

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
APRIL 21, 2009**

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

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

CALL TO ORDER: The Meeting was called to order by the Chair, Director Barkhurst, at 1935 hours. The Agenda was unanimously approved as presented.

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

REVIEW OF THE 2008 YEAR DRAFT AUDIT

Director Barkhurst introduced Gail Egan, Auditor, who reviewed the Audit and made the following comments –

- The financial statements were prepared by the District and are a fair representation of the operations of the District
- Pages one through six are management's statements regarding the operations for the year
- Page eight is the balance sheet which is a snap shot in time and there are no new accounting policies that needed to be incorporated
- The main difference this year is that the District has a new lease obligation which is the most significant transaction and has to be reflected as a new disclosure.
- The statement of revenue on page nine reflects a net reduction in assets of \$98,000.
- The District can not tax to obtain the revenue necessary to cover the expense of operations and therefore the rate structure needs to be set to cover the expense of operations.

The **General Manager** stated that the Board had made the decision to fund certain projects in 2008 out of the reserve fund and that the rate had been increased starting in January 2009.

Director Griffith questioned the statement on page fifteen 15 which indicated that the District had contracted with an investment advisor and Mrs. Egan replied that was probably a comment from a prior year and should be removed from the Audit since the District has funds only in the Local Agency Investment Fund.

Director Griffith questioned the statement on page seventeen regarding Grant Funds and asked where the District was as regards returning unused funds to the grantor and the **General Manager** replied that there had been no correspondence, no action and the funds were properly spent.

Director Griffith said that he recollected that there had been money left over and the **General Manager** stated that there were no funds remaining.

Director Griffith questioned the statement on page nineteen, note nine regarding Contingencies and asked if there were any contingencies.

Director Sorell replied that it is a standard note that usually appears in most audits.

Director Barkhurst questioned Mrs. Egan as to whether her independence had been compromised in any way during the audit and she replied that her independence had not been compromised and that she had received utmost cooperation.

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REVIEW OF 2009 DRAFT AUDIT:(continued)

It was M/S/C- (Sorell/Pickard-5/0) – **“That the 2008 Draft Audit be accepted as presented with the deletion of the statement- *that the District had contracted with an investment advisor*”.**

REVIEW OF NEW FIRE HYDRANT PLACEMENTS:

The **General Manager** reported that he had obtained additional information about easements as requested by the Board and has submitted a memo that outlines three possible alternatives with respect to the instillation of the hydrant at 2915 Clarmeya Lane and is recommending alternative No. One. He explained that he had obtained a survey of the easement, obtained copies of the grant deed, and had conferred with legal counsel in order to be assured that the easement for public utilities fits the use that is anticipated. He called the Board’s attention to a picture that he had submitted with his report verifying that the proposed location of the hydrant is within the easement. **Director Griffith** questioned whether the hydrant would be placed at the level of the orange stake shown in the picture and the **General Manager** replied that it would be placed several feet away from the orange stake.

Director Kilburn questioned as to whether the original suggested location had not been closer to the first driveway on the property and the **Facilities Supervisor** replied that the owner had requested that that location not be used and therefore another location about 14 feet further west had been agreed upon. He further explained that, because the gas service was located next to the water meter, the hydrant could not be placed next to the water meter.

Director Kilburn questioned whether the hydrant would be placed back closer to the orange post and the **General Manager** stated it would be closer to the telephone pole.

The **Facilities Supervisor** explained that the hydrant would be placed 4 feet back from the edge of the street into the bank and then the retaining wall would be placed another four back so that there would be three feet of clearance around the hydrant as requested by the Fire Department.

Director Kilburn stated that the reason she was asking is that there may be action on this street to persuade the property owners to move their property lines back so that the road is sufficiently wide to allow fire trucks.

The **Facility Supervisor** commented that if the edge of street is pushed back to the 30 foot limit then the telephone pole, the fire hydrant and the oak trees would be in the street.

Director Griffith questioned whether there had been any further conversation with the property owner about reimbursement and the **General Manager** replied that there had been no written or verbal conversation with the owner and that he had been invited to both Board Meetings.

Director Barkhurst requested that the Board consider the first alternative as recommended by the General Manager.

It was M/S/C/- (Griffith/Sorell-5/0) – **“That the Fire Hydrant be placed on the property at 2915 Clarmeya Lane within the easement at a location mutually agreed to by the District and the homeowner.”**

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REVIEW OF REVISED RULES AND REGULATIONS:

Director Barkhurst asked the Board Members if there were any questions or comments regarding the revised Rules and Regulations as presented.

Director Griffith questioned whether “days” referred to in Article 11, Page 35 was “working days” or “calendar days.”

Director Sorell replied that usually if it is not defined it is presumed to be calendar days.

Director Barkhurst recommended that “days” be included in the Definition Section of the document.

Director Sorell stated that the definition should be “Calendar days unless otherwise specified.”

Director Barkhurst questioned whether the changes mandated by law had been directly lifted from some code and the **General Manager** replied “pretty much so” except where it was an overkill for an agency our size

Director Griffith questioned whether there is an hourly rate as stated on page 54 and the General Manager stated there are invoiced hourly rates which are changed each year.

Director Griffith recommended that on page 57 the word “title” should be added at the bottom of the page below the word signature.

Director Kilburn noted that on Page 54 the charge for “unauthorized water use” had been deleted and asked whether there was any charge at all.

Director Sorell stated that the charge wasn’t deleted that it was just a punctuation change and that the charge is not deleted.

Director Griffith recommended that the statement in Article 3.1.5, on Page 87 include the word “design” so that it reads that “The Developer shall reimburse the District for the cost of the design and construction of all facilities.”

Director Griffith suggested that on Page 88 word “its” should be replaced with the word “title”. There were no other suggestions or comments and **Director Barkhurst** then requested a motion to approve the document as presented with the additions or corrections that had been suggested.

It was M/S/C – (Kilburn/Sorell-5/0) – **“That the Revised Rules and Regulations be approved with the previously discussed changes.”**

DISCUSSION OF 2009 GOALS AND OBJECTIVES:

Director Barkhurst stated that he had this item placed on the Agenda so that everyone would have an opportunity to suggest Goals or Objectives that could be included in the General Manager’s Goals and Objectives or in the Board’s Goals and Objectives for the year 2009.

Director Griffith stated that he thought the **General Manager** should cut back on some of the Association Meetings that he attends because of the costs involved and that the money should be saved for other District needs. He noted that he had discussed this in the past with Director Sorell.

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DISCUSSION OF 2009 GOALS AND OBJECTIVES: (continued)

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The **General Manager** replied that these organizations are his window on the water world and he thought it helped him do a better job.

Director Sorell stated that he didn't think anyone disputes that fact that these organizations have value but the question is how much time is involved and how many organization is the right number.

Director Griffith suggested that at the next meeting the General Manager provide the Board with a list of the organizations and the time and expense involved.

The **General Manager** replied that he would prefer that the Board do their own research and go on the websites and see what these organizations offer.

Director Barkhurst stated that it was his understanding that any activity that the General Manager is engaged, i.e. Board Meetings and participation in committees, was done with the approval of the Board and that any change to that would require approval of the Board.

The **General Manager** stated if there is a strong opinion regarding the matter he would reconsider but that he did not think it would be fruitful for him to provide a capsule of these organizations since there are many resources the Board could use to make their own determination.

Director Griffith stated that he was concerned about the expense involved..

Director Barkhurst stated that in his prior experience, once a year senior officers gave their Board an audit of the total expenses associated with being a senior officer, and questioned the General Manager as to how difficult it would be for him to show by organization what the total expenses were associated with each organization for 2008.

The **General Manager** replied that going forward it would easy but going backward it would take some time to dig in the records.

Director Barkhurst questioned whether General Ledger was not ordered so that all expenses associated with that organization were tied to that organization.

The **General Manager** stated that he could if the check was written to that organization but that all checks involved with activities of that organization are not written to that organization such as travel expenses.

Director Barkhurst noted therefore that the travel reimbursement is not linked back to the reason for the expense in the General Ledger and the General Manager replied that it only shows on his expense report but that the records are all there.

Director Barkhurst emphasized again that as far as he knows every outside activity that the General Manager is engaged has been with the approval of the Board and all expenses associated with those activities as far as he knows have been properly submitted for approval and have been approved.

Director Griffith replied that he has no question about that but that what he is trying to determine is how much money is spent on those activities, i.e. how much is spent getting to and from these meetings, and how much time is spent on the activity.

Director Kilburn questioned whether Director Griffith thought the expenditure was in excess.

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Director Griffith stated that he did not, but that in looking at all of the cut backs other organizations are having to make in their budgets he thinks it is important for the Board to know the actual cost involved.

Director Barkhurst noted that in the aggregate the Board does know how much was spent as an expense line item.

Director Kilburn noted that would be the key to the information.

Director Barkhurst stated that in his opinion a request for this amount of information will require a motion and approval by the Board and Director Griffith made the motion.

Director Sorell stated that he did not know exactly what the motion was.

Director Griffith replied that he is asking for the hard costs and how much time the General Manager spends in hours or days with Association activities so as to obtain the total expense.

Director Barkhurst stated that in the environment in which a General Manager should operate, as long as we believe generally speaking that the General Manager is properly managing his time, then that is all the Board needs to know.

Director Sorell stated that he has no interest in second guessing or micromanaging and there is a line item in the budget for travel and about half of the item has been spent. He noted that there is also a line item for professional dues.

The **General Manager** pointed out that some of the conference expenses are also included in the education line item.

Director Griffith stated that he thought that what he was asking for was pretty simple and that the discussion has gone off into another tangent and therefore there is no need for a motion.

Director Barkhurst then made the suggestion that he thought the newsletters were important and he would like to see two to four newsletters with a minimum of two for this year as a goal.

GENERAL MANAGER'S REPORT:

Kinneloa Mesa Project

The **General Manager** stated that the Kinneloa Mesa project was going well with the exception of the glitch with the Fire Hydrant.

Director Kilburn questioned whether there was one shut off for the Kinneloa Mesa or whether there were shut offs for each street and the General Manager replied that there is only one shut off now but that part of the current project is the installation of individual valves for each street.

Doyne Road Project

The General Manager reported that the Engineering portion of the project is continuing.

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REVIEW OF MINUTES:

The minutes of March 17, 2009 were unanimously approved as presented.

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REVIEW OF FINANCIAL REPORTS:

The Financial Reports were reviewed by Director Sorell who made the following remarks-

- Revenue for the year are slightly above budget and expenses are slightly above budget
- Expenses for the month are \$16,000 above budget
- Maintenance supplies are about \$5000 above budget
- Maintenance contractors are above budget

The **General Manager** explained the following expenses

- The Engineering expense covers approximately \$6,000 for the Kinneola Mesa Project and \$6000 for the system maps.
 - The Outside Contractor Expense includes the unexpected Dolores Pipeline repair
 - The \$3000. Transducer replacement for the Wilcox Well was an unexpected expense
- The Financial Reports were unanimously approved for filing as presented.

ITEMS FOR NEXT AGENDA:

Report from Ad Hoc Committee on Auditor Service

ADJOURNMENT:

It was M/S/C – (Pickard/Sorell-5/0) – **“That the Regular Meeting scheduled for May 19, 2009 be**

adjourned to May 26, 2009”

Respectfully submitted,

Shirley L. Burt
Secretary to the Board