

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
KINNELOA IRRIGATION DISTRICT
DECEMBER 20, 2016**

MEMBERS PRESENT: Directors Eldridge, Griffith, Johnson, Kilburn and Opel

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

PUBLIC PRESENT: None

CALL TO ORDER: The meeting was called to order by the Chair, Director Kilburn, at 7:30 pm. A quorum of Board Members was present.

PUBLIC COMMENTS: None.

VOSBURG PUMP STATION REPLACEMENT PROJECT RECAP: The **General Manager** presented an overview of the completed project and a financial report on the project to date. He mentioned that there would be additional expenses to pay to our **Engineer** and **Attorney** in December but final payment to the contractor has been made and an unconditional release has been received. The financial review documents will be updated and presented at a future meeting. He indicated that although the project took much longer than was anticipated, the workmanship was excellent and there have been no problems since the pump station was put into service. He further indicated that change orders increased the cost significantly. The **General Manager** then opened a discussion with the **Board Members**. **Director Johnson** requested that the **General Manager** prepare a memo for the next meeting, addressing the problems with the project duration and cost increases and the lessons we have learned to minimize a reoccurrence.

STATUS OF EAST TANK - WEST TANK CONNECTOR PIPELINE PROJECT:

The **General Manager** reported that the project is on schedule and that all the pipeline has been installed except for 250 feet at the upper portion of the Fire Easement Road which required additional engineering for the recommended re-routing and change in materials. The installed pipeline has passed the leakage test, base paving has been completed on all streets and final paving is in progress on Kinneloa Canyon Road and Brambling Lane as well as the Fire Access Road between Crystal Lane and Brambling Lane.

ANNUAL PRODUCTION AND SALES REPORT: The **General Manager** presented the report for 2016-2017 and responded to questions from the Directors. The **General Manager** highlighted the production sources as shown in Figure 1 and emphasized that the decline in Tunnel Production and increasing dependence on the K-3 Well as the single major production source was a concern. The **Board** requested that a future agenda include an item to discuss the current production sources and possible means of diversifying those sources to provide greater redundancy and supplemental sources in the years ahead.

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Page 2

The **General Manager** indicated that although Figure 7 showed a substantial reduction in water sales for the first 6 months of 2016 as compared to prior years, the results for the remainder of 2016 are not as favorable from a conservation standpoint. **Director Griffith** requested that the **General Manager** provide an updated water sales chart after the data for the entire calendar year of 2016 is available.

IRS SECTION 125 PLAN:

The **General Manager** presented a memo outlining the benefits to the District and the Employees in adopting a Section 125 Premium-Only Plan to reduce the tax liability by allowing Employees to deduct health insurance premiums pre-tax rather than after-tax as it has been done in the past. After discussion, it was M/S/C-(Griffith/Eldridge-5/0)

**“That the Board authorizes the General Manager to establish a Section 125 Premium-Only Plan.”
(Aye-Eldridge, Griffith, Johnson, Kilburn, Opel/Nay-0/Abstain-0)**

GENERAL MANAGER’S REPORT: The Report was reviewed by the Board and discussion on items was provided as requested.

REVIEW OF MINUTES: The minutes of October 18, 2016, and November 15, 2016, were reviewed and approved for filing and posting on the web site.

REVIEW OF FINANCIAL REPORTS: The Financial Reports for November 30, 2016, were reviewed and approved for filing as presented. **Director Johnson** indicated that he would be contacting the **Accounting Assistant** to arrange for a review of the bank statements.

ITEMS FOR THE NEXT AGENDA:

Election of Officers

Vosburg Pump Station Replacement Project – Project Management Lessons Learned

East Tank - West Tank Connector Pipeline Project Update

ADJOURNMENT: The meeting was adjourned at 8:10 pm. The next meeting will be on January 17, 2017, at 7:30 P.M.

Respectfully submitted,

By Melvin L Matthews

General Manager and Acting Secretary to the Board