griffith commented that regarding the interconnection with the City of Pasadena he had understood that that connection was to be done at a site on his property in Pasadena Glen. but that the City of Pasadena had never contacted him.

The **Facilities Supervisor** stated that the original plan has been revised and the plan now involves revising the Interconnection on Ranch Top, coming up Sierra Madre Villa to just below East Barhite and tie in there and go down the street to Fairpoint and go east on Fair point from Sierra Madre Villa. He noted that one of the reasons for the change had to do with the question of how to go across the Pasadena Glen Wash.

The **General Manager** stated that he and Director Griffith had gone over some materials regarding the Board Room Refurbishment

Director Griffith pointed out some paint chips that had been placed on the walls and the Board Members expressed concern that they were too dark and that the room should be kept lighter.

Director Griffith stated that as regards the carpet both he and the General Manager had liked the color that had been chosen but unfortunately it had a zipper effect.

Director Kilburn asked if there was anything wrong with the carpet that is in place and that even though it is 30 years old, it does not appear worn and does not show the dirt.

Director Barkhurst stated that he liked the current carpet and the General Manager stated that maybe it should be kept.

Director Griffith stated that maybe the ceiling should be painted and then decide what else should be done.

Director Kilburn commented that the project started out with the main problem being the stains on the ceiling and the chip on the wall.

Director Barkhurst stated that the chip on the wall could be taken care of by lowering the chalk board six inches.

Director Griffith stated that the recommendation is to start with the painting and that the General Manager will work with the colors and make sure it is light enough.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
August 21, 2007**

Page 7

REVIEW OF MINUTES:

The minutes of July 17, 2007 were reviewed and unanimously approved as presented.

REVIEW OF THE FINANCIAL REPORT:

The Financial Reports were reviewed by the Treasurer.

Director Sorell noted that the prior month showed a net income of \$156,000 in revenues and \$52,000 in operating expenses but expressed concern that while the water revenues are up to \$145,000 in excess of budget the power is down and wondered if that that was a timing issue having to do with when the bills are incurred and when they are paid.

Director Barkhurst questioned the difference between Water Sales, Leased Water Sales and Invoiced Water Sales as shown on the spreadsheet.

Director Sorell explained that Water Sales is the income from the residential customers and Leased Water Sales would be those sales to the City of Pasadena or other entities.

Director Barkhurst questioned whether Leased Water Sales was not Wholesale Water.

The **General Manager** explained that this month we sold Pasadena some unused long term storage that did not represent real water so he considered it Leased Water Sales.

The **General Manager** explained that Invoiced Sales are Fire flow tests, etc. where water is not sold to the customer.

Director Sorell noted that there was a negative amount shown on Maintenance Contractors and queried whether that was a refund and the General Manager replied that it was both from Perry Thomas Contractor overpayment and JPIA Insurance payment.

Director Sorell noted that the Workers' Comp. Insurance will exceed the budget by \$4000.

The **General Manager** noted that the amount shown for Engineering will get transferred to the New York Pipeline Capitol Project.

The Financial Reports were unanimously approved for filing.

ITEMS FOR NEXT AGENDA

Update of Master Plan

ADJOURNMENT

The meeting was adjourned at 2145 hours. The next meeting will be held on September 18, 2007.

Respectfully submitted,

Shirley L. Burt
Secretary to the Board