

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
AUGUST 17, 2004**

MEMBERS PRESENT: Directors Barkhurst, Brain, Pickard, Sorell and Stock

STAFF PRESENT: Melvin Matthews, Christopher Burt, and Shirley Burt

CALL TO ORDER: The meeting was called to order at 1936 hours by the Chair, Steven Sorell. He noted that there was a quorum of the Board present. The Agenda was unanimously approved as presented.

PUBLIC COMMENT

No members of the Public wished to comment at this time.

REVIEW OF HOLLY TANKS PROJECT

The General Manager reported that the Holly East Tank refurbishment had been completed and that the tank was back in service. He noted that the refurbishment of the Holly West Tank has become a more complex project in that heavy metals were found on the lid of the tank and the project has been shut down while a plan is being developed to deal with the hazardous material. He stated that there will be approximately \$12,000. in additional costs and that the change orders will be reviewed with the Board at the next meeting.

REVIEW OF RAYMOND BASIN ANNUAL WATER REPORT

The Raymond Basin Annual Water Report was reviewed and the General Manager noted that the District has only 15.4 A/F to carry over into the coming year after purchasing the 150 A/F leased pumping rights. He stated that it is his recommendation that the District again lease pumping rights in October if the cash flow will allow for it and he will make a recommendation at the next meeting.

Director Stock questioned as to whether the District should develop a plan that could involve a contract to purchase water over a five year period and also to possibly look at connecting to the MWD system.

Director Brain questioned whether we are obliged to serve water to new requests for service and the General Manager stated that the District cannot refuse service to anyone within our service area.

Director Barkhurst noted that when new homes come on line there appears to be only two choices, to either buy more water or to convince the customers to use less water. He recommended that the staff investigate the several options available to obtain more water and the cost involved, so that this information could be used for the budgetary process.

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APPOINTMENT OF BUDGET COMMITTEE

Director Sorell stated that he wished to appoint the same Ad Hoc Budget Committee as last year since there will be changes to consider in the suggested new format and additional issues to consider. The Board agreed that Directors Sorell and Pickard would form the Ad Hoc Budget Committee.

MANAGER'S REPORT

The General Manager directed the Board's attention to his written report that had been distributed just prior to the meeting and stated that he would answer any questions. He then reported that the interconnection between the City of Pasadena and the District had been completed in two days and that this would now allow the Wilcox Well to rest and also provide operational cost savings due to the pumping efficiency of the K-3 Well. He warned the Board that this connection should only be considered as an emergency interconnection keeping in mind that the City of Pasadena might need their main in the future, and suggested that the Board might want to consider extending the District's main down to the interconnection site as a future capital project.

REVIEW OF MINUTES

The minutes of the Regular Meeting of July 20, 2004 were unanimously approved as presented.

REVIEW OF FINANCIAL REPORTS

The financial reports were reviewed and Director Sorell questioned the following--

- Credits showing to the truck lease account
- Overage status of the Medical Insurance budget
- Actual cost of Employee Wages

He requested that a forecast of the 2004 year be provided to the Board at the next meeting
The Financial Reports were then unanimously approved for filing.

ITEMS FOR NEXT AGENDA

Forecast for the year 2004

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Review of the Holly Tank Change Orders
Development of Scenarios for acquiring additional water

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ADJOURNMENT

The meeting was adjourned at 2000 hours. The next Regular Meeting will be held on September 21, 2004.

Respectfully submitted,

Shirley Burt
Secretary To The Board