

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
MARCH 15, 2011**

MEMBERS PRESENT: Directors Barkhurst, Eldridge, Griffith, Kilburn 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 1930 hours. He noted that there was a quorum present. The Agenda was unanimously approved as presented. The Chair stated that at the Special Closed Meeting held on March 4, 2011 no decisions were made by the Board.

PUBLIC COMMENT:
No members of the public were present.

REPORT OF GENERAL MANAGER'S PERFORMANCE REVIEW:

Director Barkhurst stated that several facts needed to be considered, namely that the General Manager's salary is currently \$10,004.00 per month, which amounts to \$120,048.00 annually and that, based on a review done five years ago, his current salary is well within the range that was established at that time. He stated that, based on everything heard at the review about the General Manager's evaluation and performance, it is his belief that a performance increase is appropriate and he would recommend a performance increase of \$3000 which is 2.49 per cent of his annual base salary.

Director Sorell questioned whether that recommendation was to be considered as a salary increase as opposed to a bonus.

Director Barkhurst replied that it could be either one, noting that if it was considered as an increase in salary that would mean a move up in the salary range and the CALPERS numbers, whereas if it was considered as a performance based bonus then the salary, CALPERS numbers and net tax effect would stay the same except that the increase would be given in one month rather than spread over twenty four payments. He stated that he was in favor of considering the bonus option so that there will not be a move up in salary range and the public disclosed salary amount will remain the same at \$120,048 but if treated as salary increase it would affect his CALPERS contributions and have a slight effect on his pension.

Director Sorell noted that if it was not considered as a salary increase, it would not affect the wage base that would be used for deliberations next year.

Director Barkhurst made the motion that, based on the General Manager's overall performance evaluation, that he be granted a bonus of \$3000. The motion was seconded by Director Kilburn.

Director Griffith stated that he would recommend a bonus of \$2000.

Director Kilburn stated that she preferred the bonus rather than a salary increase.

Director Eldridge stated that he liked the direction the Board was going.

It was M/S/C-(Barkhurst/Kilburn-4/1-Director Griffith voted no)-

“That the Board award the General Manager a one time performance bonus of \$3000.”

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REVIEW OF GENERAL MANAGER'S REPORT:

AUDIT:

Director Sorell asked the General Manager if he had a report on the Audit and he replied that he had received a rough draft and that there was nothing to present at this time. He stated that he will be presenting a second draft of the Audit to the Chairman and Treasurer for their comments, return that draft to the auditor and then present a draft to the Board at the next meeting.

Director Sorell asked if there had been any adjustments and the **General Manager** replied that there were six minor adjustments. He stated that the auditor prefers to treat unfinished construction projects as construction in progress and removes those expenses from account #1504 and also expenses certain items that have been capitalized. He noted that the end result is that things move around on the balance and income sheets, but none of these adjustments effect the overall profit and loss or bank balances.

FOOTHILL MUNICIPAL WATER DISTRICT:

The **General Manager** stated that it is unlikely that the method of financing for the recycled water project would be a parcel tax although no final decision has been made on the financing of the project.

Director Sorell questioned as to what method of financing is being considered and the **General Manager** replied that the FMWB could consider a thirty year revenue type Bond that would have to be paid back by the Agencies that are affected.

Director Griffith questioned as to whether that would affect the District and the **General Manager** replied that it could if the recycling plant was built in the Eaton Canyon.

Director Barkhurst noted that if that does happen then the District will have to increase the water rate to the rate payors in order to pay the bill from FMWD..

The **General Manager** stated that the benefit to the District would be a good source of supplemental water at a relatively low cost source which the District needs to be concerned about and that even though there would be a financial obligation on the District the benefit is likely to be far greater than not having that water and having to purchase it elsewhere.

Director Barkhurst stated that the District however would have to go through an analysis of how to equitably charge that price to the District rate payors and could end up having to charge a parcel tax.

DOYNE ROAD:

Director Sorell questioned the status of the Doyne Road Project and the **General Manager** stated that he met with several people about a month ago who purported to have the property in Escrow but he has heard nothing further from them.

Director Griffith questioned as to who owned the property at this time and the **General Manager** replied that it is owned by a financial corporation and that he does not recall the name at this time.

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EAST TANK TO WEST TANK PIPELINE:

Director Kilburn questioned as to the longevity of the tanks and the **General Manager** replied that because of the District's Tank Maintenance Agreement it is perpetual so that whatever the tanks need it will be provided. He noted that the East Tank is fifty plus years old and the West Tank was installed in 2003.

Director Griffith stated that he did not think the issue was the age of the tank but the fire flow that is provided.

The **General Manager** noted that the Engineer had recommended it would be cheaper and better for everyone involved to build this pipeline and tie these two tanks together.

SIERRA MADRE VILLA/WINDOVER ROAD PROJECT:

Director Eldridge questioned whether the District has a legal review done on Contracts and the **General Manager** replied that is the next step in the process.

Director Eldridge then questioned whether there is a dollar threshold for the legal review and the **General Manager** replied that there is a budget item for legal expenses but that the District does not have the Attorney on retainer so it is strictly based on his time.

Director Barkhurst questioned whether there is something in our policy that describes an amount over which a legal review is required and the **General Manager** replied that generally it is done for large contracts otherwise it is done internal.

BETA VERSION OF CUSTOMER INTERFACE:

Director Barkhurst questioned whether the District had any customers on the BETA SITE and the **General Manager** stated that he was on it. He stated that he was planning to give a demonstration of the project at the April or May meeting.

REVIEW OF MINUTES

The minutes of February 15, 2011 were reviewed and unanimously approved as presented.

REVIEW OF FINANCIAL REPORTS:

At the request of **Director Barkhurst** the Board reviewed and approved the questionnaire that he had been requested to complete by the Auditor.

Director Barkhurst reviewed the Financial Reports and they were unanimously approved for filing as submitted. The **General Manager** noted that the District had received a large insurance refund from the ACWA/JPIA.

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Director Griffith questioned whether the District has determined where the owner of the property on New York Drive is obtaining the water for his property and the **General Manager** replied that he has no idea as to how he receives water.

ITEMS FOR NEXT AGENDA:

Review of Draft Audit

ADJOURNMENT:

The meeting was adjourned at 2020 hours and the next meeting will be held on April 19, 2011.

Respectfully submitted,

Shirley Burt,
Secretary to the Board