

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
September 18, 2007**

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

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, **Richard Barkhurst**, at 1930 hours. Director Kilburn requested that an item "Community Education" be added to the Agenda as an information item. The Agenda was then unanimously approved with the additional Agenda Item 5A.

PUBLIC COMMENT:

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

REVIEW OF T-MOBILE PROPOSAL:

The proposal from T-Mobile was reviewed by the Board and the **General Manager** stated that he was not asking for the Board's approval of the lease but for approval to allow the company to proceed with obtaining the necessary permissions and approvals from the various agencies that are required

Director Sorell commented that from his reading of the document they wanted the Board to sign now and pay the District a lease option fee but the **General Manager** explained that the final lease would not be signed until T-Mobile had obtained all the permits and approvals that were required.

Director Kilburn questioned as to whether there should be any concern about the possible ill effects from the electrical radiation and the **General Manager** replied that there is always some radiation but he does not think it poses any health or safety issues although other individuals could raise this concern.

Director Sorell stated that the Lease as written is not a good document as it indemnifies T-Mobile and it should be the reverse.

Director Griffith questioned as to when the lease would be submitted to Mr. Kruse for his review and **Director Sorell** replied that it would be sent for approval after the Board had addressed the concerns that involve the business issues.

Director Kilburn questioned as to who would pay for the power and the **General Manager** replied that T-Mobile would have their own electrical service and that they want the option to install a back up generator.

Director Sorell noted that there are two separate type of issues in the contract – one having to do with the business side and the other having to do with the legal liability side. He noted further that there are many things in the contract that need to be clarified such as the lease reads that it is a thirty year lease but T-Mobile could terminate with only a thirty day notice.

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Director Griffith questioned whether there would be any interference to our antenna and the **General Manager** stated that he did not think so and that maybe our antenna would be moved to their tower.

Director Barkhurst stated that the cover letter asked for two things – a signed letter of authorization and any changes to the language in the lease.

The **General Manager** stated that the next step, if the Board wishes to proceed, is to sign the letter of authorization which he has not yet received but will share with the Board so that they he can get a collective opinion that it is not placing the District under any obligation.

Director Barkhurst then stated that it is the sense of the Board that it makes business sense to move forward and explore this revenue opportunity.

Director Sorell stated that he could easily spend 5 or 6 hours editing the lease and it is unusual for the tenant to write the lease rather than the landlord.

The **General Manager** stated that he had already told T-Mobile that the Board has quite a few comments to make regarding changes to the lease.

REPORT FROM BUDGET COMMITTEE:

Director Sorell reported that the committee had met once and has scheduled another meeting. He referred the Board Members to the minutes of the budget meeting which reflected the process that had been taken noting that some changes had been made to the proposed budget. He stated that the question of a rate increase had been discussed and would be further addressed at the next meeting.

Director Barkhurst stated that in discussing next years capital expenditures, the budget has to be tied into the revised ten year plan and that the Board should review that revised plan prior to the next Board Meeting so that the Board Members could study it and begin thinking individually what should fit into next years budget and subsequent years budgets.

Director Sorell stated that the Operating Budget is self contained and that the place holder amount for capital projects suggested for next year is in place, but that what hasn't been decided is what the District wants to consider for revenue generation.

Director Barkhurst stated that a decision needs to be made as to how the projects are funded – by using our reserves or do we consider a rate increase, etc.

Director Sorell stated that if we don't have a rate increase in the future the District will have exhausted the reserves within a very few years.

The **General Manager** reminded the Board that in updating the Master Plan he did not change the emphasis upon which the plan had been written which was to increase pipeline size to meet the fire flow requirements of the Fire Department noting that hydraulic studies had been done in 1996 and the Master Plan developed and approved in 2000. He further explained that at that time above ground storage was considered to too expensive and the need was mitigated with the purchase of portable pumps and generators. He noted that the plan did not consider any projects regarding water supply such as digging new wells or developing interconnections.

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Director Barkhurst commented that the District is constrained and restrained by its ability to increase revenues as the only source is from water sales, and that a decision needs to be made as to whether we fund these projects from surplus operational income or from drawing down the reserves. He further stated that it is his assumption that the District continues to fund fire flow projects.

The **General Manager** stated that he would have a redlined copy of the revised Master Plan with cost estimates for the next budget meeting.

DISCUSSION OF TRUCK FINANCING:

The **General Manager** stated that he thought it was beneficial to finance the truck rather than using money from the reserves and he has a document that would provide funds at 4.75 % for five years which is structured as a lease purchase with no buyout costs at the end.

Director Sorell questioned whether the lease should be for three or five years and the **General Manager** stated that the current offer is for 4.65% for three years and that he has approval for \$100,000 which would cover the purchase of both trucks.

Director Barkhurst questioned whether this was from the California Special Districts Association and the **General Manager** replied that it was.

The **General Manager** stated that signing a document locking in the rates does not obligate the District in any way.

Director Barkhurst questioned whether the vendor for the truck had been selected and the **General Manager** stated that Wondries has been selected for the truck with a ninety day delivery period but that the vendor for the truck body has not yet been selected.

COMMUNITY EDUCATION:

Director Kilburn stated that she had a project in mind that she thought the Board should consider and described her proposal as follows

- Develop an Educational Program for the public that would involve information regarding water conservation, etc.
- Involve key people from each of the service areas in the planning
- Invite agencies such as Eaton Canyon Nature Center, L. A. County Agriculture Dept., etc. to participate

Director Griffith suggested that the District use this opportunity to let people know what the District has been doing with their money, discuss the projects completed to improve fire flow, **Director Barkhurst** stated the first challenge would be getting people to show up but that it was the consensus of the Board to have an open meeting cohosted by a variety of people and that the District is the natural group to lead the project. He suggested that at least one person volunteer to help Director Kilburn..

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GENERAL MANAGERS REPORT:

The **General Manager** reported that the contract for the New York Pipeline Project was being reviewed by Mr. Kruse.

Director Griffith questioned whether there would be “As Built” drawings when the project was completed and the **General Manager** replied there would be.

Director Griffith questioned whether there would be a profile and the **General Manager** stated there was no plan for that and that he did not think the expense was necessary..

Director Griffith requested that the General Manager check into the cost for a profile and report back to the Board including the cost for inspection.

REVIEW OF THE MINUTES:

The minutes of August 21, 2007 were reviewed and approved with several typographical corrections.

The minutes of September 14, 2007 were reviewed and approved with the following correction

Page 1, Item 5, line 11— insert after the word expenses “and the goal was to create a budget that reflects the best estimates of our expenses neither high nor low.”

REVIEW OF FINANCIAL MINUTES:

Director Barkhurst suggested that once a year a notice be placed in the bill notifying customers stating that the District has the ability to electronically debit their account

Director Sorell questioned the amount of payables increasing by \$50,000 and the **General Manager** stated that he would review that amount.

The Financial Reports were reviewed and unanimously approved as submitted.

ITEMS FOR THE NEXT AGENDA:

T-Mobile Letter of Authorization
Revised Relined Master Plan
2008 Budget

ADJOURNMENT:

The meeting was adjourned at 2140 hours.

Respectfully submitted,

Shirley L. Burt
Secretary to the Board