

KINNELOA IRRIGATION DISTRICT
REGULAR MEETING – BOARD OF DIRECTORS
1999 KINCLAIR DRIVE, PASADENA, CA 91107
TUESDAY – APRIL 20, 2010
7:30 P.M.

AGENDA

- 1. CALL TO ORDER**
 - A. Declaration of a Quorum
 - B. Review of Agenda
- 2. PUBLIC COMMENT**– Comments from the public regarding items on the Agenda or other items within the jurisdiction of the District.
- 3. REVIEW OF YEAR 2009 DRAFT AUDIT REPORT**
- 4. DISCUSSION OF ATTENDANCE AT FMWD BOARD MEETINGS**
- 5. REPORT OF EXECUTIVE SESSION – General Manager’s Performance Review**
- 6. GENERAL MANAGER’S REPORT**
- 7. REVIEW OF MINUTES – March 16, 2010**
- 8. REVIEW OF FINANCIAL REPORTS – March 31, 2010**
- 9. ITEMS FOR NEXT AGENDA**
- 10. CALENDAR –** May 18, 2010
June 15, 2010
July 20, 2010
- 11. ADJOURNMENT**

Each item on the Agenda, no matter how described, shall be deemed to include any appropriate motion, whether to adopt a minute motion, resolution, payment of any bill, approval of any matter or action, or any other action. Material related to an item on this agenda submitted after distribution of the Agenda Packet is available for public review at the District Office or online at the District’s website <http://www.kinneloairrigationdistrict.info>.

General Manager's Report

April 20, 2010

I. Capital Improvement and Preventative Maintenance Projects

- A. Brown Reservoir – Flo-Loc valve installation 95% complete. SCADA tie-in scheduled for April 8.
- B. Wilcox Reservoir – 75 hp motor and pump have been overhauled and is back in service.
- C. Cla-Val Annual Maintenance – Three of the four valves scheduled for maintenance this year have been completed.
- D. Production Meter Calibration – Four meters serviced and calibrated.
- E. Transfer Valve Site – Contractor replaced a faulty manual isolation valve in preparation for scheduled maintenance of the Cla-Val automated valve later this year.
- F. System Maps – Completed set due for reviews by April 9. (SA Associates)
- G. Kinneloa Mesa Pipeline – As-built drawings due by April 9. (SA Associates)
- H. SMV/Windover Pipeline – Field review completed. (SA Associates)
- I. Eye Wash Stations – Additional units have been purchased along with filters and other installation parts. Chris fabricated custom mounting brackets for installation of these units at Holly, Eucalyptus, Wilcox Well and Pasadena Glen Reservoirs. This project will provide this safety device at all locations where hazardous chemicals are handled and used for maintenance of our chlorination equipment.
- J. Inventory Maintenance – Chris identified various pipeline emergency leak repair parts that needed to be restocked now due to the longer lead times of 4-6 weeks for these parts.

II. Customer Service Issues

- A. Villa Heights – Customer concerned about high usage based on his self reading. Chris checked reading and explained to customer that his meter reads in cubic feet and not hundreds of cubic feet which is the billing unit. Therefore his usage was only 5 cubic feet in the day between his readings.
- B. Sierra Madre Villa – Customer concerned about calcium precipitate that is frequently clogging his faucet aerators. After talking with Clinical Labs, Chris informed the customer that the KID has relatively hard water with dissolved minerals and that a possible solution would be to lower the temperature setting on his tankless hot water heater to minimize the formation of solids. Another solution would be to install a water softener. Customer agreed to lower the temperature of the hot water as the first attempt to solve the problem and has not called back as of this date.
- C. Glen Springs – Customer reported leak at water meter box. We found and repaired leak on our side of the meter by replacing gasket on meter flange.
- D. Delinquent Accounts:
 - 34 accounts received 10 day letters
 - 8 accounts received 5 day letters
 - 0 accounts received 24-hour shut off notice
 - 0 accounts were shut off for non-payment and turned back on after payment
 - 1 account remains off for non-payment

III. General Manager's Highlights

- A. Audit – Draft report was reviewed by General Manager and Treasurer. Management Discussion and Analysis as well as corrections and comments were provided to the Auditor. Final draft is expected to be ready for Board discussion for the April 20 meeting.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
March 16, 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 Sorell, at 1932 hours. He noted that there was a quorum present. The Agenda was unanimously approved as presented.

PUBLIC COMMENT:

Marietta Kruells, a resident of Altadena, addressed the Board regarding her concerns with the Foothill Municipal Water District's Capital Improvement and Recycling Plans. She stated that--Most of the residents who would be affected by this plan are not aware that they are part of the Foothill Municipal Water District (FMWD) and therefore are not aware of how the plan would affect them.

--She had attended two public meetings and one FMWD Board Meeting and had asked specific questions regarding costs of construction, placement of recycling plants, operating costs of the recycling plants and that she had not received specific answers to her questions

--She thought the Capital Improvement Plans and the Recycling Plants Plans should be treated separately

--She did not think that the application of Proposition 218 had been reviewed thoroughly in understanding the effect of residents in one area voting no because they would receive no direct benefit while residents in another area would vote yes because of receiving a direct benefit.

--She thought putting the proposed plans out for a vote was premature because not enough information had been provided to the residents and the plan did not have enough specifics regarding actual costs of construction, placement of recycling plants, operational costs, and funding sources.

Following her presentation Director Sorell thanked Ms. Kruells for her comments.

**PRESENTATION AND DISCUSSION – FOOTHILL MUNICIPAL WATER DISTRICT'S
LOCAL WATER SUPPLY CAPITAL IMPROVEMENT PROGRAM, CURRENT
INVOICING AND FUTURE FINANCING OPTIONS:**

Ms. Nina Jazmadarian, General Manger of the FMWD, introduced herself to the Board.

Director Barkhurst explained to her that this item was placed on the Agenda when two Directors of the Kinneloa Board were presented with an invoice from the FMWD and a request to sign a check to cover the invoice. He stated that neither of the two Directors understood what services were covered by the

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
March 16, 2010**

Page 2

FOOTHILL MUNICIPAL WATER DISTRICT PLANS-(continued):

invoice and had never been advised by anyone that monies were going to be paid to FMWD and did not sign the check. Therefore she had been invited to explain what services were covered by the invoice.

Ms. Jazmadarian handed out a resume of the Local Reliable Water Supply Program that the FMWD has been working and made the following explanations --

--Their system is sixty years old

--There are pipelines that need inspection, reservoirs that need repair, electrical generators that cannot meet the current needs and need to be replaced.

--The number of interconnections needs to be increased as there is only one that supplies water from Metropolitan and if it fails then Pasadena would be the only other alternative source and that would depend upon whether Pasadena had the capacity to meet the demand

--Storage needs to be increased by increasing the groundwater storage rather than building a reservoir

--Kinneloa would not be involved with these expenditures as no water is being delivered to Kinneloa

She further explained that

--Additional local water sources need to be developed because of the drought, restrictions of water from the Delta, and decrease of allocations from the Metropolitan Water District.

--The local water sources that Foothill is planning to develop are 1) storm water capture, 2) recycled water, 3) recharge the groundwater basin, and 4) more conservation.

She then detailed the proposed recycling program noting that

--Three sites are being proposed-one near La Crescent, one near the Arroyo Seco, and one near the Eaton Canyon Spreading grounds which would be a direct benefit to Kinneloa.

--San Gabriel Water District may be interested in partnering on the project

--The water could be injected right into the groundwater basin or used on golf courses

--The Sewer water would be available from the line on New York Drive that drains the east side of Altadena

Director Barkhurst questioned whether the water to be recycled would be 100% sewer water or a combination of that and natural water run off and she replied that it would have to be a blend as that is what is required by the Regional Water Quality Board.

Director Barkhurst questioned whether the plant would **have** access to the water that flows down Eaton Canyon and she said that was part of the plan although the spreading grounds belong to Pasadena and some agreement would have to be worked out with Pasadena.

Director Barkhurst questioned as to when the Parcel Tax would be voted on and she replied that the FMWD Board had not yet decided but she felt that the Board would be pushing back the date.

Director Barkhurst stated that he thought, as an individual, that the FMWD had a lot of work left to do on their outreach program, beginning with the eight member agencies.

Director Sorell and Director Griffith expressed concern that the FMWD Strategic Plan was adopted in 2006 and that this is the first time the Board was hearing about it.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
March 16, 2010**

Page 3

FOOTHILL MUNICIPAL WATER DISTRICT PLANS: (continued)

Director Barkhurst stated that he thought the outreach program as related to Kinneloa had some serious problems in that Kinneloa was not always listed as a member agency in some of the documents that he had reviewed, and that the division map was not included in the more recent documents. He stated that he thought if any material from the FMWD would be sent to any of Kinneloa's customers that the material would be discarded because they were not aware of Foothill's relationship to Kinneloa or they would call one of the Board Members and ask their opinion and the Board Member would be unable to give an informed opinion.

Director Barkhurst stated he was pleased to hear that maybe the FMWD Board is aware that they have put the cart before the horse and there is a lot more framework that has to be done before this issue can come to fruition as a Parcel Tax and he recommended that FMWD not go forward promoting a Parcel Tax at this time.

Director Sorell stated that if they did go forward, he thought it would be defeated and then there would be a delay before they could go back and do another 218 proposition.

Director Barkhurst noted that it also can get more complicated because there is a very clear legally enabled alternative called "Direct Payment" where the agency issues the bonds and every month sends a bill to the eight agencies for that month's payment on the bonds and then each agency has the problem of getting that money back from the rate payers who are going to be very unhappy.

For Kinneloa who will not be buying any water and since it would take some time before there would be access to reclaimed water, it would not make any economic sense to spend that kind of money, and in addition it could create a lot of negative publicity for the FMWD Plan.

He stated that the FMWD does have the right to adopt the direct pay method of financing the projects, but that from Kinneloa's perspective it complicates the matter and from the hypothetical, where if that came to pass, you have at least one major agency that is fighting against this whole capital project because of the horrible financial implications on Kinneloa as an individual agency.

Director Kilburn noted that at the meeting she had attended she found the explanation regarding the financials was very convoluted and she questioned whether that could be clarified to make it more understandable.

Ms. Jazmadarian noted that with the property assessment plan the Bond rating would be higher and therefore the interest would be lower.

Director Barkhurst stated that he it was clearly in FMWD's best interest to do the homework to convince each of the eight agencies that it was in their best self interest to help FMWD get a parcel tax passed because the direct pay basis would cost considerably more.

Direct Kilburn stated that in considering the parcel tax it should be noted that some of the properties are very large and not all of the property is being irrigated so that there should be something to reflect the use.

Director Sorell questioned whether the direct benefit would be based on square footage or usage and Director **Barkhurst** replied that a parcel tax would be based on square footage.

Director Sorell stated that is not always true as direct benefit can be allocated in a variety of ways.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
March 16, 2010**

Page 4

FOOTHILL MUNICIPAL WATER DISTRICT PLANS: (continued)

Director Pickard stated that he understood the FMWD plan was based on square footage but **Ms. Jazmadarian** replied that it was a combination because it is also based on ultimate demand and that Kinneloa's percentage would be 2 % of the supply plan and 0% of the rehabilitation plan.

Director Barkhurst questioned as to the definition of "Ultimate Demand" and Ms. Jazmadarian replied that it was the demand derived with the master plan that was adopted in 2007 and developed by the consulting engineers.

Director Barkhurst questioned whether that was done without taking into consideration whether it was pumped, imported or reclaimed water noting that Kinneloa's demand for imported water is zero and she replied that it was based on imported water only.

Director Pickard stated that at present he would have a very difficult time convincing his constituents to go along with a property tax where they see no benefit.

Director Barkhurst noted that seven of the Agencies are relatively heavy purchasers of Metropolitan water through Foothill but that Kinneloa is different as they purchase no water and the challenge is how to convince the rate payers, in less than a 150 page master plan, how the number gets from zero imported water to a positive number in just a few years.

Ms. Jazmadarian replied that the number was based on the master plan numbers that were developed for the year 2020 and the **General Manager, Mr. Matthews**, stated that he was asked to provide input from the past and that 2% may not be the right amount.

Director Barkhurst stated that he is very concerned that the Kinneloa Board is only hearing about this plan now and questioned as to what is the communication policy of FMWD as regards its eight member agencies

Ms. Jazmadarian replied that there are monthly Manager's Meetings, monthly Board Meetings and that a Board Packet is provided which includes recommendations and resolutions.

Director Barkhurst stated that he is now aware that this invoice was brought forward in the FMWD Board Meeting and approved in May of 2009 but that the Kinneloa Board was not aware of that until now.

Director Barkhurst stated that he wanted to understand clearly that each month either that month's or the previous month's Board Packet is provided monthly to the General Managers of the eight Agencies and **Ms. Jazmadarian** said that was true although it is currently being provided by Email.

Director Barkhurst noted that it is his understanding that "ultimate demand" means that a consultant derived a number of acre feet that would be used by each of the eight agencies, aggregating to almost 16,000 acre feet by the year 2020, and that he is questioning whether the number of 300 acre feet is the appropriate number for Kinneloa. He stated that, as an individual, he is questioning whether it is an appropriate expense for Kinneloa to spend \$6000 in 2010 although he would argue that it is conceptually and that Kinneloa should pay their fair share of the FMWD's research and development costs in association of the planning and execution of the reclaimed water projects. However he is questioning the 300 acre feet which is the basis for the monthly charge and he would like someone to defend that the number 300 acre feet is appropriate and accurate.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
March 16, 2010**

Page 5

FOOTHILL MUNICIPAL WATER DISTRICT PLANS: (continued)

He explained that Kinneloa typically does not spend money until it participates in the front end activity that helps Kinneloa understand how much it is going to cost before the money is spent and that in this case the Kinneloa Board did not have any front end input into the process. He noted that the General Manager, Mr. Matthews, does not represent the Kinneloa Board on the FMWD Board and that he only represents the rate payers within Division 2 of the FMWD area and that to his knowledge the Kinneloa Board was not asked to provide any input into the ultimate demand. **Ms. Jazmadarian** stated that it was her understanding that the consulting engineers went to each agency and talked with them.

The **General Manager, Mr. Matthews**, stated that he had met with the consultant maybe as far back as 2005 or 2004 and talked about various things (i.e. if the well pump failed what production that would represent and what kind of a demand would be put on Foothill, the total production for each year, how much production came from wells etc.) .

Director Barkhurst stated that he could buy into a conservative approach that says that Kinneloa, to be conservative, should plan on having some way to purchase imported water more than we do now but the 300 acre foot number still needs to be defended and **Ms. Jazmadarian** stated that the number was derived by the Consulting Engineers after meeting with the agencies.

Director Sorell commented that the costs for the project appeared questionable and he questioned as to the ability to go for a bond when the true costs are unknown.

Director Barkhurst replied that you reasonably decide what the costs will be and a Bond is issued for that amount and if the cost is greater another Bond can be issued.

Ms. Jazmadarian stated that these costs were based on previous groundwater and infiltration studies.

Director Sorell questioned whether these projects don't also assume there will be state and federal funding.

Director Barkhurst stated that is another area of concern considering the condition of the State and Federal coffers at this time and that he is concerned that 50% of the funding for the projects is to come from state and federal grants for this fifty million dollar project.

Ms. Jazmadarian stated that the cost is more like sixty five million and that a lot of the money is expected to come from the Bureau of Reclamation.

Director Barkhurst stated that he assumed the FMWD would be committed to spend the project money before it is known for certain that the state and federal monies would be forthcoming and

Ms. Jazmadarian replied that the money cannot be spent before it is received.

Director Barkhurst questioned why FMWD is willing to go out for the Parcel Tax money before receiving the grant money and **Ms. Jazmadarian** replied that FMWD is pursuing the Parcel Tax because FMWD has a reimbursement resolution in place so that FMWD can be reimbursed for monies spent to do the financing and the projects that they were able to be identify.

Director Barkhurst questioned whether those monies would be given back to the rate payers and

Ms. Jazmadarian replied that those monies would go back to FMWD and then the Board would make the decision as to where the monies would go – some of the costs might be higher, etc.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
March 16, 2010**

Page 6

FOOTHILL MUNICIPAL WATER DISTRICT PLANS: (continued)

Director Barkhurst noted that those are the monies collected from the Agencies but he was asking about the monies collected from the Parcel Tax and what would happen to the monies if the grant monies were not received, what happens to the Parcel Tax already collected.

Ms. Jazmadarian stated that the Board would have to make a decision as to whether to slow down on the collection but the additional costs could be applied to the water rate.

Director Sorell noted that the bottom line is that it is going to happen whether the Board approves it or not.

Ms. Jazmadarian noted that Metropolitan rates are expected to double in the next five to eight years and it appears that it will be cheaper to do the projects rather than buy water at that high rate.

Director Barkhurst stated that he did not disagree but that it was going to be a tough sale to get the

600 rate payers within Kinneloa to vote yes when they have never paid for imported water.

Director Griffith questioned the project cost to Kinneloa over the next thirty years and **Director Barkhurst** estimated the figure to be 2% of 50 million or one million dollars for the rate payers who will probably not purchase one ounce of water from Foothill.

Director Sorell noted however that the amount projected is only if everything goes according to plan with no over runs, etc.

Director Barkhurst noted that since the Kinneloa District is almost built out, the demand for water is not likely to increase and since a decent job of conservation is being done by the rate payers, the demand is not likely to change unless there is a prolonged drought or some new water regulations that significantly reduces the amount of water that Kinneloa is permitted to pump each year, and therefore Kinneloa should be pretty self sufficient over the horizon. Thus convincing a rate payer to pay one million dollars for zero benefit will be very difficult.

Director Griffith questioned what benefits Kinneloa's rate payers had received and did Kinneloa have to belong to the FMWD and **Mr. Matthews, General Manager**, explained that the rate payers had voted to belong many years ago and that the Kinneloa Irrigation District as an agency is not a member of the FMWD.

Ms. Jazmadarian noted that the rate payers have been paying taxes to the Metropolitan Water District for years.

Director Barkhurst stated that hypothetically the 600 Kinneloa rate payers, although it would probably have to include all the rate payers in Division 2, could vote to resign from the FMWD but it would be very complicated. He noted that this decision was made by the 2000 or more voters back in 1954 and it was not done because they were members of Kinneloa or Division 2 of FMWD but because they were individual homeowners.

Director Barkhurst questioned whether anybody disagreed that conceptually it was appropriate for FMWD to spend some research and development money to better understand the financial implications of and need for a reclamation project and it was agreed that it was appropriate since Kinneloa could have some benefit from a reclamation project.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
March 16, 2010**

Page 7

FOOTHILL MUNICIPAL WATER DISTRICT PLANS :(continued)

Director Barkhurst suggested that the Kinneloa Irrigation District needs to have someone attending every single FMWD Board Meetings representing the self interest of the Kinneloa Irrigation District not Division 2 and it was agreed that the Board Members would rotate this obligation between them.

It was M/S/C- (Barkhurst/Pickard-5/0) – **“That the Board accepts the \$6,746. FMWD Invoice for the year 2010 which will be paid in 12 monthly payments upon receipt of a proper invoice.”**

It was M/S/C/- (Barkhurst/Kilburn-5/0) – **“That the Board requests the Foothill Municipal Water District to present to the Kinneloa Board of Directors a factual defense of the 300 Acre Feet which is the basis of the \$6,746 bill.”**

Director Kilburn questioned Ms. Jazmadarian as to the amount that the FMWD had spent with the Public Relations firm and **Ms. Jazmadarian** replied that the amount was around. \$70,000.

Director Kilburn then questioned as to whether the FMWD thought that the firm had done their job and **Ms. Jazmadarian** stated they had done what they had been asked to do.

Director Barkhurst stated that he was sure that Ms. Jazmadarian would convey to her Board or the Board chairman the essence of the conversation at the meeting tonight and she agreed.

Director Sorell thanked Ms. Jazmadarian for coming to the meeting and providing information pertinent to the FMWD Plans.

Ms. Jazmadarian then left the meeting.

Director Sorell continued the discussion by stating that he did not think that the Parcel Tax would be passed by anybody at this time and Director Kilburn concurred.

Director Barkhurst stated that it will be passed because it will be done by mail and only people committed people usually return the ballot and in addition the large landowners could influence the vote.

The **General Manager, Mr. Matthews**, stated that he had attended all four of the community information meetings but had not taken part in the direct outreach process to avoid any appearance of a possible conflict of interest but he is aware that the current Public Relations firm is concentrating on the large land owners.

Director Barkhurst stated that at this time he wished to bring up another matter that does not involve the General Manager. He reported that in November the Los Angeles County District Attorney issued a strongly worded suggestion to a certain official that he either had to resign as a public official from one of the Agencies or resign his position as an elected public official on the FMWD Board because it was a conflict of interest to be an elected public official in two agencies that had that much interaction between the two agencies. He stated that it was different with Mr.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
March 16, 2010**

Page 8

FOOTHILL MUNICIPAL WATER DISTRICT PLANS: (continued)

Matthews because he is not an elected public official of the Kinneloa Irrigation District. However he is concerned that at some point Mr. Matthews could have a conflict of interest between him representing the rate payers in the Rubio Canyon Water Company and the rate payers inside the Kinneloa Irrigation District and therefore he is advising Mr. Matthews, on the record, that he has to be extremely careful and extremely sensitive to that as an issue. He further noted that he could see this issue becoming increasingly contentious and there could come a time when Mr. Matthews could be asked to vote on something that might be in the self interest of a Rubio Canyon rate payer that is against the self interest of the Kinneloa Irrigation District or a Kinneloa rate payer.

Director Griffith commented that Kinneloa Irrigation District is paying Mr. Matthews to be its General Manager and how that might change things.

Mr. Matthews, the General Manager, stated that he was taking the comments very seriously and that he would want to know anytime that anyone thinks that he is crossing the line.

Director Barkhurst stated that he would like to see his comments appear in the minutes and

Director Sorell replied that would be acceptable.

Director Barkhurst requested permission to introduce another topic that is not on the Agenda and can be taken up at another time but he wants the Board to be aware of it. He reported that the Upper San Gabriel Valley Municipal Water District has pledged to use union written requirements on all future construction projects and he is concerned that someone will come to the Kinneloa Board and request that this Board pass a similar resolution which would add 20% to 25% cost to the project with absolutely no benefit.

ONLINE CUSTOMER INQUIRY AND BILLING SYSTEM UPGRADE PROJECT:

Mr. Matthews, the General Manager, commented that he is trying to bring a web element to customer service and he thinks the proposal meets his specifications.

Director Barkhurst questioned as to whether this program would allow him to pay his bill through this system and the Mr. Matthews, General Manager, replied he could do it by direct debit as we are doing now but it would be a separate decision by the Board as to whether to accept credit cards and pay the fees. There was instant unanimous decision by the Board that adding a credit card payment system would not be acceptable at this time.

Director Sorell questioned as to the security of the system and **Mr. Matthews** stated that were three levels of security that are involved.

Director Griffith questioned whether all customers in the District had Email and Direction Kilburn responded in the negative.

Director Griffith questioned as to the difference in the cost between the proposed program and mailing the billing.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
March 16, 2010**

Page 9

ONLINE CUSTOMER INQUIRY BILLING SYSTEM UPGRADE: (continued)

Director Sorel stated that there would be no change to the current procedure and the bills would still be mailed but this would give another option to the customer, noting also that this is not a cost saving process.

Director Griffith then questioned as to why we would assume this cost when we have just assumed an unplanned \$6000 addition to the budget.

Director Sorell stated this item was included in the budget and **Director Griffith** suggested that eliminating this item would then cover the cost of the FMWD Invoice.

Chris Burt, Facilities Supervisor, commented that this program would eliminate some of the calls into the office regarding billings.

Director Barkhurst commented that over the last ten years there has been a geometric progression of people who use the web to gain this kind of information and the District is way behind the curve in comparison with other utilities and this is a customer service enhancement.

Director Griffith stated that at present he would not vote for this item until it was known how many customers have internet service and because of the budget issue.

Director Sorell stated that he is persuaded to approve this item because most of the other utilities do provide this service.

It was M/S/C – (Barkhurst/Kilburn-4/1 (Director Griffith Opposed) -- **“That the Online Customer Inquiry and Billing System Upgrade Project be approved.”**

GENERAL MANAGER’S REPORT:

Capital Improvement Projects:

Windover Road:

Director Griffith questioned why S.A. Associates is doing the engineering rather than Civiltec and **Mr. Matthews** replied that the last two pipeline jobs have been done by S.A. Associates.

Chris Burt stated that the projects are being split up and Civiltec is working on the Booster Stations.

Brown Reservoir Road:

Director Griffith questioned whether anyone else uses the road and **Chris Burt** replied that only the District uses the road and that it also serves as a flood channel.

Audit Report:

Director Barkhurst stated he has reviewed the draft report, has made a few minor changes, and expects to get final draft within a few days.

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
March 16, 2010**

Page 10

REVIEW OF MINUTES:

The minutes of February 16, 2010 were reviewed and unanimously approved as presented. **Director Griffith** questioned as to the status of the miscellaneous service charge project and **Shirley Burt**, Administrative Assistant, reported that the project is not yet complete for Board Review.

REVIEW OF FINANCIAL REPORTS:

Director Barkhurst reviewed the Financial Reports and noted the following -

- Due to the wet weather metered water sales are significantly reduced
- Wholesale water sales to Pasadena made up for the loss
- Equipment maintenance expense is slightly over budget
- Insurance expense is lower than expected due to a refund

Director Sorell requested that the Aging Report be changed to reflect a rolling twelve month basis so that it can be determined if there is improvement.

The financial Reports were approved as presented

APPOINTMENT OF AD HOC PERSONNEL COMMITTEE:

Director Sorell stated that he had this placed on the Agenda because it is time to perform the General Manager's Performance Review.

Director Barkhurst suggested that in order to reach a consensus it works better if the Board meets as a whole rather than appoint an Ad Hoc Committee and that the Board should meet in Executive Session. After further discussion the meeting of the Board in Executive Session was scheduled for Monday, April 19, at 7:00 P.M. at the Kinneloa Office.

OTHER BUSINESS:

Director Griffith stated he would like to review the decision regarding attendance at the FMWD meetings because as he understood there is a monthly meeting of the General Managers and since Mr. Matthews is on the Board maybe the Facilities Supervisor should go to those meetings because these are two separate meetings.

Director Barkhurst replied that he would prefer having a Board Member going to the meeting.

Director Griffith said that he thought that was a different meeting.

Mr. Matthews stated that a Board Member could certainly go to the Manager's meeting.

Director Barkhurst questioned whether Mr. Matthews had been attending the Manager's meeting and **Mr. Matthews** replied that he had been attending recently although in the past he had not attended because of a possible conflict of interest although he had made it clear that he was not there as a member of the Board. He stated that, because of all of the discussion, if it would be better

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
March 16, 2010**

Page 11

OTHER BUSINESS: (continued)

to have a Board Member also involved in that meeting since in that meeting some decisions are made regarding invoicing, water rates, etc. or the other option would be for him to go to the meeting and try to disseminate whatever was discussed or decided.

Director Sorell questioned whether Chris Burt, Facilities Supervisor, would like to go and **Chris Burt** replied that he used to go but had not gone for four or five years.

Director Sorell noted that it would cost overtime and **Chris** stated that the meetings are usually held in the daytime.

Director Barkhurst commented that if the meeting is for General Managers then the General Manager should be the one to go but he stated he was having trouble with the statement that Mr. Matthews had just made – “ that decisions are being made at that meeting” since it is his understanding that only the FMWD Board can make decisions.

Mr. Matthews replied that probably he made a poor choice of words but that discussion of these items takes place and recommendations are made to the FMWD General Manager at those meetings that may eventually be taken to the Board for consideration. He then clarified that Ms. Jazmadarian conducts the meeting and that there are no other FMWD Board members in attendance except him.

Dr. Barkhurst emphasized that he thought Kinneloa Board Members should be attending the FMWD Board Meetings and he suggested that the Board Members devise a schedule.

Director Sorell stated that he did not think a decision needed to be made at this time but **Director Kilburn** noted that the next FMWD Board Meeting is on Monday. Director Griffith and Director Kilburn volunteered to attend the meeting on Monday.

ITEMS FOR NEXT AGENDA:

General Manager’s Performance Review
Attendance at FMWD Board Meetings
2009 Draft Audit Review

ADJOURNMENT:

The meeting was adjourned at 2123 hours and the next meeting will be held on April 20, 2010.

Respectfully submitted,

Shirley Burt,
Secretary to the Board

Kinneloa Irrigation District
Income Statement
For the Three Months Ending March 31, 2010

	Current Month Actual	Current Month Budget	Year to Date Actual	Year to Date Budget
Revenues				
4000 Water Sales	\$ 70,447.02	\$ 60,000.00	\$ 176,940.20	\$ 180,000.00
4015 Wholesale Water Sales	6,856.16	0.00	20,638.44	0.00
4020 Service Charges	(634.72)	833.33	690.76	2,499.99
4025 Asset Sale	2,000.00	0.00	2,000.00	0.00
4035 Interest-Reserve Fund	885.46	1,166.67	2,576.46	3,500.01
4050 Capacity Charge	0.00	3,000.00	0.00	3,000.00
Total Revenues	79,553.92	65,000.00	202,845.86	189,000.00
Expenses				
5005 Electricity	5,650.17	5,000.00	16,806.03	15,000.00
5010 Maintenance Supplies	1,842.18	2,000.00	4,009.45	6,000.00
5012 Safety Equipment	3,174.37	500.00	3,254.37	1,500.00
5015 Maintenance Labor	13,639.05	13,000.00	37,754.82	39,000.00
5020 Stand-by Compensation	570.00	625.00	1,710.00	1,875.00
5022 Training/Certification	25.00	200.00	115.00	600.00
5025 Water Treatment/Analysis	1,605.36	1,833.33	3,049.54	5,499.99
5030 Maintenance Contractors	6,549.29	10,500.00	24,750.82	31,500.00
5034 Equipment Maintenance	0.00	500.00	1,375.88	1,500.00
5035 Vehicle Maintenance	94.82	300.00	735.43	900.00
5036 Fuel - All Equipment	698.84	1,000.00	1,971.75	3,000.00
5045 Insurance-Workers Compensation	2,737.00	3,000.00	(6,252.00)	3,000.00
5046 Insurance-Liability	1,359.75	1,250.00	334.24	3,750.00
5048 Insurance-Property	169.00	208.33	98.22	624.99
5049 Insurance-Medical	3,158.13	3,166.67	9,474.39	9,500.01
6000 Engineering Services	0.00	2,000.00	900.00	6,000.00
6005 Watermaster	901.33	1,000.00	2,703.99	3,000.00
6015 Administrative Salary	10,004.40	10,004.40	30,013.20	30,013.20
6017 Administrative Travel	0.00	416.67	439.77	1,250.01
6020 BofD Compensation	500.00	800.00	1,900.00	1,800.00
6021 Administrative & Board Expense	830.00	208.33	929.00	624.99
6022 BofD-Election	0.00	0.00	32.96	0.00
6024 Customer/Public Info. Prog.	0.00	333.33	265.26	999.99
6025 PERS - KID	951.08	1,183.00	2,749.27	3,549.00
6030 Social Security - KID	2,195.48	2,234.00	6,308.80	6,700.00
6035 Office Supplies	240.87	750.00	2,120.88	2,250.00
6036 Postage/Delivery	235.49	500.00	1,089.31	1,500.00
6040 Professional Dues	328.75	416.67	1,071.25	1,250.01
6045 Legal Services	128.75	1,250.00	1,087.42	3,750.00
6050 Telephone	340.02	500.00	1,180.29	1,500.00
6051 Mobile Telephone	130.99	200.00	395.87	600.00
6052 Pagers	18.93	166.67	56.79	500.01
6053 Internet Service	64.94	83.33	194.82	249.99
6059 Computer/Software Maintenance	600.00	833.33	2,032.31	2,499.99
6061 Office Equipment Maintenance	0.00	83.33	0.00	249.99
6065 Accounting	0.00	0.00	0.00	6,000.00
6070 Office Labor	3,985.44	4,000.00	11,089.92	12,000.00
6075 Outside Services	(458.86)	1,666.67	1,004.97	5,000.01
6080 Operational Fees	562.17	0.00	1,124.34	0.00
6081 Permits/Fees	0.00	208.33	575.00	624.99
6120 Bank Service Charges	233.49	250.00	712.51	750.00
Total Expenses	63,066.23	72,171.39	169,165.87	215,912.17
Net Income	16,487.69	(7,171.39)	33,679.99	(26,912.17)

Kinneloa Irrigation District
Income Statement
For the Three Months Ending March 31, 2010

	Current Month Actual	Current Month Budget	Year to Date Actual	Year to Date Budget
Other Expenditures				
1504 Water Mains	0.00	3,750.00	0.00	11,250.00
1509 Wilcox Well/Wilcox Booster	15,974.12	15,000.00	15,974.12	15,000.00
1511 Water Treatment Plant	0.00	450.00	0.00	1,350.00
1512 Trans. & Dist. Plant Meters	2,409.02	7,000.00	17,130.08	10,500.00
1513 Electrical/Electronic Equip.	0.00	4,166.67	2,517.80	12,500.01
1514 Computer/Office Equipment	7,500.00	416.67	7,500.00	1,250.01
1515 Vehicles & Portable Equipment	0.00	5,183.33	0.00	15,549.99
1527 SCADA Equipment	0.00	1,250.00	0.00	3,750.00
1530 Tools	332.63	0.00	706.54	0.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Expenditures	26,215.77	37,216.67	43,828.54	71,150.01
	<hr/>	<hr/>	<hr/>	<hr/>
Total Increase or (Drawdown)	\$ (9,728.08)	\$ (44,388.06)	\$ (10,148.55)	\$ (98,062.18)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Kinneloa Irrigation District
Balance Sheet
March 31, 2010

ASSETS

Current Assets

1010	Checking-Wells Fargo Bank	\$ 200,006.80
1012	Reserve Fund-LAIF	235,565.85
1014	Reserve Fund-CalTRUST	250,688.57
1015	Accrued Interest - CalTRUST	800.00
1016	Accrued Interest - LAIF	585.84
1100	Accts. Receivable-Water Sales	37,093.27
1101	Accts. Receiv.-Service Charges	26,638.55
1190	Allowance for Bad Debts	(9,088.93)
1200	Inventory	20,000.00
1340	Accrued Water Sales	198.13
1350	Prepaid Insurance	14,450.70
1360	Prepaid Expenses	7,705.98
		<hr/>
	Total Current Assets	784,644.76

Property and Equipment

1501	Water Rights	52,060.41
1503	Land Sites	96,700.08
1504	Water Mains	1,647,012.03
1505	Water Tunnels	705,985.75
1506	K-3 Well	70,233.86
1507	Improvement District #1	602,778.12
1508	Mountain Property	6,620.00
1509	Wilcox Well/Wilcox Booster	87,286.82
1510	Interconnections	14,203.27
1511	Water Treatment Plant	172,044.97
1512	Trans. & Dist. Plant Meters	77,800.55
1513	Electrical/Electronic Equip.	200,660.53
1514	Computer/Office Equipment	42,261.42
1515	Vehicles & Portable Equipment	180,552.49
1516	Water Company Facilities	60,079.20
1517	KID Office	51,362.92
1518	Shaw Ranch	280,789.92
1519	Dove Creek Project	487,383.87
1521	Kinneloa Ridge Project	690,492.58
1522	Eucalyptus Booster Station	471,817.81
1526	Vosburg Booster	12,590.00
1527	SCADA Equipment	174,401.23
1528	Tanks and Reservoirs	97,944.39
1529	Holly Tanks	181,113.76
1530	Tools	706.54
1600	Accum. Depreciation	(2,444,905.00)
		<hr/>
	Total Property and Equipment	4,019,977.52
		<hr/>
	Total Assets	\$ 4,804,622.28
		<hr/> <hr/>

Kinneloa Irrigation District
Balance Sheet
March 31, 2010

LIABILITIES AND CAPITAL

Current Liabilities

2000	Accounts Payable	\$ 25,840.19	
2271	Deposits-Construction Meters	1,650.00	
2273	Job Deposits-Doyne Rd.	16,898.87	
2290	Accrued Vacation	14,349.70	
	Total Current Liabilities		58,738.76

Long-Term Liabilities

2400	Truck Loan Payable	70,907.81	
	Total Long-Term Liabilities		70,907.81
	Total Liabilities		129,646.57

Capital

3040	Fund Balance	4,718,654.44	
	Net Income	(43,678.73)	
	Total Capital		4,674,975.71
	Total Liabilities & Capital		\$ 4,804,622.28

Kinneloa Irrigation District
Statement of Cash Flow
For the Three Months Ended March 31, 2010

	Current Month	Year to Date
Cash Flows from operating activities		
Net Income	\$ 16,487.69	\$ 33,679.99
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
1100 Accts. Receivable-Water Sales	1,226.78	17,664.23
1101 Accts. Receiv.-Service Charges	634.72	1,808.92
1350 Prepaid Insurance	(426.25)	2,631.25
1360 Prepaid Expenses	1,230.08	2,117.24
2000 Accounts Payable	7,095.45	8,923.13
2271 Deposits-Construction Meters	0.00	(50.00)
2272 Job Deposits	0.00	(1,300.00)
2273 Job Deposits-Doyne Rd.	(2,198.25)	(2,198.25)
	<hr/>	<hr/>
Total Adjustments	7,562.53	29,596.52
	<hr/>	<hr/>
Net Cash provided by Operations	24,050.22	63,276.51
Cash Flows from investing activities		
<i>Used For</i>		
1509 Wilcox Well/Wilcox Booster	(15,974.12)	(15,974.12)
1512 Trans. & Dist. Plant Meters	(2,409.02)	(17,130.08)
1513 Electrical/Electronic Equip.	0.00	(2,517.80)
1514 Computer/Office Equipment	(7,500.00)	(7,500.00)
1530 Tools	(332.63)	(706.54)
	<hr/>	<hr/>
Net cash used in investing	(26,215.77)	(43,828.54)
Cash Flows from financing activities		
<i>Proceeds From</i>		
<i>Used For</i>		
	<hr/>	<hr/>
Net cash used in financing	0.00	0.00
	<hr/>	<hr/>
Net increase (decrease) in cash	\$ (2,165.55)	\$ 19,447.97
Summary		
Cash Balance at End of Period	\$ 765,203.91	\$ 765,203.91
Cash Balance at Beg. of Period	(767,369.46)	(745,755.94)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	\$ (2,165.55)	\$ 19,447.97
	<hr/>	<hr/>

Aged Receivables Report -- Previous 12 Months

ACCOUNTING PERIOD	CURRENT PERIOD	OVER 30 DAYS	OVER 60 DAYS	OVER 90 DAYS	TOTAL BALANCE	LATE PAYMENT CHARGES
APRIL 2009	\$33,860 289	\$5,829 66	\$2,192 21	\$1,713 11	\$43,594	\$483.10 29 Accts.
MAY 2009	\$56,103 274	\$9,089 82	\$1,622 19	\$2,440 15	\$69,254	\$466.33 28 Accts.
JUNE 2009	\$53,661 248	\$14,800 64	\$1,797 19	\$1,646 9	\$71,904	\$563.19 34 Accts.
JULY 2009	\$25,758 149	\$12,413 69	\$2,729 25	\$2,236 19	\$43,136	\$620.01 36 Accts.
AUGUST 2009	\$63,851 248	\$9,571 70	\$2,324 20	\$1,931 11	\$77,677	\$557.13 33 Accts.
SEPTEMBER 2009	\$29,107 259	\$15,194 74	\$2,647 20	\$1,570 8	\$48,518	\$680.85 40 Accts.
OCTOBER 2009	\$38,273 251	\$12,885 77	\$2,304 19	\$3,119 9	\$56,581	\$470.00 27 Accts.
NOVEMBER 2009	\$67,749 405	\$9,659 83	\$1,950 12	\$1,632 8	\$80,990	\$568.31 33 Accts.
DECEMBER 2009	\$43,397 322	\$6,175 55	\$3,964 32	\$2,222 12	\$55,758	\$695.19 40 Accts.
JANUARY 2010	\$38,196 329	\$2,721 57	\$213 15	\$2,139 14	\$43,268	\$440.86 26 Accts.
FEBRUARY 2010	\$27,015 360	\$8,461 140	\$1,207 35	\$1,636 14	\$38,320	\$767.92 46 Accts.
MARCH 2010	\$22,986 259	\$4,532 120	\$6,680 79	\$2,894 13	\$37,093	\$695.72 43 Accts.

Kinneloa Irrigation District
Check Register
For the Period From March 1, 2010 to March 31, 2010

Date	Check #	Payee	Amount	Description
3/9/10	EFT741	Earthlink Network	4.95	Internet service
3/9/10	EFT742	Pasadena Municipal Servic	1,038.06	Wilcox Well power
3/9/10	EFT743	Calif. Public Employees Re	2,177.01	CalPERS - KID and employee contribution
3/9/10	EFT744	Southern California Edison	3,858.86	electricity
3/9/10	EFT745	Verizon Wireless	131.20	mobile phone service
3/9/10	6195	A&B Electric	3,171.75	Wilcox Well repair and Brown solar panel install
3/9/10	6196	ACWA/JPIA	1,980.00	property insurance
3/9/10	6197	Athens Services	129.38	trash pickup
3/9/10	6198	Berg Hardware	93.17	maintenance supplies
3/9/10	6199	Cook Paging, Inc.	18.93	paggers
3/9/10	6200	Generator Services Co.	1,265.63	scheuleded generator maintenance
3/9/10	6201	Industrial Pipe & Steel	460.41	materials for Brown Flo-Loc install
3/9/10	6202	McMaster Carr	632.01	materials for eye wash install
3/9/10	6203	MWH Laboratories	118.80	water analysis
3/9/10	6204	Perry Thomas Constructior	4,451.00	valve replacement at transfer valve station
3/9/10	6205	Registrar-Recorder/County	32.96	November election costs
3/9/10	6206	Shirley Burt	124.25	mileage reimbursement
3/9/10	6207	Specialty Services	275.00	janitorial service
3/9/10	6208	Underground Service Alert	6.00	dig alerts
3/9/10	6209	Utility Service Co., Inc.	5,455.29	tank maintenance
3/9/10	6210	Ameripride Uniform Servic	68.48	rag service
3/18/10	EFT746	Arco Gaspro Plus	698.84	gasoline
3/18/10	EFT747	AT&T	274.37	phone
3/18/10	6211	ACWA Health Benefits Au	3,636.85	medical insurance - KID and employee contribution
3/18/10	6212	Civiltec Engineering, Inc.	2,198.25	Doyne Road development
3/18/10	6213	Foothill Municipal Water I	562.17	capital improvement fee - recycled water
3/18/10	6214	Lagerlof,Senecal,Bradley,C	128.75	opinion letter for audit
3/18/10	6215	Thomas G. Sherer	8,100.00	customer inquiry system and transaction table repair
3/18/10	6216	Aramark	193.63	shirts
3/18/10	EFT748	Christopher A. Burt	2,298.02	salary
3/18/10	EFT749	Shirley L. Burt	1,398.07	salary
3/18/10	EFT750	Melvin L. Matthews	3,219.51	salary
3/18/10	64302490	Brian L. Fry	1,567.65	salary
3/18/10	64302491	Felix Galindo	412.03	salary
3/18/10	64302492	Chris J. Mellinger	458.44	salary
3/18/10	EFT751	ADP	77.29	payroll processing
3/18/10	EFT752	Christopher A. Burt	125.00	salary
3/18/10	EFT753	ADP	4,510.15	payroll taxes and withholding
3/25/10	EFT 754	AT&T	65.65	phone
3/25/10	EFT 755	Bank of America Business	1,337.39	see attached schedule

Kinneloa Irrigation District
Check Register
For the Period From March 1, 2010 to March 31, 2010

3/25/10	EFT 756	Charter Communications	59.99	Internet service
3/25/10	EFT 757	Earthlink Network	4.95	Internet service
3/25/10	6217	General Pump Company	3,800.00	Wilcox 75hp booster removal and inspection
3/25/10	6218	Matt Chlor Inc.	1,354.56	chlorinator maintenance parts
3/25/10	6219	McMaster Carr	1,163.98	eye wash stations
3/25/10	6220	MWH Laboratories	132.00	water analysis
3/25/10	6221	Perry Thomas Constructior	1,094.00	Brown valve repair
3/25/10	6222	Sparling Instruments, Inc.	256.00	production meter maintenance and calibration
3/25/10	6223	Aramark	30.70	shirts
3/31/10	6224	Consolidated Electrical Dis	129.77	cable ties
3/31/10	6225	McMaster Carr	1,136.84	eye wash stations
3/31/10	6226	Monrovia Mailing Compan	317.35	billing statements and postage
3/31/10	6227	Aramark	85.14	shirts
3/31/10	6228	Western Water Works	59.27	maintenance supplies
3/31/10	6229	McMaster Carr	1,824.19	eye wash stations
3/31/10	EFT758	Richard L. Barkhurst	92.35	salary
3/31/10	EFT759	Christopher A. Burt	2,499.95	salary
3/31/10	EFT760	Shirley L. Burt	1,499.06	salary
3/31/10	EFT761	Francis J. Griffith	92.35	salary
3/31/10	EFT762	Gerrie G. Kilburn	92.35	salary
3/31/10	EFT763	Melvin L. Matthews	3,219.52	salary
3/31/10	EFT764	Maurice A. Pickard	92.35	salary
3/31/10	EFT765	Steven G. Sorell	57.35	salary
3/31/10	64325706	Brian L. Fry	1,517.41	salary
3/31/10	64325707	Felix Galindo	380.81	salary
3/31/10	64325708	Chris J. Mellinger	535.83	salary
3/31/10	EFT767	ADP	97.47	payroll processing
3/31/10	EFT768	Christopher A. Burt	125.00	salary
3/31/10	EFT769	ADP	4,841.74	payroll taxes and withholding
	Total		<u>83,347.48</u>	

**CREDIT CARD CHARGES
FEBRUARY 2010**

Category	Shirley	Mel	Brian	Chris B	Chris M	TOTAL
Maint. Supply			\$181.32			\$181.32
Maint. Tools			\$27.43			\$27.43
Maint. Exp.						\$0.00
Postage	\$3.24					\$3.24
Computer Supplies						\$0.00
Computer Program						\$0.00
Scada						\$0.00
Kinn. Mesa Pipeline						\$0.00
Emp. Cert.						\$0.00
Truck Exp.			\$94.82	\$25.00		\$119.82
Truck Fuel						\$0.00
Generator/Pump Fuel						\$0.00
Office Supplies	\$36.18					\$36.18
Safety						\$0.00
Water Quality						\$0.00
Adm. Exp.		\$969.40				\$969.40
Doyne Road Project						\$0.00
Telephone						\$0.00
Office equip.						\$0.00
Finance Chg.						\$0.00
Finance Credit						\$0.00
TOTAL	\$39.42	\$969.40	\$303.57	\$25.00	\$0.00	\$1,337.39