

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
SEPTEMBER 17, 2013**

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

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

CALL TO ORDER: The Meeting was called to order by the President, Gerrie Kilburn, at 1930 hours. She noted that there was a quorum present. Director Sorell arrived at 1950 hours.

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

APPROVAL OF RESOLUTION 2013-09-17- NO ELECTION BE HELD FOR DIVISION 2:

It was M/S/C-(Eldridge/Barkhurst-4-0)- **“That resolution 2013-09-17 be approved.”**

REVIEW ADDENDUM TO EAST-WEST PIPELINE REPORT:

The **General Manager** stated that the July 2013 Draft Report was being presented to the Board as an informational item regarding the alternate routes for Segment Three of the project that involves going up the hillside on the east side of Kinneloa Canyon Road. He noted that three of the four routes involve the Holly Tank Site and that there could be advantages in one of those routes that would benefit future projects involving that site. He explained that the next Draft Report is expected from the Engineer by September 30 and that sometime after that a decision will need to be made so that plans and specifications can be developed and bids obtained to determine the approximate cost of the project.

Director Kilburn questioned whether there were any earthquake faults in the area and the **General Manager** replied that he did not know but that he did not think an analysis needed to be done.

REVIEW OF PROPOSED YEAR 2014 BUDGET:

The proposed budget for year 2014 was reviewed and **Director Barkhurst** suggested that a more conservative approach be considered for revenue from both **Water Sales** and **Wholesale Water Sales**. After further discussion the amount of water sales was reduced to the same amount as last year (\$1,223,000) and the wholesale water sales was reduced to \$75,000. The budget as presented did not include a rate increase and the Board agreed not to plan for a rate increase for 2014. No further changes were suggested and the budget, with the suggested changes included, is to be presented at the next Board Meeting for approval.

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DISCUSSION OF THE ESTABLISHMENT OF A RESERVE POLICY:

The **General Manager** stated that he thought there was a need for the District to have a Reserve Policy so that the rate payers could understand that the District is not accumulating surplus funds for no reason. He suggested four fund categories - Operating, Emergency, Replacement, and Improvement with target amounts.

Director Sorell noted that some of the funds you would expect to spend while the Emergency Fund you would hope would not have to be spent.

Director Barkhurst and Director Sorell both suggested that there be ranges established rather than set amounts and that the ranges are realistic, i.e. the range for the Improvement Fund could be as high as \$4 million.

Director Barkhurst stated that there should be language in the Policy that would allow for funds to be taken from the Improvement Fund to be used for emergency or replacement needs.

The Board directed the General Manager to prepare a draft Reserve Policy and present it at the next Board Meeting.

GENERAL MANAGER'S REPORT:

The General Manager reviewed his report as included in the Board Packet.

REVIEW OF MINUTES:

The minutes of August 20, 2013, were approved for filing as presented.

REVIEW OF FINANCIAL REPORTS:

The reports for August 31, 2013, were reviewed and accepted for filing as presented.

ITEMS FOR NEXT AGENDA:

Review & Approval of Year 2014 Budget
Discussion & Approval of the Draft Reserve Policy

ADJOURNMENT:

The meeting was adjourned at 2040 hours.

Directors Barkhurst and Griffith announced that they will be out of town on the day of the next scheduled regular meeting and requested that the date for that meeting be changed. It was unanimously agreed to schedule the next regular meeting for October 12, 2013 at 10:00 a.m.

Respectfully submitted,

Shirley Burt
Secretary to the Board