

**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
September 24, 2007**

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

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 **Acting chair, Steve Sorell**, at 0850 hours and he noted that there was a quorum present. He stated that the meeting would include only discussion having to do with the proposed 2008 Budget as shown on the Agenda.

PUBLIC COMMENT

There were no members of the public present.

REVIEW OF THE PROPOSED BUDGET:

The **General Manager** referred to the documents that he had provided the committee stating that he had

- 1) Made the corrections to the proposed budget that had been requested at the last Meeting
- 2) Updated the 2007 forecasted expenditures to include the month of August "Actual Expenditures"
- 3) Provided a spread sheet showing the expenditure history over the last five years
- 4) Prepared a draft copy of proposed changes to the Master Plan.

Director Sorell asked for the net effect of the changes made to the proposed budget as compared to the one presented at the last meeting and the **General Manager** replied that there was an increase of approximately \$2000.

Director Sorell then stated that at the current rate structure this would leave a reserve account of about \$211, 000. at then end of 2008 and the General Manager agreed.

Director Sorell noted that the proposed budget for capital expenditures is projected to be \$325,000 for 2008 year and the **General Manager** replied that there are actually \$378,000 of worthwhile projects all of which are high priority but don't have to all be done in one year. He explained that more current estimates had been obtained and that the \$325,000 is a realistic number and that he would be providing the Board with a project list at a later date.

Director Sorell commented that the projected capital expenditures shown for the next five years is decreasing to \$300,000 the following year and to \$250,000 the next year. The **General Manager** stated that the reason for the reduction was due to the truck purchase which will be done next year and then no truck purchases are anticipated in the following four years which reduces the capital expenditure amount.

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Director Griffith questioned if the \$45,000 expenditure for the truck would remain in the capital expenditure budget if the truck was leased and **Director Sorell** stated that it would be treated as a capital expenditure.

Director Sorell noted that the forecasted expenditure for the 2007 year had increased by \$12,000. **Director Sorell** then requested a vote of approval for the proposed 2008 Operating Budget.

It was M/S/C –(Kilburn/Pickard-4/0) – **“That the 2008 year Proposed Operating Budget of \$1,028,050. Income and \$791,585 Expenditures be recommended to the Board for Approval”**.

REVIEW OF THE MASTER PLAN:

The **General Manager** explained that in the Executive Summary he had provided a summary of the costs on page four and that these were just estimates updated from the prior Engineer estimates, based on the costs of the current project, and on formal estimates that had been obtained.

Director Griffith questioned some of the cost estimates and wondered whether it would be worthwhile to have an Engineer review the estimates and **Director Pickard** noted that the costs would change depending upon in what year the project was done.

The **General Manager** commented that he did not think the Engineer expense was warranted since the true cost would only be known when the project was put out to bid.

Director Sorell noted that some of the costs involved new equipment but that for the short term decision that needed to be made regarding the 2008 budget the estimated costs should be used, and that next year the budget should included some amount of money for the engineer to go through some of projects and obtain an update on the price since it has been seven years since a responsible third party had looked at the master plan. He further stated that it behooves the Board to have current updated prices even though it is a moving target which is getting bigger and suggested spending maybe a couple thousand dollars in 2008.

The **Facilities Supervisor** explained that in the original Master Plan the pipeline projects were designed with the object of increasing Fire Flow but that in doing those pipelines today replacing service line needs to be considered since the streets will torn up.

The **General Manager** stated that in the original Master Plan the pipeline projects only went to the Fire Hydrant and not to the end of the streets which should be considered at this time also.

Director Griffith stated that he would like a list of all the projects condensed onto one sheet and **Director Sorell** stated that a list of projects for the next three years would be helpful knowing that priorities change from year to year and that staff can only do a certain number of projects in any one year.

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Director Sorell commented that with the current reserve, we can fund this years projects without a rate increase and that it would probably be a better plan to have fewer rate increases but sizeable ones rather than small ones every year.

Director Kilburn stated that she did not think a rate increase this year was the thing to do.

Director Sorell asked the General Manager how he proposed to do more than an update to the numbers in the plan.

The **General Manager** replied that

- 1) Developing a new Master Plan is very expensive
- 2) The current Master Plan is a valuable plan and can be extended to include new thinking having to do with emergency preparedness such as generators which would make the District more self sufficient
- 3) Spending some engineering money on developing the whole hydraulic model of the District would be useful in identifying weak points in the system and operational problems that are not related to emergency preparedness which would be helpful in developing a new Master Plan in the future

Following a discussion regarding the current Fire Department requirement of 2000 GPM and the effect that it has on the pipeline projects and the concurrent expense to the District, the **General Manager** pointed out that one of the projects, the east to west pipeline, would benefit everyone but is at the bottom of the list because of cost.

The **Facilities Supervisor** stated that it would be simpler at this time to leave the current Master Plan in place and update as needed and consider developing a new plan in maybe 2010.

Director Sorell suggested that a project list be developed as a working document that would be reviewed each year by the Board and a decision made as to which projects would be funded depending upon the amount in the reserve fund, the possible need for a rate increase, and the ability of the District to handle the number of projects with the current staff. He noted that at todays prices the current lists comes to approximately Four (4) million dollars.

Director Sorell noted that for the 2008 year he did not see the need for a rate increase but that maybe there would be a need for a sizeable increase the following year which would make better sense than to do a 3% increase every year.

It was M/S/C – (Griffith/Kilburn -4/0) –

“That the 2008 proposed budget of \$796,585 for Operating Expenses and \$325,000 for Capital and Planned Maintenance Expenses be submitted to the Board for approval with the recommendation that no rate increase be considered and that \$5,000 be allocated to seek consulting help to revise the Master Plan to determine the pipe sizing necessary to obtain the 2000 GPM Fire Flow.”

Respectfully submitted,

Shirley Burt
Secretary to the Board