

**KINNELOA IRRIGATION DISTRICT**  
**Regular Meeting – Board of Directors**  
**1999 Kinclair Drive, Pasadena, CA 91107**  
**Tuesday, June 16, 2020, 3:00 pm**  
**Minutes**

**Meeting conducted by teleconference under the provisions of Executive Order N-29-20.**

**DIRECTORS PRESENT:** Zoom teleconference/videoconference (Zoom): Tim Eldridge, Frank Griffith, Gordon Johnson, Gerrie Kilburn and Dave Moritz

**DIRECTORS ABSENT:** None

**STAFF PRESENT:** Zoom: General Manager Melvin Matthews, Office Manager/Board Secretary Bernadette Allen

**1. CALL TO ORDER:** Director/Chair Gordon Johnson called the meeting to order at 3:02 pm and called the roll. A quorum of Board Members was present. The Agenda was reviewed. No changes were requested.

**2. PUBLIC COMMENT:** Auditor, Gail Egan, CPA, and District resident Stephen Brown were present via Zoom. There were no public comments.

**3. REVIEW OF MINUTES:**

It was motioned/seconded/carried unanimously-(Eldridge/Kilburn-5/0/0/0):

**“That the Board approves the May 19, 2020, minutes as presented for filing and posting on the website.”**

(Aye-Eldridge, Griffith, Johnson, Kilburn, Moritz/Nay-0/Abstain-0/Absent-0)

**4. REVIEW OF FINANCIAL REPORTS:** Director/Treasurer Moritz reviewed the May 31, 2020, financial reports. He highlighted that water sales were substantially higher as compared to the previous month, \$133,000 as compared to \$93,000.

Director Moritz asked if Other Expenditures [1515] Vehicles & Portable Equipment with a budget of \$90,000 was for the new trucks. The General Manager stated that the amount is for the new trucks that were expected to be delivered in May, but production was delayed due to the virus. Director Moritz asked about [1504] Water Mains. The General Manager stated that this expenditure is for the two major pipeline projects: Sierra Madre Villa & Villa Heights Water Main project and the Brown/Glen Replacement Pipeline Project.

Director Moritz asked about the check register payments to Clinical Lab of San Bernardino and Eurofins Eaton Analytical. The General Manager replied that one lab does bacterial analysis and the other does general physical analysis.

Director Griffith asked when the trucks would be delivered. The General Manager replied that delivery is expected near the end of July. Director Griffith asked if they would be 2020s or 2021s. The General Manager stated that they will still be 2020s unless they slip over the production date and change model years.

Director Moritz asked if the vehicles would be sent somewhere to be modified. The General Manager replied that toolboxes from old vehicles will be transferred to the new vehicles and one of the vehicles will get a ladder rack, otherwise they will be complete and ready to use.

It was motioned/seconded/carried unanimously-(Kilburn/Eldridge-5/0/0/0):

**“That the Board approves the financial reports as presented for filing.”**

**KINNELOA IRRIGATION DISTRICT**  
**Regular Meeting – Board of Directors**  
**Tuesday, June 16, 2020**  
**Minutes**

**5. 2019 AUDIT:** Chair Johnson welcomed auditor Gail Egan and the General Manager introduced her, stating that Ms. Egan is the principle auditor at Egan and Egan. She, along with two of her associates, conducted the onsite audit and prepared the draft financial audit presented at this meeting.

Ms. Egan stated that during the audit she was onsite for the main part of the field work. She and her colleagues rotated the audit areas so that each person reviewed a different area than the previous year, providing “fresh look” auditor rotation within the firm. She pointed out that the audit opinion starts on page 7 of the report. She stated that this opinion is the standard opinion provided on a state and local government subdivision, which is a special district. The preceding pages are Management’s representation and discussion of the year. She highlighted that there are not very many changes or disclosures for the year, however, there were substantial changes in numbers. Most of the changes were due to pension issues. The District is a participant in CalPERS and most of the latest changes in accounting standards for government entities relate to projecting and including on the balance sheet a fairly stated amount for future liabilities for pensions as well as obligated healthcare costs. The District does not have an ongoing future obligation for healthcare. Egan and Egan assists with the calculation of the pension liability and it is included with the financials. The only new footnote is on page 22, Note 8, regarding the impact of the COVID-19 pandemic. The District can update Note 8 and she asked if collections have remained stable. The General Manager stated that there has been no change to receivables and aging. Based upon the last three months, the District does not expect any problem with collectables. No change to Note 8 was requested.

Ms. Egan concluded her review and stated that the No Material Weakness Letter will be issued after the Board approves the audit. The letter will state that they did not see a weakness in internal control and that they did plan their procedures to evaluate the system of internal control. Egan and Egan considers the Board’s governance to be an integral part of the system of internal control. Being present at the meeting and hearing the questions regarding the May financial statements, confirms that the governing body is functioning as it should, and oversight is present at the District.

The General Manager added that he and Treasurer Moritz extensively reviewed the draft audit. Ms. Egan asked if there were any questions.

Director Eldridge asked why, on page 11 “Net cash used (provided) for pension liabilities,” the numbers are so different and what do those numbers represent. The General Manager replied that it represents a change in the actuarial figures for the pension. Ms. Egan added that CalPERS knows they are underfunded, and they are striving to collect a higher percentage of the payroll annually.

Director Eldridge asked what would happen if public agencies went bankrupt. Ms. Egan replied that there would be cascading bankruptcies within the pool and contribution rates within the pool would increase. Recently, a small city police fund in Rhode Island negotiated so every pension participant agreed to take a lower benefit than what was actuarial due to them. This is the biggest financial issue within state and local governments. Ms. Egan stated that if the District were to freeze participation and change to another form of long-term retirement benefit, there is an “exit” contribution that is required. She asked the General Manager if he recalled the amount. He replied that the share a few years ago was somewhere between \$200,000 and \$300,000. His conclusion is

**KINNELOA IRRIGATION DISTRICT**  
**Regular Meeting – Board of Directors**  
**Tuesday, June 16, 2020**  
**Minutes**

that the District is in much better shape than other District's that have a negative surplus on their balance sheet and a huge pension liability. Director Eldridge asked how the District can be in good shape if we are part of a fund that has a potential for a cascading event. Ms. Egan stated that the District would stop contributing and whatever the contribution is so far, and whatever people have earned, the District's side is frozen, and the District would adopt some other form of long-term benefit in an outside source that might be more secure. Director Eldridge asked if the District was betting that CalPERS will not "blow up." The General Manager replied, "Yes," and said that at this time he still thinks this is the best solution and does not recommend to the Board that the District buys its way out of CalPERS and into some other program, because most other programs have risks too.

Director Griffith asked about page 17, \$42,438 in Machinery and equipment, and if that includes printers and computers. Ms. Egan replied that it includes any piece of equipment that would have been capitalized during the year. Director Griffith asked if there is a list of items. Ms. Egan stated that there is complete detail. The General Manager stated that this amount was primarily for major projects, and not inexpensive items like new printers. Ms. Egan stated that the District purchased new telemetry equipment during the year. The General Manager affirmed that the amount represents the new SCADA radios. Director Griffith asked if a printer was replaced, what is done with the old one. The General Manager stated that the old one would be sent to an electronic waste recycling center.

There were no additional comments, questions, or discussion.

It was motioned/seconded/carried unanimously-(Eldridge/Kilburn-5/0/0/0):

**"That the Board approves publishing the Auditor's Report as presented."**

Chair Johnson thanked Ms. Egan for her participation. She stated that she would send the General Manager the standard client representation letter and she departed the meeting at 3:35 pm.

**6. GENERAL MANAGER'S REPORT:** The General Manager and the Board reviewed the report.

**I.B. Aged Receivables:** The General Manager pointed out that the District has not experienced any problem with receivables due to the pandemic. The District has about the same number of accounts that are past due.

**II. General Manager's Projects...:** The General Manager stated that he did not include on the report that he started recruitment for the Facilities Operator. He has received applications and he will start interviews this week.

**II. E. Activities/Meetings...:** The General Manager stated that he changed the format, but all the major activities and meetings are listed.

**II. General Manager's Projects...:** Chair Johnson asked how many applications have been received and what are the candidates' qualifications. The General Manager replied that he has received ten applications. Two have a D2/T2 certification and two more would have had it if the test had not been delayed until September due to the virus. None have water district experience. All, but one, have come from contact with Citrus College. Some look very promising. He will be expanding the advertising to seek experienced operators, and he will be doing a general mailing to certified operators in California. He will start interviews on six of the applications. Chair Johnson asked if the applicants have any water industry experience. The General Manager replied that they have no water experience at all. They have had a lot of classroom experience and water system tours. Director Kilburn asked if any have experience with something similar with what would be required

**KINNELOA IRRIGATION DISTRICT**  
**Regular Meeting – Board of Directors**  
**Tuesday, June 16, 2020**  
**Minutes**

or expected at the District. The General Manager replied that one candidate has considerable experience working for engineering contractors. Out of the ten, that is the only one with comparable experience. Director Griffith asked if the Personnel Committee will be reviewing the candidates. The General Manager replied that it will be his recommendation to hire someone, but he will rely on the input of the Personnel Committee. Director Eldridge suggested that the Personnel Committee be included for the second interview. The General Manager agreed and stated that it is his intention to conduct the initial interviews and narrowing of the field and present candidates to the Personnel Committee, and if possible, include the Committee on the second interview.

**7. INFORMATION ITEM:** The General Manager summarized the memo on vacation and personal time off (PTO) accruals.

Director Eldridge asked if the vacation time totals remain static and if it is like a savings account. The General Manager stated that he did not evaluate the monthly totals, but PTO remains relatively static and agreed that it is similar to a savings account.

Director Eldridge asked for clarification for the phrase “reasons other than” [in the second sentence of the second paragraph, that begins: “PTO is available when work is missed for any reason other than vacation, holiday,...”], and he asked what the intention is for PTO. The General Manager stated that PTO is in addition to any other benefits that are included. The purpose is for classification on timesheets, for example, if time off was missed for PTO versus paid jury duty, or other paid benefits. The sentence may be clearer if it began: “PTO is available when work is missed for any reason other than the paid benefits of vacation, holiday...” Director Eldridge stated that he would like to see PTO more finely defined. The General Manager stated that PTO is more defined in the Employee Policies and Procedures, which has been reviewed by ACWA JPIA periodically and is a living document. The items listed in the memo are clearer in context and PTO supplements other paid benefits.

**8. DIRECTOR REPORTS AND/OR COMMENTS:** Director Griffith stated that a couple people were confused by who was sending them an email message and he asked if the One Call Now system emails can be changed so that the email is from Kinneloa Irrigation District and not from the General Manager. The General Manager stated that the email sender is mel@kinneloirrigationdistrict.info which has Kinneloa Irrigation District as part of the email address and Kinneloa Irrigation District is in the body of the email. Director Griffith said that the one he received says the sender is OneCallNow.com and Melvin Matthews. The General Manager stated that if Director Griffith address book associates the General Manager’s email address with his name, then it is possible that his email is displayed that way. Director Griffith asked the General Manager to check if it is possible to change the sender’s name to Kinneloa Irrigation District. The Office Manager requested that Director Griffith provide a copy of the email to the office and he stated that he would put a copy in the District’s courtesy box.

Director Moritz asked if national disaster, or events such as earthquakes and forest fires are part of the PTO policy. The General Manager stated that in a disaster, the staff would be working as part of the recovery from such a disaster, so it would not necessarily mean lack of employment. If a staff member needed to aid a relative or time off to personally recover, then it would be possible to use PTO for that purpose. There are no particular “unemployment benefits.”

**KINNELOA IRRIGATION DISTRICT**  
**Regular Meeting – Board of Directors**  
**Tuesday, June 16, 2020**  
**Minutes**

Director Moritz stated that he has had several favorable comments about the neighborhood Water Quality signs, but people continue to buy bottled water. The General Manager stated that he has written newsletter articles on bottled water in the past, and it may be time to write one on the issue of tap water versus bottled water. Chair Johnson agreed.

Director Griffith asked if the trucks are in good shape. He stated that he noticed one of the trucks has no brake lights and the valve lifters on the engine of this truck are loud. The General Manager stated that the only safety related issue is one brake light on a truck has been intermittent and attempts to fix the problem have not been successful. The condition of the trucks was discussed at the recent staff meeting to determine if there are any issues. The only safety related one was the brake light and fixing it was emphasized. As far as other mechanical problems, once the new trucks are in the District, then trucks will be rotated out of service for additional repairs. The 96 Chevy truck was taken out of service because it was not safe to operate. Currently, there is one truck per staff member and no spares. In the previous week, one truck was taken in for regular servicing and brakes. It is part of the staff's responsibility to routinely check and maintain their vehicle and communicate with the General Manager if repairs are necessary. Anything safety related is taken care of right away.

**9. CALENDAR:** The next meeting will be a Regular Meeting on July 21, 2020, at 3:00 pm.

**10. ADJOURNMENT:** It was motioned/seconded/carried unanimously-(Kilburn/Eldridge-5/0/0/0):  
**“That the Board adjourns the meeting.”**

The meeting was adjourned at 4:17 pm.

Respectfully submitted by,



Bernadette C. Allen

Office Manager/Board Secretary