

KINNELOA IRRIGATION DISTRICT

Regular Meeting – Board of Directors
1999 Kinclair Drive, Pasadena, CA 91107
Tuesday, May 18, 2021
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://us02web.zoom.us/j/85823718385?pwd=WDDmdm9CNU5qZ1FHTVZsUTM0VU5VUT09>

+1 669 900 9128

Meeting ID: 858 2371 8385

Passcode: 647890

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. **OATH OF OFFICE** – Stephen H. Brown, Director Division 2

4. **REVIEW OF MINUTES** – April 13, 2021, April 20, 2021, April 27, 2021
Recommended Action: Review and approve motion to file

5. **REVIEW OF FINANCIAL REPORTS** – April 30, 2021
Recommended Action: Review and approve motion to file

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. **2020 FINANCIAL AUDIT** – Presentation of audited financial statements for 2020 by General Manager and Auditor
Recommended Action: Directors to review final draft and authorize auditor and General Manager to publish the audit with any recommended changes and/or correction of any typographical errors or formatting

8. **SIERRA MADRE VILLA & VILLA HEIGHTS WATER MAIN IMPROVEMENT PROJECT** – General Manager to provide update on the project and respond to questions from the Directors or the public

9. INFORMATION ITEMS

- a. Legislative Update – Memo from James Ciampa

10. 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.

11. CALENDAR – June 15, 2021 July 20, 2021 August 17, 2021

12. 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://kinneloairrigationdistrict.info>.

OATH

for the Office of Director, Division 2
of the Kinneloa Irrigation District

I, Stephen H. Brown, *do solemnly swear*
(or affirm) that I will support and defend the Constitution of the
United States and the Constitution of the State of California
against all enemies, foreign and domestic; that I will bear true
faith and allegiance to the Constitution of the United States and
the Constitution of the State of California; that I take this
obligation freely, without any mental reservation or purpose of
evasion; and that I will well and faithfully discharge the duties
upon which I am about to enter.

Signature _____

Term Expires December 3, 2021

Subscribed and sworn to before me,
this 18th *day of* May
A. D. 2021

KINNELOA IRRIGATION DISTRICT

Special Meeting – Board of Directors
1999 Kinclair Drive, Pasadena, CA 91107
Tuesday, April 13, 2021, 3:00 P.M.
MINUTES

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

The meeting was conducted by teleconference pursuant to the Brown Act Waivers provided for under the Governor’s Executive Orders in response to COVID-19 State of Emergency. As stated in the agenda, there was no public location for attending the meeting in person, however the public was provided with alternative methods of listening or participating via telephonically or by videoconference

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

DIRECTORS ABSENT: None

STAFF PRESENT: Zoom: General Manager Melvin Matthews, Office Manager Martin Aragon

PUBLIC PRESENT: Stephen Brown and Jim Howe

1. CALL TO ORDER:

Director/Chair Gordon Johnson called the meeting to order at 3:00 P.M. and called the roll. A quorum of Board Members was present.
The agenda was reviewed.

2. PUBLIC COMMENT: No Comments

3. RESIGNATION OF DIVISION 2 DIRECTOR:

It was motioned by Tim Eldridge and seconded by Dave Moritz to approve the Resolution honoring Frank Griffith’s service to the Board. A roll call vote was taken. Directors Tim Eldridge, Gordon Johnson, Gerrie Kilburn and Dave Moritz all voted Aye.

4. DISCUSSION ON APPOINTMENT OF DIRECTOR FOR DIVISION 2:

Stephen Brown and Jim Howe expressed their interest in filling the Board vacancy representing Division 2 of the Kinneloa Irrigation District service area.

It was proposed and agreed upon unanimously to place Item 4 on the April 20, 2021 agenda for further discussion and potential action.

5. DIRECTOR REPORTS AND/OR COMMENTS:

GM was asked to present information describing the transition from zoom meetings to in-person meetings at the April 20, 2021 meeting.

6. ADJOURNMENT

The meeting was adjourned at 3:30 pm.

Prepared and submitted by,



Martin Aragon

Office Manager/Board Clerk

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KINNELOA IRRIGATION DISTRICT

Regular Meeting – Board of Directors
1999 Kinclair Drive, Pasadena, CA 91107
Tuesday, April 20, 2021, 3:00 P.M.
MINUTES

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

The meeting was conducted by teleconference pursuant to the Brown Act Waivers provided for under the Governor’s Executive Orders in response to COVID-19 State of Emergency. As stated in the agenda, there was no public location for attending the meeting in person, however the public was provided with alternative methods of listening or participating via telephonically or by videoconference

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

DIRECTORS ABSENT: None

STAFF PRESENT: Zoom: General Manager Melvin Matthews, Office Manager Martin Aragon & Administrative Assistant Krystle Barba

PUBLIC PRESENT: Stephen Brown & Paul Beach

1. CALL TO ORDER:

Director/Chair Gordon Johnson called the meeting to order at 3:00 P.M. and called the roll. A quorum of Board Members was present. The agenda was reviewed.

2. PUBLIC COMMENT:

Paul Beach spoke on behalf on Stephen Brown’s candidacy to fill the Board vacancy representing Division 2.

3. REVIEW OF MINUTES:

March 16, 2021 – It was motioned by Dave Moritz and seconded by Tim Eldridge to approve minutes as presented for filing. A roll call vote was taken. Directors Tim Eldridge, Gordon Johnson, Gerrie Kilburn and Dave Moritz all voted *Aye*.

4. REVIEW OF FINANCIAL REPORTS:

Director Dave Moritz reviewed the Financial Reports. It was motioned by Gerrie Kilburn and seconded by Tim Eldridge to approve Financial Reports for filing. A roll call vote was taken. Directors Tim Eldridge, Gordon Johnson, Gerrie Kilburn and Dave Moritz all voted *Aye*.

5. GENERAL MANAGER’S REPORT:

General Manager’s was presented, and no actions were taken.

6. DIVISION 2 DIRECTOR:

It was motioned by Gerrie Kilburn to nominate Stephen Brown to fill vacancy for Division 2 representative on the Kinneloa Irrigation District Board and there was no second.

A second motion was presented by Tim Eldridge and seconded by Dave Moritz calling for a special election to fill the vacancy of the Director representing Division 2. A roll call vote was taken.

Directors Tim Eldridge and Dave Moritz voted *aye*.

Director Gerrie Kilburn *abstained* from vote.

Director Gordon Johnson voted *nay*.

Since the motion failed, there was no appointment and no call for a special election. Therefore, the appointment can be handed off to the Board of Supervisors requesting appointment of a candidate or deferred to the general election in November 2021.

7. COVID 19:

General Manager presented the latest information and statistics regarding COVID 19. The Executive Order is still in affect and allows for remote meetings. There is a Bill currently being evaluated by the legislature that will allow more freedom in the future to hold virtual meetings or meetings where its not required to have three people physically in the District office for a meeting.

8. INFORMATION ITEMS

Krystle Barba was introduced as the District's new Administrative Assistant.

9. DIRECTOR REPORTS AND/OR COMMENTS:

The Personnel Committee will be scheduling a meeting with each of the District staff members.

Melvin Matthews was asked to send letters out to the residents impacted by the Sierra Madre Villa/Villa Heights pipeline project.

Melvin Matthews was asked to investigate the potential investment necessary for improving the HVAC and Audio/Visual systems at the District office. The results are to be presented at a future meeting.

10. ADJOURNMENT

The meeting was adjourned at 4:07 pm.

Prepared and submitted by,



Martin Aragon

Office Manager/Board Clerk

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KINNELOA IRRIGATION DISTRICT

Special Meeting – Board of Directors
1999 Kinclair Drive, Pasadena, CA 91107
Tuesday, April 27, 2021, 3:00 P.M.

MINUTES

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

The meeting was conducted by teleconference pursuant to the Brown Act Waivers provided for under the Governor’s Executive Orders in response to COVID-19 State of Emergency. As stated in the agenda, there was no public location for attending the meeting in person, however the public was provided with alternative methods of listening or participating via telephonically or by videoconference

DIRECTORS PRESENT: Zoom teleconference/videoconference (Zoom): Gordon Johnson, Gerrie Kilburn and Dave Moritz; Tim Eldridge joined the meeting at 3:05 pm.

DIRECTORS ABSENT: None

STAFF PRESENT: Zoom: General Manager Melvin Matthews, Office Manager Martin Aragon

PUBLIC PRESENT: Stephen Brown and Frank Griffith

1. CALL TO ORDER:

Director/Chair Gordon Johnson called the meeting to order at 3:00 P.M. and called the roll. A quorum of Board Members was present. The agenda was reviewed.

2. PUBLIC COMMENT:

Frank Griffith spoke in support of Stephen Brown.

3. DISCUSSION ON APPOINTMENT OF DIRECTOR FOR DIVISION 2:

It was motioned by Gordon Johnson and seconded by Gerrie Kilburn to approve the appointment of Stephen Brown as the Director of Division 2 to serve the remainder of that position’s current term. A roll call vote was taken. Gordon Johnson, Gerrie Kilburn and Dave Moritz all voted Aye. Motion passed. Director Eldridge joined the meeting after the vote.

4. DIRECTOR REPORTS AND/OR COMMENTS:

Melvin Matthews was asked to present the status of the Sierra Madre Villa/Villa Heights project at the May 18, 2021 meeting.

Melvin Matthews mentioned a draft of the audit was complete and would be included in the next meeting for approval.

5. **ADJOURNMENT**

The meeting was adjourned at 3:15 pm

Prepared and submitted by,



Martin Aragon

Office Manager/Board Clerk

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Kinneloa Irrigation District
Income Statement for the Four Months Ending April 30, 2021

	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	139,674.06	115,000.00	24,674.06	509,326.43	451,000.00	58,326.43
4015 Wholesale Water Sales	0.00	0.00	0.00	58,033.60	0.00	58,033.60
4020 Service/Installation Charges	489.41	833.33	(343.92)	2,392.76	3,333.32	(940.56)
4035 Interest-Reserve Fund	413.53	1,250.00	(836.47)	1,891.85	5,000.00	(3,108.15)
4036 Unrealized Gain(Loss)-CalTRU	0.00	2,083.33	(2,083.33)	(3,645.61)	8,333.32	(11,978.93)
4070 Misc. Income	7,955.08	0.00	7,955.08	7,955.08	0.00	7,955.08
Total Revenues	148,532.08	119,166.66	29,365.42	575,954.11	467,666.64	108,287.47
Expenses						
5000 Leased Water Rights	0.00	0.00	0.00	63,135.00	63,135.00	0.00
5005 Electricity	10,709.60	10,000.00	709.60	47,330.18	40,000.00	7,330.18
5010 Maintenance/Repair Supplies	1,912.64	2,500.00	(587.36)	11,513.73	10,000.00	1,513.73
5011 Material and Labor for Install	0.00	833.33	(833.33)	0.00	3,333.32	(3,333.32)
5012 Safety Equipment	155.01	133.33	21.68	1,406.27	533.32	872.95
5015 Operations Labor	22,032.44	21,208.33	824.11	81,981.84	84,833.32	(2,851.48)
5016 Operations OT	986.88	1,291.67	(304.79)	4,650.78	5,166.68	(515.90)
5020 Stand-by Compensation	930.00	915.00	15.00	3,600.00	3,660.00	(60.00)
5022 Training/Certification	0.00	133.33	(133.33)	0.00	533.32	(533.32)
5025 Water Treatment/Analysis	1,923.17	1,833.33	89.84	6,557.27	7,333.32	(776.05)
5030 Maintenance/Repair Contractors	6,095.23	11,666.67	(5,571.44)	41,537.69	46,666.68	(5,128.99)
5034 Equipment Maintenance	0.00	1,666.67	(1,666.67)	9,693.89	6,666.68	3,027.21
5035 Vehicle Maintenance	400.26	1,250.00	(849.74)	8,972.21	5,000.00	3,972.21
5036 Fuel	1,155.27	1,666.67	(511.40)	5,040.76	6,666.68	(1,625.92)
5045 Insurance-Workers Comp.	0.00	0.00	0.00	3,318.42	5,000.00	(1,681.58)
5046 Insurance-Liability	1,387.46	1,333.33	54.13	5,549.84	5,333.32	216.52
5048 Insurance-Property	196.04	208.33	(12.29)	784.16	833.32	(49.16)
5049 Insurance-Medical	7,608.49	8,604.17	(995.68)	30,433.96	34,416.68	(3,982.72)
6000 Engineering Services	500.00	3,958.33	(3,458.33)	1,600.00	15,833.32	(14,233.32)
6005 Watermaster Services	870.08	1,000.00	(129.92)	3,480.32	4,000.00	(519.68)
6015 Administrative Salary	12,063.48	13,216.67	(1,153.19)	48,253.92	52,866.68	(4,612.76)
6017 Administrative Travel	0.00	250.00	(250.00)	21.22	1,000.00	(978.78)
6020 Board Compensation	750.00	700.00	50.00	2,400.00	2,800.00	(400.00)
6021 Administrative & Board Exp.	24.36	83.33	(58.97)	24.36	333.32	(308.96)
6024 Customer/Public Info. Prog.	200.00	166.67	33.33	800.00	666.68	133.32
6025 PERS - KID	3,824.15	3,500.00	324.15	14,380.43	14,000.00	380.43
6030 Social Security - KID	3,112.56	2,833.33	279.23	11,239.36	11,333.32	(93.96)
6031 Medicare - KID	727.96	666.67	61.29	2,628.63	2,666.68	(38.05)
6035 Office/Computer Supplies	802.17	583.33	218.84	1,924.76	2,333.32	(408.56)
6036 Postage/Delivery	331.85	416.67	(84.82)	1,363.80	1,666.68	(302.88)
6040 Professional Dues	3,645.24	1,250.00	2,395.24	5,250.96	5,000.00	250.96
6045 Legal Services	1,164.08	1,250.00	(85.92)	2,906.32	5,000.00	(2,093.68)
6050 Telephone	314.94	375.00	(60.06)	1,087.77	1,500.00	(412.23)
6051 Mobile Telephone	54.71	41.67	13.04	118.31	166.68	(48.37)
6052 Pagers	35.05	41.67	(6.62)	140.02	166.68	(26.66)

Kinneloa Irrigation District
Income Statement for the Four Months Ending April 30, 2021

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
6053 Internet Service	297.98	83.33	214.65	485.60	333.32	152.28
6059 Computer Software Maintenance	383.33	1,000.00	(616.67)	4,304.90	4,000.00	304.90
6061 Office Equipment Maintenance	0.00	83.33	(83.33)	0.00	333.32	(333.32)
6070 Office & Accounting Labor	14,114.68	10,479.17	3,635.51	43,092.59	41,916.68	1,175.91
6075 Professional/Contract Services	2,013.42	2,333.33	(319.91)	8,286.33	9,333.32	(1,046.99)
6080 Administrative Fees	1,036.66	1,036.67	(0.01)	4,063.71	4,146.68	(82.97)
6081 Permits/Fees	323.40	1,250.00	(926.60)	1,368.60	5,000.00	(3,631.40)
6086 Taxes - Sales/Use	0.00	291.67	(291.67)	0.00	1,166.68	(1,166.68)
6120 Bank Service Charges	832.53	750.00	82.53	3,561.29	3,000.00	561.29
Total Expenses	102,915.12	112,885.00	(9,969.88)	488,289.20	519,675.00	(31,385.80)
Net Income	45,616.96	6,281.66	39,335.30	87,664.91	(52,008.36)	139,673.27
Other Expenditures						
1504 Water Mains	0.00	0.00	0.00	1,944.00	0.00	1,944.00
1511 Water Treatment Plant	0.00	500.00	(500.00)	774.61	2,000.00	(1,225.39)
1512 Water Meters	0.00	1,666.67	(1,666.67)	3,379.62	6,666.68	(3,287.06)
1514 Computer/Office Equipment	0.00	416.67	(416.67)	602.20	1,666.68	(1,064.48)
Total Other Expenditures	0.00	2,583.34	(2,583.34)	6,700.43	10,333.36	(3,632.93)
Total Increase or (Drawdown)	45,616.96	3,698.32	41,918.64	80,964.48	(62,341.72)	143,306.20

Kinneloa Irrigation District Balance Sheet as of April 30, 2021

ASSETS

Current Assets

1010	Checking-Wells Fargo Bank	\$ 588,144.39
1012	Reserve Fund-LAIF	128,056.58
1014	Reserve Fund-CalTRUST	1,762,240.18
1016	Accrued Interest-LAIF	33.86
1100	Accts. Receivable-Water Sales	26,517.70
1102	Accts. Receiv.-Wholesale Water	10,952.01
1113	Employee Loans	100.31
1190	Allowance for Bad Debts	(771.48)
1200	Inventory	20,000.00
1340	Accrued Water Sales	140,204.46
1350	Prepaid Insurance	5,782.94
1360	Prepaid Expenses	3,421.36

Total Current Assets

2,684,682.31

Property and Equipment

1501	Water Rights	52,060.41
1503	Land Sites	96,700.08
1504	Water Mains	3,586,462.10
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	204,228.17
1512	Water Meters	122,115.15
1513	Electrical/Electronic Equip.	256,918.72
1514	Computer/Office Equipment	74,980.40
1515	Vehicles & Portable Equipment	308,656.75
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
1523	Constr. in Progress-Vosburg	53,875.00
1526	Vosburg Booster	1,647,215.66
1527	SCADA Equipment	362,117.90
1528	Tanks and Reservoirs	119,491.90
1529	Holly Tanks	181,113.76
1530	Tools	6,273.13
1600	Accum. Depreciation	(5,602,579.76)

Total Property and Equipment

5,180,042.62

Other Assets

1901	PERS-Deferred Outflows	93,686.00
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Total Assets

\$ 7,958,410.93

Kinneloa Irrigation District Balance Sheet as of April 30, 2021

LIABILITIES AND CAPITAL

Current Liabilities

2000	Accounts Payable	\$	28,556.62
2272	Job Deposits		5,400.00
2275	Deposits-Water Customers		255.02
2290	Accrued Vacation		18,854.60
			18,854.60
	Total Current Liabilities		53,066.24

Long-Term Liabilities

2400	Installment Purchase Agreement		1,594,609.63
2801	PERS- Net Liability		334,290.44
2901	PERS- Deferred Inflows		35,841.00
			35,841.00
	Total Long-Term Liabilities		1,964,741.07
	Total Liabilities		2,017,807.31

Capital

3040	Fund Balance		5,852,938.71
	Net Income		87,664.91
			87,664.91
	Total Capital		5,940,603.62
	Total Liabilities & Capital	\$	7,958,410.93

Kinneloa Irrigation District
Statement of Cash Flow
For the Four Months Ended April 30, 2021

	Current Month	Year to Date
Cash Flows from Operating Activities		
Net Income	\$ 45,616.96	\$ 87,664.91
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
1100 Accts. Receivable-Water Sales	(10,232.87)	4,964.28
1102 Accts. Receiv.-Wholesale Water	6,390.27	(10,952.01)
1113 Employee Loans	50.19	200.76
1340 Accrued Water Sales	13,526.11	50,670.08
1350 Prepaid Insurance	1,583.50	6,334.00
1360 Prepaid Expenses	6,454.54	17,988.16
2000 Accounts Payable	(6,790.24)	(7,402.32)
2272 Job Deposits	(850.00)	1,800.00
	10,131.50	63,602.95
Total Adjustments	10,131.50	63,602.95
Net Cash Provided by Operations	55,748.46	151,267.86
 Cash Flows from Investing Activities		
<i>Used for</i>		
1504 Water Mains	0.00	(1,944.00)
1511 Water Treatment Plant	0.00	(774.61)
1512 Water Meters	0.00	(3,379.62)
1514 Computer/Office Equipment	0.00	(602.20)
	0.00	(6,700.43)
Net Cash Used in Investing	0.00	(6,700.43)
 Cash Flows from Financing Activities		
<i>Proceeds from</i>		
<i>Used for</i>		
2801 PERS- Net Liability	(1,732.49)	(6,929.96)
	(1,732.49)	(6,929.96)
Net Cash Used in Financing	(1,732.49)	(6,929.96)
Net Increase (Decrease) in Cash	\$ 54,015.97	\$ 137,637.47
 Summary		
Cash Balance at End of Period	\$ 2,478,475.01	\$ 2,478,475.01
Cash Balance at Beg. of Period	(2,424,459.04)	(2,340,837.54)
	\$ 54,015.97	\$ 137,637.47
Net Increase (Decrease) in Cash	\$ 54,015.97	\$ 137,637.47

Kinneloa Irrigation District
Check Register
For the Period from April 1, 2021 to April 30 , 2021

Date	Check #	Payee	Amount	Description
4/15/21	EFT4703	Bernadette C. Allen	821.77	Salary
4/15/21	EFT4704	Arthur M. Aragon	1,691.78	Salary
4/15/21	EFT4705	Krystle K. Barba	544.45	Salary
4/15/21	EFT4706	Joel D. Bundy	2,544.50	Salary
4/15/21	EFT4707	Christopher A. Burt	2,354.29	Salary
4/15/21	EFT4708	Timothy J. Eldridge	117.29	Salary
4/15/21	EFT4709	Michele M. Ferrell	2,323.31	Salary
4/15/21	EFT4710	Brian L. Fry	1,916.62	Salary
4/15/21	EFT4711	Gerrie G. Kilburn	138.52	Salary
4/15/21	EFT4712	Melvin L. Matthews	3,973.04	Salary
4/15/21	EFT4713	Juan R. Tello	1,374.08	Salary
4/15/21	EFT4714	Christopher A. Burt	150.00	Salary
4/15/21	EFT4715	Automatic Data Processing, Inc.	7,890.62	Payroll taxes and withholdings
4/21/21	EFT4716	Automatic Data Processing, Inc.	101.88	Payroll Processing Fee
4/21/21	EFT4717	American Messaging Services	35.05	Pager Service
4/21/21	EFT4718	Arco Gaspro Plus	1,155.27	Fleet Vehicle Fuel
4/21/21	EFT4719	Athens Services	215.69	Trash Pickup
4/21/21	EFT4720	CA Public Employees Ret. Sys.	6,918.92	KID and employee retirement contributions
4/21/21	EFT4721	Century Business Solutions	15.00	Credit Card processing Fee
4/21/21	EFT4722	Pasadena Municipal Services	1,916.03	Pasadena Electricity for Wilcox Well
4/21/21	EFT4723	Southern California Edison Co.	8,621.48	Electricity
4/21/21	EFT4724	Umpqua Bank	5,161.52	credit cards - see attached detail
4/21/21	EFT4725	VeriCheck, Inc.	122.29	E-check processing fees
4/21/21	9739	Jim Howe	587.64	Fire Flow Test Refund on deposit
4/21/21	9740	ACWA-JPIA	3,318.42	KID and employee retirement contributions
4/21/21	9741	Arthur Aragon	27.96	Mileage / Postage reimbursement
4/21/21	9742	Aramark Uniform Services	82.37	Shop Rag Service
4/21/21	9743	Byrd Industrial Electronics	792.36	SCADA: configure WIN911 software
4/21/21	9744	California Utilities Emergency As	500.00	CUEA member dues: 7/1/21 - 6/30/22
4/21/21	9745	Clinical Lab of San Bernardino	24.00	General Physical Lab results
4/21/21	9746	Underground Service Alert	26.50	Digalert
4/21/21	9747	Eurofins Eaton Analytical, Inc.	200.00	Water Sample Analysis
4/21/21	9748	Foothill Municipal Water District	1,036.66	Administrative Fee
4/21/21	9749	Generator Services Co.	7,540.41	Service of Six Generators
4/21/21	9750	Geotab USA, Inc	98.75	Fleet Mgmt. Software
4/21/21	9751	Matt Chlor Inc.	589.74	Two 55 gal. tanks
4/21/21	9752	Public Water Agencies Group	875.00	Quarterly PWAG Assessment
4/21/21	9753	Sulzer Electro Mechanical Service	54.63	Install 200A non fused disconnect
4/21/21	9754	Utility Service Co., Inc.	5,248.24	Reservoir Tank Service
4/21/21	9755	Western Water Works	1,480.11	1621 Hasting Heights repair

Kinneloa Irrigation District
Check Register
For the Period from April 1, 2021 to April 30 , 2021

Date	Check #	Payee	Amount	Description
4/21/21	9756	Win-911 Software	2,630.00	SCADA: upgrade WIN911 software
4/21/21	9757	Public Water Agencies Group	289.08	April - Emergency Preparedness Program
4/30/21	EFT4726	AT&T Mobility	182.09	Mobile Phones
4/30/21	9758	Civiltec Engineering, Inc.	500.00	Fire Flow Test
4/30/21	9759	Eurofins Eaton Analytical, Inc.	200.00	Water Sample Analysis
4/30/21	9760	Raymond Basin Management Boa	1,499.17	Title 22 Momitoring - sampling, lab, admin
4/30/21	EFT4727	Bernadette C. Allen	1,521.27	Salary
4/30/21	EFT4728	Arthur M. Aragon	1,684.97	Salary
4/30/21	EFT4729	Krystle K. Barba	1,352.43	Salary
4/30/21	EFT4730	Christopher A. Burt	2,354.28	Salary
4/30/21	EFT4731	Timothy J. Eldridge	138.53	Salary
4/30/21	EFT4732	Michele M. Ferrell	2,542.27	Salary
4/30/21	EFT4733	Brian L. Fry	1,789.63	Salary
4/30/21	EFT4734	Gerrie G. Kilburn	277.05	Salary
4/30/21	EFT4735	Melvin L. Matthews	4,036.73	Salary
4/30/21	EFT4736	Juan R. Tello	1,696.03	Salary
4/30/21	EFT4737	Christopher A. Burt	150.00	Salary
4/30/21	EFT4738	Automatic Data Processing, Inc.	7,368.03	Payroll taxes and withholdings
4/30/21	EFT4739	Automatic Data Processing, Inc.	104.35	Payroll Processing Fee
4/30/21	EFT4740	Century Business Solutions	317.58	Banking Fees
4/30/21	EFT4741	Spectrum	339.92	Internet Charge
4/30/21	EFT4742	Digital Deployment, Inc.	No Charge	.29 test charge to set up auto pay

Total

103,559.60

Credit Card Detail Umpqua Bank
April 2021
(Expenses incurred/billed in April and due/paid in May)

Acct. No.	Account Description	Additional Description	MLM	CAB	BLF	JDB	MF	JRT	TOTAL
1511	Water Treatment Plant								\$0.00
1514	Computer/Office Equip.								\$0.00
5010	Maintenance Supplies	BLF: pipe cutter, paint, rake/shovel, marking paint, batteries JRT: paint & primer: JDB: Pager Holster			\$146.04	\$36.42		\$164.10	\$346.56
5012	Safety Equipment	MF: Eye wash equip. JDB: Hi-Vis Shirts				\$32.81	\$122.20		\$155.01
5022	Training/Certification								\$0.00
5025	Water Treatment/Analysis								\$0.00
5035	Vehicle Maintenance	JRT: New Radiator						\$400.26	\$400.26
5036	Fuel								\$0.00
6017	Adm. Travel								\$0.00
6021	Adm. & Bd. Exp.								\$0.00
6024	Customer/Public Info	MM: Streamline				\$200.00			\$200.00
6035	Office/Computer Supplies	JDB: Thermal Laminator, Paper Folder, Carbon Monoxide Detector MM: Surface Dock	\$173.01			\$629.16			\$802.17
6036	Postage/Delivery	JDB: Stamps, UPS return				\$331.85			\$331.85
6040	Professional Dues								\$0.00
6050	Telephone	MM: Answering Service(Alert)	\$75.00						\$75.00
6051	Mobile Phone								\$0.00
6053	Internet Service	MM: Splashtop - remote access	\$198.00						\$198.00
6059	Computer/Software Maint.								\$0.00
6061	Office Equipment Maint.								\$0.00
6075	Outside Services								\$0.00
6081	Permits/Fees								\$0.00
TOTAL			\$446.01	\$0.00	\$146.04	\$1,230.24	\$122.20	\$564.36	\$2,508.85

General Manager's Report for the Board of Directors Meeting on May 18, 2021

I. Customer Account Information and Internet Usage

A. Delinquent Accounts –

- 18 accounts received past-due notice
- 17 accounts received late charges in the total amount of \$292.11
- 0 accounts received door hanger shut off notice
- 0 accounts were shut off for non-payment
- 0 accounts remain shut off for non-payment

B. Aged Receivables –

Month	Current	30 days	60 days	90 days or greater	Total
May 2020	\$21,330.64	\$2,628.19	\$261.22	\$159.13	\$24,379.18
June 2020	\$26,619.22	\$1,657.73	\$0.00	\$0.00	\$28,276.95
July 2020	\$35,672.74	\$1,791.06	\$44.66	\$0.00	\$37,508.46
August 2020	\$27,970.57	\$2,624.99	\$0.00	\$0.00	\$30,595.56
September 2020	\$32,787.39	\$3,299.78	\$181.77	\$0.00	\$36,268.94
October 2020	\$35,165.98	\$3,020.50	\$1,102.31	\$97.99	\$39,386.78
November 2020	\$31,925.74	\$6,497.96	\$98.72	\$0.00	\$38,522.42
December 2020	\$28,288.75	\$3,101.55	\$91.68	\$0.00	\$31,481.98
January 2021	\$28,043.73	\$2,463.01	\$0.00	\$0.00	\$30,506.74
February 2021	\$57,645.25	\$4,554.82	\$0.00	\$0.00	\$62,200.07
March 2021	\$31,003.72	\$2,623.39	\$0.00	\$0.00	\$33,627.11
April 2021	\$36,226.02	\$1,243.69	\$0.00	\$0.00	\$37,469.71

C. Website Usage and Online Payments –

Month	Users	Page Views	Online Payments	Online Amount
May 2020	296	798	92	\$15,222.42
June 2020	459	994	92	\$19,899.20
July 2020	354	1,166	98	\$27,411.85
August 2020	276	708	100	\$30,398.55
September 2020	277	608	91	\$27,761.46
October 2020	278	654	109	\$35,098.93
November 2020	248	591	93	\$29,258.42
December 2020	253	560	110	\$33,318.03
January 2021	245	555	101	\$28,824.49
February 2021	287	551	104	\$27,957.69
March 2021	398	892	103	\$20,741.82
April 2021	274	1,538	106	\$27,464.40

II. General Manager's Projects and Activities

- A. Advanced Meter Infrastructure** – Communication gateways have been installed and are being tested in preparation for installation of registers and transmitters at 50 locations through out the District
- B. Annual Audit** – Financial audit will be presented to the board at this meeting
- C. Pipeline Project** – Contractor has submitted all required contract documents for the Sierra Madre Villa/Villa Heights pipeline improvement project
- D. Employee Recruitment** – Administrative Assistant position has been filled
- E. Activities/Meetings/Webinars/Conferences***
 - 1. KID Staff Meetings
 - 2. PWAG Emergency Coordination Update & Discussion
 - 3. KID Board Meetings (3)
 - 4. FMWD Board Meeting
 - 5. FMWD Managers Meeting
 - 6. LAFCO Board Meeting
 - 7. PWAG Board Meeting
 - 8. Subeca Installation Field Meetings
 - 9. RBMB Water Quality and Pumping and Storage Committee Meetings
 - 10. RBMB Board Meeting
 - 11. FMWD Budget Meeting
 - 12. SCADA WIN-911 Alarm System Reporting & Scheduling Webinar
 - 13. RBMB Finance and Administration Committee Meeting
 - 14. Meeting with Stephen Brown

* 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

CUEA – California Utilities Emergency Association

FMWD – Foothill Municipal Water District

KID – Kinneloa Irrigation District

LAFCO – Local Agency Formation Commission of Los Angeles County

PWAG – Public Water Agencies Group

RBMB – Raymond Basin Management Board

RCAC – Rural Community Assistance Corporation

SCADA – Supervisory Control and Data Acquisition System

Incident Reports and Facility Activities

A. Incident Reports –

Customer Leaks	System Leaks	Water Waste	Water Quality	Customer Service*	Comments
1	0	0	0	5	Customer service requests were for water shutoff to facilitate customer plumbing repairs; Customer leak was due to sheared off rainbird riser

* Customer service includes requests for water shutoff to facilitate customer plumbing repairs, inquiries about water bills, requests for leak checks and general questions.

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 and report to RBMB
 - 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 April
 - a. Replaced meter box for customer on Windover Road
 - b. Facility cleanup at Holly, Wilcox Reservoir, Eucalyptus Reservoir, Sage and Vosburg
 - c. Repaired leaking hydrant on Villa Knolls Drive
 - d. Repaired service line leak and replaced meter and transmitter on Hastings Heights Rd
 - e. Repaired fire hydrant leak by replacing stem with new "O" ring.
 - f. Repaired Cl₂ leak on diaphragm pump at Eucalyptus Reservoir

3. Capital Improvement and Maintenance Projects for 2021 (Completed or in progress)*
 - a. Sierra Madre Villa and Villa Heights Pipeline Improvement Project (Contract awarded) (CIP, EP, OPS)
 - b. Truck replacement – Replace one pickup truck that is 22 years old (CIP)
 - c. Reservoir inspection and washout (MR)
 - d. Advanced meter infrastructure – Install communication gateways and install water meter registers and transmitters at 50 locations (CIP, OPS, MR)
 - e. Annual service on six generators (MR)
 - f. Efficiency tests and preventative maintenance on all pumps and motors (MR)
 - g. Production meter tests for accuracy (MR)

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

1. Brown/Glen Pipeline Improvement Project (Design phase in progress) (CIP, EP, OPS)
2. House Tunnel Pipeline repair (MR)
3. High/Low Tunnel Pipeline inspection and repair if needed (MR)

*Project Categories

CIP – Capital improvement or replacement of equipment or facilities at end of useful life

EP – Emergency preparedness

OPS – Operational improvement

MR – Maintenance and repair

III. Water Supply Summary as of March for the Watermaster Year July 2020 through June 2021

Raymond Basin Groundwater (Acre Feet)		Kinneloa Irrigation District Water Tunnels (Acre Feet)	
Water Rights	516	Eucalyptus	5
Prior Year Carryover	52	Far Mesa	3
Less Temporary 30% Reduction in Water Rights	-155	Delores	1
Leases/Exchanges	207	House	0
Prior Year Spreading	93	Holly High/Low	3
Short Term Storage	134		
Current Year Spreading	0		
Total Allowable Extractions	847		
Less Water Extracted YTD This Watermaster Year	-569	Current Tunnel Monthly Production	12
Remaining Allowable Groundwater Extractions through June 2021	278	Remaining Estimated Tunnel Production through June 2021	36
Total Available Water Supply (Remaining Allowable Groundwater + Remaining Estimated Tunnel Production through June 2021)		314 Acre Feet	
Less Remaining Forecasted Retail Water Sales through June 2021		-142 Acre Feet	
Surplus Water through June 2021*		172 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 2019-2020 year, 119 Acre-Feet were sold to the City, 52 Acre-Feet were carried over to 2020-2021 and 134 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 774 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.

**KINNELOA IRRIGATION DISTRICT
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

AND INDEPENDENT AUDITOR'S REPORT

DRAFT

**KINNELOA IRRIGATION DISTRICT
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

	Page
Board of Directors and District Personnel	1
Management's Discussion and Analysis	2
Independent Auditor's Report	7
Statements of Net Position	9
Statements of Revenues, Expenses and Changes in Net Position, For the Years Ended December 31, 2020 and 2019	10
Statements of Cash Flows, For the Years Ended December 31, 2019 and 2018	11
Notes to Financial Statements	13
Supplementary Information	23

DRAFT

**KINNELOA IRRIGATION DISTRICT
BOARD OF DIRECTORS AND DISTRICT PERSONNEL
AS OF DECEMBER 31, 2020**

BOARD OF DIRECTORS

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

MANAGEMENT PERSONNEL

Melvin L. Matthews General Manager

OFFICE PERSONNEL

Martin Aragon Office Manager

Joel Bundy Administrative Assistant

FIELD PERSONNEL

Chris Burt Senior Facilities Supervisor

Michele Ferrell Facilities Operator

Brian Fry Juan Facilities Operator

Tello Facilities Maintenance Worker

**KINNELOA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

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, 2020. 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, increased by 12% to \$1,182,240 as compared to 2019 operating revenues of \$1,636,613. The increase is primarily the result of increased water sales and a 3% rate increase.

Total operating, maintenance, administrative and general expenses including depreciation increased by 1% to \$1,757,019 as compared to \$1,746,29 in 2019. The net increase is primarily due to an increase in labor expense, a decrease in the GASB 68 estimate, and decreases in expenses for maintenance and repairs 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, 2020 AND 2019**

CONDENSED FINANCIAL INFORMATION

The following condensed financial information provides an overview of the District's financial activities as of December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
ASSETS AND DEFERRED OUTFLOWS		
Current assets	\$ 2,616,248	2,448,754
Restricted assets		
Capital assets, net	5,173,344	5,340,108
Deferred outflows of resources	93,686	76,176
Total assets and deferred outflows of resources	<u>\$ 7,883,278</u>	<u>7,865,038</u>
LIABILITIES AND DEFERRED INFLOWS		
Current liabilities	\$ 207,423	193,277
Noncurrent liabilities	1,792,292	1,899,613
Deferred inflows of resources	35,841	38,397
Total liabilities and deferred inflows of resources	<u>2,035,556</u>	<u>2,131,287</u>
NET POSITION		
Investment in capital assets	5,173,344	5,340,108
Unrestricted	674,378	393,643
Total net position	<u>5,847,722</u>	<u>5,733,751</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,883,278</u>	<u>7,865,038</u>

Capital and other assets – The change in capital and other assets is net of an increase in capital and other assets less current year's depreciation of \$351,909.

Net position – The net position increased from the prior year due to the current year's excess of revenues over expenses. 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, 2020 AND 2019**

CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>
Total operating revenues	\$ 1,825,240	1,636,613
Total non-operating revenues	<u>45,750</u>	<u>64,837</u>
Total revenues	1,870,990	1,701,450
Total operating expenses	1,695,284	1,681,228
Total non-operating expenses	<u>61,735</u>	<u>64,801</u>
Total expenses	<u>1,757,019</u>	<u>1,746,029</u>
Change in net position	113,971	(44,579)
Net position, beginning of year	<u>5,733,751</u>	<u>5,778,330</u>
Net position, end of year	<u>\$ 5,847,722</u>	<u>5,733,751</u>

Revenues – Retail water sales by volume increased to 643 acre-feet as compared to 544 acre-feet in 2019 and the total operating revenue increased to \$1,825,240 from \$1,636,613 due to increased water sales and a 3% rate increase.

The District also received \$21,821 in non-operating revenue from interest on its temporary investments and an unrealized gain of \$23,929 in a temporary investment. The District's cash and temporary investments at year end were \$2,340,092 and \$2,214,316 in 2020 and 2019, respectively. The District has identified \$3,943,000 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 decreased by \$25,817 in 2020 as compared to 2019. This decrease is due primarily to a reduction in the use of outside contractors. The District's administrative and general expenses increased by \$15,408 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, 2020 AND 2019**

BUDGET ANALYSIS AND VARIANCES

Revenue from water sales for 2020 was \$1,825,240 as compared to the budgeted amount of \$1,590,000 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. Increased water usage and the 3% rate increase allowed the District to significantly exceed the budgeted revenue for water sales. Total revenue for 2020 was \$1,870,990 as compared to the budgeted amount of \$1,630,000.

Overall, for 2020, the net operating income before depreciation was \$481,865, as compared to the budgeted amount of \$239,350. Capital and planned maintenance projects in the amount of \$55,322 were completed as compared to the budgeted amount of \$717,000. The reduction in spending was caused by a delay in two major pipeline projects due to the coronavirus pandemic. The cash reserve at year end was \$2,340,092 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 2020, the major projects and equipment purchases included the replacement of two trucks, water treatment equipment, SCADA equipment and water meters.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At December 31, 2020 and 2019, the District had investments in land, water rights, buildings, wells and distribution systems, machinery and equipment as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 96,700	96,700
Water rights	52,060	52,060
Buildings, wells and distribution system	9,620,249	9,513,172
Machinery and equipment	<u>1,006,915</u>	<u>931,822</u>
 Total	 <u>\$ 10,775,924</u>	 <u>10,593,754</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 1.5% for the 12 months ended December 2020 and the average rate for 2021 was 2.2% through March 2020.

**KINNELOA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

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

General economic conditions worsened in 2020 primarily due to the coronavirus pandemic but are expected to improve at a moderate pace in 2021 as businesses re-open. However, the 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. Fortunately the Kinneloa Irrigation District did not experience any problems with receivables in 2020 and no impact is expected in 2021. 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 are not expected to cause a reduction in volumetric sales and revenue in 2021. The annual rainfall in the 2020-2021 season was well below the 25-year average and 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 2021, 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 2021 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 2021 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 2021 to offset any possible reduction in retail water sales.

Although weather will continue to play a significant role in determining retail water sales for 2021, 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 2021-2022 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 2021. Fortunately, the District has the flexibility to adjust expenditures for capital improvements and planned maintenance to meet the overall budget objectives for 2021.

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, 2020 and 2019 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, 2020 and 2019, 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 ____, 2021 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

____ 2021

**KINNELOA IRRIGATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets		
Cash and cash equivalents	\$ 448,753	368,703
Cash, restricted as to use	1,891,339	1,845,613
Customer receivables	222,629	173,507
Prepaid expenses	33,527	40,931
Materials and supplies	<u>20,000</u>	<u>20,000</u>
Total current assets	2,616,248	2,448,754
Capital assets, net of accumulated depreciation	5,173,344	5,340,108
Deferred outflows of resources		
Deferred amounts from pension plan	<u>93,686</u>	<u>76,176</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u>7,883,278</u>	<u>7,865,038</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current liabilities		
Current portion of installment purchase contract	\$ 143,538	138,467
Accounts payable and accrued expenses	35,959	32,192
Accrued payroll and payroll taxes	24,071	21,463
Customer deposits	<u>3,855</u>	<u>1,155</u>
Total current liabilities	207,423	193,277
Installment purchase contract, net of current	1,451,072	1,594,609
Net pension liability	<u>341,220</u>	<u>305,004</u>
Total liabilities	1,999,715	2,092,890
Deferred inflows of resources		
Deferred amounts from pension plan	35,841	38,397
Net position		
Invested in capital assets, net of related debt	5,173,344	5,340,108
Unrestricted	<u>674,378</u>	<u>393,643</u>
Total net position	<u>5,847,722</u>	<u>5,733,751</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ <u>7,883,278</u>	<u>7,865,038</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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Operating revenues		
Water sales and service fees	\$ <u>1,825,240</u>	<u>1,636,613</u>
Operating expenses		
Operating and maintenance	836,551	862,368
Administration and general	506,824	491,416
Depreciation	<u>351,909</u>	<u>327,444</u>
Total operating expenses	<u>1,695,284</u>	<u>1,681,228</u>
Operating income (loss)	<u>129,956</u>	<u>(44,615)</u>
Non-operating revenue and expense		
Interest	21,821	45,752
Interest expense	(61,735)	(64,801)
Unrealized gain (loss)	23,929	13,117
Other income	<u>-</u>	<u>5,968</u>
Net non-operating revenue and expense	<u>(15,985)</u>	<u>36</u>
Change in net position	113,971	(44,579)
Net position, beginning of year	<u>5,733,751</u>	<u>5,778,330</u>
Net position, end of year	<u>\$ <u>5,847,722</u></u>	<u><u>5,733,751</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, 2020 AND 2019**

Cash flows from operating activities:	<u>2020</u>	<u>2019</u>
Cash received from customers	\$ 1,776,118	1,648,453
Cash payments to employees for services	(504,496)	(443,157)
Cash payments for services and goods	<u>(825,100)</u>	<u>(921,918)</u>
Net cash provided by operating activities	<u>446,522</u>	<u>283,378</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(185,145)	(55,322)
Net cash used (provided) for pension liabilities	16,150	58,389
Principal paid on installment purchase agreement	(138,466)	(135,401)
Customer deposits	2,700	-
Other non-operating gain, net	23,929	19,085
Interest expense paid	<u>(61,735)</u>	<u>(64,801)</u>
Cash used by capital and related financing activities	<u>(342,567)</u>	<u>(178,050)</u>
Cash flows from investing activities:		
Interest received	<u>21,821</u>	<u>45,752</u>
Net increase in cash and cash equivalents	125,776	151,080
Cash and cash equivalents, beginning of the year	<u>2,214,316</u>	<u>2,063,236</u>
Cash and cash equivalents, end of the year	<u>\$ 2,340,092</u>	<u>2,214,316</u>
SUMMARY OF BALANCE SHEET CASH and CASH EQUIVALENTS		
Cash	\$ 448,753	368,703
Temporary investments, restricted as to use	<u>1,891,339</u>	<u>1,845,613</u>
Total cash	<u>\$ 2,340,092</u>	<u>2,214,316</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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income to net cash operating activities:		
Operating income (loss)	\$ 129,956	(44,615)
Adjustments to reconcile operating income to net provided by operating activities:		
Depreciation	351,909	327,444
Decrease in receivables	(49,122)	11,840
(Increase) decrease in prepaid expenses	7,404	(9,766)
(Decrease) increase in accounts payable and accrued expenses	<u>6,375</u>	<u>(1,525)</u>
Net cash provided by operating activities	<u>\$ 446,522</u>	<u>283,378</u>

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

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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, 2020, the Board of Directors were as follows

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

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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

c. 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.

d. 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.

e. 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

f. 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.

g. 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.

h. 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.

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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

i. Materials and Supplies

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

j. Concentration of Credit Risk

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

k. 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.

l. 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.

m. 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.

n. 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.

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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

o. 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.

p. 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.

q. Subsequent Events

The District has evaluated subsequent events through the date at which the financial statements were available to be issued, which was _____, 2021.

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2020 and 2019 cash and cash equivalents consist of:

	<u>2020</u>	<u>2019</u>
Insured with financial institutions	\$ 448,753	368,703
Local Agency Investment Fund ("LAIF")	127,715	125,623
Uninsured and uncollateralized	<u>1,763,624</u>	<u>1,719,990</u>
	<u>\$ 2,340,092</u>	<u>2,214,316</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).

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2. CASH AND CASH EQUIVALENTS, continued

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.

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.

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2020 and 2019 was as follows:

2020				
	Balance January 1	Additions	Disposal & Transfers	Balance December 31
Land	\$ 96,700			96,700
Water rights	52,060			52,060
Buildings, wells and distribution system	9,513,172	107,077		9,620,249
Machinery and equipment	931,822	78,068	2,975	1,006,915
	10,593,754	185,145		10,775,924
Less accumulated	(5,253,646)	(351,909)	(2,975)	(5,602,580)
Total capital assets	\$ 5,340,108	(166,764)	-	5,173,344
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	(4,926,202)	(327,444)		(5,253,646)
Total capital assets	\$ 5,612,230	(272,122)		5,340,108

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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:

<u>Year ended December 31,</u>	<u>Installment Payments</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 143,538	56,664	200,202
2022	148,796	51,406	200,202
2023	154,246	45,955	200,201
2024	159,896	40,306	200,202
2025	165,753	34,449	200,202
Thereafter	<u>822,381</u>	<u>76,599</u>	<u>898,980</u>
	<u>\$ 1,594,610</u>	<u>305,379</u>	<u>1,899,989</u>

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.

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

PERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service.

On September 12, 2012 the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law, taking effect January 1, 2013. The new legislation closed the District's PERS 2.5% at 55 and 2% at 60 Risk Pool Retirement Plan to new employee entrants

**First KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5. PENSION PLAN, continued

effective December 31, 2013. All employees hired after January 1, 2013, are eligible for the District's PERS 2% at 62 Retirement Plan under PEPRA.

The Plans' provision and benefits in effect as of the June 30, 2020 measurement are as follows:

	Miscellaneous Plan		
	<u>Classic</u>	<u>New Classic</u>	<u>PEPRA</u>
	Prior to January 1, 2011	On or after January 1, 2013	On or after January 1, 2013
Hire Date			
Benefit formula	2.0% @ age 55	2% @ age 60	2% @ age 62
Benefit vesting schedule	5 service years	5 service years	5 service years
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-55	52-67	52-67
Monthly benefits, as a % of eligible comp.	2.0% to 2.5%	1.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	6.902%	6.912%	6.25%
Required employer contribution rates	8.892%	7.634%	6.842%

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.

Employer contributions for the years ended December 31, 2020 and 2019 were \$37,734 and \$31,836, respectively.

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

As of December 31, 2020 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>341,220</u></u>

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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, 2020, and the total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2020.

The District's proportionate share of the net pension liability for the Plan as of the reporting period ending December 31, 2020 and 2019 was as follows:

	<u>Miscellaneous</u>
Proportion - December 31, 2019	0.00762%
Proportion - December 31, 2020	0.00809%
Change - Increase	0.00047%

For the year ended December 31, 2020, the District recognized pension expense of \$83,592. At December 31, 2020, 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	\$ 41,547	
Differences between actual and expected experience	17,584	
Change in assumptions		2,434
Change in employer's proportion and differences between the District's contributions and the District's proportionate share of contributions	24,418	33,407
Differences between projected and actual earnings on Plan investments	10,136	
	\$ 93,685	35,841

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>
2021	\$ 1,048
2022	5,360
2023	5,029
2024	4,862
Thereafter	-
	\$ 16,299

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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>
	%	%
Global Equity	50.0	4.80
Fixed Income	28.0	1.00
Inflation Assets	0.0	0.77
Private Equity	8.0	6.30
Real Assets	13.0	3.75
Liquidity	1.0	0.00
	<u>100.0</u>	

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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:

	Discount Rate		
	Less 1% - 6.15%	Current - 7.15%	Plus 1% - 8.15%
Proportionate Net Pension Liability	\$ <u>572,107</u>	<u>341,220</u>	<u>150,446</u>

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.

**KINNELOA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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.

COVID-19 Pandemic

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 District has not incurred significant loss from this Order.

DRAFT

SUPPLEMENTARY INFORMATION

DRAFT

**KINNELOA IRRIGATION DISTRICT
SCHEDULE OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Operating & Maintenance		
Power	\$ 137,678	122,048
Purchased water	63,135	63,135
Labor	241,107	223,863
Engineering	28,551	26,917
Maintenance and repairs	39,069	52,444
Water analysis	26,907	24,008
Outside contractors	130,086	164,782
Truck maintenance and fuel	29,022	26,348
Insurance	114,097	124,807
Watermaster	10,503	10,567
Other	16,396	23,449
	<u>\$ 836,551</u>	<u>862,368</u>
 Administrative and General		
Administrative salaries	\$ 143,326	137,868
Office labor	116,221	92,912
Payroll taxes	37,695	34,130
CalPERS retirement	38,034	32,136
CalPERS change in estimates	45,558	73,801
Outside services	26,150	30,972
Legal fees	9,737	9,252
Professional dues	14,111	13,984
Board compensation	6,450	5,000
Office expense	41,966	29,714
Telephone, internet	5,999	8,823
Accounting fees	7,100	7,100
Permits and operational fees	7,218	8,753
Information systems	7,048	6,971
Election	211	-
	<u>\$ 506,824</u>	<u>491,416</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, 2020

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date:	June 30, 2020¹	June 30, 2019¹	June 30, 2018¹	June 30, 2017¹
District's Proportion of the Net Pension Liability	<u>0.0000948%</u>	<u>0.008380%</u>	<u>0.008070%</u>	<u>0.008910%</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 341,220</u>	<u>\$ 305,004</u>	<u>\$ 271,329</u>	<u>\$ 331,920</u>
District's Covered-Employee Payroll	<u>\$ 491,319</u>	<u>\$ 444,684</u>	<u>\$ 398,795</u>	<u>\$ 350,511</u>
Liability as a Percentage of Covered-Employee	<u>69.45%</u>	<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>77.71%</u>	<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, 2020

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	<u>2019-20¹</u>	<u>2018-19¹</u>	<u>2017-18¹</u>	<u>2016-17¹</u>	<u>2015-16¹</u>
Actuarially Determined Contribution ²	\$ 33,964	\$ 30,027	\$ 23,647	\$ 21,100	\$ 19,754
Determined Contribution ²	<u>(33,964)</u>	<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>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$491,319</u>	<u>\$444,684</u>	<u>\$398,795</u>	<u>\$350,511</u>	<u>\$309,239</u>
Covered-Employee Payroll	<u>6.91%</u>	<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.



MEMORANDUM

To: Public Water Agencies Group
From: James Ciampa
Re: Legislative Report
Date: April 28, 2021

Below is the updated legislative summary of bills of interest to the Group for the 2021-22 Legislative Session, which includes bills amended through April 23. Newly added bills to the report are highlighted in yellow and status updates have also been added to this report and are highlighted in yellow. Note that April 30 is the deadline for bills to be approved by the respective houses' policy committees, so those bills not approved by policy committees by this Friday will either become two-year bills or will be considered dead for the session.

ASSEMBLY BILLS

ACA 1 (Aguiar-Curry) – Infrastructure – Voter Approval: This proposed constitutional amendment would reduce the voter approval threshold from 2/3rds to 55% for local agency (including special districts) special taxes (and other taxes a city or county may impose) to be used to repay bonded indebtedness to fund affordable housing, permanent supportive housing or public infrastructure, including water and water quality projects. The proposal includes the following prohibition applicable to special districts: “A special district, other than a board of education or school district, shall not incur any indebtedness or liability exceeding any applicable statutory limit, as prescribed by the statutes governing the special district as they currently read or may thereafter be amended by the Legislature.” **The item has been referred to the Assembly Local Government and Appropriations Committees.**

AB 20 (Lee) – Political Reform Act: This bill would add to the Political Reform Act the Clean Money Act of 2021, which would prohibit a candidate for elective office from receiving a contribution from a business entity, and a business entity from making a contribution to a candidate for elective office. **By the March 1 amendments, the bill was renamed as the Corporate Free-Elections Act. The bill is pending in the Assembly Elections Committee.**

AB 25 (Kiley) – Employment – Independent Contractor Test: This bill would provide that the prior multi-factor test, known as the *Borello* test, instead of the ABC test codified in AB 5, would apply in determining whether a contractor licensed pursuant to the Business and Professions Code is an independent contractor. **The bill is pending in the Assembly Labor and Employment Committee.**

AB 59 (Gabriel) – Mitigation Fee Act: This bill is similar to AB 3147 from the last Legislative Session and would amend the Mitigation Fee Act (which applies to capacity charges and connection fees) to revise various timelines. It would increase, the time for mailing the notice of public meeting to at least 45 days (increased from 14 days) before the meeting and would require the local agency to make its information concerning the fee at issue available to the public at least 30 days before the meeting. The bill would also require a local agency to make available to the public all of the data demonstrating the required relationship between the amount of a fee for public facilities and the need for the public facilities. The bill would require the data to also be made available to the public on the local agency’s internet website. The bill would authorize interested parties to file an electronic request to receive the notice of the meeting time and place, and would require the local agency to mail or electronically send the notice as requested by the party. The bill would prohibit a local agency, when defending a protest or action filed for a fee or service charge, or for fees for specified public facilities, from using as evidence, or relying on in any way, data not made available to the public pursuant to these provisions. The bill would require revenues in excess of actual cost to be used to reimburse the payor of the fee or service charge.

This bill would also delete the provisions requiring a judicial action or proceeding to attack, review, set aside, void, or annul an ordinance within 120 days of the effective date of the ordinance or increase, and would instead require a judicial action or proceeding to be conducted in accordance with other procedures that, among other things, require a protest to be filed within 90 days after the imposition of the fees and an action to attack, review, set aside, void, or annul the imposition of the fees to be filed within 180 days after delivery of a specified notice by the local agency.

Connection fees and capacity charges are often lumped in with “impact fees.” However, they are separate and distinct. Municipalities impose “impact fees” on property developers to fund the costs of providing services or building infrastructure that will serve the residents in the new development. These impact fees are intended to mitigate the impacts of the new development. A water or sewer agency imposes connection fees and capacity charges to recover the costs of a service directly provided to the new development (i.e., the work to connect homes to the existing water and sewer system and to ensure the system has adequate capacity to serve the new customers). Connection fees and capacity charges must reflect the cost of providing the service to the customer.

Under this bill, the statute of limitation period to challenge a connection fee or capacity charge would begin to run once the agency imposes the fee on the party applying for a new connection. Currently, the statute of limitations to challenge a connection fee or capacity charge begins to run after the agency adopts or amends the fee, because, once the window to challenge the fee closes, the agency can plan and invest funds in infrastructure intended to serve future

development. Thus, AB 3147 would create financial uncertainty for water and sewer agencies. For example, agencies may invest money to build infrastructure to serve an area where new development is planned. Once the new development is built and connected to the system, the agency will charge a “buy-in” capacity charge to recover the agency’s investment in that infrastructure. However, if a developer successfully challenges the capacity charge when it is imposed on the developer, which could be long after the agency initially adopted the charge and constructed the infrastructure, the agency could be unable to recover the entirety of its investment. This could have significant financial consequences for that agency. This bill would also apply the pay-under-protest provisions in the Mitigation Fee Act to connection fees and capacity charges. **The bill was referred to the Assembly Local Government and Housing and Community Development Committees. It will be a two-year bill.**

AB 69 (Kiley) – Declaration of Emergency: This bill would require a state of emergency to terminate 60 days after the Governor’s proclamation of the state of emergency unless the Legislature extends it by a concurrent resolution. The bill would prohibit a concurrent resolution from extending a state of emergency by more than 60 days. **The bill is pending in the Assembly Emergency Management Committee.**

AB 95 (Low) – Bereavement Leave: This bill would enact the Bereavement Leave Act of 2021. The bill would require an employer with 25 or more employees to grant an employee up to 10 business days of unpaid bereavement leave upon the death of a spouse, child, parent, sibling, grandparent, grandchild, or domestic partner (an exception applies for employees covered by a collective bargaining agreement). The bill would require an employer with fewer than 25 employees to grant up to 3 business days of leave. This bill would authorize an employee who has been discharged, disciplined, or discriminated or retaliated against for exercising their right to bereavement leave to file a complaint with the Division of Labor Standards Enforcement or bring a civil action against their employer for reinstatement, specified damages, and attorney’s fees. **The March 22 amendments require an employee to request such leave. The bill passed the Assembly Labor and Employment Committee and is now pending in the Assembly Appropriations Committee’s suspense file.**

AB 100 (Holden) – Drinking Water – Lead Pipes: With respect to certain defined endpoint plumbing fixtures, this bill would define “lead free” to mean that the devices do not leach more than one microgram of lead under certain tests and meeting a specified certification. **The bill passed the Assembly Environmental Safety & Toxic Materials Committee and is now pending in the Assembly Appropriations Committee’s suspense file.**

AB 108 (Cunningham) – Emergency Orders: This bill would provide that an order or regulation, or an amendment or rescission of such an order or regulation, can be issued pursuant to the California Emergency Services Act more than 60 days after the emergency is declared only if approved by a concurrent resolution of the Legislature. **The bill is pending in the Assembly Emergency Management Committee.**

AB 123 (L. Gonzalez) – Paid Family Leave: This bill would revise the formula for determining benefits available for paid family leave, for periods commencing after January 1, 2022, by redefining the weekly benefit amount to be equal to 90% of the wages paid to an

individual for employment by employers during the quarter of the individual's disability base period in which these wages were highest, divided by 13, but not exceeding the maximum workers' compensation temporary disability weekly benefit amount established by the Department of Industrial Relations. By comparison, the benefits that would be payable prior to January 1, 2022 are determined on a sliding scale set forth in Unemployment Insurance Code Section 2655, with the top level of benefits (applicable to wages exceeding \$1,749.20 in a quarter) is at 55% of the wages paid. **The bill passed the Assembly Insurance Committee and is now pending in the Assembly Appropriations Committee.**

AB 230 (Voepel) – Employment – Flexible Work Schedules: This bill would enact the Workplace Flexibility Act of 2021, which would permit an individual non-exempt employee to request an employee-selected flexible work schedule providing for workdays up to 10 hours per day within a 40-hour workweek, and would allow an employer to implement this schedule without the obligation to pay overtime compensation for those additional hours. Current law only allows such flexible work schedules for units of employees. **The bill is pending in the Assembly Labor and Employment Committee.**

AB 237 (Gray) – Public Employment – Unfair Practices – Health Protection: This bill, the Public Employee Health Protection Act, would make it an unfair practice for a covered employer (i.e., any public employer that offers health care or other medical coverage for non-occupational injuries or illness to its employees), to fail or refuse to maintain or pay for continued health care or other medical coverage for an enrolled employee or their enrolled dependents, for the duration of the enrolled employee's participation in an authorized strike, at the level and under the conditions that coverage would have been provided if the employee had continued to work in their position for the duration of the strike. The bill would require the restoration of health or other medical care premiums, contributions, or out-of-pocket expenses actually paid by the employee or their dependents as a result of the employer's violation of this provision, or because the employer failed to ensure continued coverage during a strike, and would require other equitable adjustments to ensure that the employee and their dependents are made whole. **The bill passed the Assembly Public Employment and Retirement Committee and is now pending in the Assembly Appropriations Committee.**

AB 339 (Lee) – Brown Act: This bill would require all local agency meetings to include an opportunity for all persons to attend via a call-in option or an internet-based service option that provides closed captioning services and requires both a call-in and an internet-based service option to be provided to the public. The bill would require, even in the case of a declared state or local emergency, teleconferenced meetings to include an in-person public comment opportunity. The bill would require all meetings to provide the public with an opportunity to address the legislative body remotely via call-in or internet-based service, and would require instructions on how to attend the meeting to be posted at the time notice of the meeting is publicized.

The bill would also require the legislative bodies of the local agency to employ a sufficient amount of qualified bilingual persons to provide translation during the meeting in the language of a non-English-speaking person, in jurisdictions which govern a substantial number of non-English-speaking people. The bill would define "non-English-speaking people" as

members of a group who either do not speak English, or who are unable to effectively communicate in English because it is not their native language, and who comprise 5 percent or more of the people served by the agency.

Existing law, the Dymally-Alatorre Bilingual Services Act, requires any materials explaining services available to the public to be translated into any non-English language spoken by a substantial number of the public, as defined in that act, served by the agency, and requires every state and local agency serving a substantial number of non-English-speaking people to employ a sufficient number of qualified bilingual persons in public contact positions or as interpreters to ensure provision of information and services in the language of the non-English-speaking person. This bill would require legislative bodies of local agencies to translate agendas and instructions for accessing the meeting to be translated into all languages for which 5% of the population in the area governed by the local agency are speakers.

The bill was significantly amended on April 15 and now would require all local agency board meetings to include an opportunity for members of the public to attend via a telephonic option and an internet-based option. The bill would require all meetings to include an in-person public comment opportunity, except during a declared state or local emergency. The bill would require all meetings to provide the public with an opportunity to comment on proposed legislation in person and remotely via telephonic and internet-based options, and would specify requirements for public comment registration. The bill would also require the legislative body of the local agency to provide interpretation services as may be requested, and to have a system to process requests for interpretation services and publicize that system online. This bill would require legislative bodies of local agencies to make available instructions on joining the meeting to all non-English-speaking persons upon request, and to publish the instructions in the two most spoken languages other than English within the local agency's jurisdiction. **The bill is pending in the Assembly Local Government Committee.**

AB 343 (Fong) – Public Records Act – Ombudsman: This bill would establish, within the California State Auditor's Office, the California Public Records Act Ombudsperson. The bill would require the California State Auditor to appoint the ombudsperson, who would be required to receive and investigate requests to state agencies for review, determine whether the denials of original requests complied with the California Public Records Act, and issue written opinions of its determination. The bill would require the ombudsperson to create a process to that effect. The bill also would authorize the ombudsperson to provide written information, guidance, and advice to both public agencies and members of the public regarding the California Public Records Act. **The bill passed the Assembly Accountability and Administrative Review and Judiciary Committees and is now pending in the Assembly Appropriations Committee.**

AB 361 (R. Rivas) – Brown Act: This bill would authorize a local agency to use teleconferencing for its board meeting without complying with the teleconferencing requirements imposed by the Brown Act in any of the following circumstances: (i) the board holds the meeting to proclaim or ratify a local emergency; (ii) the board holds a meeting during a proclaimed state of emergency or declared local emergency, and state or local officials have imposed or recommended measures to promote social distancing; or (iii) the board holds a meeting during a declared local emergency and determines by majority vote that, as a result of the emergency, the

attendance of one or more board members in person is hindered, or meeting in person would present risks to the health or safety of the attendees. The bill would require a board that holds a teleconferenced meeting under these conditions to do all of the following: (a) provide notice of the meeting and post agendas as otherwise required; (b) allow members of the public to access the meeting and the agenda shall provide an opportunity for the public to address the board directly; and (c) the teleconference meeting must be conducted in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body. This bill would provide flexibility to public agencies for any future unforeseen state of emergency, and would allow public agencies to continue to provide these essential services without jeopardizing the health of those attending.

The bill was amended on April 6 to require a public agency to provide telephonic or internet-based options for members of the public to provide comments. The bill also would require the legislative body to take no further action on agenda items when there is a disruption which prevents the public agency from broadcasting the meeting, or in the event of a disruption within the local agency's control which prevents members of the public from submitting public comments, until public access is restored. The bill would specify that actions taken during the disruption are subject to being challenged. The bill would prohibit the legislative body from requiring public comments to be submitted in advance of the meeting and would specify that the legislative body must provide an opportunity for the public to address the legislative body and offer comment in real time. When there is a continuing state of emergency, local emergency, or when state or local officials have imposed or recommended measures to promote social distancing, the bill would require a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting pursuant to these provisions, and to make those findings every 30 days thereafter, in order to continue to meet under the abbreviated teleconferencing procedures. **The bill is pending in the Assembly Local Government Committee.**

AB 377 (R. Rivas) – Water Quality – Impaired Waters: This bill would set forth the goal that all California surface waters shall be fishable, swimmable, and drinkable by January 1, 2050. The bill contains a wide variety of restrictions on the State Water Board and Regional Water Quality Control Boards in their ability to regulate various discharges. The bill is silent on whether discharges from water purveyors may be exempt, but the initial broad language in the bill would include those discharges. The bill has generated significant opposition among statewide associations, including ACWA, the League of California Cities, California Association of Sanitary Agencies and other associations, who have determined the bill to be impractical, incredibly expensive and likely impossible to implement. Those entities have reached a consensus that the bill is not fixable and needs to be killed.

The bill has been subsequently amended three times and some of the most problematic provisions have been deleted. However, the bill's primary problem, in taking local control over discharge management away from the Regional Boards remains in the bill. The bill now would require, by January 1, 2023, that the State Water Board and Regional Water Quality Control Boards prioritize enforcement of all water quality standard violations that are causing or contributing to an exceedance of a water quality standard in a surface water of the state. The bill would require the State Water Board and Regional Boards, by January 1, 2025, to evaluate

and report to the Legislature a plan to bring all water segments into attainment by January 1, 2050. The bill would require that report to be updated every five years. The bill would make moneys in the Waterway Recovery Account available for the State Water Board to expend, upon appropriation by the Legislature, to bring impaired water segments into attainment in accordance with the plan.

The bill still retains significant enforcement (i.e., penalty) provisions that will significantly increase compliance costs with little or no benefit to the environment in comparison with the current statutory scheme. For example, the bill requires an enforcement action taken under the bill to result in sufficient penalties to ensure the person subject to the enforcement action is no longer causing or contributing to a water quality exceedance. However, the imposition of penalties does not alone ensure water quality improvements.

As mentioned above, the bill continues to take discretion and flexibility away from the Regional Boards, such as precluding Regional Boards from extending an existing compliance period. Also, the bill makes no consideration of compliance costs for permittees and does not consider new or emerging contaminants. ACWA and the statewide coalition continue to have significant concerns with the bill and continue to oppose it. **The bill passed the Assembly Environmental Safety & Toxic Materials Committee and is now pending in the Assembly Appropriations Committee.**

AB 385 (Flora) – Labor Code Private Attorneys General Act: This bill would prohibit an employee from pursuing a Private Attorneys General Act action for wage claims that accrued after March 4, 2020 if an arbitration agreement exists with the employer and the employer and employee(s) have knowingly waived their rights to enforce the arbitration agreement. **The bill has been referred to the Assembly Labor and Employment and Judiciary Committees.**

AB 418 (Valladares) – Emergency Services Grant Program: This bill would create the Community Power Resiliency Program (Program), administered by Cal OES, to support local government efforts to deploy energy resiliency projects to maintain energy services during deenergization events by electrical corporations or publicly owned electric utilities. This bill includes intent language for the Legislature to enact future legislation to transfer \$100,000,000 to Cal OES to support the Program. If \$100,000,000 is appropriated, \$30,000,000 would be allocated to special districts, and if the Legislature appropriates only \$50,000,000, then \$13,000,000 would go to special districts. Monies provided to special districts would then be allocated on a competitive basis, with the maximum grant amount being \$300,000 to ensure that critical facilities can continue to function during deenergization events.

The April 8 and April 19 amendments clarified the permissible use of monies to be provided under the Program, which is to support local governments' efforts to improve energy resiliency in response to power outage events. **The bill passed the Assembly Emergency Management Committee and is now pending in the Assembly Appropriations Committee.**

AB 473 & 474 (Chau) – Public Records Act: AB 473 is a non-substantive bill that would recodify and reorganize the Public Records Act. AB 474 would change various statutory references to conform to the recodified Public Records Act. **Both bills passed the Assembly**

Judiciary Committee and are pending in the Assembly Appropriations Committee's suspense file.

AB 513 (Bigelow) – Employment – Telecommuting: This bill would authorize an employee working from home **or any other remote location [added by March 17 amendments]** to receive legally required notices and postings electronically and to sign certain documents electronically. The bill would also require that an employee who works from home **or from any other remote location** shall have any wages due at the time of separation of employment to be mailed to the employee; and those wages will be deemed to have been paid on the date that the wages are mailed to the employee. **The bill is pending in the Assembly Labor and Employment Committee.**

AB 588 (E. Garcia) – Safe Drinking Water Act Compliance: This bill would require the State Water Board to approve a compliance period of between 30 days and three years for every new maximum contaminant level it sets, and would set forth the factors the State Water Board must consider in setting the compliance period. The bill would also require the State Board to identify actions needed to assist small water systems to achieve compliance with the MCL within the compliance period. **The bill is pending in the Assembly Environmental Safety & Toxic Materials Committee.**

AB 602 (Grayson) – Development Fees – Impact Fee Nexus Study: As amended on April 6, this bill, among other things, would require, on and after January 1, 2022, a city, county or special district that conducts an impact fee nexus study to follow specific standards and practices, including, but not limited to (1) prior to the adoption of a development fee or exaction, an impact fee nexus study must be adopted, (2) the impact fee nexus study must identify the existing level of service for each public facility, must identify the proposed new level of service and must include an explanation of why the new level of service is necessary, and (3) the study must either calculate a fee levied or imposed on a housing development project proportionately to the square footage of the proposed units, or make specified findings explaining why square footage is not an appropriate metric to calculate the fees. The bill would also require the public agency to post a written fee schedule or a link directly to the written fee schedule on its internet website. The bill would require the Department of Housing and Community Development, on or before January 1, 2024, to create an impact fee nexus study template that may be used by local jurisdictions.

AB 602 has a variety of problems as it applies to water entity connection fees and capacity charges, which are not calculated based on square footage. Also, those fees and charges are not calculated on a development-by-development basis. ACWA is taking an **oppose unless amended** position on this bill. **The bill has passed the Assembly Local Government Committee and is now pending in the Assembly Housing and Community Development Committee.**

AB 622 (Friedman) – Microfiber Filtration: This bill would require, on or before January 1, 2024, that all washing machines sold as new in California contain a microfiber filtration system with a mesh size of 100 microns or smaller. **The bill is pending in the Assembly Environmental Safety and Toxic Materials Committee.**

AB 654 (Reyes) – COVID-19 Exposure Notification: This bill would require the State Department of Public Health to make workplace and industry information received from local public health departments available on its internet website in a manner that, among other things, allows the public to track the number of COVID-19 cases and outbreaks by both workplace and industry. **The bill has passed the Assembly Labor and Employment Committee and is now pending in the Assembly Appropriations Committee.**

AB 703 (B. Rubio) - Brown Act: This bill, sponsored by Three Valleys Municipal Water District would remove the existing Brown Act requirements regarding teleconferencing (such as having to post an agenda at each teleconference location and have each location accessible to the public) and would allow for teleconferencing subject to existing provisions regarding the posting of notice of an agenda and the ability of the public to observe the meeting and provide public comment. The bill would require that, in each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the local agency must also give notice of the means by which members of the public may observe the meeting and offer public comment and that the legislative body have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act. The bill would declare the Legislature’s intent, consistent with the Governor’s Executive Order N-29-20, to improve and enhance public access to local agency meetings into the future, and considering the digital age, by allowing broader access through teleconferencing options. **The bill is pending in the Assembly Local Government Committee, but may be a two-year bill.**

AB 754 (Mathis) – SGMA – Groundwater Sustainability Plans: As amended on April 15, this bill would authorize the Department of Water Resources to extend the deadline for a high- or medium-priority basin not subject to critical overdraft to be managed under a groundwater sustainability plan or coordinated plans by up to 180 days after January 31, 2022, upon request for such an extension by a local agency or groundwater sustainability agency in the basin. The bill would require such a request to be submitted by January 3, 2022, and to be responded to by DWR by January 10, 2022. **The bill is pending in the Assembly Water, Parks and Wildlife Committee.**

AB 757 (Davies) – COVID-19: As applicable to mutual water companies, as private employers, this bill would authorize a private employer to request documentation of a positive COVID-19 test or diagnosis (i.e., either documentation of the positive test result or written documentation from the employee’s health care provider) if an employee reports that the employee has been diagnosed or tested positive for COVID-19 and is unable to work and the employer determines that an employee may be subject to a 14-day exclusion from the workplace as required under certain law or regulations. The bill would require an employer, in requesting documentation pursuant to the bill and in receiving information in response to that request, to comply with existing privacy protections. **The bill is pending in the Assembly Labor and Employment Committee.**

AB 814 (Levine) – COVID-19 – Contact Tracing: This bill would prohibit data collected, received, or prepared for purposes of COVID-19 contact tracing from being used, maintained, or

disclosed for any purpose other than facilitating contact tracing efforts. The bill would prohibit an officer, deputy, employee, or agent of a law enforcement agency from engaging in contact tracing. The bill would require all data collected, received, or prepared for purposes of contact tracing to be deleted within 60 days, except if that data is in the possession of a state or local health department. **The April 21 amendments add an exclusion from the prohibition for health care providers that maintain confidential patient information under HIPAA. The bill has passed the Assembly Privacy and Consumer Protection and Judiciary Committees and is now pending in the Assembly Appropriations Committee.**

AB 819 (Levine) – CEQA – Electronic Filing and Posting: This bill would require a lead agency under CEQA to post (i) a notice of completion of an environmental impact report, (ii) a negative declaration, or (iii) a mitigated negative declaration on its internet website. The bill would also require a draft environmental impact report, proposed negative declaration, or proposed mitigated negative declaration that is to be submitted to the State Clearinghouse to be submitted in electronic form and to be posted on the lead agency’s website. The bill would also a notice of determination or notice of exemption to be filed electronically by the local agency if that option is offered by the county clerk. **The April 5 amendments would require various CEQA notices to be provided by e-mail and posted on the lead agency’s website, instead of being mailed. The bill passed the Assembly and will move on to the Senate.**

AB 850 (Gallagher) – Sale of Water Utility Property – El Monte and Montebello: Existing law, until January 1, 2022, authorizes the City of El Monte, the City of Montebello, and the City of Willows to sell their respective water utilities to consolidate with another public water system, subject to additional requirements, including, among other things, that the receiving water system’s service area borders the service area of the subsumed water system. This bill would extend the authorization to consolidate water systems until January 1, 2024. The bill would also remove the requirement that the receiving water system’s service area border the service area of the subsumed water system. **The March 22 amendments reinstated that requirement into the bill. The bill has passed the Assembly Water, Parks and Wildlife Committee and is now pending in the Assembly Local Government Committee.**

AB 930 (Levine) – Dig Alert – Recovery of Attorneys’ Fees: This bill would require a court to award attorney’s fees and costs, including expert witness fees, to a prevailing party in a civil action or arbitration for property damage necessitating repair or replacement of all or a portion of the subsurface installation that results from the excavation and arising between an operator of a subsurface installation and an excavator. The bill would also authorize a court or arbitrator to consider offers of settlement exchanged between the parties for purposes of determining an attorney’s fees and costs, including expert witness fees, award. **The March 24 amendments restated the attorneys’ fees provision by inserting a provision that would require a court or arbitrator to award reasonable attorney’s costs and fees, including expert witness fees, to a prevailing excavator if the court or arbitrator determines the excavator is not liable for damages to a subsurface installation because of inaccurate field marking, or if the excavator makes an offer to settle the matter that is not accepted and the plaintiff fails to obtain a more favorable judgment or award. The bill has passed the Assembly Judiciary Committee and is now pending in the Assembly Appropriations Committee’s suspense file.**

AB 995 (L. Gonzalez) – Paid Sick Leave – Accrual of Days: The existing Paid Sick Leave Law authorizes an employer to use a different accrual method as long as an employee has no less than 24 hours of accrued sick leave or paid time off by the 120th calendar day of employment or each calendar year, or in each 12-month period. Existing law also provides that an employer may satisfy the accrual requirements by providing not less than 24 hours or 3 days of paid sick leave that is available to the employee to use by the completion of the employee’s 120th calendar day of employment. Under that existing law, an employer has no obligation under these provisions to allow an employee’s total accrual of paid sick leave to exceed 48 hours or 6 days, provided that an employee’s rights to accrue and use paid sick leave are not otherwise limited, as specified. Under existing law, sick leave carries over to the following year of employment, but an employer is permitted to limit the use of the carryover amount, in each year of employment, calendar year, or 12-month period, to 24 hours or 3 days.

This bill would modify the employer’s alternate sick leave accrual method to require that an employee have no less than 40 hours of accrued sick leave or paid time off by the 200th calendar day of employment or each calendar year, or in each 12-month period. The bill would modify that satisfaction provision to authorize an employer to satisfy accrual requirements by providing not less than 40 hours or 5 days (instead of 24 hours or 3 days) of paid sick leave that is available to the employee to use by the completion of the employee’s 200th calendar day of employment. The bill would also provide that an employer is under no obligation to allow an employee’s total accrual of paid sick leave to exceed 80 hours or 10 days (up from 48 hours or 6 days). The bill would raise the employer’s authorized limitation on the employee’s use of carryover sick leave to 40 hours or 5 days (instead of 24 hours or 3 days). **The bill is pending in the Assembly Labor and Employment Committee.**

AB 1028 (Seyarto and Bigelow) – Telework: This bill would permit an individual non-exempt employee to request an employee-selected remote work flexible work schedule providing for workdays up to 10 hours per day within a 40-hour workweek and would allow an employer to implement this schedule without the obligation to pay overtime compensation for those additional hours in a workday. The authorization would apply only if an employee is working remotely and not under the physical control of the employer. The bill would except split shift premiums from application to the work of employees who are working an employee-selected remote work flexible work schedule.

This bill would authorize any non-exempt employee working from home who is not under the physical control of the employer to choose when to take any meal or rest period during the workday, if the employer has not already scheduled a meal or rest period within the requirements of the law. The bill would require an employer to notify the employee of this right one time, when the employee begins working from home and if the employer fails to provide this notification, to pay only one additional hour of pay for each day that the employer fails to provide this notice. This bill would prohibit an employer from recovering civil penalties from an employer under the Labor Code Private Attorneys General Act for violations of provisions requiring the employer to provide meal and rest breaks if the employee engaged in remote work. Among other things, the bill would require the alleged violations to have occurred between March 19, 2020, and the earlier of January 1, 2022, or when the declared COVID-19 state of

emergency issued by the Governor ends. **The bill is pending in the Assembly Labor and Employment and Judiciary Committees.**

AB 1041 (Wicks) – Paid Family Leave: For purposes of the California Family Rights Act and Paid Sick Leave Law, this bill would expand the population that an employee can take leave or paid sick leave to care for to include any other individual related by blood or whose close association with the employee is the equivalent of a family relationship. **The April 22 amendments revised the bill to provide that an employee can take leave to care for a “designated person.”** The bill would define “designated person” to mean a person identified by the employee at the time the employee requests the family care and medical leave. The bill would authorize an employer to limit designation of a person to one designated person per 12-month period. **The bill has passed the Assembly Labor and Employment Committee and is now pending in the Assembly Insurance Committee.**

AB 1071 (Rodriguez) – Office of Emergency Services – Tabletop Exercises: This bill would require the Office of Emergency Services to biennially convene key personnel and agencies that have emergency management roles and responsibilities, including agencies in the water sector, to participate in tabletop exercises in which the participant’s emergency preparedness plans are discussed and evaluated under various simulated catastrophic disaster situations. The bill would require those tabletop exercises to be designed to enhance the capabilities of the participants to do various things, including to engage the communities that they each serve in the development of executable approaches to meet defined disaster response objectives. The March 25 amendments would require OES to use federal preparedness grant funding to offset the state, local, and tribal government costs associated with participation in the tabletop exercises to the greatest extent possible. **The bill has passed the Assembly Emergency Management Committee and is now pending in the Assembly Appropriations Committee.**

AB 1099 (R. Rivas) – Bond and Fund Expenditures – Environmental Equity: This bill, which was amended from its original declaratory language, would require a minimum of 40% of all state level funding be allocated to disproportionately affected communities. In doing so, the bill would mirror the intent pronounced by the Biden Administration. Such a requirement would not allow for flexibility in future bond and funding initiatives. **The bill is pending in the Assembly Natural Resources Committee.**

AB 1110 (R. Rivas) – Zero Emission Vehicles – State Fleet Program: The bill would create a program to be administered by the newly created Office of Clean Fleet Accelerator and a related ombudsperson to provide for the bulk purchase of zero-emission fleet vehicles by public agencies, including special districts, through a master service agreement. The bill also would provide public agencies with technical assistance pertaining to such purchases. Purchases under the program would be eligible for financing under the Climate Catalyst Revolving Fund Loan Program. **The bill is pending in the Assembly Jobs, Economic Development and the Economy Committee.**

AB 1119 (Wicks) – Employment Discrimination: This bill would add “family responsibilities,” defined to mean the obligations of an employee to provide direct and ongoing care for a minor child or a care recipient, to the list of protected classes and as a factor to be

considered in the interactive process in accommodating a person with a disability where a school or place of care is closed. **The April 21 amendments would make it an unlawful practice for an employer to fail to make reasonable accommodation and to fail to engage in a timely, good faith interactive process regarding reasonable accommodations for an employee's known family responsibilities. The bill has passed the Assembly Labor and Employment and Judiciary Committees and is now pending in the Assembly Appropriations Committee.**

AB 1123 (Rodriguez) – Emergency – Requirements Imposed on Governor: This bill would impose various requirement on the Governor where a state emergency has been declared, including immediately notifying in writing the Speaker of the Assembly and the President pro Tempore of the Senate and providing them and certain legislative committees monthly reports on various emergency-related issues. This bill would require the Office of Emergency Services, during a state of emergency, to provide certain legislative committees an update every 60 days on the goals and objectives of the emergency response. The bill would also require the Governor to immediately notify in writing certain legislative committees of any expenditure of state or federal emergency response funds, and would require the State Auditor, upon appropriation by the Legislature, to conduct annual performance audits of any expenditure of state or federal disaster emergency response funds. **The bill passed the Assembly Emergency Management Committee and is pending in the Assembly Appropriations Committee.**

AB 1179 (Carrillo) – Paid Backup Child Care: This bill would require employers with 1,000 or more employees, the state, political subdivisions of the state and municipalities to provide an employee, on or after January 1, 2022, who works in California for the same employer for 30 or more days within a year from the commencement of employment, with up to 60 hours of paid backup childcare benefits, to be accrued and used as provided in the bill (i.e., to accrue at not less than one hour for every 34 hours worked and calculated at the employee's regular rate of pay in the workweek in which the benefits are used). The employer shall provide payment for backup childcare no later than the payday for the next regular payroll period after the backup childcare was used. The bill would define "backup childcare" as childcare provided by a qualified backup childcare provider to the employee's child when the employee's regular childcare provider cannot be utilized, and "paid backup childcare" as an employee benefit consisting of the employer paying for a qualified backup childcare provider to provide backup childcare for an employee's child that is compensated at the state minimum wage or the federal minimum wage, whichever is higher. **The bill is pending in the Assembly Labor and Employment Committee.**

AB 1195 (C. Garcia) – Southern Los Angeles County Regional Water Agency: This bill would create a new regional water agency for the Central and West Basins. The bill would require the agency to be the region's leader in interagency collaboration on water resource issues and to be governed by a 5-member board of locally elected officials, with one member appointed by each of: (i) the Governor; (ii) the Los Angeles County Board of Supervisors; (iii) the Gateway Cities Council of Governments; (iv) the South Bay Cities Council of Governments; and (v) the San Gabriel Valley Council of Governments. The bill would authorize the agency to serve the water needs of its region through specified activities, including, among others, operating public water systems or other water infrastructure and integrating (i.e., consolidating) other water systems in the region into its operations, as set forth in the bill. The bill would authorize the

agency to finance its operations through specified means, including, among others, collecting water rates, charges, fees, or established parcel charges previously charged by a water system for which the agency has assumed control. The bill is short on details regarding how the agency will actually operate and how it will specifically finance its activities. It is sure to be a very controversial bill and will generate a lot of opposition.

AB 1195 was amended on April 6 and would include oversight by an appointed commissioner of the Water Replenishment District, Central Basin Municipal Water District and other water suppliers in the Central and West Basins. An appointed technical panel would support the commissioner. The bill also includes a provision that would prohibit, once an operator of a public water system exercises water rights for the benefit of the public water system, any surface water rights or groundwater rights from being severed or otherwise separated from the public water system. **The bill passed the Assembly Environmental Safety and Toxic Materials Committee and is pending in the Assembly Local Government Committee.**

AB 1200 (Ting) – PFAS – Food Packaging and Cookware: As amended, beginning on January 1, 2023, this bill would prohibit any person from distributing, selling, or offering for sale in the state any food packaging that contains intentionally added PFAS chemical. The bill would require a manufacturer to use the least toxic alternative when replacing PFAS chemicals. Beginning January 1, 2024, the bill would require a manufacturer of cookware sold in the state that contains one or more intentionally added chemicals present on a designated list (which includes PFAS) to include a statement on the product label in both English and Spanish, regarding the presence of those chemicals of concern in the cookware. The bill would require, beginning January 1, 2023, a manufacturer of such cookware to post on the internet website for the cookware a list of chemicals in the cookware that are present on the designated list, among other information. The bill would prohibit, beginning January 1, 2024, a manufacturer from making a claim, either on the cookware package or internet website for the cookware, that the cookware is free of any specific chemical if the chemical belongs to a chemical group or class identified on the designated list, unless no individual chemical from that chemical group or class is intentionally added to the cookware. The bill would prohibit a person from selling, offering for sale, or distributing in California a cookware product that does not comply with the bill's provisions. ACWA has taken a **favor** position on this bill. **The bill has passed the Assembly and is now pending in the Senate.**

AB 1250 (Calderon) – Consolidation of Water Systems: This bill, the Consolidation for Safe Drinking Water Act of 2021, would authorize a water or sewer corporation to file an application and obtain approval from the Public Utilities Commission to consolidate with a public water system or state small water system. The bill would require the commission to approve or deny the application within 8 months. For a consolidation valued at \$5,000,000 or less, the bill would authorize the water or sewer corporation to instead file an advice letter and obtain approval from the PUC through a resolution authorizing the corporation to consolidate with a public water system or state small water system. The bill would authorize the PUC's executive director or the director of the division of the PUC having regulatory jurisdiction over the corporation to approve an uncontested advice letter, and would require the PUC to approve or deny an advice letter within 120 days. **The bill has passed the Assembly Environmental Safety and Toxic**

Materials Committee and Utilities and Energy Committees and is pending in the Assembly Appropriations Committee.

AB 1256 (Quirk) – Employment – Positive Cannabis Test: This bill would prohibit an employer from discriminating against a person in hiring, termination, or any term or condition of employment because a drug screening test has found the person to have THC in their urine. The bill would exempt from its provisions an employer that is required to conduct testing for THC by federal law or regulations, or that would lose a monetary or licensing-related benefit for failing to conduct THC testing. The bill would also exempt employment in the building and construction trades. The April 12 amendments replace THC with “nonpsychoactive cannabis metabolites,” which, according to the added legislative findings in the bill, have no correlation to an employee being high or impaired. **The bill is pending in the Assembly Labor and Employment and Judiciary Committees.**

AB 1313 (Bigelow) – COVID-19 – Immunity from Liability: This bill would exempt a business (the bill’s definition of “business” does not include public agencies) from liability for an injury or illness to a person due to COVID-19 based on a claim that the person contracted COVID-19 while at that business, or due to the actions of that business, if the business has substantially complied with all applicable state and local health laws, regulations, and protocols. The bill would not permit this exception to apply if the injury or illness resulted from a grossly negligent act or omission, willful or wanton misconduct, or unlawful discrimination by the business or an employee of the business. The bill would declare that it is to take effect immediately as an urgency statute. **The bill is pending in the Assembly Judiciary Committee.**

AB 1403 (Levine) – Emergency – Public Safety Power Shutoff: This bill would add a deenergization event, defined as a planned power outage, to the conditions constituting a state of emergency and a local emergency. **ACWA has taken a favor position on this bill. The bill has passed the Assembly Emergency Management Committee and is now pending in the Assembly Appropriations Committee.**

AB 1434 (Friedman) – Water Conservation – Indoor Residential Water Use Standards: Existing law, until January 1, 2025, establishes 55 gallons per capita per day as the standard for indoor residential water use, which will decrease to 52.5 gallons per capita per day starting on January 1, 2025 and to 50 gallons per capita per day starting on January 1, 2030. This bill would establish, beginning January 1, 2023, until January 1, 2025, the standard for indoor residential water use as 48 gallons per capita per day. The bill would establish, beginning January 1, 2025, the standard as 44 gallons per capita per day and, beginning January 1, 2030, 40 gallons per capita per day. The bill would eliminate the requirement that the Department of Water Resources, in coordination with the State Water Board, conduct necessary studies and investigations and jointly recommend to the Legislature a standard for indoor residential water use. **The April 19 amendments added back into the bill the current requirement for DWR, in coordination with the State Water Board, to conduct necessary studies to make a recommendation to the Legislature for indoor water use standards. ACWA has taken an oppose position on this bill. The bill is pending in the Assembly Water, Parks and Wildlife Committee.**

AB 1500 (E. Garcia) - Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2022: This bill would provide \$6.7 billion in funding for various water, wildfire protection, climate resiliency and other projects. \$1.6 billion would be allocated for the delivery of safe drinking water, drought preparation and response, and flood protection. The April 14 amendments increase the amount of the proposed bond to \$6,955,000,000 and changed the election date from the November 2022 election to the June 2022 election. **The bill has passed the Assembly Water, Parks and Wildlife Committee and is now pending in the Assembly Natural Resources Committee.**

SENATE BILLS:

SB 45 (Portantino) – Wildfire, Climate Resilience & Water Bond: SB 45 would put forth a \$5.51 billion bond at the November 2022 general election to finance projects for a wildfire prevention, safe drinking water, drought preparation, and flood protection program. \$1,470,000 would be allocated to water supply and water quality projects, including SGMA implementation, groundwater planning and recycled water projects. The April 8 amendments increase the amount of the proposed bond to \$5,595,000,000. **The bill has passed the Senate Natural, Resources and Water and Governance and Finance Committees and is now pending in the Senate Appropriations Committee.**

SB 46 (Stern) – ~~Employment – COVID-19 Contact Tracing:~~ ~~This bill would state the intent of the Legislature to enact legislation that would require an employer to develop and implement contact tracing and safety policies for its employees, including requiring notice to the employer when an employee receives a positive COVID-19 test.~~ **American Rescue Plan:** The bill was gutted and amended on March 10 and now would require, to the extent authorized by federal law, that a state agency that receives and disburses American Rescue Plan funds or other federal recovery funds to consider projects’ potential impact on various goals, including, among other things, restoring frontline communities and rapidly accelerating achievement of environmental justice and climate goals, including climate, environmental, biodiversity protection and stimulating growth. The bill would require state agencies to document how proposed projects meet or align with the goals and require the Labor and Workforce Development Agency to establish an internet website where the public can track the expenditure of federal ARP funds by the state and how funded projects meet the goals. **The bill is pending in the Senate Governmental Organization and Labor, Public Employment and Retirement Committees.**

SB 52 (Dodd) – Local Emergency – Planned Power Outage: Existing law defines the terms “state of emergency” and “local emergency” to mean a duly proclaimed existence of conditions of disaster or of extreme peril to the safety of persons and property caused by, among other things, a sudden and severe energy shortage. Existing law defines a “sudden and severe energy shortage” as a rapid, unforeseen shortage of energy, resulting from, but not limited to, events such as an embargo, sabotage, or natural disasters, and that has statewide, regional, or local impact. As amended on April 12, the bill would define a “deenergization event,” to mean a planned power outage, and would make a deenergization event a condition that constitutes a

local emergency. **The bill has passed the Senate Governmental Organization and Appropriations Committees and is now pending on the Senate floor.**

SB 209 (Dahle) – Emergency Declaration: Existing law gives the governor the authority to declare a state of emergency. This bill would require a state of emergency to terminate seven days after the Governor’s proclamation of the state of emergency unless the Legislature extends it by a concurrent resolution. **As amended on March 4, the seven-day period was changed to 45 days. The bill is pending in the Senate Governmental Organization Committee.**

SB 222 (Dodd) – Low-Income Rate Assistance Program: This bill would establish the Water Affordability Assistance Fund (the “Fund”) in the State Treasury. The Fund would provide water affordability assistance for both drinking water and wastewater services to low-income ratepayers and ratepayers experiencing economic hardship. Money in the Fund would be made available upon appropriation by the Legislature to the State Water Board for the following six purposes: A) direct water bill assistance; B) water bill credits to renters, individuals, or households that pay other amounts, fees, or charges related to residential water and wastewater service; C) water crisis assistance; D) affordability assistance to low-income households served by domestic wells; E) water efficiency measures for low-income households; and F) short-term assistance to public water systems to administer program components, including startup costs. SB 222 would define “low-income” as a household income, or a community annual median household income, that is equal to or no greater than 200 percent of the federal poverty level. The bill would require the State Water Board to appoint an advisory panel and to adopt annual expenditure plans.

Although the bill intends to address a serious statewide problem, there are concerns with it. It does not include a funding source(s) or the amount of funding, which makes it difficult to evaluate the impacts on public water agencies. The AB 401 Report that led to the bill estimated the cost of the program at \$606.2 million per year, but that did not include wastewater services or assistance for low-income households served by domestic wells. There also are concerns with which state agency is best-suited to administer the program, which may be an agency other than the State Water Board. Also, the bill would have over three thousand public water systems distribute a significant part of the benefit (i.e., “direct water bill assistance”), and there was never consensus on that process in the AB 401 Report’s stakeholder process. The Legislature will need to determine whether an existing benefit distribution mechanism is a better option. In other words, have one agency distribute the money instead of 3,000 agencies, or perhaps run the program through the Franchise Tax Board via a state income tax credit.

The bill was amended on April 5 and April 20. Among the changes made are that the implementing agency was changed from the State Water Board to the Department of Community Services and Development; new purposes were added for technical assistance for small water systems and contracting with a third-party fund administrator; the third-party administrator could make direct payments to water systems; added recipient eligibility verification requirements; and gave the State Water Board various consultative roles with respect to the program, including collection of water system rate data. The April 5 amendments deleted the prior proposal for the State Board to evaluate whether tiered water rates are a solution for affordability challenges, and removed the merger of the water rate affordability fund with the SAFER Program Fund.

However, SB 222 still does not include a funding source, which makes it difficult to consider the bill's impacts on water systems. Also, the benefit distribution process remains too cumbersome. Thus, while some of the amendments improve the bill, many problems with it remain. ACWA has taken an **oppose unless amended position** on the bill. **The passed the Senate Energy, Utilities and Communications Committee and is pending in the Senate Environmental Quality Committee.**

SB 223 (Dodd) – Water Service Terminations: SB 223 is a follow on bill to SB 998, which, among other things, required all water systems with 200 or more service connections to adopt a policy regarding water service turnoffs and to delay any termination of service until at least 60 days after the bill is delinquent. SB 223 would apply SB 998 requires to water systems with between 15 and 200 service connections. The bill also makes changes to SB 998 that will also impact larger systems, including:

- Require adoption of an arrearage management plan that would extend for a maximum of 12 months and include forgiveness of at least one-twelfth of the delinquent balance with each consecutive on-time payment of the monthly charge for water service only. Forgiveness of the full delinquent balance under the arrearage management plan would be required to take place at the final consecutive on-time payment under the plan. The water system would be required to notify the customer of the availability of the arrearage management plan as an alternative payment arrangement alternative.
- The bill would also extend the service turnoff prohibition to at least 120 days of nonpayment and would specify that the amount of the delinquency, excluding late charges and interest, would have to be at least \$400 to trigger discontinuation of service.
- The bill would require a water system to waive fees for disconnection and reconnection of service to a low-income customer.
- The bill would also require that a water system waive all late fees, interest charges, and penalties on delinquent bills every 12 months.
- The bill would also establish that the water systems would be required to release all liens, and would not obtain any new lien, for delinquent amounts owed for residential water service when the customer is enrolled in an amortization agreement, alternative payment schedule, or arrearage management plan, or a plan for deferred or reduced payment.
- For systems that provide water audits or have the capacity to do so, a free water audit offered to low-income residential customers households with water usage that is above the annual average volume usage of their customer class.
- Additional reporting requirements would be imposed by the bill in a system's annual reporting to the State Water Board, as follows:

- The number of accounts for which water service was restored within 36 hours of the time of disconnection.
- The number of accounts for which water service was restored between 36 hours and seven days from the time of disconnection.
- The number of accounts for which water service was restored more than seven days after disconnection.
- The number of accounts for customers who fell behind on their water bills during the year, the median amount of household water debt that is outstanding at the end of each annual reporting cycle, and the overall amount of household water debt that is outstanding at the end of each annual reporting cycle.
- The number of accounts for customers who are enrolled in a water affordability program at the end of each annual reporting cycle.

SB 223 poses a number of problems, including possible violations of Proposition 218 in connection with any debt forgiveness and waiver of reconnection charges an agency would otherwise incur. Also, SB 223 is being put forth before SB 998 even had an opportunity to take effect. SB 223 will result in changes to the policy each agency has adopted, with resulting preparation and translation costs. This is another bill that warrants great attention as the session progresses.

The bill was amended on April 5. Among the changes made are: (1) water suppliers not regulated by the PUC would not be required to offer arrearage management plans, but would have to evaluate the extent to which the supplier can offer an arrearage management plan without using ratepayer funds from customers not enrolled in the plan; (2) if the supplier determines it cannot offer an arrearage management plan, it must consider alternatives, including offering longer repayment periods, increasing benefits under a low-income rate assistance program or altering shutoff policies; (3) the length of time that must pass before service could be terminated for non-payment is shortened from 120 days to 90 days; (4) the threshold of unpaid charges before service could be terminated is reduced from \$400 to \$250; (5) a water supplier is no longer required to release all liens, but the supplier would still be prohibited from recording any new liens; (6) for any future liens imposed for non-payment, the water supplier must inform the customer how a lien operates, provide assurance that the lien will not be foreclosed as long as the customer is enrolled in a repayment plan, and confirm the lien will be released when the past due amount is paid in full.

The bill was further amended on April 20 to require the Public Utilities Commission to consider whether to establish a pilot program for PUC-regulated water systems to establish arrearage management plans. Those amendments also require that if an urban and community water system determines it cannot provide an arrearage management plan, it must consider various alternatives to such a plan, as mentioned in item (2) of the prior paragraph.

Even with the April 5 and April 20 amendments, significant problems remain with the bill. For instance, any water supplier with sufficient non-rate revenues will be required to offer arrearage management plans (i.e., debt forgiveness). Also, the bill would result in the

Legislature usurping local authority with respect to the most appropriate use of those non-rate revenues. ACWA has taken an **oppose** position on the bill. **The passed the Senate Energy, Utilities and Communications Committee and is pending in the Senate Environmental Quality Committee.**

SB 230 (Portantino) – Constituents of Emerging Concern: SB 230 would require the State Water Resources Control Board to establish a dedicated program called the Constituents of Emerging Concern Program to assess the state of information and recommend areas for further study on: (i) the occurrence of constituents of emerging concern (CECs) in drinking water sources and treated drinking water; (ii) fate, transportation, and biodegradation of CECs; (iii) water treatment and laboratory analyses; and (iv) the potential effects on public health of CECs in drinking water sources and treated drinking water. The bill would require the State Water Board to convene a Science Advisory Panel to review and provide recommendations to the State Water Board on CECs for further action.

The bill would establish the CECs Action Fund, and would require money in the fund to be used, upon appropriation by the Legislature, for costs associated with implementing and administering the program. The bill would limit sources of funding to federal contributions, voluntary contributions, gifts, grants, bequests, transfers by the Legislature from the General Fund, and funding from authorized general obligation bond acts. The bill would authorize the State Water Board, upon an appropriation by the Legislature, to provide financial assistance to public water systems serving fewer than 10,000 individuals and located in disadvantaged communities, if the costs associated with testing drinking water in compliance with CECs monitoring requirements would impose a financial hardship.

The bill would take a unified, consistent, and science-based approach to improving the understanding of CEC's by establishing a program that would gather and develop information surrounding these CEC's and identifying which CEC's warrant further action. In addition, SB 230 would specify the sources of funding for its program. **The bill passed the Senate Environment Quality Committee and is now pending in the Senate Appropriations Committee. We have heard SB 230 will likely be a two-year bill due to its significant costs.**

SB 268 (Archuleta) – Board of Directors – Lower San Gabriel River Recreation and Park District: Existing law authorizes the establishment of the Lower Los Angeles River Recreation and Park District by petition or resolution submitted to the Los Angeles County LAFCO before January 1, 2021. Existing law authorizes 10 specified city councils to each appoint one member, and the Los Angeles County Board of Supervisors to appoint 2 members. Existing law authorizes the city councils of the Cities of Commerce, Downey, Montebello, and Pico Rivera to jointly appoint one member to serve a 2-year term on the initial board of directors of the district. This bill would authorize the city councils of the Cities of Commerce, Downey, Montebello, and Pico Rivera to each appoint one member to the initial board of directors of the district, rather than to jointly appoint one member to serve a 2-year term. The bill would authorize the Los Angeles County Board of Supervisors to appoint 3 members, rather than 2 members, to serve on the initial board of directors of the district. The bill would also extend the deadline to submit to LAFCO the petition or resolution establishing the district from January 1, 2020, to January 1, 2024. The bill would remove the authorization for the city council of the City of Montebello to

appoint a member to the district's initial board of directors and would authorize the Governor to appoint one public member to the initial board of directors. **The bill passed the Senate Governance and Finance Committee and is now pending in the Senate Appropriations Committee's suspense file.**

SB 273 (Hertzberg) – Water Quality – Municipal Wastewater Agencies: This bill would authorize municipal wastewater agencies (which includes special districts and joint powers agencies) to enter into voluntary agreements with entities responsible for stormwater management – including municipal, industrial, and commercial stormwater dischargers – to more effectively manage stormwater and dry weather runoff. The bill would allow a municipal wastewater agency to acquire, construct, expand, operate, maintain, and provide facilities to divert stormwater and dry weather runoff from the stormwater system to the wastewater collection system; manage and treat stormwater and runoff; discharge treated urban stormwater runoff to the stormwater drainage system or receiving waters; and reuse captured stormwater and runoff for a beneficial use. The bill would supplement the existing authority of all municipal wastewater agencies to enter into agreements that would allow them to divert and treat stormwater and dry weather runoff, which will benefit water recycling and reuse. **The bill passed the Senate and is now pending in the Assembly.**

SB 274 (Wieckowski) – Brown Act: This bill would require a local agency with an internet website to e-mail a copy of, or provide a website link to, the agenda or a copy of all documents constituting the agenda packet if a person requests that the items be delivered by e-mail. If the local agency determines that it is technologically infeasible to send a copy of the documents or a link to a website that contains the documents by e-mail or by other electronic means, the bill would require the agency to send by mail a copy of the agenda or a website link to the agenda and mail a copy of all other documents constituting the agenda packet. The bill would provide an alternative method for local agencies to deliver requested agenda and/or agenda documents. This could have the benefit of reducing staff time necessary to mail requested documents. Agencies could also set up an automated system for the public to receive the agenda documents via e-mail. **The bill passed the Senate and is now pending in the Assembly.**

SB 294 (Leyva) – Public Employee Retirement – Leave of Absence Service Credit: Cal-PERS requires employees to make contributions to the system based on their creditable compensation, as defined in the law. Existing law defines “leave of absence” as a period of leave to which a member is entitled that is expressly authorized or required, including employer-approved compensated leave, subject to requirements set forth in the law. Under existing law, during a leave of absence for an employer-approved compensated leave, an employee earns full service credit and is required to pay employee contributions. Existing law limits the maximum amount of the service credit earned during an employer-approved compensated leave of absence to 12 years. This bill would remove the 12-year limitation for service credit earned on an employer-approved compensated leave. **The bill passed the Senate Labor, Public Employment and Retirement Committee and is now pending on the Senate floor.**

SB 318 (Melendez) – Development Fees – Auditor Standards: The Mitigation Fee Act, authorizes a local agency to retain an independent auditor if requested to conduct an audit to determine whether a development fee or charge (including capacity charges or connection fees)

is reasonable. This bill would provide that the independent auditor to be used must be a certified public accountant, or a firm of certified public accountants. The bill would prohibit the local agency from retaining an independent auditor that the local agency contracted with for any reason during the preceding 10 years. The bill would also prohibit an independent auditor that is retained by a local agency to conduct the audit from soliciting or accepting employment from the local agency for 5 years following the completion of the audit and all subsequent challenges related to the audit. **The bill is now pending in the Senate Governance and Finance Committee.**

SB 319 (Melendez) – Development Fees – Audit: As discussed with respect to SB 318, the Mitigation Fee Act authorizes a person to request an audit under Government Code Section 66022 to determine whether a fee or charge levied by a local agency exceeds the amount reasonably necessary to cover the cost of any product, public facility, or service provided by the local agency. If the local agency does not comply with disclosure requirement for three consecutive years, the Mitigation Fee Act requires the local agency to pay the cost of the audit. This bill, additionally, would require that audit to include each consecutive year the local agency did not previously comply with the disclosure requirement. **The bill passed the Senate Governance and Finance Committee and is now pending on the Senate floor.**

SB 323 (Caballero) – Water and Sewer Fees – Legal Actions: Under existing law, it is not clear what statute of limitations applies to a challenge to water rates or what form of legal action must be utilized to challenge those rates. This bill would require that any such legal action must be commenced within 120 days of the effective date of the ordinance, resolution, or motion adopting the new or increased rates and/or charges. The bill would also require that any action that is brought to challenge the rates and/or charges must be brought as a reverse validation action. This bill will provide certainty to water agencies in adopting rates and will provide a relatively short time frame for any actions to be brought to challenge rates. The March 17 amendments provide that the bill will apply to any fees or charges adopted after January 1, 2022. **The bill passed the Senate Governance and Finance and Judiciary Committees and is now pending on the Senate floor.**

SB 347 (Caballero) – California Tree Fund: As amended on March 7, this bill would provide eligible recipients, including special districts, with grants for urban forestry activities, including water conservation, improved water quality and stormwater capture projects. This bill would be funded through a voluntary contribution on personal income tax forms. The bill would benefit water suppliers that implement multi-benefit green infrastructure projects. **The bill passed the Senate and is now pending in the Assembly.**

SB 351 (Caballero) - Water Innovation Act of 2021: This bill, the Water Innovation Act of 2021, would create the Office of Water Innovation at the California Water Commission for the furtherance of new water-related technologies and other innovative approaches in the water sector. The bill would require the office, by December 31, 2023, to take various actions (including establishing an interagency team to increase collaboration and to engage affected stakeholders) to advance innovation in the water sector. The bill would further create the Water Innovation Fund, with all moneys available, upon appropriation, to the Department of Water Resources, the State Water Resources Control Board, or other state agencies for the furtherance

of water innovation. **The bill passed the Senate Natural Resources and Water Committee and is now pending in the Senate Appropriations Committee.**

SB 372 (Leyva) – Zero Emission Vehicles – Fleet Purchasing Assistance Program: This bill is similar to AB 1110 discussed above in establishing a program to facilitate the acquisition of zero-emission fleet vehicles. Under this bill, the California Pollution Control Financing Authority would establish the program and would be required to make financing tools and non-financial support to operators of medium- and heavy-duty fleet vehicles. ACWA has taken a favor position on this bill. **The bill passed the Senate Environmental Quality Committee and is now pending in the Senate Transportation Committee.**

SB 378 (Gonzalez) – Broadband Infrastructure Development Permit Processing: As gutted and amended, this bill would require a local agency to allow trenching for the installation of fiber infrastructure for broadband infrastructure. However, the bill does not clearly require such installation to comply with the Dig Alert requirements and does not specify any minimum spacing requirements for such fiber conduit in relation to existing water and sewer lines. ACWA has taken a **not favor unless amended** position on this bill. **The bill has passed the Senate Governance and Finance Committee and is now pending in the Senate Energy, Utilities and Communications Committee.**

SB 403 (Gonzalez) – Consolidation of Drinking Water Systems – Disadvantaged Communities: This bill would authorize the state board to also order consolidation where a water system serving a disadvantaged community is at risk of failing to provide an adequate supply of safe drinking water or where a disadvantaged community is substantially reliant on domestic wells that are at risk of failing to provide an adequate supply of safe drinking water. This bill would require the state board to conduct outreach to ratepayers and residents served by an at-risk water system and to consider any specified petitions submitted by members of a disadvantaged community served by the at-risk water system before ordering the consolidation of the at-risk water system, as prescribed.

Amendments to the bill are under negotiation with the author, but have not been presented in print. Those amendments would impose a cap of 3,300 service connections on any system that could be consolidated under the bill and would revise the State Water Board's process to add protections with respect to any systems that may be found to be "at risk" and thus subject to consolidation. The bill passed the Senate Environmental Quality Committee and is now pending in the Senate Governance and Finance Committee. ACWA has taken an **oppose unless amended position** on this bill. **The bill has passed the Senate Environmental Quality Committee and is pending in the Senate Governance and Finance Committee.**

SB 427 (Eggman) – Water Theft Penalties: Existing law authorizes the legislative body of a local agency to make, by ordinance, any violation of an ordinance subject to an administrative fine or penalty and limits the maximum fine or penalty amounts for infractions, to \$100 for the first violation, \$200 for a second violation of the same ordinance within one year of the first violation, and \$500 for each additional violation of the same ordinance within one year of the first violation.

This bill would authorize the legislative body of a local agency to make, by ordinance, any violation of an ordinance regarding water theft subject to a fine not exceeding \$1,000 for a first violation; a fine not exceeding \$2,000 for a second violation of the same ordinance within one year; and a fine not exceeding \$5,000 [revised to \$3,000 by March 25 amendments] for each additional violation of the same ordinance within one year. The bill would define “water theft” as an action to divert, tamper, or reconnect water utility services, as defined in Section 498 of the Penal Code.

The March 25 amendments require the local agency to include administrative procedures to govern the imposition, enforcement, collection and review by the agency of any such fines or penalties for water theft, and to establish a process for granting a hardship waiver to reduce the amount of the fine. Those amendments also added specific penalties for water theft committed via meter tampering, as follows: not to exceed \$130 for the first violation; not to exceed \$700 for a second violation within one year of the first violation; and not to exceed \$1,300 for a third and any subsequent violation within one year of the first violation. **The bill has passed the Senate Governance and Finance Committee and is now pending on the Senate floor.**

SB 426 (Susan Rubio) – MS4 Permits – Financial Capability Analysis: This bill was gutted and amended on March 1 and now would require the State Water Board to establish financial capability assessment guidelines for MS4 permittees by July 1, 2022. The bill is a reintroduction of AB 2364 (Blanca Rubio) from the last legislative session and is in response to the Regional Water Quality Control Boards’ failure to consider the costs local jurisdictions face in complying with MS4 permit requirements. **The bill has passed the Senate Environmental Quality Committee and is pending in the Senate Appropriations Committee, in the suspense file.**

~~**SB 443 (Newman) – Elections – Redistricting:** This bill would make the criteria for the district boundaries of specified political subdivisions, including special districts, consistent with the criteria for Senate, Assembly, Congress, and State Board of Equalization districts established under the California Constitution. The bill was gutted and amended on April 12 and now concerns statewide ballot initiatives.~~

SB 448 (Melendez) – Emergency Powers – Limitation: This bill would enact the Emergency Power Limitation Act, which would require an emergency order issued by the Governor, a political subdivision, a city or a county to be narrowly tailored to serve a compelling public health or safety purpose and be limited in duration, applicability, and scope. The bill would authorize any person to bring an action to invalidate or enjoin enforcement of an emergency order that is allegedly unlawful. The bill would prohibit a state agency from issuing an emergency order that infringes on an express constitutional right (as defined in the bill) in a nontrivial manner, and would require that an emergency order issued by the Governor that infringes on an express constitutional right expire within 30 days if the Legislature is in session at the time the order is issued or within 7 days if the Legislature is not then in session. **The bill is pending in the Senate Governmental Organization and Judiciary Committees.**

SB 526 (Min) – Lead User Service Lines: Existing law requires, by July 1, 2018, a community water system to compile an inventory of known lead user service lines in use in its distribution system and identify areas that may have lead user service lines in use in its distribution system.

Existing law requires, by July 1, 2020, a community water system with known lead user service lines in use in its distribution system to provide a timeline for replacement of those lines to the State Water Resources Control Board. Existing law requires the state board to review and approve an established timeline. Existing law authorizes the State Board to enforce these requirements, and a violation is considered a violation of the California Safe Drinking Water Act, subjecting the violator to specified civil and criminal penalties. This bill would, until January 1, 2025, require a community water system to remove or replace the full lead user service line, if the community water system disturbs, removes, or replaces any portion of it. The bill would apply the above-described enforcement provisions to a violation of the requirements of the bill. **The bill is pending in the Senate Environmental Quality Committee.**

SB 552 (Hertzberg) – Drought Planning – Small Water Systems: This bill would require small water suppliers (serving between 15 and 2,999 service connections), and non-transient non-community water systems that are schools, no later than December 31, 2022, to develop and submit to the Division of Drinking Water an Emergency Response Plan that includes specified drought-planning elements. The bill would require these water systems to report specified water supply condition information to the State Board through the Electronic Annual Reporting System, and to include water system risk and water shortage information in the water systems' Consumer Confidence Reports. The bill would require the State Water Board, in partnership with the Department of Water Resources no later than December 31, 2022, to conduct an assessment of drought and emergency water shortage resiliency measures for small water systems and non-transient non-community water systems that are schools, among other tasks.

This bill would require a county to establish a standing county drought and water shortage task force to facilitate drought and water shortage preparedness for state small water systems and domestic wells within the county's jurisdiction, and include potential drought and water shortage risk and proposed interim and long-term solutions as an element in an existing county plan. **The bill is passed the Senate Natural Resources and Water Committee and is now pending in the Senate Governance and Finance Committee.**

SB 594 (Glazer) – Redistricting: As amended on April 5, this bill would establish that the board of directors of a special district with division boundaries must establish their new boundaries no later than 180 days before the district's next regular election occurring after January 1 of each year ending in the number two. The bill would give local governments more time to redistrict following release of the 2020 census data, which has been delayed by COVID-19. **ACWA has a taken a Favor position on this bill. The bill has passed the Senate Elections and Constitutional Amendments Committee and is pending in the Senate Governance and Finance Committee.**

SB 626 (Dodd) – Department of Water Resources – Construction Methods: This bill would authorize the Department of Water Resources to utilize the Construction Manager/General Contractor construction method, except for the procurement for the design or construction of through-Delta conveyance facilities of the Sacramento-San Joaquin Delta. **The April 5 amendments address DWR's possible use of the design-build method, and also address DWR's construction inspection services. The bill is pending in the Senate Natural Resources and Water Committee.**

SB 657 (Ochoa Bogh) – Employment – Electronic Documents: The bill would authorize an employee working from home to receive legally required notices and postings electronically and sign or acknowledge certain documents electronically. The bill was amended on April 12 and April 22 to instead provide that in any instance in which an employer is required to physically post information, the employer may also distribute that information to employees by email with the document or documents attached, but such e-mail distribution does not alter the employer's existing obligation to physically display a required posting. **The bill has passed the Senate Labor, Public Employment and Retirement and Judiciary Committees and is now pending on the Senate floor.**

SB 776 (Gonzalez) – Safe Drinking Water and Water Quality: As amended on March 10, this former spot bill, which is sponsored by the State Water Resources Control Board, would make various changes to allow the State Water Board to more efficiently administer the Safe and Affordable Drinking Water Fund, such as allowing the State Board to make advance payments of up to \$10,000. However, the bill also contains new provisions concerning enforcement and cost recovery, including new monetary penalties and exemptions of certain State Board actions, like general monitoring orders, from the requirements of the Administrative Procedures Act. The April 19 amendments would require all moneys collected pursuant to the added enforcement provisions be deposited into a fund from which the financial assistance agreement that is the subject of the action originated, unless the State Water Board determines that deposit in another fund would be more effective for providing financial assistance for the same or substantially similar purpose. **The bill has passed the Senate Environmental Quality Committee and is now pending in the Senate Judiciary Committee.**

We will continue to monitor these bills and any others that may become of interest to the Group, and will update this report throughout the legislative session to keep you apprised of amendments and status of these and other bills.