

KINNELOA IRRIGATION DISTRICT

Regular Meeting – Board of Directors
1999 Kinclair Drive, Pasadena, CA 91107
Tuesday, June 16, 2020
3:00 P.M.

AGENDA

This meeting will be conducted only by teleconference under the provisions of Executive Order N-29-20. Public comments may be submitted via email to kinneloa@outlook.com prior to the meeting and any information submitted will become part of the official record. The public may participate via computer or telephone using the following information:

<https://zoom.us/j/96953912891?pwd=UXJBdVpHVHZsdU5JMENGtkc1b1VDQT09>

+1 669 900 9128

Meeting ID: 969 5391 2891

Password: 206936

1. CALL TO ORDER – 3:00 P.M.

- a. Declaration of a quorum
- b. Review of agenda

2. PUBLIC COMMENT – Comments from the Public regarding items on the Agenda or other items within the jurisdiction of the District

In compliance with the Brown Act, the Board cannot discuss or act on items not on the Agenda. However, Board Members or District Staff may acknowledge Public comments, briefly respond to statements or questions posed by the Public, ask a question for clarification, or request Staff to place item on a future Agenda (Government Code section §54954.2)

3. REVIEW OF MINUTES – May 19, 2020

Recommended Action: Review and approve motion to file

4. REVIEW OF FINANCIAL REPORTS – May 31, 2020

Recommended Action: Review and approve motion to file

5. 2019 AUDIT – Review of 2019 Financial Audit Draft presented by the General Manager and Egan and Egan, Certified Public Accountants

Recommended Action: Review and approve motion to publish with any changes identified in the discussion

6. GENERAL MANAGER'S REPORT – Information item presented by the General Manager

Recommended Action: General Manager to summarize the report and respond to questions

7. INFORMATION ITEM – Accrued hours of vacation and personal time off for the staff

Recommended Action: General Manager to respond to questions

8. DIRECTOR REPORTS AND/OR COMMENTS – In accordance with Government Code §54954.2

Directors may make brief announcements or brief reports on their own activities. Directors may ask a question for clarification, provide a reference to staff or other resources for information, request staff to report back to the Directors at a subsequent meeting, or act to direct staff to place a matter of business on a future agenda.

9. CALENDAR – July 21, 2020 August 18, 2020 September 15, 2020

10. ADJOURNMENT

In compliance with the Americans with Disabilities Act, if you are a disabled person and need a disability-related modification or accommodation to participate in this meeting, please contact the District office 48 hours prior to the meeting at 626-797-6295. Each item on the agenda, no matter how described, shall be deemed to include any appropriate motion, whether to adopt a minute motion, resolution, payment of any bill, approval of any matter or action, or any other action. Material related to an item on this agenda submitted after distribution of the agenda packet is available for public review at the District office or online at the District's website <https://kinneloirrigationdistrict.info>.

KINNELOA IRRIGATION DISTRICT
Regular Meeting – Board of Directors
1999 Kinclair Drive, Pasadena, CA 91107
Tuesday, May 19, 2020, 3:00 pm
Minutes

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

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

DIRECTORS ABSENT: None

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

1. CALL TO ORDER: Director/Chair Gordon Johnson called the meeting to order at 3:00 pm and called the roll. Directors Eldridge, Kilburn, Johnson, and Moritz were present at roll call. A quorum of Board Members was present. The Agenda was reviewed. No changes were requested. Director Griffith joined the meeting at 3:01 pm.

2. PUBLIC COMMENT: Public Water Agencies Group (PWAG) Emergency Coordinator Mike Holmes and District resident Stephen Brown were present via teleconference. Stephen Brown asked about Agenda Item 5 Closed Session. He stated that the minutes showed Mr. Holmes will talk about a variety of topics, including: the temporary hire, an overview of PWAG, and emergency plan, and he asked if all of those topics are considered closed or subject to being closed. The General Manager replied that the field staffing is an open session item and is separate on the Agenda. The closed session will involve a review of the emergency response plan and presentation on the mutual aid and other security related items. The closed session is strictly limited to those security discussions, not with the hiring of facility operator. Mr. Brown stated that he read through the Brown Act and did not see a code cite for what makes the discussion of threat to public services or facilities subject to being closed. The General Manager replied that the Agenda shows the government code section. Mr. Brown said that section did not specifically say what the grounds are and wanted to know if there is something more specific than what is in section 5(e). The General Manager replied that 5(e) is what the District is following, and if there are any particular topics Mr. Brown would like to discuss, then the Board can make a determination if that would be publicly disclosed information. Mr. Brown said his concern is, as a member of the public, that a lot of this should be in the public domain and he is trying to understand where in the code it specifically says this particular topic is subject to a closed session. He sees that you can have a closed session, but it did not say for what particular reason. The General Manager replied that part of the reason for having a closed session is that the emergency response plan has information in it that is... [unintelligible garbled audio]. Mr. Brown stated that Mr. Matthews was "cutting in and out." Mr. Matthews continued, stating that the presentation Mr. Holmes will make can be made available to the public... [unintelligible garbled audio]. Chair Johnson requested that everyone who was not speaking, to mute their microphones. He asked if there were any additional public comments. There were no additional comments.

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3. REVIEW OF MINUTES:

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

“That the Board approves the April 21, 2020, minutes as presented for filing and posting on the website.”

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

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

“That the Board approves the May 5, 2020, minutes as presented for filing and posting on the website.”

4. REVIEW OF FINANCIAL REPORTS: Director/Treasurer Moritz reviewed the April 30, 2020, financial reports. He highlighted that water sales were lower as compared to the previous month. Total revenue was \$103,000 as compared to \$105,000 last month. There were no unexpected expenses. The net income was \$10,000. The General Manager commented that Workers’ Compensation [5045] credit was due to an adjustment in accounts receivable to reflect actual accounts receivable because it was billed in 2019. It is a quarterly expense.

Director Moritz asked about the check register expense to the Raymond Basin Management Board. The General Manager stated that the Raymond Basin Management Board is the authority that manages the ground water and Raymond Basin aquifer, the water quality, pumping and legal rights. They administer the program, measure ground water levels, and conduct sampling for water quality purposes. There is an annual assessment to cover the administrative expenses. Director Griffith asked about 5025 Water Treatment Analysis. The General Manager stated that the account is over budget due mainly to timing, but there is additional sampling occurring. The staff will monitor that account. The account also involves supplies for the District’s treatment of the water, so the purchase of those supplies does not always match the budget that is evenly allocated over 12 months.

Director Griffith asked if it was the same circumstance for 5034 Equipment Maintenance. The General Manager replied that yes, it is similar, and the District tends to perform most of the equipment maintenance in the earlier part of the year, such as generators and booster pumps.

Director Griffith asked about 6000 Engineering Services and which project is expensed to this account. The General Manager stated that part of it is for the two pipeline projects and part for general engineering, such as fire flow tests.

Director Griffith asked if the District is keeping a list of expenses by project. The General Manager stated that most of the detail is in the invoicing and there is tracking of each project and the expenses. Director Griffith suggested that the General Manager consider giving the Board a report each month by project, with a listing of the date, the payee, description and the amount.

Chair Johnson asked Director Griffith is he was asking for a listing of only the main capital projects or all projects. Director Griffith replied that it was only the capital pipeline projects.

Director Griffith asked about check #9421 for Mission Paving. He thought the Board approved \$32,000 and the check was for \$33,800. The General Manager stated that there was additional square footage added to the project. Mission Paving did not charge extra. Originally, the budget was only \$30,000, which was set 2 years ago. The check was the exact amount of the bid which the District accepted. Director Griffith asked for an emailed copy of the three bids.

Director Griffith asked about check #9431 for Generator Services, and if that was a standard price or flat rate. The General Manager stated that it was not a flat rate. It is based on the materials

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supplied, travel time, service and is an itemized invoice. On one of the generators there were significant repairs made, and on the other generators it was normal maintenance.

Director Griffith asked about check #9438 for SA Associates, and if it was part of the project. The General Manager stated that yes, the item description shows it is part of the water main project and engineering services were provided.

Director Griffith asked about credit card expenses 5010 for a disposable spray suit and 6036 for certified mail and postage. The Office Manager replied that the disposable spray suit was purchased by the field when cement and paint work was done on the Eucalyptus chlorinator building, and account 6036 was for one certified letter and the rest for regular postage stamps. Director Moritz asked about wholesale water sales and if there is fixed number of months that the District sells water or is it by request. The General Manager replied that wholesale water is sold when the District has excess water and wants to deliver it to the City of Pasadena. Typically, delivery starts in the September or October, and depending on the rainy season, it may extend through the current year and into the next year. Deliveries usually conclude early in the year. There is no fixed amount. In past years it has ranged from 75,000 to \$100,000 and is not predictable. Customers always have priority, and water delivery is only offered to Pasadena if it is clearly available.

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

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

5. CLOSED SESSION – THREAT TO PUBLIC SERVICES OR FACILITIES – Government Code

§54954.5(e) – Consultation with: Public Water Agencies Group, Mike Holmes, Emergency Preparedness Coordinator:

Before moving to closed session, the General Manager stated that if there any public disclosable items within the closed session they will be made part of the minutes. Mr. Brown left the meeting. At 3:26 pm, Chair Johnson adjourned the meeting to closed session.

6. OPEN SESSION – REPORT ON CLOSED SESSION: Chair Johnson reconvened to open session at 4:01 pm. Mr. Holmes left the meeting and Mr. Brown rejoined the meeting. Chair Johnson stated that the Board heard the presentation from Mike Holmes, Emergency Preparedness Coordinator for the Public Water Agencies Group and he talked about the emergency response capabilities and the application to the Kinneloa Irrigation District of those capabilities. There were no comments or follow-up discussion.

The PWAG power point slide presentation is attached to the end of the minutes.

7. 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. They are consistent with past months.

V. Water Samples... Attachment A: Director Kilburn asked about the fluoride results and if they were usually higher than the 1.2 – 1.7 parts per million (ppm). The General Manager stated that the District has a variance up to 3 ppm and very rarely does the District have a level over 2. The range shown is normal and the District has not exceeded 2 ppm in the last year.

II. General Manager’s Projects...: Director Moritz asked for an update on the water meter radio transmitters. The General Manager stated that the project is on hold. There were 12 installations and only six of the twelve worked reliably on the cell phone network. At the present time, he does

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not recommend adopting that program. If it worked reliably, it would be a great system. Unless the cell network improves in the District, then it is not something the District can implement in the immediate future.

Director Kilburn stated that she had a water leak and the system did not pick it up. She agreed that the system is unreliable.

The General Manager stated that he will be preparing a report for the Board in the future, but currently he is waiting for Badger Meter to respond to his concerns and feedback on potential improvements, such as higher powered transmitters or cell phone network improvements.

III.B.1.e. Facility cleanup: Director Griffith asked about facility cleanup, and which facilities were worked on in April. The General Manager stated that in **B.1.** all those activities are performed daily and/or monthly. In **B.2.** the activities vary depending upon the month.

III.B.2.g. Holly East Tank dirt removal: Director Griffith asked if it is continuous since it seems like the item has been on the list for years. The General Manager replied that the site has continuous soil sloughing off from the adjacent property. The dirt removal is done periodically.

III.C.3. House Tunnel Pipeline repair: Director Griffith asked if any work is being done on House Tunnel Pipeline repair. The General Manager replied that the project is on hold and was postponed due to the COVID-19 situation. It is still a project planned for this year.

III.C.8. Radio mast at Holly: Director Griffith asked about the radio mast at Holly. The General Manager stated that the mast will improve SCADA radio transmission reliability for the District.

8. GENERAL MANAGER'S GOALS FOR 2020: Chair Johnson stated that the first discussion item would be regarding the hiring of a full-time facilities operator. What would be the potential duties? What will be the impact on existing staff? What would be the cost and budgeting strategy for the new position?

The General Manager stated that Item 8 – page 1 is the job description. It is difficult to answer what the duties would be because that is dependent upon the person's level of training and experience. Item 8 – page 2 shows the salary range for the position. It is a wide range because it is also dependent upon the person's level of training and experience.

In general, it is hard to respond to the question of potential duties until the decision is made on the level of operator that the District is seeking. An operator that has little experience will require a lot more training, with a minimum of six months and a year is probably more typical. The new staff would ride with another operator and go through the daily and monthly activities and gain experience in the duties that are listed. The General Manager stated that it is important to have the Board discussion to gain feedback as to what experience and certification level should be sought. Both will impact the budget, the amount of training time, and the existing staff as they train the new operator.

Director Griffith asked about the certification levels of existing staff. The General Manager stated that three staff have D3 T2 certification, which is the level the water system is rated. One operator is rated at D1 T1 certification. The most recent hire is at the lowest certification level and is taking classes and the hope is that he will advance in certification. He has experience with a lot of the daily and monthly tasks, and even at the lowest level of certification he is a valued employee. The General Manager stated that not everyone hired can move to a senior operator level and be capable of advanced troubleshooting and overseeing projects.

Director Griffith asked if there are higher levels of certification. The General Manager replied that there is no reason to go higher in certification level than the certification of the system unless the

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individual simply wants to pursue it. If a person wants to go on to a larger system, than higher certification would be an advantage.

Director Moritz asked for clarification about the General Manager's comments at the May 5th meeting and if the size of the District will make it difficult to hire a D3 T2 person. The General Manager replied that that is correct, and the last time the District recruited for an operator position, the District did not receive applicants at that level. It is particularly hard to get someone at a D3 T2 level. He recommends hiring someone who is just below that level and who is committed to receiving the higher certification in an agreed upon period.

Director Moritz asked if that would be a condition of hiring. The General Manager replied that yes, and it would be a requirement in the job posting. The General Manager stated that certification is important and the ability of the individual to perform all those tasks is important. Certification allows them to perform the tasks without supervision. Experience and skills are also important to the District.

Director Moritz asked if higher certification affects the salary. The General Manager said that it does.

Director Griffith asked about the General Manager's contacts at Citrus College. The General Manager replied that he was waiting for this meeting and the Board's recommendation before reaching out to those contacts and beginning recruitment.

Chair Johnson recommended that the District should seek someone who is at the higher end of the certification scale, at the D3 T2 level. The General Manager agreed.

Director Eldridge asked how many weeks of vacation the operators have in total for the year and total sick days. In other words, he asked how much time staff can be away from the job and how much time in total are people away from work. The General Manager stated that he does not have an exact number, but the District has had difficulty in encouraging people to take vacation. Nearly all staff are at maximum accrual for vacation. Most staff accrue 4 weeks of vacation a year and rarely take 4 weeks of vacation, either because of the person's desire to take vacation and partly due to the workload. As a manager, he has never discouraged using accrued vacation time off. In fact, he has encouraged them. Vacations are staggered so no more than one person is on vacation at a time. There has been very little impact on regular operations or duties. It is rare that someone takes a vacation that it impacts the District. Director Eldridge asked if the General Manager could provide the number of how much vacation is on the books.

Director Eldridge asked about what is done with all the accrued vacation. The General Manager stated that vacation is use it or lose it once the maximum accrual is obtained. If it is not used, you do not get compensated and you do not accrue above the maximum. Personal Time Off is another issue. There is a 480-hour maximum that can be accrued and many of the staff are near that maximum. Unused vacation time is payable should someone leave the system. With present accruals, that is no more than four weeks of vacation. Director Eldridge asked if people are actually losing vacation time and not being compensated. The General Manager stated that generally that is not the case. They accrue the maximum, see that they are at maximum and take vacation days. Very little vacation time gets lost. It shows on the books as accrued vacation time because it is payable should the staff leave the District. As far as losing vacation and not getting paid for it, that is rare. If they lose vacation, it is not because vacation is denied, it is by personal choice.

Director Eldridge stated that he does not understand why people do not take vacations when that is part of the compensation package. The General Manager stated that some employees do not

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like to travel or do things that take them away from home. Staff are encouraged to take vacations and are well informed and notified if they are approaching maximum accrual. If they lose vacation, it is not due to anything on the District's part that causes them to lose vacation. The Office Manager clarified that no staff lose any vacation time that is accrued, but as soon as the maximum accrual of hours is reached, the staff stop accruing additional hours. Some might think of it as losing vacation time since they do lose that opportunity to continue to accrue, but the District does not have unlimited accrual of vacation because vacation time is a liability. The Office Manager added that the General Manager encourages all staff to take vacation. She agreed that it is difficult to understand why someone would not take vacation, but the District has very dedicated employees. Those who take vacation work very hard to make it have minimal impact upon the rest of the staff and they consider the work schedule, calendar tasks and projects. There are others who do not travel, do not have family vacations, and their life is their work. Director Eldridge stated that he does not think that is healthy and he does not agree with it.

Director Eldridge asked if everyone has four weeks of vacation that they keep on the books that will be paid out when they leave the company, if some people take vacation for the year, and if there is an additional 480 hours, which is over ten weeks of personal time, that is accrued that is also paid out. The Office Manager replied that staff accrue vacation based upon the amount of time employed with the District. For those employed 6 months to a year, they accrue one week; one to five years, they accrue two weeks; five to ten years, they accrue 3 weeks; and over ten years, they accrue four weeks of vacation. For paid time off, that is not a liability to the District. It is sick time or time to take care of those who are sick, and that maximum is 480 hours. She stated that there are some staff members who have been employed long enough that they are near the maximum and others who have taken sick time over the years, so they are not at the maximum. Although it is a small staff, three have been with the District over ten years and the other three are in other categories. Each person has used a different amount of vacation or sick time.

Director Eldridge asked how many people would the District need to fill in for all the time one could possibly take off. The General Manager stated that he thinks he understands the request. He added that the larger staff, the more likely it is people can and would take vacations, simply because you have greater coverage and overlap of staff positions. He acknowledged that there is a relationship between the number people on staff and the ability to take vacation. He stated that he did not want to minimize that there are a lot of personal decisions that have been made as far as taking vacation time, various categories of willingness and desire to take vacations. The General Manager stated that he can do a rough calculation, based upon the accrual in dollars as of the end of the year, which is part of the audit and shows up on the balance sheet as a liability. It is possible to take the vacation accrued dollar amount and divide it by average salary and see how many people that might represent to give some idea as to how much staff time is not used in vacations. Director Eldridge requested that the sick time also be calculated and how much has been used. The General Manager stated that he can give overall figures without disclosing personal information. He can provide the total hours of personal sick time accrued by the employees and the same for vacation. However, even without additional personnel, there may be individuals that do not take vacations. On personal sick time, part of the desire is if you have a serious problem that will keep you away from work, then you will continue to get paid for up to 480 hours. The General Manager stated that he agreed with Director Eldridge that vacations are good. Director Eldridge stated that because of the virus, it is important to consider the District's liability for

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staffing purposes and compensation purposes if someone gets sick. He thinks these types of liabilities should also be considered when talking about increasing staff. The General Manager suggested that this item be on the next agenda.

Director Griffith requested that the General Manager send the job description for Senior Facilities Operator to the Board. The General Manager stated that the job description is very similar to the Facilities Operator description, with an obligation to train and a greater level of ability to troubleshoot problems. Typically, that person has had a high level of experience.

Chair Johnson asked if the General Manager is planning to proceed with preparation of recruitment materials. The General Manager replied that that is correct and based upon the Board's comments, his priority is to pursue a person who has experience, certifications, demonstrated skills, and can move into a senior position.

Chair Johnson mentioned that Las Flores Water Company recently lost one of their water operators, and the District will be competing with them. The General Manager stated that is fairly common. A lot of agencies have experienced hiring someone and then losing them to another agency. The District cannot prevent that. His goal in recruitment is to find someone who fits into the District's operation and likes working for a smaller operator, so that the District does not lose them to a larger operation that has more opportunity for advancement.

9. GLEN RESERVOIR LANDSCAPE LICENSE AGREEMENT: The General Manager stated that several months ago, he met with Chris Lofthouse, the owner of 1856 Pasadena Glen Road to discuss property boundaries and Mr. Lofthouse's desire for new fencing that would encroach on some of the area of the Glen Reservoir. At the initial meeting, it seemed like his request was very reasonable and would not impact the District. The plan was to draft a revocable license agreement that would allow him to do the landscaping and move the fence. After completing the agreement, the General Manager discovered that the area was not land owned by the District but was on land which the District has an easement. The property is owned by another property owner in the Glen. To allow Mr. Lofthouse to go ahead, the District could write a letter outlining what he wants to do, and have his request granted on the condition that he obtain an easement from the owner for the adjacent parcel. Item 9 is the letter and a Grant of Permission. The benefit to the District is less land that needs to be maintained and it does not affect the reservoir property. It was the General Manager's recommendation that the letter and draft agreement be sent to Mr. Lofthouse. Director Eldridge stated that he has spoken with Mr. Lofthouse and discussed what needed to be done to get the easement and he showed him the original easement to the District and previous easements to the property owner. Mr. Lofthouse will have to put the paperwork together, so it will take him some time. Director Eldridge stated that the agreement is set up very well and protects the District and will protect Mr. Lofthouse and the property owner. He thinks the District should go ahead with the agreement. The General Manager agreed.

Director Kilburn stated that the General Manager has covered the District's involvement and interests, particularly specified in number two and three in the Grant of Permission.

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

“That the Board authorize the General Manager to send the letter and Grant of Permission to Mr. Lofthouse.”

Director Eldridge asked the General Manager if he will go ahead and send the documents to Mr. Lofthouse. The General Manager replied that he would do so.

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10. DIRECTOR REPORTS AND/OR COMMENTS: Chair Johnson stated that the Board chose to make the General Manager goals for 2020 public and part of the record so that staff, as well as the public, can see what direction the Board has given to the General Manager. In reviewing the goals for 2019, Chair Johnson suggested that the General Manager also make those public and give them to the staff. They were not released last year, but they do pertain to the entire District and it is important for staff to understand what the Board has requested the General Manager to do. The General Manager asked the Chair if he would like the goals to be posted on the website. The Chair replied that he should post them on the website, and when the General Manager shares the 2020 goals at the Monday morning staff meeting, include the 2019 goals at the same time. The General Manager stated that he will present those goals at the next staff meeting and he will publish them on the website.

Director Eldridge stated that after the last Board meeting, he reviewed the Citrus College water program curriculum and it looks like an extensive program. It appears that right now, the courses are all online. He thanked the General Manager for sharing the information with the Board and he is glad to see that Citrus College has the program. The General Manager stated that he is glad too and is in close contact with the person who runs the program. He considers it a good resource.

Director Griffith asked if the Board has recently voted on staff pay increases. The General Manager stated that pay increases for the staff, except for him, are based upon performance reviews which are still underway. It was decided that there be no automatic COLA pay increases for all employees. He is considering COLA along with merit increases for excellent performance for individual employees. For the General Manager, the Board determines the salary. There has been no recent vote by the Board for a general increase for everyone.

11. CALENDAR: The next meeting will be a Regular Meeting on June 16, 2020, at 3:00 pm. The General Manager stated that audit will be included in the June or July. In June, he will start the budget process and will present the draft at the July or August meeting.

Director Eldridge asked for the staff meeting time. The General Manager stated that staff meetings are every Monday at 9:00 am. If Monday is a holiday, the meeting is on Tuesday and Board members are invited to attend. The General Manager also invited the Board to attend the PWAG Emergency Response Group meetings, and he will email out the information to the Directors.

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



The meeting was adjourned at 5:08 pm.

Respectfully submitted by,



Bernadette C. Allen

Office Manager/Board Secretary




Public Water Agency Group
Emergency Response
May 19, 2020

1

Overview

The *Public Water Agencies Group* (PWAG) was formed in the early 1960's to provide a regional association where members' managers could periodically meet to exchange ideas, discuss common problems, share solutions, and cost share on various mutually beneficial resources.



2

Overview



After several years of discussion, the hiring of a designated emergency preparedness coordinator to implement and oversee **PWAG-ER** functions occurred in April 2018 with seventeen members, in 2019, another mutual water company joined, making current total membership as follows: 13 PWAG members and 5 mutual water companies.

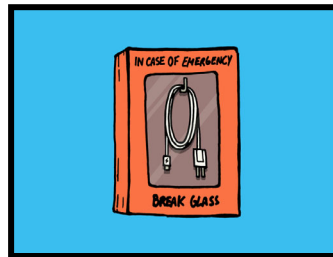
- PWAG-ER meets 3 times per year to discuss relevant matters and communicates frequently through email, visits and training meetings.
- There is a Chair appointed to lead the group.

The membership consists of retail water districts, irrigation districts, and wholesale municipal water districts.

3

What's an Emergency?

- An unplanned event that can cause death or significant injuries to employees or the public; or
- That can disrupt a business or its operation, cause physical or environmental damage.



PWAG-ER's
Mantra:



The 3 C's
Communicate
Cooperate
Coordinate

5

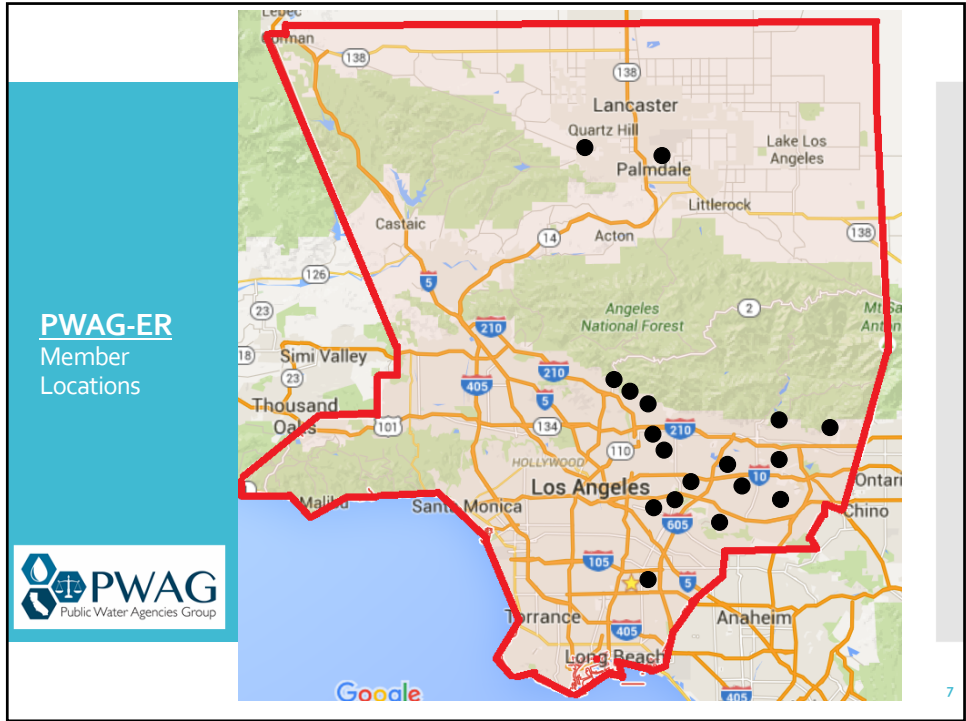
Overview



PWAG-ER was created to effectively plan for emergency response by providing continuous coordination, effective communication, training, encouragement, support; and

Ensuring to the maximum extent possible the operational reliability and inter-operability of our members **before, during** and **after** emergency situations.

6



PWAG
Emergency Response
(PWAG-ER)

PWAG
Public Water Agencies Group

- **Primary duties of the Emergency Response Coordinator includes:**
 - Providing guidance and support for managing emergency preparedness, planning, response, and recovery efforts amongst PWAG-ER members, and,
 - Both organizing and coordinating training and continuing education to member agencies, while coordinating with affiliated first response agencies including Los Angeles County, the state and the Federal government.
- Costs are allocated and based on the number of service connections for each member (our wholesale agency members were allocated a "set" rate structure).

8

PWAG-ER Priorities



The Top Priorities:

1. Continual improvement of PWAG-ER members' state of readiness, and the potential impact of natural and other wide-area and/or localized emergencies on each member's resiliency.
2. Review the best ways to operate cooperatively and efficiently with the PWAG member agencies and with other entities.
3. Seek the best ways to communicate, train, equip, work together in disaster response, and recovery. Then repeat.

9

Training



- A variety of online training resources are available, plus, specific training designed for PWAG-ER agencies.
- Training is a regular and consistent part of the PWAG-ER membership.

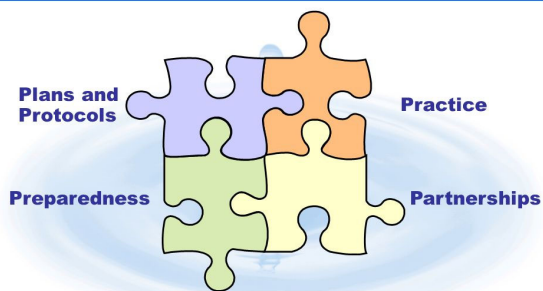
10

Training (continued)



- ✓ Develop applicable practice drills, tabletop training, standard emergency response procedures, guidelines and checklists, related training scenarios among participating agencies.
- ✓ Train, test and evaluate emergency response concepts and standard operating techniques for, but not limited to: *earthquakes, water quality situations, large main breaks, water outages, power outages, fires, cyber security breaches, civil unrest, high winds, fires... and currently, a pandemic response.*

Mutual Aid/Assistance



Mutual Assistance & Resources



- ✓ Facilitate Mutual Response: Mutual assistance from 18 other water agencies (several contiguous and many others nearby) personnel, equipment and expertise to assist during localized and/or regional emergencies.
- ✓ An 'emergency' resources database has been created that includes available personnel (i.e., specific expertise), equipment, logistics, for all phases of utility operations:
 - Currently on this list: Employees, Vehicles, Equipment (i.e., forklifts, cement mixers, backhoe, arrow-boards, emergency pumps, generators, etc.) Wells, Tanks, Boosters.
 - Expertise noted: engineering, certified welders, electricians, instrumentation, GIS, backhoe operators, water quality samplers, and certified labs.

Significance to KID and for all PWAG-ER Members



- ✓ Initial visit (June 4, 2018) with the Mr. Matthews, Brain, Juan, Chris, and Joel that evaluated KID's current readiness and preparation for a variety of emergency response situations.
- ✓ Consistent email notices and alerts for situational awareness on local alerts, potential weather situations, SCE's power outages, earthquakes, fires, and Covid-19!
- ✓ More recently, weekly, and now bi-weekly video internet calls to keep members informed as to the latest Covid-19 information.
- ✓ Research and applicability of state and federal legislation to emergency response.
- ✓ Provide 24-7 emergency response resources.
- ✓ Research and apply for grant funding.

Significance to
KID
and for all
PWAG-ER
Members
(continued)



- ✓ Resources, contacts, insights, for up-to-date information on maintaining interoperability from local, regional, county, state and federal resources, such as:
 - Ability to communicate during emergencies or high demand periods (especially via the mobile network system)—two possible means being studied.
 - Familiarization with Los Angeles County's resources through *Disaster Management Area Coordinators (DMAC)* and *Office of Emergency Management (OEM)*
 - Periodic newsletters that with timely and relevant emergency response information, data, background and educational material.
 - Coordination with CalWARN



GOVERNMENT EMERGENCY TELECOMMUNICATIONS SERVICE (GETS)

WIRELESS PRIORITY SERVICE (WPS)

It is intended to be used in an emergency or crisis situation when the wireless network is congested and the probability of completing a normal call is reduced.

TELECOMMUNICATIONS SERVICE PRIORITY (TSP)

A program that authorizes national security and emergency preparedness (NS/EP) organizations to receive priority treatment for vital voice and data circuits or other telecommunications services.



Cybersecurity (Department of Homeland Security)

InfraGard is a partnership between the Federal Bureau of Investigation (FBI) and members of the private sector for the protection of U.S. Critical Infrastructure. To join, see:

<https://www.infragard.org/>



WaterISAC, a nonprofit organization established in 2002, is the information sharing and operational arm of the U.S. water and wastewater sector.

- It is recommended that water agencies subscribe to "WaterISAC."
- *There is a cost to join based on service connections.* There is also a 60-day free trial. (see: <https://www.waterisac.org/membership#dues>)
- Cyber security assessments and resiliency reviews are available at no cost

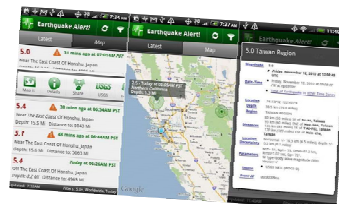
Cyber security assessments and resiliency reviews are available at **no cost** from the DHS.



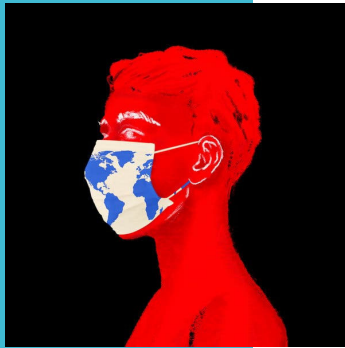
Other Items



**PUBLIC SAFETY
POWER
SHUTOFF**
SCE's PSPS



Coronavirus Disease (COVID-19) Outbreak



- Implementing a pandemic response plan for each agency.
- Planning for the impact employees and customers.
- Establish policies to be implemented during and after a pandemic response.

I am assisting members agency in creating, reviewing and/or any training related to their pandemic planning and **recovery**.

For 2020
and
Beyond



20

During an
Emergency:



You don't rise to the occasion...

*You sink to the level of your
preparation.*

21



THANK YOU!

Michael Holmes
Emergency Response Coordinator

Email: PWAG.epc@gmail.com

Website: <https://pwagroup.org/>

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Kinneloa Irrigation District
Income Statement for the Five Months Ending May 31, 2020

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
Revenues						
4000 Water Sales	133,681.66	115,000.00	18,681.66	548,807.36	566,000.00	(17,192.64)
4015 Wholesale Water Sales	0.00	0.00	0.00	35,406.96	0.00	35,406.96
4020 Service/Installation Charges	2,061.18	833.33	1,227.85	4,239.38	4,166.65	72.73
4035 Interest-Reserve Fund	1,913.67	2,500.00	(586.33)	12,486.10	12,500.00	(13.90)
4036 Unrealized Gain(Loss)-CalTRU	4,924.92	0.00	4,924.92	24,346.64	0.00	24,346.64
Total Revenues	142,581.43	118,333.33	24,248.10	625,286.44	582,666.65	42,619.79
Expenses						
5005 Electricity	9,768.46	10,000.00	(231.54)	43,263.05	48,000.00	(4,736.95)
5010 Maintenance/Repair Supplies	7,632.53	2,083.33	5,549.20	19,576.46	10,416.65	9,159.81
5011 Material and Labor for Install	0.00	833.33	(833.33)	0.00	4,166.65	(4,166.65)
5012 Safety Equipment	74.60	133.33	(58.73)	533.10	666.65	(133.55)
5015 Operations Labor	15,696.92	17,200.00	(1,503.08)	78,858.08	86,000.00	(7,141.92)
5016 Operations OT	718.02	1,125.00	(406.98)	7,766.34	5,625.00	2,141.34
5020 Stand-by Compensation	930.00	915.00	15.00	4,710.00	4,575.00	135.00
5022 Training/Certification	0.00	133.33	(133.33)	0.00	666.65	(666.65)
5025 Water Treatment/Analysis	493.03	1,833.33	(1,340.30)	13,331.15	9,166.65	4,164.50
5030 Maintenance/Repair Contractors	16,204.06	10,833.33	5,370.73	56,687.55	54,166.65	2,520.90
5034 Equipment Maintenance	0.00	1,250.00	(1,250.00)	13,465.69	6,250.00	7,215.69
5035 Vehicle Maintenance	72.70	1,250.00	(1,177.30)	1,678.10	6,250.00	(4,571.90)
5036 Fuel	1,043.32	1,250.00	(206.68)	7,299.50	6,250.00	1,049.50
5045 Insurance-Workers Comp.	0.00	0.00	0.00	274.06	5,000.00	(4,725.94)
5046 Insurance-Liability	1,294.79	1,333.33	(38.54)	6,473.95	6,666.65	(192.70)
5048 Insurance-Property	171.83	208.33	(36.50)	859.15	1,041.65	(182.50)
5049 Insurance-Medical	7,349.40	7,375.00	(25.60)	36,747.00	36,875.00	(128.00)
6000 Engineering Services	3,700.13	3,958.33	(258.20)	22,566.38	19,791.65	2,774.73
6005 Watermaster Services	880.33	1,000.00	(119.67)	4,401.65	5,000.00	(598.35)
6015 Administrative Salary	12,063.48	12,833.33	(769.85)	58,881.25	64,166.65	(5,285.40)
6017 Administrative Travel	26.80	250.00	(223.20)	254.65	1,250.00	(995.35)
6020 Board Compensation	750.00	700.00	50.00	2,550.00	3,500.00	(950.00)
6021 Administrative & Board Exp.	0.00	83.33	(83.33)	32.00	416.65	(384.65)
6022 Board of Directors Election	0.00	0.00	0.00	211.03	0.00	211.03
6024 Customer/Public Info. Prog.	200.00	166.67	33.33	1,380.51	833.35	547.16
6025 PERS - KID	2,791.23	3,000.00	(208.77)	14,099.59	15,000.00	(900.41)
6030 Social Security - KID	2,376.14	2,416.67	(40.53)	11,977.75	12,083.35	(105.60)
6031 Medicare - KID	555.74	566.67	(10.93)	2,801.29	2,833.35	(32.06)
6035 Office/Computer Supplies	110.93	583.33	(472.40)	2,307.94	2,916.65	(608.71)
6036 Postage/Delivery	331.80	416.67	(84.87)	1,506.55	2,083.35	(576.80)
6040 Professional Dues	1,175.58	1,000.00	175.58	5,877.90	5,000.00	877.90
6045 Legal Services	1,907.88	1,250.00	657.88	5,660.70	6,250.00	(589.30)
6050 Telephone	375.21	375.00	0.21	1,858.48	1,875.00	(16.52)
6051 Mobile Telephone	20.79	125.00	(104.21)	104.10	625.00	(520.90)
6052 Pagers	34.54	41.67	(7.13)	172.91	208.35	(35.44)
6053 Internet Service	69.99	83.33	(13.34)	349.95	416.65	(66.70)

Kinneloa Irrigation District
Income Statement for the Five Months Ending May 31, 2020

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
6059 Computer Software Maintenance	512.21	1,000.00	(487.79)	3,352.79	5,000.00	(1,647.21)
6061 Office Equipment Maintenance	0.00	83.33	(83.33)	0.00	416.65	(416.65)
6070 Office & Accounting Labor	9,095.50	9,125.00	(29.50)	45,069.25	45,625.00	(555.75)
6075 Professional/Contract Services	2,001.46	2,333.33	(331.87)	10,166.55	11,666.65	(1,500.10)
6080 Administrative Fees	953.73	750.00	203.73	4,610.75	3,750.00	860.75
6081 Permits/Fees	1,011.00	1,250.00	(239.00)	2,390.69	6,250.00	(3,859.31)
6086 Taxes - Use	0.00	0.00	0.00	1,227.00	500.00	727.00
6088 Interest Expense	31,490.37	31,490.00	0.37	31,490.37	31,490.00	0.37
6120 Bank Service Charges	685.10	541.67	143.43	3,308.86	2,708.35	600.51
Total Expenses	134,569.60	133,179.97	1,389.63	530,134.07	543,439.85	(13,305.78)
Net Income	8,011.83	(14,846.64)	22,858.47	95,152.37	39,226.80	55,925.57
Other Expenditures						
1504 Water Mains	6,572.00	6,575.00	(3.00)	37,880.43	37,925.00	(44.57)
1511 Water Treatment Plant	0.00	0.00	0.00	4,975.06	5,580.00	(604.94)
1515 Vehicles & Portable Equipment	0.00	90,000.00	(90,000.00)	0.00	90,000.00	(90,000.00)
1516 Water Company Facilities	0.00	0.00	0.00	33,800.00	30,000.00	3,800.00
1527 SCADA Equipment	0.00	0.00	0.00	5,927.20	6,000.00	(72.80)
2400 Installment Purchase Agreement	68,610.61	68,611.00	(0.39)	68,610.61	68,611.00	(0.39)
Total Other Expenditures	75,182.61	165,186.00	(90,003.39)	151,193.30	238,116.00	(86,922.70)
Total Increase or (Drawdown)	(67,170.78)	(180,032.64)	112,861.86	(56,040.93)	(198,889.20)	142,848.27

Kinneloa Irrigation District Balance Sheet as of May 31, 2020

ASSETS

Current Assets

1010	Checking-Wells Fargo Bank	\$ 289,218.34
1012	Reserve Fund-LAIF	126,980.94
1014	Reserve Fund-CalTRUST	1,755,775.75
1016	Accrued Interest-LAIF	411.20
1100	Accts. Receivable-Water Sales	24,379.18
1113	Employee Loans	652.40
1190	Allowance for Bad Debts	(771.48)
1200	Inventory	20,000.00
1340	Accrued Water Sales	135,175.71
1350	Prepaid Insurance	3,804.54
1360	Prepaid Expenses	19,817.68

Total Current Assets

2,375,444.26

Property and Equipment

1501	Water Rights	52,060.41
1503	Land Sites	96,700.08
1504	Water Mains	3,622,398.20
1505	Water Tunnels	729,074.60
1506	K-3 Well	89,543.06
1507	Improvement District #1	602,778.12
1508	Mountain Property	6,620.00
1509	Wilcox Well/Wilcox Booster	94,030.98
1510	Interconnections	14,203.27
1511	Water Treatment Plant	196,600.88
1512	Water Meters	112,592.71
1513	Electrical/Electronic Equip.	256,918.72
1514	Computer/Office Equipment	75,922.12
1515	Vehicles & Portable Equipment	242,548.91
1516	Water Company Facilities	104,222.20
1517	KID Office	54,741.36
1518	Shaw Ranch	280,789.92
1519	Dove Creek Project	487,383.87
1520	Glen Reservoir/Booster	24,190.86
1521	Kinneloa Ridge Project	690,492.58
1522	Eucalyptus Booster Station	532,342.43
1526	Vosburg Booster	1,647,215.66
1527	SCADA Equipment	356,085.54
1528	Tanks and Reservoirs	119,491.90
1529	Holly Tanks	181,113.76
1530	Tools	6,273.13
1600	Accum. Depreciation	(5,253,645.76)

Total Property and Equipment

5,422,689.51

Other Assets

1901	PERS-Deferred Outflows	76,176.00
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Total Assets

\$ 7,874,309.77

Kinneloa Irrigation District
Balance Sheet as of May 31, 2020

LIABILITIES AND CAPITAL

Current Liabilities

2000	Accounts Payable	\$ 21,204.29	
2272	Job Deposits	1,800.00	
2275	Deposits-Water Customers	255.02	
2290	Accrued Vacation	21,462.60	
		<hr/>	
	Total Current Liabilities		44,721.91

Long-Term Liabilities

2400	Installment Purchase Agreement	1,664,465.52	
2801	PERS- Net Liability	297,822.71	
2901	PERS- Deferred Inflows	38,397.00	
		<hr/>	
	Total Long-Term Liabilities		2,000,685.23
			<hr/>
	Total Liabilities		2,045,407.14

Capital

3040	Fund Balance	5,733,750.26	
	Net Income	95,152.37	
		<hr/>	
	Total Capital		5,828,902.63
			<hr/>
	Total Liabilities & Capital		\$ 7,874,309.77
			<hr/> <hr/>

Kinneloa Irrigation District
Statement of Cash Flow
For the Five Months Ended May 31, 2020

	Current Month	Year to Date
Cash Flows from Operating Activities		
Net Income	\$ 8,011.83	\$ 95,152.37
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
1100 Accts. Receivable-Water Sales	(716.38)	19,500.50
1101 Accts. Receiv.-Service Charges	0.00	494.19
1113 Employee Loans	50.19	250.95
1340 Accrued Water Sales	(41,163.75)	(6,896.41)
1350 Prepaid Insurance	1,466.62	7,333.10
1360 Prepaid Expenses	3,683.34	9,975.70
2000 Accounts Payable	3,078.26	(10,987.95)
2271 Deposits-Construction Meters	(850.00)	0.00
2272 Job Deposits	(1,800.00)	900.00
	(36,251.72)	20,570.08
Total Adjustments	(36,251.72)	20,570.08
Net Cash Provided by Operations	(28,239.89)	115,722.45
 Cash Flows from Investing Activities		
<i>Used for</i>		
1504 Water Mains	(6,572.00)	(37,880.43)
1511 Water Treatment Plant	0.00	(5,032.82)
1516 Water Company Facilities	0.00	(33,800.00)
1527 SCADA Equipment	0.00	(5,927.20)
	(6,572.00)	(82,640.45)
Net Cash Used in Investing	(6,572.00)	(82,640.45)
 Cash Flows from Financing Activities		
<i>Proceeds from</i>		
<i>Used for</i>		
2400 Installment Purchase Agreement	(68,610.61)	(68,610.61)
2801 PERS- Net Liability	(1,436.25)	(7,181.25)
	(70,046.86)	(75,791.86)
Net Cash Used in Financing	(70,046.86)	(75,791.86)
Net Increase (Decrease) in Cash	\$ (104,858.75)	\$ (42,709.86)
 Summary		
Cash Balance at End of Period	\$ 2,172,386.23	\$ 2,172,386.23
Cash Balance at Beg. of Period	(2,277,244.98)	(2,215,038.33)
	(2,277,244.98)	(2,215,038.33)
Net Increase (Decrease) in Cash	\$ (104,858.75)	\$ (42,652.10)

EXHIBIT B
2015 INSTALLMENT PAYMENTS

2015 Installment Payment Number	2015 Installment Payment Dates	2015 Installment Payment Amount	Amount Attributable to Interest	Amount Attributable to Principal	Purchase Option Price
0	05/29/2015				
1	11/29/2015	\$100,100.98	\$41,745.00	\$58,355.98	\$2,308,893.34
2	05/29/2016	\$100,100.98	\$40,685.84	\$59,415.14	\$2,247,695.75
3	11/29/2016	\$100,100.98	\$39,607.45	\$60,493.53	\$2,185,387.41
4	05/29/2017	\$100,100.98	\$38,509.50	\$61,591.48	\$2,121,948.19
5	11/29/2017	\$100,100.98	\$37,391.61	\$62,709.37	\$2,057,357.54
6	05/29/2018	\$100,100.98	\$36,253.44	\$63,847.54	\$1,991,594.57
7	11/29/2018	\$100,100.98	\$35,094.60	\$65,006.38	\$1,924,638.00
8	05/29/2019	\$100,100.98	\$33,914.74	\$66,186.24	\$1,856,466.17
9	11/29/2019	\$100,100.98	\$32,713.46	\$67,387.52	\$1,787,057.02
10	05/29/2020	\$100,100.98	\$31,490.37	\$68,610.61	\$1,716,388.10
11	11/29/2020	\$100,100.98	\$30,245.09	\$69,855.89	\$1,644,436.53
12	05/29/2021	\$100,100.98	\$28,977.21	\$71,123.77	\$1,571,179.05
13	11/29/2021	\$100,100.98	\$27,686.31	\$72,414.67	\$1,496,591.94
14	05/29/2022	\$100,100.98	\$26,371.98	\$73,729.00	\$1,420,651.07
15	11/29/2022	\$100,100.98	\$25,033.80	\$75,067.18	\$1,343,331.87
16	05/29/2023	\$100,100.98	\$23,671.33	\$76,429.65	\$1,264,609.33
17	11/29/2023	\$100,100.98	\$22,284.14	\$77,816.84	\$1,184,457.99
18	05/29/2024	\$100,100.98	\$20,871.76	\$79,229.22	\$1,102,851.89
19	11/29/2024	\$100,100.98	\$19,433.75	\$80,667.23	\$1,019,764.64
20	05/29/2025	\$100,100.98	\$17,969.64	\$82,131.34	\$935,169.36
21	11/29/2025	\$100,100.98	\$16,478.96	\$83,622.02	\$849,038.68
22	05/29/2026	\$100,100.98	\$14,961.22	\$85,139.76	\$761,344.73
23	11/29/2026	\$100,100.98	\$13,415.93	\$86,685.05	\$672,059.13
24	05/29/2027	\$100,100.98	\$11,842.60	\$88,258.38	\$581,153.00
25	11/29/2027	\$100,100.98	\$10,240.71	\$89,860.27	\$488,596.92
26	05/29/2028	\$100,100.98	\$8,609.74	\$91,491.24	\$394,360.94
27	11/29/2028	\$100,100.98	\$6,949.18	\$93,151.80	\$298,414.59
28	05/29/2029	\$100,100.98	\$5,258.47	\$94,842.51	\$200,726.80
29	11/29/2029	\$100,100.98	\$3,537.08	\$96,563.90	\$101,265.98
30	05/29/2030	\$100,100.98	\$1,784.49	\$98,316.49	\$-
Grand Totals		\$3,003,029.40	\$703,029.40	\$2,300,000.00	

Effective Interest Rate: 3.630%

Kinneloa Irrigation District
Check Register
For the Period from May 1, 2020 to May 31, 2020

Date	Check #	Payee	Amount	Description
5/5/20	EFT4299	CA Public Employees Ret. Sys.	5,387.33	employer & employee retirement contributions
5/5/20	EFT4300	Spectrum	376.97	phone and internet
5/5/20	EFT4301	VeriCheck, Inc.	69.53	echeck processing fee
5/5/20	9440	ACWA/JPIA	8,278.40	KID and employee health benefits
5/5/20	9441	AmeriPride Services	83.40	shop rag service
5/5/20	9442	BrightView Landscape Services	1,490.00	landscape services
5/5/20	9443	Underground Service Alert	31.45	digalert
5/5/20	9444	Eurofins Eaton Analytical, Inc.	105.60	water sample analysis
5/5/20	9445	Hill Brothers Chemical Co.	511.37	sodium hypochlorite
5/5/20	9446	McMaster Carr	474.24	maintenance supplies
5/5/20	9447	McMaster Carr	184.15	maintenance supplies
5/5/20	9448	Muniquip, LLC	1,088.59	Pulsar IMP2 for K3 chlorine solution tank
5/5/20	9449	Ultimate Cleaning Solutions, Inc.	75.00	janitorial services
5/5/20	9450	Utility Service Co., Inc.	5,001.90	tank maintenance agreement
5/15/20	EFT4302	Bernadette C. Allen	1,744.12	salary
5/15/20	EFT4303	Joel D. Bundy	1,500.25	salary
5/15/20	EFT4304	Christopher A. Burt	2,673.62	salary
5/15/20	EFT4305	Timothy J. Eldridge	92.35	salary
5/15/20	EFT4306	Brian L. Fry	1,929.90	salary
5/15/20	EFT4307	Francis J. Griffith	92.35	salary
5/15/20	EFT4308	Gerrie G. Kilburn	92.35	salary
5/15/20	EFT4309	Melvin L. Matthews	3,963.55	salary
5/15/20	EFT4310	Juan R. Tello	1,383.92	salary
5/15/20	EFT4311	Christopher A. Burt	150.00	salary
5/15/20	EFT4312	Automatic Data Processing, Inc.	5,742.13	payroll taxes and withholdings
5/27/20	EFT4313	Kinneloa Irrigation District CA	100,100.98	loan installment payment
5/27/20	EFT4314	Automatic Data Processing, Inc.	94.66	payroll processing fee
5/27/20	EFT4315	Arco Gaspro Plus	1,043.32	fuel for trucks
5/27/20	EFT4316	Athens Services	215.69	trash pickup
5/27/20	EFT4317	Century Business Solutions	275.20	credit card service fees
5/27/20	EFT4318	Century Business Solutions	15.00	credit card service fees
5/27/20	EFT4319	Pasadena Municipal Services	3,411.64	Electricity for Wilcox Well
5/27/20	EFT4320	Southern California Edison Co.	5,089.64	electricity April 13 sites
5/27/20	EFT4321	Umpqua Bank	2,619.63	credit card - see attached detail
5/27/20	EFT4322	VOID		voided - EFT4321 descriptions overwrote check
5/27/20	9451	South Coast AQMD	275.26	Generator regulatory fees
5/27/20	9452	South Coast AQMD	412.89	Generator regulatory fees
5/27/20	9453	Byrd Industrial Electronics	840.00	SCADA system service
5/27/20	9454	Civiltec Engineering, Inc.	1,520.00	Fire Flow tests for customers
5/27/20	9455	Civiltec Engineering, Inc.	2,180.13	Brown/Glen Replacement Pipeline Project

Kinneloa Irrigation District
Check Register
For the Period from May 1, 2020 to May 31, 2020

Date	Check #	Payee	Amount	Description
5/27/20	9456	Clinical Lab of San Bernardino	84.00	water sample analysis
5/27/20	9457	Calif. Utility Emergency Associat	500.00	CUEA annual membership dues 7/1/20-6/30/21
5/27/20	9458	Eurofins Eaton Analytical, Inc.	105.60	water sample analysis
5/27/20	9459	Foothill Municipal Water District	953.73	administrative fee
5/27/20	9460	Lagerlof, LLP	112.50	general matters
5/27/20	9461	McMaster Carr	899.05	maintenance supplies
5/27/20	9462	McMaster Carr	880.87	maintenance supplies
5/27/20	9463	Muniquip, LLC	50.86	Pulsar IMP2 balance due
5/27/20	9464	Perry Thomas Construction Co.	3,056.00	Windover water line repair
5/27/20	9465	Perry Thomas Construction Co.	1,608.00	Windover water line investigation
5/27/20	9466	Pump Check	2,020.00	pump efficiency testing for 3 sites
5/27/20	9467	Public Water Agencies Group	1,795.38	PWAG KID cost share
5/27/20	9468	SA Associates	6,572.00	water Main Improvement Project services
5/27/20	9469	Western Water Works	1,222.69	maintenance supplies
5/27/20	9470	Western Water Works	2,582.18	maintenance supplies
5/27/20	9471	Calland Engineering, Inc.	716.62	net refund on deposit
5/27/20	9472	Harry Kertenian	92.31	net refund on deposit
5/27/20	9473	Albert Agadjanian	92.31	net refund on deposit
5/31/20	EFT4323	Bernadette C. Allen	1,685.58	salary
5/31/20	EFT4324	Joel D. Bundy	1,423.12	salary
5/31/20	EFT4325	Christopher A. Burt	2,703.21	salary
5/31/20	EFT4326	Timothy J. Eldridge	138.52	salary
5/31/20	EFT4327	Francis J. Griffith	138.52	salary
5/31/20	EFT4328	Brian L. Fry	1,801.24	salary
5/31/20	EFT4329	Gerrie G. Kilburn	138.52	salary
5/31/20	EFT4330	Melvin L. Matthews	4,025.92	salary
5/31/20	EFT4331	Juan R. Tello	1,533.51	salary
5/31/20	EFT4332	Christopher A. Burt	150.00	salary
5/31/20	EFT4333	Automatic Data Processing, Inc.	5,567.77	payroll taxes and withholdings
5/31/20	EFT4334	Automatic Data Processing, Inc.	94.66	payroll processing fee
5/31/20	EFT4335	AT&T Mobility	124.74	mobile phone service
		Total	<u>203,485.92</u>	

Credit Card Detail Umpqua Bank
April 2020
(Expenses incurred/billed in April and due/paid in May)

Acct. No.	Account Description	Additional Description	MLM	CAB	BLF	JDB	BCA	JRT	TOTAL
1511	Water Treatment Plant								\$0.00
1514	Computer/Office Equip.								\$0.00
5010	Maintenance Supplies	generator maint. supplies; general maint. supplies, tools, nails; meter maint tools		\$36.52	\$91.19			\$36.90	\$164.61
5012	Safety Equipment	safety glasses, warning signage; work/safety pants, vests, mask			\$208.72			\$52.91	\$261.63
5022	Training/Certification								\$0.00
5025	Water Treatment/Analysis								\$0.00
5035	Vehicle Maintenance	2008-02 lube/oil package, replaced front brake calipers, rotors and pads, mini bulbs, fuses, key; anti-freeze			\$1,120.68			\$48.47	\$1,169.15
5036	Fuel								\$0.00
6017	Adm. Travel								\$0.00
6021	Adm. & Bd. Exp.	refund San Gabriel Valley Water Forum	-\$75.00						-\$75.00
6024	Customer/Public Info	yard signs; Streamline monthly website fee	\$108.51				\$200.00		\$308.51
6035	Office/Computer Supplies	paper towel dispenser, perforated paper, #9 security envelopes, keys				\$149.07	\$7.50		\$156.57
6036	Postage/Delivery	postage					\$331.80		\$331.80
6040	Professional Dues								\$0.00
6050	Telephone	answering service	\$75.00						\$75.00
6051	Mobile Phone								\$0.00
6053	Internet Service								\$0.00
6059	Computer/Software Maint.	GoDaddy Domain renewal, Splashtop renewal	\$227.36						\$227.36
6061	Office Equipment Maint.								\$0.00
6075	Outside Services								\$0.00
6081	Permits/Fees								\$0.00
TOTAL			\$335.87	\$36.52	\$1,420.59	\$149.07	\$539.30	\$138.28	\$2,619.63

**KINNELOA IRRIGATION DISTRICT
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

AND INDEPENDENT AUDITOR'S REPORT

DRAFT

**KINNELOA IRRIGATION DISTRICT
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DECEMBER 31, 2019 AND 2018**

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**KINNELOA IRRIGATION DISTRICT
BOARD OF DIRECTORS AND DISTRICT PERSONNEL
AS OF DECEMBER 31, 2019**

BOARD OF DIRECTORS

<u>NAME</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Gordon Johnson	Chairman	2021
Dr. David Moritz	Treasurer	2023
Gerrie Kilburn	Secretary	2023
Frank J. Griffith	Director	2021
Timothy Eldridge	Director	2023

MANAGEMENT PERSONNEL

Melvin L. Matthews General Manager

OFFICE PERSONNEL

Bernadette Allen Office Manager

Joel Bundy Administrative Assistant

FIELD PERSONNEL

Chris Burt Senior Facilities Supervisor

Brian Fry Facilities Operator

Juan Tello Facilities Maintenance Worker

**KINNELOA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018**

Management's discussion and analysis of the financial performance of Kinneloa Irrigation District (the "District") provides an overview of the District's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The District's operating revenues, consisting primarily of water sales, decreased by 3.2% to \$1,636,613 as compared to 2018 operating revenues of \$1,690,731. The decrease is primarily the result of a reduction in consumer usage.

Total operating, maintenance, administrative and general expenses including depreciation increased by 33% to \$1,681,228 as compared to \$1,263,701 in 2018. The net increase is primarily due to the change of estimate due to GASB 68, labor, and outside contractors. A schedule of expenses is presented on page 23.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS

The District operates as a utility enterprise and its annual report consists of a series of financial statements presented on the full accrual basis of accounting. The Balance Sheets and the Statements of Revenues, Expenses and Changes in Net Position provide information about the District as a whole and present a longer-term view of the District's finances.

DESCRIPTION OF OPERATIONS

The District provides water to 588 retail customers in a service area that includes a portion of the unincorporated Los Angeles County that is east of Altadena and an adjacent portion of the City of Pasadena. The District also sells excess groundwater when available to the City of Pasadena on a wholesale basis.

The District obtains its water from two vertical wells and five horizontal wells. These sources are sufficient to meet customer demand except in periods of extreme drought or other emergency. The District has five interconnections with the City of Pasadena municipal water system which allow either agency to supply water to the other agency under emergency conditions.

More information about the Kinneloa Irrigation District can be found on our Internet site at www.kinneloairrigationdistrict.info.

**KINNELOA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018**

CONDENSED FINANCIAL INFORMATION

The following condensed financial information provides an overview of the District's financial activities for the year ended December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
ASSETS AND DEFERRED OUTFLOWS		
Current assets	\$ 2,448,754	2,299,748
Restricted assets		
Capital assets, net	5,340,108	5,612,230
Deferred outflows of resources	76,176	99,141
Total assets and deferred outflows of resources	<u>\$ 7,865,038</u>	<u>8,011,119</u>
LIABILITIES AND DEFERRED INFLOWS		
Current liabilities	\$ 54,810	189,909
Noncurrent liabilities	2,038,080	2,006,232
Deferred inflows of resources	38,397	36,648
Total liabilities and deferred inflows of resources	<u>2,131,287</u>	<u>2,232,789</u>
NET POSITION		
Investment in capital assets	5,340,108	5,612,230
Unrestricted	393,643	166,100
Total net position	<u>5,733,751</u>	<u>5,778,330</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,865,038</u>	<u>8,011,119</u>

Capital and other assets – The change in capital and other assets is net of a decrease in capital and other assets less current year's depreciation of \$327,444.

Net position – The net position decreased from the prior year due to the current year's excess of expenses over revenues. Unrestricted net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**KINNELOA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018**

CHANGES IN NET POSITION

	<u>2019</u>	<u>2018</u>
Total operating revenues	\$ 1,636,613	1,690,731
Total non-operating revenues	<u>64,837</u>	<u>24,095</u>
Total revenues	1,701,450	1,714,826
Total operating expenses	1,681,228	1,263,701
Total non-operating expenses	<u>64,801</u>	<u>71,290</u>
Total expenses	<u>1,746,029</u>	<u>1,334,991</u>
Change in net position	(44,579)	379,835
Net position, beginning of year	<u>5,778,330</u>	<u>5,398,495</u>
Net position, end of year	<u>\$ 5,733,751</u>	<u>5,778,330</u>

Revenues – Retail water sales by volume decrease to 544 acre-feet as compared to 615 acre-feet in 2018 and the total operating revenue decreased to \$1,636,613 from \$1,690,731 due to lower water usage.

The District also received \$45,752 in non-operating revenue from interest on its temporary investments a refund from JPIA in the amount of \$5,968 and an unrealized gain of \$13,117 in a temporary investment. The District's temporary investments at year end were \$2,214,316 and \$2,063,236 in 2019 and 2018, respectively. The District has identified \$4,952,315 in future projects in its Water Master Plan. The temporary investments will be used for some of these projects and also provide an operating reserve in accordance with the District's reserve policy.

Expenses – The District's operating and maintenance expenses increased by \$162,075 in 2019 as compared to 2018. This increase is due primarily to increases in operating payroll expenses and maintenance contractor expenses. The District's administrative and general expenses increased by \$260,920 due primarily to changes in estimates relating to GASB 68. A schedule of these expenses is provided on page 23.

**KINNELOA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018**

BUDGET ANALYSIS AND VARIANCES

Revenue from water sales for 2019 was \$1,636,613 as compared to the budgeted amount of \$1,585,000 for retail and wholesale water sales. The budgeted revenue was based on the actual amount from the previous year, adjusted for rate changes and/or expected new service connections for the year. Although water usage by volume decreased for 2019, the 3% rate increase in January 2019 allowed the District to exceed the budgeted revenue for water sales. Total revenue for 2019 was \$1,701,451 as compared to the budgeted amount of \$1,610,000.

Overall, for 2019, the net operating income before depreciation was \$282,865, as compared to the budgeted amount of \$281,837. Capital and planned maintenance projects in the amount of \$55,322 were completed as compared to the budgeted amount of \$148,000. The cash reserve at year end was \$2,214,316 which is in the target range of \$1,000,000 to \$5,500,000 established by the Board in the Reserve Policy Funding Guidelines in the District's Rules and Regulations. Each year the District budgets amounts for capital projects and planned maintenance projects based on its expected operations and available reserves. In 2019, the major projects and equipment purchases included water treatment equipment, SCADA equipment and water meters.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At December 31, 2019 and 2018, the District had investments in land, water rights, buildings, wells and distribution systems, machinery and equipment as follows:

	<u>2019</u>	<u>2018</u>
Land	\$ 96,700	96,700
Water rights	52,060	52,060
Buildings, wells and distribution system	9,513,172	9,500,288
Machinery and equipment	<u>931,822</u>	<u>889,384</u>
 Totals	 <u>\$ 10,593,754</u>	 <u>10,538,432</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Average inflation as measured by the consumer price index for all urban consumers in the Los Angeles area was 3.0% for the 12 months ended December 2019 and the average rate for 2020 was 3.4% through February 2020.

**KINNELOA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019 AND 2018**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES, continued

General economic conditions improved in 2019 and were expected to improve at a moderate pace in 2020. However, the COVID-19 pandemic has created an economic crisis and although water service is considered a necessity, it has created a high level of uncertainty regarding any impact on water sales or the ability of customers to pay their water bills in a timely manner. The restrictions and regulations imposed by the State of California and the County of Los Angeles regarding water service shut offs and mandatory payment plans may cause a reduction in volumetric sales and revenue. The annual rainfall in the 2019-2020 season was comparable to the 25-year average but future weather patterns will continue to be the major factor in determining water usage since most of the District's water is used for landscape irrigation rather than household use.

The District anticipates that an increase in rates will probably be needed in future years to maintain water sales revenue.

In 2020, the District plans to continue capital improvement projects included in the District's Water Master Plan and planned maintenance projects using available cash reserves rather than using an installment purchase agreement or other financing.

To continue our high-priority time-critical capital improvement and planned maintenance projects, the Board of Directors approved a budget for 2020 that uses reserves for two major pipeline projects. However, favorable operating results to budget will allow these and additional projects to be completed without a major impact to reserves.

The Board approved a 3% rate increase for 2020 to maintain the current level of water sales revenue in case there is a decline in volumetric sales or an inflationary increase in expenses. Wholesale water sales are budgeted in 2020 to offset any possible reduction in retail water sales.

Although weather will continue to play a significant role in determining retail water sales for 2020, other factors such as drought regulations make it increasingly difficult to forecast volumetric sales. However, we will continue to have the option of selling surplus water to the City of Pasadena if there is significant rainfall in 2020 and/or if there is a decline in retail sales due to greater conservation efforts. These factors when combined make it difficult to know the effect on the District's operations in 2020. Fortunately, the District has the flexibility to adjust expenditures for capital improvements and planned maintenance to meet the overall budget objectives for 2020.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our purveyors, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report, or need additional financial information, contact the District's finance office at 1999 Kinclair Drive, Pasadena, CA 91107. Current and archived documents of the Kinneloa Irrigation District can also be found on our Internet site at www.kinneloairrigationdistrict.info.

EGAN & EGAN
CERTIFIED PUBLIC ACCOUNTANTS
1545 N. COLUMBUS AVENUE
GLENDALE, CA 91202
(877) EGAN 4 US EGANCPA.COM

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Kinneloa Irrigation District
Pasadena, California

We have audited the accompanying financial statements of Kinneloa Irrigation District (the "District") as of December 31, 2019 and 2018 and the related notes to the financial statements which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles, this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kinneloa Irrigation District as of December 31, 2019 and 2018, the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis supplementary information on pages 2 to 6 and the Schedules of District's Proportionate Share of the Plan's Net Pension Liability and Contributions to the Pension Plan on pages 25 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Operating Expenses on page 23 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Operating Revenues and the Schedule of Operating Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June __, 2020 in our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Egan & Egan

June __, 2020

**KINNELOA IRRIGATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets		
Cash and cash equivalents	\$ 368,703	776,921
Cash, restricted as to use	1,845,613	1,286,315
Receivables		
Customer receivables	173,507	185,347
Prepaid expenses	40,931	31,165
Materials and supplies	<u>20,000</u>	<u>20,000</u>
Total current assets	2,448,754	2,299,748
Capital assets, net of accumulated depreciation	5,340,108	5,612,230
Deferred outflows of resources		
Deferred amounts from pension plan	<u>76,176</u>	<u>99,141</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u>7,865,038</u>	<u>8,011,119</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current liabilities		
Current portion of installment purchase contract	\$ 138,467	133,574
Accounts payable and accrued expenses	32,192	35,244
Accrued payroll and payroll taxes	21,463	19,936
Customer deposits	<u>1,155</u>	<u>1,155</u>
Total current liabilities	193,277	189,909
Installment purchase contract, net of current portion	1,594,609	1,734,903
Net pension liability	<u>305,004</u>	<u>271,329</u>
Total liabilities	2,092,890	2,196,141
Deferred inflows of resources		
Deferred amounts from pension plan	38,397	36,648
Net position		
Invested in capital assets, net of related debt	5,340,108	5,612,230
Unrestricted	<u>393,643</u>	<u>166,100</u>
Total net position	<u>5,733,751</u>	<u>5,778,330</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ <u>7,865,038</u>	<u>8,011,119</u>

The accompanying notes are an integral part of the financial statements.

**KINNELOA IRRIGATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Operating revenues		
Water sales and service fees	\$ <u>1,636,613</u>	<u>1,690,731</u>
Operating expenses		
Operating and maintenance	862,368	700,293
Administration and general	491,416	230,596
Depreciation	<u>327,444</u>	<u>332,812</u>
Total operating expenses	<u>1,681,228</u>	<u>1,263,701</u>
Operating (loss) income	<u>(44,615)</u>	<u>427,030</u>
Non-operating revenue and expense		
Interest	45,752	25,858
Interest expense	(64,801)	(71,290)
Unrealized gain (loss)	13,117	(12,608)
Other income	<u>5,968</u>	<u>10,845</u>
Net non-operating revenue and expense	<u>36</u>	<u>(47,195)</u>
Change in net position	(44,579)	379,835
Net position, beginning of year	<u>5,778,330</u>	<u>5,398,495</u>
Net position, end of year	<u>\$ <u>5,733,751</u></u>	<u><u>5,778,330</u></u>

The accompanying notes are an integral part of the financial statements.

**KINNELOA IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Cash flows from operating activities:	<u>2019</u>	<u>2018</u>
Cash received from customers	\$ 1,648,453	1,728,359
Cash payments to employees for services	(443,157)	(393,240)
Cash payments for services and goods	<u>(921,918)</u>	<u>(522,242)</u>
Net cash provided by operating activities	<u>283,378</u>	<u>812,877</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(55,322)	(56,035)
Net cash used (provided) for pension liabilities	58,389	(185,725)
Principal paid on installment purchase agreement	(135,401)	(128,913)
Customer deposits	-	900
Other non-operating loss, net	19,085	(1,763)
Interest expense paid	<u>(64,801)</u>	<u>(71,290)</u>
Cash used by capital and related financing activities	<u>(178,050)</u>	<u>(442,826)</u>
Cash flows from investing activities:		
Interest received	<u>45,752</u>	<u>25,858</u>
Net increase in cash and cash equivalents	151,080	395,909
Cash and cash equivalents, beginning of the year	<u>2,063,236</u>	<u>1,667,327</u>
Cash and cash equivalents, end of the year	<u>\$ 2,214,316</u>	<u>2,063,236</u>
SUMMARY OF BALANCE SHEET CASH and CASH EQUIVALENTS		
Cash	\$ 368,703	776,921
Temporary investments, restricted as to use	<u>1,845,613</u>	<u>1,286,315</u>
Total cash	<u>\$ 2,214,316</u>	<u>2,063,236</u>

The accompanying notes are an integral part of the financial statements.

**KINNELOA IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
Reconciliation of operating income to net cash operating activities:		
Operating (loss) income	\$ (44,615)	427,030
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	327,444	332,812
Decrease in receivables	11,840	37,628
(Increase) decrease in prepaid expenses	(9,766)	532
(Decrease) increase in accounts payable and accrued expenses	(1,525)	14,875
Net cash provided by operating activities	\$ 283,378	812,877

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The accompanying notes are an integral part of the financial statements.

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Kinneloa Irrigation District (the "District") is a special district organized in 1953 under the provisions of Division 11 of the Water Code of the State of California. The District delivers water to the residents in a specific area of Los Angeles County, northeast of the City of Pasadena. This District is not a subdivision of a larger governmental organization.

The District is governed by an elected Board of Directors. At December 31, 2019, the Board of Directors were as follows:

<u>NAME</u>	<u>OFFICE</u>
Gordon Johnson	Chairman
Dr. David Moritz	Treasurer
Gerrie Kilburn	Secretary
Frank J. Griffith	Director
Timothy Eldridge	Director

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental enterprise funds. The more significant policies reflected in the financial statements are summarized as follows:

a. Basis of Presentation and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its customers on a continuing basis be financed or recovered, primarily through user charges (water sales and services) or similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses are generated and incurred through the water sales activities to the District's customers. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

In accordance with U.S. GAAP, the Balance Sheet reports separate sections for Deferred Outflows of resources, and Deferred Inflows of Resources, when applicable.

b. Deferred Outflows of Resources

Represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources

Represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as revenue until that time.

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
continued**

c. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.

Unrestricted – This component of net position consists of net assets that do not meet the definition of restricted or net investment in capital assets.

d. Utility Plant

Utility plant is stated at cost. The District capitalizes applicable overhead costs in connection with self-constructed assets. Depreciation of all exhaustible utility plant is charged as an expense in the accompanying statements of income. Depreciation is provided over the estimated useful lives of the asset using the straight-line method. Estimated useful lives are as follows:

	<u>Number of Years</u>
Water system	5 to 50
Autos and trucks	3 to 5
Office equipment	5 to 10
Office and production facilities	10 to 40

e. Restricted Assets

The Board of Directors has designated a portion of the District's cash and cash equivalents to be maintained for future capital improvements.

f. Uncollectible Accounts

The District's management estimates that accounts receivable are collectible. Unpaid water accounts receivable become a lien on the property and must be paid upon the sale of the property.

g. Cash and Cash Equivalents

The District defines cash and cash equivalents as demand account balances, cash on hand and money market accounts.

The District invests cash in excess of its operating requirements primarily with the State Treasurer's Local Agency Investment Fund (LAIF) and CalTrust, a money market account.

h. Materials and Supplies

Materials and supplies are stated at cost and consist of expendable supplies held for consumption or future additions to Utility Plant.

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
continued**

i. Concentration of Credit Risk

The District's receivables are from consumers within a specific geographic area.

j. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

k. Budgetary Process

Each year, the District adopts a budget which provides for its general operations. Budgets are prepared on the accrual basis of accounting. The District follows these procedures in establishing the budget for the fiscal year:

- i. Formal budgetary integration is employed as a management control device during the year for the operations.
- ii. The Board approves the total budget for the year for the District. The Board is authorized to make any budget adjustments during the year.
- iii. Unused appropriations lapse at the end of the year unless extended into the subsequent year by a vote of the Board of Directors.

l. Income Taxes

The District is exempt from income taxes under provisions of the Internal Revenue Code and related California statutes; accordingly, no provision for income taxes is required.

m. Compensated Absences

It is the District's policy to permit employees to accumulate paid time off for either vacation or illness in accordance with the limits expressed in its employee handbook. Upon termination, retirement or death of an employee, the District pays eligible accrued time in a lump-sum payment to the employee or beneficiary. Accumulated paid time off is recorded as an expense and a liability at the time the benefit is earned.

n. Operating Revenues and Expenses

Operating revenues, principally water sales, are charges for services resulting from exchange transactions associated with the principal activity of the District and billed monthly. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues result from non-exchange transactions or ancillary activities in which the District gives or receives value without directly receiving or giving equal value in exchange.

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
continued**

o. Property taxes

The Constitution of the State of California, Article 13A, limits the District's ability to levy taxes on property within the District. Taxes may be imposed upon the vote of a two-thirds vote of the qualified electors of the District. Such taxes would be limited for a specific purpose such as bond indebtedness or improvements to the water system.

p. Subsequent Events

The District has evaluated subsequent events through the date at which the financial statements were available to be issued, which was June __, 2020. See Note 8.

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2019 and 2018 cash and cash equivalents consist of:

	<u>2019</u>	<u>2018</u>
Insured with financial institutions	\$ 368,703	776,921
Local Agency Investment Fund ("LAIF")	125,623	122,548
Uninsured and uncollateralized	<u>1,719,990</u>	<u>1,163,767</u>
	<u>\$ 2,214,316</u>	<u>2,063,236</u>

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is Federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 2. CASH AND CASH EQUIVALENTS, continued

The District is a voluntary participant in LAIF, which is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The District invests in CalTrust, a Joint Powers Authority established by public agencies in California for the purpose of pooling and investing local agency funds. A Board of Trustees, comprised of experienced investment officers and policymakers of the members, supervises and administers the investment program of the Trust. CalTrust invests in fixed income securities eligible for investment pursuant to California Government Code. Investment in CalTrust accounts are uninsured and uncollateralized.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by participating in LAIF.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not believe a credit risk exists from its deposits with LAIF.

NOTE 3. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2019 and 2018 was as follows:

2019				
	Balance January 1	Additions	Transfers	Balance December 31
Land	\$ 96,700			96,700
Water rights	52,060			52,060
Buildings, wells and distribution system	9,500,288	12,884		9,513,172
Machinery and equipment	889,384	42,438		931,822
	10,538,432	55,322		10,593,754
Less accumulated	<u>(4,926,202)</u>	<u>(327,444)</u>		<u>(5,253,646)</u>
Total capital assets	<u>\$ 5,612,230</u>	<u>(272,122)</u>		<u>5,340,108</u>

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 3. CAPITAL ASSETS, continued

2018				
	Balance January 1	Additions	Transfers	Balance December 31
Land	\$ 96,700			96,700
Water rights	52,060			52,060
Buildings, wells and distribution system	9,482,141	18,147		9,500,288
Machinery and equipment	851,496	37,888		889,384
	10,482,397	56,035		10,538,432
Less accumulated	(4,593,390)	(332,812)		(4,926,202)
Total capital assets	\$ 5,889,007	(276,777)		5,612,230

NOTE 4. INSTALLMENT PURCHASE AGREEMENT

During the year ended December 31, 2015, the District entered into a \$2,300,000 installment purchase agreement ("the Agreement") to provide funds for the construction and acquisition of a booster pump station and connector pipelines. The Agreement requires semi-annual payments of principal and interest of \$100,101. Future annual debt service is as follows:

Year ended December 31,	Installment Payments	Interest	Total Debt Service
2020	\$ 138,467	61,735	200,202
2021	143,538	56,664	200,202
2022	148,796	51,406	200,202
Thereafter	1,304,206	197,309	1,501,515
	\$ 1,735,007	367,114	2,102,121

NOTE 5. PENSION PLAN

Plan Description

The District contributes to the State of California Public Employees Retirement System ("PERS"), an agent multi-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute and city ordinance. Copies of PERS' annual financial report may be obtained from their offices or through their web site.

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 5. PENSION PLAN, continued

All full-time employees are eligible to participate as members of PERS. Benefits vest after five years of service. District employees are eligible to retire upon attaining age 60. Annual retirement benefits are determined based upon the age at retirement, the length of membership service and the amount of earnings based upon the highest twelve consecutive months' average.

Benefits Provided

Active participants are required to contribute 7% of their annual covered salary. The District is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the District are established and may be amended by PERS.

	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire Date	12/31/2012	01/01/2013
Benefit formula	2% @ age 60	2% @ age 62
Benefit vesting schedule	50	52
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible comp.	2%	2%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	6.89%	6.73%

Contributions

California Public Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarial determined rate and the contribution rate of employees.

Net Pension Liability, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of December 31, 2019 the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ <u><u>305,004</u></u>

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 5. PENSION PLAN, continued

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2019.

The District's proportionate share of the net pension liability for the Plan as of the reporting period ending December 31, 2019 and 2018 was as follows:

	<u>Miscellaneous</u>
Proportion - December 31, 2018	0.00720%
Proportion - December 31, 2019	0.00762%
Change - Increase	0.00042%

For the year ended December 31, 2019, the District recognized pension expense of \$103,132. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions after the measurement date	\$ 16,987	
Differences between actual and expected experience	21,184	1,641
Change in assumptions	14,544	5,156
Change in employer's proportion and differences between the District's contributions and the District's proportionate share of contributions	23,461	26,268
Differences between projected and actual earnings on Plan investments		5,332
	\$ 76,176	38,397

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 20,590
2021	(2,440)
2022	1,563
2023	1,078
Thereafter	-
	\$ 20,791

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 5. PENSION PLAN, continued

Actuarial Assumptions and Methods

The actuarial valuation is computed using the entry age normal actuarial cost method. The actuarial assumptions include: (a) an investment rate of return of 7.15% compounded annually, (b) projected annual salary increases that vary by duration of service, and (c) payroll cost-of-living adjustments of 2.75%. The rates used in (a) and (b) are compounded annually at 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. Initial unfunded liabilities are amortized over a specific period that depends upon the plan's date of entry into PERS. Subsequent plan amendments are amortized as a level percentage of projected payroll over a closed 20-year period. The District does not have an unfunded liability.

Discount Rate

CalPERS used a 7.15% discount rate to determine the total pension liability for the year ended December 31, 2019 and 2018. The District relies upon the actuarial analysis performed by CalPERS actuaries for the reasonableness of this discount rate.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u> %	<u>Real Return Years 1 - 10</u> %	<u>Real Return Years 11+</u> %
Global Equity	50.0	4.80	5.98
Fixed Income	28.0	1.00	2.62
Inflation Assets	0.0	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Assets	13.0	3.75	4.93
Liquidity	1.0	0.00	-0.92
	<u>100.0</u>		

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The District relies upon CalPERS to compute the liability using an expected long-term rate of return. The following presents the District's proportionate share of the net pension liability calculated using the discount rate for the Plan and what the District's proportionate share would be if it was calculated using a discount rate that is one percent lower and one percent higher:

	<u>Discount Rate</u>		
	<u>Less 1% - 6.15%</u>	<u>Current - 7.15%</u>	<u>Plus 1% - 8.15%</u>
Proportionate Net Pension Liability	\$ <u>503,598</u>	<u>305,004</u>	<u>141,079</u>

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 5. PENSION PLAN, continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The District relies upon CalPERS to compute the liability using an expected long-term rate of return. The following presents the District's proportionate share of the net pension liability calculated using the discount rate for the Plan and what the District's proportionate share would be if it was calculated using a discount rate that is one percent lower and one percent higher:

NOTE 6. INSURANCE POOLS

The District is a member of the Joint Powers Insurance Authority ("JPIA"), which pools together members of the Association of California Water Agencies for the purpose of paying group property, general liability and workers' compensation claims. Premiums are remitted directly to the JPIA by its members. The property portion is entirely self-funded, and the general liability self-funded portion is capped at \$5,000,000. Excess liability insurance in the amount of \$55,000,000 has been purchased by the Authority, bringing the total liability coverage to \$60,000,000.

To date, the District and its counsel are not aware of any material claims incurred through the period ended December 31, 2019, regarding these insurance plans. The District does not anticipate the need for a reserve for Incurred But Not Reported.

NOTE 7. CONTINGENCIES AND COMMITMENTS

Contingencies

The District is the subject of certain claims and assessment arising in the normal course of its operations. Management of the District does not believe that the resolution of these matters will have a material adverse effect on the District's financial condition.

Contingencies

The District is subject to water usage requirements of the State of California. The District's primary source of water is from groundwater wells and its water rights are sufficient to meet customer demand under normal conditions. Interconnections with the City of Pasadena are used for supplemental water in the event of an operational emergency. The District is also a member agency of the Foothill Municipal Water District which is a wholesale supplier of imported water from the Metropolitan Water District of Southern California.

The accompanying financial statements do not include the effects, if any, should the District be required to import additional water to meet demand.

NOTE 8. SUBSEQUENT EVENT

On April 2, 2020, the Governor of the State of California issued an Executive Order ("Order") N-42-20 responding to the COVID-19 pandemic, which prohibits the discontinuation of water service for lack of payment. The accompanying financial statements do not include the effects, if any, that this Order may have on the District.

SUPPLEMENTARY INFORMATION

DRAFT

**KINNELOA IRRIGATION DISTRICT
SCHEDULE OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Operating & Maintenance		
Power	\$ 122,048	127,199
Purchased water	63,135	63,135
Labor	223,863	184,342
Engineering	26,917	4,770
Maintenance and repairs	52,444	33,403
Water analysis	24,008	22,540
Outside contractors	164,782	114,816
Truck maintenance and fuel	26,348	19,931
Insurance	124,807	107,722
Watermaster	10,567	10,740
Other	23,449	11,695
	<u>862,368</u>	<u>700,293</u>
	\$ <u>862,368</u>	<u>700,293</u>

Administrative and General		
Administrative salaries	\$ 137,868	134,291
Office labor	92,912	93,934
Payroll taxes	34,130	30,644
CalPERS retirement	32,136	27,756
CalPERS change in estimates	73,801	(174,306)
Outside services	30,972	28,996
Legal fees	9,252	8,425
Professional dues	13,984	10,644
Board compensation	5,000	5,000
Office expense	29,714	27,035
Telephone, internet	8,823	9,206
Accounting fees	7,100	6,750
Permits and operational fees	8,753	7,308
Information systems	6,971	14,832
Election	-	81
	<u>491,416</u>	<u>230,596</u>
	\$ <u>491,416</u>	<u>230,596</u>

KINNELOA IRRIGATION DISTRICT
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended December 31, 2019

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date:	June 30, 2019¹	June 30, 2018¹	June 30, 2017¹
District's Proportion of the Net Pension Liability	<u>0.008380%</u>	<u>0.008070%</u>	<u>0.008910%</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 305,004</u>	<u>\$ 271,329</u>	<u>\$ 331,920</u>
District's Covered-Employee Payroll	<u>\$ 444,684</u>	<u>\$ 398,795</u>	<u>\$ 350,511</u>
Liability as a Percentage of Covered-Employee	<u>68.59%</u>	<u>68.04%</u>	<u>94.70%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>77.73%</u>	<u>80.09%</u>	<u>79.77%</u>

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

KINNELOA IRRIGATION DISTRICT
Required Supplementary Information (Unaudited)
Schedule of the District's Contributions to the Pension Plan
For the Year Ended December 31, 2019

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	<u>2018-19¹</u>	<u>2017-18¹</u>	<u>2016-17¹</u>	<u>2015-16¹</u>
Actuarially Determined Contribution ²	\$ 30,027	\$ 23,647	\$ 21,100	\$ 19,754
Determined Contribution ²	<u>(30,027)</u>	<u>(23,647)</u>	<u>(21,100)</u>	<u>(19,754)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 444,684</u>	<u>\$ 398,795</u>	<u>\$ 350,511</u>	<u>\$ 309,239</u>
Employee Payroll	<u>6.75%</u>	<u>5.93%</u>	<u>6.02%</u>	<u>6.39%</u>

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

General Manager's Report for the Board of Directors Meeting on June 16, 2020

I. Customer Account Information and Internet Usage

A. Delinquent Accounts –

19 accounts received past-due notice
 19 accounts received late charges in the total amount of \$318.11
 9 accounts received door hanger shut off notice
 0 account was shut off for non-payment
 0 account remain shut off for non-payment

B. Aged Receivables –

Month	Current	30 days	60 days	90 days or greater	Total
June 2019	\$30,403.95	\$3,358.89	\$0.00	\$0.00	\$33,762.84
July 2019	\$36,644.36	\$2,775.65	\$0.00	\$0.00	\$39,420.01
August 2019	\$42,059.76	\$1,383.85	\$0.00	\$0.00	\$43,443.61
September 2019	\$46,553.77	\$2,574.86	\$0.00	\$0.00	\$49,128.63
October 2019	\$60,921.43	\$4,985.08	\$264.23	\$0.00	\$66,170.74
November 2019	\$54,389.42	\$5,897.73	\$492.72	\$0.00	\$60,779.87
December 2019	\$39,429.62	\$4,242.43	\$207.63	\$0.00	\$43,879.68
January 2020	\$57,804.78	\$2,029.61	\$0.00	\$0.00	\$59,834.39
February 2020	\$43,425.93	\$2,189.30	\$0.00	\$0.00	\$45,615.23
March 2020	\$17,853.64	\$2,148.94	\$261.86	\$0.00	\$20,264.44
April 2020	\$20,241.55	\$3,075.96	\$320.44	\$24.85	\$23,662.80
May 2020	\$21,330.64	\$2,628.19	\$261.22	\$159.13	\$24,379.18

C. Website Usage and Online Payments –

Month	Users	Page Views	Online Payments	Online Amount
June 2019	231	465	64	\$12,255.22
July 2019	183	397	71	\$17,881.28
August 2019	224	621	82	\$22,512.60
September 2019	249	661	69	\$17,427.71
October 2019	202	548	78	\$21,966.42
November 2019	*	*	82	\$23,583.46
December 2019	*	*	77	\$18,103.56
January 2020	222	633	86	\$16,487.54
February 2020	302	792	79	\$15,576.49
March 2020	261	676	71	\$13,884.21
April 2020	268	729	87	\$16,741.06
May 2020	296	798	92	\$15,222.42

* No data due to transition to new website

II. General Manager's Projects and Activities

- A. **2019 Audit** – Draft audit was reviewed and finalized and will be presented at this meeting for approval to be published.
- B. **2021 Budget** – Started preparation of the 2021 budget.
- C. **Pipeline Projects** – Reviewed plans for the two major pipeline projects that are in the design phase.
- D. **Software Updates** – Utility Star billing and customer service software.
- E. **Activities/Meetings/Webinars/Conferences***
 - 1. FMWD Board Meeting
 - 2. FMWD Finance Committee Meeting (2020-2021 Budget)
 - 3. FMWD Board Meeting (Budget Workshop)
 - 4. KID Board Meeting
 - 5. PWAG Meeting (Emergency Preparedness Group)
 - 6. FMWD Managers Meeting
 - 7. AWWA (Webinar -- Facing the New Normal for Credit and Collections During COVID-19)
 - 8. KID Staff Meetings
 - 9. KID (Meeting with Director Moritz regarding 2019 Audit)

* Organization Acronyms:

ACWA – Association of California Water Agencies

ACWA JPIA – Association of California Water Agencies Joint Powers Insurance Authority

AWWA – American Water Works Association

CalTRUST – Investment Trust of California Joint Powers Authority

CSDA – California Special Districts Association

FMWD – Foothill Municipal Water District

KID – Kinneloa Irrigation District

PWAG – Public Water Agencies Group

RBMB – Raymond Basin Management Board

RCAC – Rural Community Assistance Corporation

III. Incident Reports and Facility Activities for March

A. Incident Reports –

Customer Leaks	System Leaks	Water Waste	Water Quality	Customer Service*	Comments
2	2	0	0	1	System leaks were on Doyme Road and Windover Road. Customer Service contact was for explanation of water bill.

* Customer service includes requests for water shutoff to facilitate customer plumbing repairs and inquiries about water bills

B. Current and Completed Capital Improvement, Facilities Improvement, Maintenance and Repair Projects and Activities –

1. Routine daily and monthly activities
 - a. Operator training
 - b. Meter and transmitter maintenance and replacement
 - c. Water samples
 - d. Vehicle and equipment maintenance and testing
 - e. Facility cleanup
 - f. Production meter readings
 - g. Chlorine generator maintenance
 - h. Meter reading
 - i. Customer service calls
 - j. Responding to Underground Service Alerts (USA's) to mark our pipelines

2. Facility and Equipment Repair and Maintenance for May
 - a. Brown Well irrigation timer
 - b. Doyne Road water main leak repair
 - c. K-3 vault/RTU high temperature mitigation
 - d. K-3 Cl₂ analyzer training
 - e. K-3 Y-trap filter
 - f. Valve maintenance
 - g. West Tank level transducer repair
 - h. Brown Reservoir solar charger maintenance
 - i. Far Mesa Tunnel Cl₂ maintenance
 - j. Holly Tanks Cl₂ salt tank leak repair
 - k. Holly West exterior roof coating

3. Capital Improvement and Maintenance Projects for 2020 (Completed or in progress)
 - a. Two replacement pickup trucks (production delayed due to COVID-19)
 - b. Replace chlorination equipment at Eucalyptus Reservoir for Eucalyptus Tunnel water
 - c. Solar power supplies for West Tank and Transfer Valve
 - d. Office driveway remove and replace

C. Future Capital Improvement Projects, Facilities Improvement, Maintenance and Repair Projects –

1. Sierra Madre Villa and Villa Heights Pipeline Improvement Project (Design phase in progress)
2. Brown/Glen Pipeline Improvement Project (Design phase in progress)
3. House Tunnel Pipeline repair
4. High/Low Tunnel Pipeline inspection
5. Valve Maintenance
6. Vosburg security light modification
7. Glen area light repair
8. Radio mast at Holly
9. Wilcox Reservoir Warrick head and probe

IV. Water Supply Summary as of April for the Watermaster Year July 2019 through June 2020

Raymond Basin Groundwater (Acre Feet)		Kinneloa Irrigation District Water Tunnels (Acre Feet)	
Water Rights	516	Eucalyptus	4
Prior Year Carryover	52	Far Mesa	3
Less Temporary 30% Reduction in Water Rights	-155	Delores	5
Leases/Exchanges	207	House	0
Prior Year Spreading	88	Holly High/Low	4
Short Term Storage	128		
Current Year Spreading	0		
Total Allowable Extractions	836		
Less Water Extracted YTD This Watermaster Year	-542	Current Tunnel Monthly Production	16
Remaining Allowable Groundwater Extractions through June 2020	294	Remaining Estimated Tunnel Production through June 2020	32
Total Available Water Supply (Remaining Allowable Groundwater + Remaining Estimated Tunnel Production through June 2020)		326 Acre Feet	
Less Remaining Forecasted Retail Water Sales through June 2020		-84 Acre Feet	

Surplus Water through June 2020*

242 Acre Feet

* This is the forecasted surplus water available for sale in the current year and/or carryover to the next Watermaster year which starts on July 1 subject to the carryover limits established by the Raymond Basin Management Board. Regarding the available surplus water, we will generally maximize the carryover to the next year and deliver the balance of the forecasted surplus water (if any) to the City of Pasadena. In the 2018-2019 year, 134 Acre-Feet were sold to the City, 52 Acre-Feet were carried over to 2019-2020 and 128 Acre-Feet were put into our short-term storage account. Although we may lease additional pumping rights from another agency with surplus pumping rights, this is not considered a guaranteed source of supply since it is subject to negotiation. In addition to the available water, the KID has 782 Acre Feet in a long-term storage account. Additions to long-term storage are no longer permitted but withdrawals can be made at any time to supplement allowable extractions. However, since long-term storage is considered by KID staff to be an emergency supply, we do not plan to use or sell this water now.

V. Water Samples and Test Results – See Attachment A

Attachment A

Water Samples and Test Results

Sample Date	Source or Distribution	Lab	Description	# of tests	Results**	Maximum Contaminant Level* (MCL)
01/07/20	Both	Eurofins	coliform, e. coli	80	ND or A	1 positive sample
01/08/20	Distribution	Clinical	color, odor, turbidity*	18	<MCL	15 units, 3 units, 5 units
01/08/20	Distribution	Clinical	fluoride	6	1.2 - 1.7 ppm	3 ppm
01/15/20	Source	Weck	Title 22 VOC	66	ND or A	1 positive sample
01/15/20	Source	Weck	Title 22 fluoride	6	1.1 - 2.7	3ppm
01/15/20	Source	Weck	Title 22 nitrate	3	1.6 - 4.2	10ppm
01/21/20	Both	Eurofins	coliform, e. coli	64	ND or A	1 positive sample
02/04/20	Distribution	Clinical	color, odor, turbidity*	18	<MCL	15 units, 3 units, 5 units
02/04/20	Both	Eurofins	coliform, e. coli	72	ND or A	1 positive sample
02/12/20	Both	Eurofins	coliform, e. coli	16	ND or A	1 positive sample
02/13/20	Both	Eurofins	coliform, e. coli	16	ND or A	1 positive sample
02/19/20	Both	Eurofins	coliform, e. coli	72	ND or A	1 positive sample
03/03/20	Both	Eurofins	coliform, e. coli	80	ND or A	1 positive sample
03/04/20	Distribution	Clinical	color, odor, turbidity*	18	<MCL	15 units, 3 units, 5 units
03/04/20	Both	Eurofins	coliform, e. coli	16	ND or A	1 positive sample
03/11/20	Both	Eurofins	coliform, e. coli	16	ND or A	1 positive sample
03/12/20	Both	Eurofins	coliform, e. coli	16	ND or A	1 positive sample
03/17/20	Both	Eurofins	coliform, e. coli	72	ND or A	1 positive sample
04/01/20	Both	Eurofins	coliform, e. coli	80	ND or A	1 positive sample
04/01/20	Distribution	Clinical	color, odor, turbidity*	18	<MCL	15 units, 3 units, 5 units
04/01/20	Distribution	Clinical	fluoride	6	1.2 - 1.7 ppm	3 ppm
04/02/20	Source	Weck	Title 22 VOC	330	ND or A	1 positive sample
04/02/20	Source	Weck	Title 22 fluoride	6	1.2-2.7	3ppm
04/02/20	Source	Weck	Title 22 nitrate	5	0.76-4.5	10ppm
04/14/20	Both	Eurofins	coliform, e. coli	64	ND or A	1 positive sample
05/05/20	Distribution	Clinical	color, odor, turbidity*	18	<MCL	15 units, 3 units, 5 units
05/05/20	Both	Eurofins	coliform, e. coli	80	ND or A	1 positive sample
05/19/20	Both	Eurofins	coliform, e. coli	64	ND or A	1 positive sample

Total samples: 1326

* Color, odor, and turbidity are regulated by a secondary standard to maintain aesthetic qualities.

** ppm = parts-per-million, ppb = parts-per-billion, pCi/L = picocuries per liter, <MCL = less than Maximum Contaminant Level, ND = not detected, A = Absence

The State of California Water Resources Control Board, Division of Drinking Water, provides access to water quality monitoring notification documents, including monitoring schedules and test results. The link for Kinneloa Irrigation District Water System Details is

https://sdwis.waterboards.ca.gov/PDWW/JSP/WaterSystemDetail.jsp?tinwsys_is_number=2514&tinwsys_st_code=CA



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Memo

Date: June 10, 2020
To: Board of Directors
From: Mel Matthews
Subject: Vacation and Personal Time Off Accruals
Recommended Action: General Manager to answer questions from Directors

Background

The District's *Employee Policies and Procedure* governs the accrual and usage of paid vacation and personal time off. Vacation is accrued as shown in the following table:

KID Service Completion of:	Monthly Accrual	Annual Accrual	Maximum Accrual
6-MOs - 1 year	3.334 hours	40 hours	40 hours
1 - 5 years	6.667 hours	80 hours	80 hours
Over 5 years	10.000 hours	120 hours	120 hours
Over 10 years	13.334 hours	160 hours	160 hours

Personal Time off (PTO) accrues at 6.667 hours per month (80 hours per year) with a maximum accrual of 480 hours (60 days). PTO is available when work is missed for any reason other than vacation, holiday, bereavement, jury/witness duty, inclement weather, and time to vote, military leave or workers' compensation. PTO cannot be attached before or after a holiday and/or vacation unless approved by the General Manager.

Current Accruals as of 6/2/2020

For the current year as of 6/2/2020 total vacation accrued is 829.27 hours, vacation taken is 134.75 hours and the balance not taken is 694.52 hours. The PTO accrued is 1334.95 hours, PTO taken is 125.75 hours and the balance not taken is 1209.20 hours.

6/11/2020

KID Liability for Unused Vacation

Unlike PTO and other paid time off which are not paid upon non-use or at termination, by law unused vacation must be paid upon termination. Therefore, the District's financial statement includes a liability for unused vacation. This amount is adjusted at year end and is currently \$21,462.60. This amount represents about half on the annual salary of an entry level facilities operator.

Summary and Conclusions

Vacation, PTO and other paid leaves of absence are part of the District's employee benefits. Employees are encouraged to take vacations and the accrual is shown on every pay stub. Employees never lose accruals for vacation and PTO. When the maximum accruals are reached, no additional time off is accrued. Additional personnel might facilitate scheduling and allow more tasks to be accomplished, but it is unlikely that the choices of individuals regarding vacations would change. If the District decided to pay the unused vacation liability like some agencies do, this would discourage employees from taking vacations and would be contrary to our view that vacations are important to the physical and mental health of our employees.

6/11/2020