

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
January 19, 2010**

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

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, Director Barkhurst, at 1935 hours. He noted that there was a quorum present. The Agenda was unanimously approved as presented.

PUBLIC COMMENT: No persons from the Public wished to comment at this time.

NOMINATIONS TO LAFCO BOARD:

Director Barkhurst requested nominations from the Board for the position of SPECIAL DISTRICT LAFCO REPRESENTATIVE.

Director Griffith stated that he saw no reason to make a change from the current representative, Mr. Gladbach.

Director Barkhurst questioned if there were further nominations and none were made. It was M/S/C - (Kilburn/Griffith-5/0) – **“That the Board nominate Jerry Gladbach.”**

Director Barkhurst requested nominations from the Board for the position of SPECIAL DISTRICT LAFCO REPRESENTATIVE ALTERNATE.

Director Griffith suggested Mr. Apodaca.

Director Barkhurst questioned if there were further nominations and none were made. It was M/S/C – (Griffith/Pickard – 5/0) – **“That the Board nominate Robert Apodaca”**.

DISCUSSION FOOTHILL MUNICIPAL WATER DISTRICT’S PUBLIC REVIEW DRAFT OF THE LOCAL, RELIABLE WATER SUPPLY PROGRAM :

Director Barkhurst started the discussion with a review of the history of the formation of the FOOTHILL MUNICIPAL WATER DISTRICT (FMWD) with the following remarks -

--Back in the fifties small water agencies were being formed across the nearby foothills and these agencies knew that they could not afford to provide the water for the explosion of housing that was occurring in these areas. These agencies had neither the infrastructure nor the taxing ability to provide the required service.

--A series of super water agencies were therefore formed and FMWD was one of them.

--The formation of FMWD was put too a vote of the people that lived in these areas and they voted for the formation of FMWD.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
January 19, 2010**

Page 2.

REVIEW FMWD DRAFT PROGRAM (continued)

--All of the individuals, living within the areas of these various agencies, are therefore subject to taxes or assessments as voted upon by the individuals living in these areas.

--The KID, as an Agency, is not a legal member of FMWD Board of Directors but can participate in the deliberations of the FMWD Board at its meetings.

--The KID is the only member agency of the water agencies included within the FMWD area that has never availed itself of the ability to purchase water from FMWD, making it the only self sustaining member of this group.

Director Barkhurst then explained the current actions that the FMWD Board is considering in order to marshal all water resources available so as to 1)increase water supply, 2) decrease the cost of providing that supply, and 3) provide more than one source of water supply as currently all supply is coming from MWD. He explained that –

--FMWD has decided that reclamation projects are a viable way to do that.

--Several ongoing projects of FMWD add up to several millions of dollars.

--FMWD has agreed that those individuals inside the KID District, as individuals, would not be subject to those ongoing infrastructure project costs, such as a building of a new pump or painting

of a tank., but individuals within the KID area would be subject to some sort of participation in whatever expenses are ultimately approved to do water reclamation projects.

--It would be cost prohibitive to run a pipe over to the KID from the reclamation site but whatever benefit the Kid would receive would be in the form of tradeoffs.

Director Barkhurst then questioned the Board as to what action the Kid Board should take knowing that -

--Each Board Member represents some percentage of those individual rate payers

--The only course of action for FMWD is to seek approval to build new reclamation projects subject to the provisions of Prop. 218.

--It will cost each individual some money for which there will be no direct water benefit

--The Kid, as an organization within the FMWD area, would get water credits

General Manager Matthews explained that the first order of business would be to try to sell the reclaimed water, which is new water, directly to a customer such as a golf course and if that was not possible then the reclaimed water could be injected into the Basin which would provide water for pumping as well as having the potential to raise the water level in the Basin and that would decrease the pumping costs, which would benefit the KID.

Director Barkhurst noted that one of the issues of concern is that the tax will be based on each individual parcel value so that persons owning larger parcels will pay more.

General Manager Matthews noted that there are lots of details to be worked out regarding the delivery of the reclaimed water which includes the City of Pasadena who is not a member of FMWD.

Director Barkhurst noted that another thing that complicates the whole discussion is that the KID does not have a seat at the table.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
January 19, 2010**

Page 3

REVIEW FMWD DRAFT PROGRAM (continued)

General Manager Matthews explained, that as a member of the Board of FMWD, he represents not only the interest of the property owners within the KID but a good portion of Altadena property owners and those water companies that serve that same area.

Director Barkhurst questioned whether there was anything the KID Board could do to influence the discussion that was going on at FMWD, noting that the KID Board Members as individuals do have a voice, although it is a very small voice, and the Board could possibly have some influence on the rate payers within the KID service area.

Director Barkhurst questioned the General Manager as to whether there was anything the KID Board should do at this time, and the **General Manager** replied that at this time the Board should provide suggestions or questions to the FMWD about the Plan. He reminded the Board that there is no intention to finance the whole program through the parcel tax and that other revenue sources are also being sought.

Director Barkhurst questioned whether there were any useful life estimates for these reclamation projects and the **General Manager** replied in the negative..

Director Barkhurst stated that it made sense to capture water that would otherwise be lost but the actual cost needs to be determined, keeping in mind that if these projects do not get done then there may be no water to serve the customers.

Facilities Supervisor Burt noted that a recycling project is a good thing for the KID and that he would approve of the project if there was a reclamation plant on both side of the Arroyo to tap the sewage lines.

Director Barkhurst stated that the Board needs to think about the future and what action needs to be taken if the KID runs out of water and what the fall out could be if the Board influenced the KID rate payers to vote against the Assessment. But he noted that while a recycling project is a good thing, such things as the real cost, the economic life, the timing and the funding sources for these projects need to be known.

Director Sorell stated that the operational costs also need to be known.

Facilities Supervisor Burt reminded the Board that at present an acre foot of water can be bought for \$500 but that in the future that price will seem cheap and that at present time the District is being cut back 6% annually from pumping from the Basin which will amount to 130 Acre feet over five years. He noted that presently the KID is able to lease water from another Agency but the KID does not have a long term contract with any agency so finding water in the future could be difficult and available only at twice the price. The KID needs to find another source of water.

Director Barkhurst stated that therefore “doing nothing” is not an option.

Director Griffith questioned as to what other solutions the FMWD had discussed.

General Manager Matthews replied that the FMWD Board had looked at participation in a desalination plant which was not practical when considering how to get the water to this area. He noted that there are prepackaged recycling plants available that can be set up, hooked to the sewer system and be ready to function in a short period of time. He further explained that really there are only two options that make sense—recycling water and capturing storm water.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
January 19, 2010**

Page 4

REVIEW FMWD DRAFT PROGRAM (continued)

Facilities Supervisor Burt questioned as to how much water could be expected from the recycling project and what sewer areas would be used.

General Manager Matthews replied that the general plan is for three plants – one in the Arroyo Area, one on the west side in the Verdugo Basin and one over in the Pasadena subarea, but that the actual amount of reclaimed water has not been determined.

REVIEW OF SERVICE CHARGES

Director Barkhurst noted that in the Board Packet is the reply from the District's legal counsel indicating that the Board can establish these charges without being subject to procedures of Prop. 218.

The **General Manager** stated that the only caution voiced in the memo is that the charges have to be reasonable.

Director Sorell commented that we need to determine the actual costs to provide these services and whether the charges are reasonable.

Director Barkhurst noted that you have to be able to prove what it is reasonable and the definition of reasonable can include many variables and therefore the total expenses need to be considered. which means a study of what your true expenses and then take an appropriate proration of the cost and determine a reasonable fee.

Director Barkhurst stated that he would like a chart showing the actual costs of the specific services as well as the length of time that the charges have been in force and then the Board would take the matter under consideration at a later date. Also he questioned as to the income from the miscellaneous charges for the year 2009 and **Administrative Assistance Burt** stated that she could provide that information..

Director Sorell stated that he is more concerned about those services that include a labor fee.

Director Barkhurst recommended that the subject be tabled until such time as the staff can provide the Board with actual costs and a recommendation as to whether the staff thinks the charges are reasonable .

It was M/S/C – (Sorell/Pickard – 5/0) – **“That the discussion of Miscellaneous Charges be tabled until the Staff presents the additional information requested.”**

REVIEW OF 2010 CAPITAL PROJECTS:

General Manager Matthews presented a list of capital projects totaling approximately \$150,000 for the Board's approval for the year 2010.

Director Barkhurst stated that he would like to see a longer list whose dollar amount comes closer to the amount of the surplus for 2009.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
January 19, 2010**

Page 5

REVIEW OF CAPITAL PROJECTS (continued)

Director Griffith questioned whether the difference between the proposed amount and the amount available is going to be saved for the line between the tanks at the top of the District.

The **General Manager** stated that at the start of the year he prefers to be conservative and that nothing is being saved.

Director Griffith questioned as to when funds will be made available to start that million dollar project and the **General Manager Matthews** replied one of his projects for this year is develop an outline of that particular project discussing what is expected to be accomplished by doing it.

Director Kilburn questioned as to how much acreage was involved with project # 24 and **Facility Supervisor Burt** replied that it involved a tree at the north end of the reservoir site and the sides of the long access road to that site and that it did not involve much acreage.

(A copy of the Approved Projects is attached to these minutes.)

ELECTION OF OFFICERS

Director Barkhurst announced that Director Sorell and Director Barkhurst were not eligible to serve again in the same office as they had both served five years in those respective offices.

Director Barkhurst then requested nominations for the office of **Chair** and **Director Kilburn** nominated Director Sorell for the office of Chair and the nomination was seconded by Director Pickard. There were no other nominations or discussions regarding the nomination.

It was M/S/C –(Kilburn/Pickard – 5/0) –

“That Director Sorell has been elected to serve as Chair for the year 2010.”

Director Barkhurst then requested nominations for the office of **Treasurer** and **Director Pickard** nominated Director Barkhurst and the nomination was seconded by Director Kilburn. There were no other nominations or discussions regarding the nomination.

It was M/S/C – (Pickard/Kilburn-5/0) –

“That Director Barkhurst has been elected to serve as Treasurer for the year 2010.”

Director Barkhurst then requested nominations for the office of **Secretary** and **Director Sorell** nominated Director Griffith and the nomination was seconded by Director Kilburn. There were no other nominations or discussions regarding the nomination.

It was M/S/C/ - (Sorell/Kilburn – 5/0) –

“That Director Griffith has been elected to serve as Secretary for the year 2010.”

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
January 19, 2010**

Page 6

GENERAL MANAGER'S REPORT

The **General Manager** directed the Board's attention to his report that had been sent out in the Board Packet.

Director Barkhurst questioned whether there were any questions or comments and there were none.

REVIEW OF MINUTES:

The minutes of December 15, 2009 were reviewed and unanimously approved as presented.

REVIEW OF THE FINANCIAL REPORTS:

Director Sorell reviewed the financial Reports and made the following comments-

--Income for the year was \$1,127,000 which was \$4000 over budget – water sales and wholesale were above budget and interest and capacity charge were below budget.

--Expenses for the year were \$ 793,000 and the budgeted amount was 795,000

--Most of the variances in the budgeted expenses were within \$2,000 of the budget and balanced each other out

Director Griffith questioned whether the 1989 Truck had been sold and the General Manager replied in the negative.

ITEMS FOR NEXT AGENDA :

No items were suggested for the next Agenda.

ADJOURNMENT:

The meeting was adjourned at 2100 Hours and the next meeting will be held on February 16, 2010.

Respectfully submitted,

Shirley Burt,
Secretary to the Board