

KINNELOA IRRIGATION DISTRICT
REGULAR MEETING – BOARD OF DIRECTORS
1999 KINCLAIR DRIVE, PASADENA, CA 91107
TUESDAY, JANUARY 17, 2017
7:30 p.m.

AGENDA

- 1. CALL TO ORDER**
 - 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
- 3. ELECTION OF OFFICERS** – Nomination and election of Board of Director’s officers for 2017
- 4. DISCUSSION AND ACTION REGARDING COST OF LIVING INCREASE**
- 5. VOSBURG PUMP STATION REPLACEMENT PROJECT FINANCIAL SUMMARY AND PROJECT MANAGEMENT** – Discussion by Board and General Manager on the completed project
- 6. EAST TANK - WEST TANK CONNECTOR PIPELINE PROJECT** – Progress Report by General Manager
- 7. MUTUAL AID AGREEMENT** – Discussion by Board and General Manager on the draft agreement among Foothill Municipal Water District Agencies
- 8. GENERAL MANAGER’S REPORT**
- 9. REVIEW OF MINUTES** – December 20, 2016
- 10. REVIEW OF FINANCIAL REPORTS** – December 31, 2016
- 11. CALENDAR** – February 21, 2017
March 21, 2017
April 18, 2017
- 12. ADJOURNMENT**

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 www.KinneloalrrigationDistrict.info.

located on private property, rather than through public fire hydrants operated by public authorities for general fire protection.

- V. Residential Service: Provision of water for household purposes and other similar and customary purposes pertaining to structures with a primary purpose of providing domestic service, single family dwellings, including apartments, town houses and condominiums.
- W. Service Laterals: The connection between the District's water mains and the water meter and service connection, including the entire pipe, fittings and valves necessary to make the connection.
- X. Service Connection: The point of connection of the Consumer's piping with the meter and service lateral owned by the District.
- Y. Surplus Property: Real or personal property owned by the District that is determined by the Board to be unnecessary for District purposes.
- Z. Temporary Service: Provision of water on a temporary basis for construction purposes.

ARTICLE 4: ORGANIZATION AND OPERATION OF THE BOARD OF DIRECTORS

4.01: NUMBER OF DIRECTORS

The number of Directors shall be five (5) members elected by division from residents of the District.

4.02: OFFICERS OF THE BOARD

The officers of the Board shall be chairman and secretary and treasurer to be elected by the Board annually at the first regular meeting of the Board following the **first Friday in December**. The term of office of officers of the Board shall commence immediately following their election. No Board Officer shall serve more than five consecutive full terms in the same office.

4.03: BOARD OFFICER ELECTION PROCEDURE

Officers will be nominated and elected individually, not as a "slate." The procedure is as follows:

- A. The Chairman calls for nominations for the office of Chairman.
- B. A candidate is nominated.
- C. The nomination is seconded. If a second is not received the nomination dies.
- D. The Chairman then asks if there are other nominations.
- E. All other nominations (if any) are received and seconded.
- F. The Chairman then calls for a vote and announces the results.
- G. The same procedure is followed for the office of Treasurer and Secretary.

(Motion Adopted January 15, 2002)

4.04: DIRECTORS' COMPENSATION AND EXPENSE REIMBURSEMENT

- A. Introduction: This policy sets forth the Kinneloa Irrigation District's policies and procedures governing the compensation of Board members for attendance at events related to the Board members' performance of official duties for the benefit of the District, and governing the



Memo

Date: January 9, 2017
 To: Board of Directors
 From: Mel Matthews
 Subject: Information for Discussion of a Cost of Living Increase

Background

The Board previously discussed and acted on a cost of living increase in June 2015 and authorized a non-retroactive increase of 2% effective in July of 2015 based on the annual Consumer Price Index (CPI) for all items for the Los Angeles-Riverside-Orange County index for urban consumers for the year ended in December 2014. There was no consideration of an increase in 2016 based on 2015 data. The annual CPI was 2.0% in 2015 and the annual CPI year-to-date for 2016 is 1.8% for the first eleven months of last year. Therefore, the cumulative increase in the CPI since the last discussion and action is 3.8%.

The Board at its discretion has the authority to approve cost of living increases for all employees and merit increases for the General Manager. The General Manager in turn has the authority to approve increases for individual office and field employees when warranted by excellent performance, acceptance of new responsibilities or to adjust for compensation trends in our area for similar positions, job descriptions and length of service.

The purpose of a cost of living increase is to only adjust for inflation that decreases an employee's effective compensation. The purpose of a merit or performance increase is to recognize the employee for achieving financial and physical goals and/or accepting greater job responsibilities. An increase in salary may include both components.

Summary and Possible Action

The 2016 and 2017 budgets included a recommended 3% maximum amount for salary adjustments in each year for the General Manager, office and field staff. Since no increases were made in 2016, on-average, a 6% salary increase is available to remain within the overall budget. The Board at its discretion can implement an increase in three ways:

1. The Board approves a percentage increase for all employees and/or considers a merit increase for the General Manager.
2. The Board approves a percentage increase for all employees and authorizes the General Manager to make merit increases where warranted based on individual employee performance.
3. The Board authorizes the General Manager to increase salaries on an individual basis for office and field staff based on performance, inflation and other factors so that total increase is within the 2017 budget.



Memo

Date: January 5, 2017

To: Board of Directors

From: Mel Matthews

Subject: Vosburg Booster Station Replacement Project Financial Summary and Project Management Deficiencies

Recommended Action: Review project financial summary and discuss project management deficiencies and proposed solutions to improve management of future projects

Background

The contract for this project was awarded to the R.C. Foster Corporation after a competitive bidding process. The notice to proceed was issued on December 17, 2014, and the project was substantially completed on January 11, 2016. Although the project was scheduled to take 180 days, the actual duration of the project was 404 days primarily due to contractor delays and change orders.

The original contract amount was \$1,179,995.80. Approved change orders added \$260,174.07 including a final change order of \$164,000 to settle a dispute with the contractor regarding unforeseen conditions and project delays. The total payment to R.C. Foster Corporation was \$1,440,169.87 which was 22% over the original contract amount.

In addition to payments to R.C. Foster, there were \$123,290.82 in payments for work and services not included in the construction contract. These expenses are listed in the attached financial report and included items such as legal expense, additional engineering expense, fence installation and landscaping.

Project Management Deficiencies and Recommendations for Future Projects

1. Review of the contractor bids: For this project and projects in the past, we have relied on our engineer to review all the bids submitted and determine if the bids were complete and submitted in accordance with our bid specifications. We have also relied on the engineer to check references and advise us if the bidder is qualified to do this type of project and make a recommendation regarding awarding of the contract. For the Vosburg project, both the engineer and I failed to notice that R.C. Foster had modified the bid documents and submitted a **conditional bid** based on "normal soil conditions" even though the bid instructions clearly stated that conditional bids were not permitted and would not be considered for contract award. **For future projects, I will personally review all bids and reject any bids that were modified or not complete.**

2. Contract award: Although R.C. Foster was the lowest bidder, the amount of the bid was 25% higher than the revised engineer's estimate which already included a 10% contingency and more than double the original engineer's estimate and the budgeted amount for the project when the preliminary design was completed. Although the engineer recommended awarding the contract to R.C. Foster, in retrospect, I should have not recommended award of the contract without further exploration on possible ways and design alternatives that might reduce the cost of the project. My desire to complete this long-delayed complex project after all the up-front engineering and staff effort and previous financial investment should have not been the driving force in the recommendation to award the contract. **In the future, if the bid amounts are substantially higher than the engineer's estimate, I will make a more thorough analysis of the alternatives before making a recommendation to the Board. I will also consider recommending that a contract not be awarded and the project be re-bid.**
3. Project management: During the early stages of the project, R.C. Foster sent us a letter (which was not seen by me at that time) that re-stated the "normal soil conditions" exception in their bid and that they reserved the right to charge us for unforeseen conditions at a future time. Although we verbally disputed their claim at that time, we did not formally respond to that letter until we received their claim for extra compensation more than 3 months after the completion of the project. In retrospect, too much communication between the parties was made verbally rather than by formal letters to document the understandings. Our contract required that extra compensation was only permissible by approved change orders submitted in a timely manner and in advance of the work. However, I relied too much on the contract language to protect the District from unexpected claims after completion of the project. Furthermore, even though I was not the on-site person for this project, I should have provided greater oversight especially when the project was significantly beyond the scheduled completion date. I also should have provided a formal notice when the 180-day completion period was exceeded and that liquidated damages were applicable since there were no approved extensions to the contract completion date due to unforeseen conditions or change orders. **For future projects, I will provide greater oversight even if I am not the on-site observer or inspector.**
4. Change orders: Change orders require approval by the District (after consultation with the engineer) prior to the work that is included in the change order. Change orders can be necessary due to unforeseen conditions or additional work requested by the District. The Vosburg project was very complex and it was expected that there would be change orders. However, even though the overall scope of the project did not change, R.C. Foster was very aggressive in submitting change orders that in my opinion were overpriced with respect to the additional work to be done and did not give sufficient credit for the work that was already included in the contract bid. Furthermore, like the original bid, some change orders included language that reserved their right to claim additional compensation for unforeseen conditions and an extension of the contract duration later. Those change orders should not have been approved until they conformed to our contract requirements for change orders. **Although I have not experienced a problem with change orders on past projects with other contractors, I will be paying closer attention to change orders on future projects to make sure that any additional financial impact is reasonable and necessary for a successful project.**

Summary and Conclusion

The Vosburg project was successful from a physical standpoint. The quality of the workmanship was excellent and we have not experienced any problems with the performance of the booster station since it was put in service. The significant delay in the completion was regrettable, but was not caused by the Kinneloa Irrigation District. Change orders were the primary reason for the significant increase in cost because the contractor was aggressive in pricing those changes and did not give us sufficient credit for the work that was not needed or duplicated. We also had additional engineering expense in processing the change orders and legal expense related to review and settlement of the disputed items.

There is no way on knowing if another bidder could have delivered this project successfully at a lower cost. Nevertheless, it is ultimately my responsibility to do my best to manage projects to a successful conclusion, on time and within budget. This project was successful, but the cost greatly exceeded my expectations and was not completed in a timely manner.

Kinneloa Irrigation District
Vosburg Pump Station Replacement Project Expenditures as of December 31, 2016

Vendor	Total Paid as of 12/31/16
Bank of the West Bus. Card	2,393.72
Brithinee Electric	1,424.00
Byrd	128.09
Civiltec Engineering, Inc.	45,556.74
Generator Services Co.	20,358.50
Hennon Surveying & Mapping, Inc.	8,030.00
Holman Capital Corporation	5,000.00
Huasha Liu	2,862.70
LA County Registrar	75.00
Lagerlof, Senecal, Gosney & Krus	22,109.90
R.C. Foster Corporation	1,440,169.87
Southern California Edison	297.00
Stump Fence Co.	6,990.00
ValleyCrest Landscape Maintenance	3,500.00
Western Water Works	4,565.17
Total	1,563,460.69

Kinneloa Irrigation District
Vosburg Pump Station Replacement Project Expenditures as of December 31, 2016

	Description	Debit Amt	Credit Amt	Contract	Change Orders	Project Related
1/1/15	Beginning Balance					
1/8/15	Civiltec Engineering, Inc. - Vosburg pump station replacement - construction management	1,560.00		1,560.00		
1/8/15	Civiltec Engineering, Inc. - credit - adj for phase invoicing in 2014		143.76	-143.76		
2/2/15	LA County Registrar-Recorder/C - Notice of Exemption - Vosburg Booster Pump Station	75.00				75.00
2/3/15	Civiltec Engineering, Inc. - Vosburg pump station replacement - construction management	780.00		780.00		
3/9/15	Civiltec Engineering, Inc. - Vosburg pump station replacement - construction management	585.00		585.00		
3/23/15	Western Water Works - gate valve for Vosburg Project	1,219.72		1,219.72		
3/31/15	R.C. Foster Corporation - Vosburg Pump Station Replacement Project Pay Request #001	37,477.50		37,477.50		
4/7/15	Hennon Surveying & Mapping, In - boundary and topographic survey Vosburg Res. site	8,030.00				8,030.00
4/8/15	Lagerlof,Senecal,Gosney & Krus - re: general matters Vosburg project	972.50				972.50
4/9/15	Civiltec Engineering, Inc. - Vosburg pump - alt. location study	390.00				390.00
4/9/15	Civiltec Engineering, Inc. - Vosburg pump station - const. mgmt.	2,730.00		2,730.00		
4/9/15	Civiltec Engineering, Inc. - Vosburg pump station - extra work	135.00				135.00
5/5/15	Byrd Industrial Electronics - Vosburg booster upgrade project	128.09				128.09
5/6/15	R.C. Foster Corporation - Vosburg Pump Station Replacement Project Pay Request #002	41,040.00		41,040.00		
5/8/15	Civiltec Engineering, Inc. - Vosburg pump - alt. location study	1,170.00				1,170.00
5/8/15	Civiltec Engineering, Inc. - Vosburg pump station - const. mgmt.	1,740.00		1,740.00		
5/12/15	Lagerlof,Senecal,Gosney & Krus - re: general matters Vosburg	350.00				350.00
5/15/15	Western Water Works - gate valve	3,345.45		3,345.45		
5/29/15	Holman Capital Corp. - to record installment purchase agreement proceeds	5,000.00				5,000.00
5/31/15	R.C. Foster Corporation - Vosburg Pump Station Replacement Project Pay Request #003	101,631.00		101,631.00		
6/1/15	Bank of the West Business Card - staff gauge	295.25		295.25		
6/8/15	Civiltec Engineering, Inc. - Vosburg pump station - const. mgmt.	3,897.45		10.00		3,887.45
6/8/15	Lagerlof,Senecal,Gosney & Krus - Liu litigation/landscaping	2,875.00				2,875.00
6/12/15	Generator Services Co. - 2006 Baldor generator, Vosburg	19,075.00		19,075.00		
6/30/15	R.C. Foster Corporation - Vosburg Pump Station Replacement Project Pay Request #004	90,369.97		73,677.25	16,692.72	
7/6/15	Civiltec Engineering, Inc. - Vosburg pump station replacement - construction management	3,615.00				3,615.00
7/14/15	Lagerlof,Senecal,Gosney & Krus - litigation/landscaping	512.40				512.40
7/27/15	R.C. Foster Corporation - Vosburg Pump Station Replacement Project Pay Request #005	83,310.25		83,310.25		
8/5/15	Civiltec Engineering, Inc. - Vosburg pump station replacement - design	1,050.00				1,050.00
8/5/15	Civiltec Engineering, Inc. - Vosburg pump station replacement - construction management	2,925.00				2,925.00
8/12/15	Lagerlof,Senecal,Gosney & Krus - general matters: Liu litigation/landscaping	200.00				200.00

Kinneloa Irrigation District
Vosburg Pump Station Replacement Project Expenditures as of December 31, 2016

	Description	Debit Amt	Credit Amt	Contract	Change Orders	Project Related
8/18/15	Southern California Edison Co. - project: install meter and service change, doc.# 7590011403	297.00		297.00		
8/27/15	R.C. Foster Corporation - Vosburg Pump Station Replacement Project Pay Request #006	150,392.90		146,405.92	3,986.98	
8/31/15	ValleyCrest Landscape Maintena - brush clearance for Vosburg project	3,500.00		3,500.00		
9/11/15	Civiltec Engineering, Inc. - Vosburg pump station replacement - construction management	3,900.00				3,900.00
9/29/15	R.C. Foster Corporation - Vosburg Pump Station Replacement Project Pay Request #007	195,749.09		166,230.05	29,519.04	
10/1/15	Bank of the West Business Card - Warrick Probes for Vosburg	2,098.47		2,098.47		
10/9/15	Civiltec Engineering, Inc. - Vosburg pump station replacement - construction management	585.00				585.00
10/30/15	R.C. Foster Corporation - Vosburg Pump Station	335,848.21		319,953.34	15,894.87	
11/11/15	Civiltec Engineering, Inc. - Vosburg pump station replacement - construction management	195.00				195.00
11/11/15	Civiltec Engineering, Inc. - Vosburg pump station replacement - extra work MCC & switchboard inspection	680.80				680.80
11/30/15	R.C. Foster Corporation - Vosburg Pump Station Replacement Project Pay Request #009	60,370.84		60,370.84		
12/4/15	Civiltec Engineering, Inc. - Billing Adjustment		168.65			-168.65
12/4/15	Civiltec Engineering, Inc. - Vosburg pump station replacement - construction management	585.00				585.00
12/4/15	Civiltec Engineering, Inc. - Vosburg pump station replacement - extra work (CalPower Engineering)	340.40				340.40
12/9/15	Lagerlof,Senecal,Gosney & Krus - general matters: Liu litigation/landscaping	200.00				200.00
12/28/15	Stump Fence Co. - supply/install fence at Vosburg	6,990.00				6,990.00
12/29/15	Generator Services Co. - Baldor generator switch/controller, Vosburg	1,283.50				1,283.50
12/31/15	R.C. Foster Corporation - Vosburg Pump Station Replacement Project Pay Request #010	60,323.34		60,323.34		
1/31/16	R.C. Foster Corporation - Vosburg Pump Station Replacement Project Pay Request #011	55,848.28		30,576.51	25,271.77	
2/9/16	Civiltec Engineering, Inc. - Vosburg pump station replacement - extra work	200.00				200.00
2/26/16	Brithinee Electric - Vosburg pump 2/3 control logic field service labor	1,424.00				1,424.00
3/4/16	Civiltec Engineering, Inc. - Vosburg pump station replacement - construction management	390.00				390.00
3/28/16	Huasha Liu - Reimbursement for KID's share of Vosburg slope landscaping	2,862.70				2,862.70
5/4/16	R.C. Foster Corporation - Vosburg Pump Station Replacement Project Pay Request #012 (Retention)	63,808.49		58,999.80	4,808.69	
5/6/16	Lagerlof,Senecal,Gosney & Krus - Vosburg change order review	600.00				600.00
6/6/16	Lagerlof,Senecal,Gosney & Krus - Vosburg change order review	6,087.50				6,087.50
7/6/16	Lagerlof,Senecal,Gosney & Krus - Retention review	1,000.00				1,000.00
7/12/16	Lagerlof,Senecal,Gosney & Krus - Gen'l Matters contractor submittal	612.50				612.50
8/4/16	Civiltec Engineering, Inc. - Vosburg pump station replacement - const. mgmt. As-Builts	3,510.00				3,510.00
8/4/16	Civiltec Engineering, Inc. - Vosburg pump station replacement - const. mgmt. submittals	195.00				195.00
8/9/16	Lagerlof,Senecal,Gosney & Krus - review claim docs, attend board meeting, review progress docs	1,800.00				1,800.00
9/7/16	Civiltec Engineering, Inc. - Vosburg pump station replacement - extra work	3,490.50				3,490.50
9/9/16	Lagerlof,Senecal,Gosney & Krus - review e-mails, draft reply, research, memorandum re: claim	1,700.00				1,700.00

**Kinneloa Irrigation District
Vosburg Pump Station Replacement Project Expenditures as of December 31, 2016**

	Description	Debit Amt	Credit Amt	Contract	Change Orders	Project Related
10/10/16	Civiltec Engineering, Inc. - Vosburg pump station replacement - extra work	3,120.00				3,120.00
10/12/16	Lagerlof, Senecal, Gosney & Krus - review add'l sources, e-mail, and draft letter re: claim	1,000.00				1,000.00
10/31/16	R.C. Foster Corporation - Vosburg Pump Station Replacement Project Pay Request #013	164,000.00			164,000.00	
11/8/16	Lagerlof, Senecal, Gosney & Krus - review revised letter, contract docs, prepare for and attend meeting, phone conference re: claim	4,000.00				4,000.00
11/16/16	Civiltec Engineering, Inc. - Vosburg pump station replacement - extra work	2,145.00				2,145.00
12/9/16	Lagerlof, Senecal, Gosney & Krus - review emails/transmittals, receive release, transmit check	200.00				200.00
12/13/16	Civiltec Engineering, Inc. - Vosburg pump station replacement - As-Builts	5,955.00				5,955.00
12/31/16	Totals	1,563,773.10	312.41	1,217,087.93	260,174.07	86,198.69

		Contract	Change Orders	Project Related
2015	1,239,511.72	1,127,511.62	66,093.61	45,906.49
2016	323,948.97	89,576.31	194,080.46	40,292.20
Total as of 12/31/2016	1,563,460.69	1,217,087.93	260,174.07	86,198.69
R.C. Foster	1,440,169.87	1,179,995.80	260,174.07	

MUTUAL AID AND ASSISTANCE AGREEMENT

THIS AGREEMENT (“Agreement”) made effective the ____ day of _____, 2016, is entered into between Foothill Municipal Water District (hereinafter “Foothill”) and Crescenta Valley Water District, Kinneloa Irrigation District, La Cañada Irrigation District, Las Flores Water Company, Lincoln Avenue Water Company, Mesa Crest Water Company, Rubio Cañon Land and Water Association and Valley Water Company (hereinafter individually “Party” or collectively “Parties”), to provide mutual assistance in times of emergency and planned and unplanned outages.

Section 1. Purpose

The purpose of this Agreement is to establish a regional mutual aid and assistance program. Through the program, the Parties to this Agreement may coordinate response activities and share resources in response to regional emergencies and assist during local emergencies or outages planned or unplanned.

Section 2. Response to Planned Outages

In the event of a planned outage, any party to this agreement (hereinafter “Requesting Party”) may call on any or all of the other remaining Parties for assistance in responding to such outage by furnishing Requesting Party with supplemental water supply, personnel, equipment, and/or materials. Such other Parties that believe they are potentially able to assist (hereinafter “Responding Party(ies)”) shall attempt to aid Requesting Party if such response is feasible under the circumstances. If a Responding Party determines it cannot respond to a request for assistance for any reason, that Party shall not be responsible for any consequences or damages associated with its failure to respond. While more notice is preferable, at least seven (7) days’ notice must be provided by the Requesting Party to potential Responding Parties for coordination of water deliveries, use of personnel or equipment. A request for assistance under the provisions of this Agreement shall not be a substitute for the use of private contracted labor when available.

Provision of supply water by a Responding Party shall be subject to the water supply requirements of its own system. A Responding Party that is able to provide water supply, personnel, equipment, and/or materials may retract such resources for use within its own system should conditions or circumstances require reallocation of such resources. The Responding Party shall not be responsible for any consequences or damages associated with its retraction of resources for use within its own system. Any Requesting Party shall retain full control of all operations within its own boundaries. Any Responding Party shall take action only as directed by the Requesting Party.

Section 3. Response to Emergencies and Unplanned Outages

In the event of an emergency or outage requiring corrective action to be taken immediately to protect life, property, or facilities, any party to this agreement (hereinafter

“Requesting Party”) may call on any or all of the other remaining Parties for assistance in responding to such emergency by furnishing Requesting Party with supplemental water supply, personnel, equipment, and/or materials. Such other Parties that believe they are potentially able to assist (hereinafter “Responding Party(ies)”) shall come to the aid of the Requesting Party if such response is feasible under the circumstances. If a Party determines it cannot respond to a request for assistance, the Parties shall not be responsible for any consequences associated with its failure to respond.

Provision of water supply by a Responding Party shall be subject to the water supply requirements of its own system. A Responding Party that is able to provide supplemental water supply, personnel, equipment, and/or materials may retract such resources for use within its own system should conditions or circumstances require reallocation of such resources. The Responding Party shall not be responsible for any consequences or damages associated with its retraction of resources for use within its own system. Any Requesting Party shall retain full control of all operations within its own boundaries. Any Responding Party shall take action only as directed by the Requesting Party.

Section 4. Payment for Water, Use of Equipment, Materials and/or Personnel

Any Responding Party shall keep complete records of all personnel, equipment, and materials sent to the Requesting Party in response to the call for assistance. The Responding Party may submit a bill for personnel, equipment, and material as documented by such records that reflects the actual cost of the Responding Party. The Responding Party shall have the option of requiring material used to be replaced in kind or of equal quality in lieu of payment. Any bill submitted pursuant to this provision, shall be approved for payment and paid by the Requesting Party within 45 days of its presentation.

Any Requesting Party shall be responsible for all connections and metering or calculation of water quantities furnished by any Responding Party. Payment for water received shall be made by transferring a like amount of groundwater production right when possible, as approved by the Raymond Basin Watermaster. In the alternative, repayment will be made by reporting to Foothill Municipal Water District the amount of such transfer. Foothill will then credit that amount to the Responding Party’s water invoice and debit that amount to the Requesting Party’s invoice with all associated imported water charges. In the event neither the transfer of groundwater production right nor an FMWD credit transfer is possible, the Requesting Party shall reimburse Responding Party directly for the cost of the water. The Responding party may also charge the energy costs to delivery such water, as collected by the Responding Party.

Section 5. Arbitration

If any controversy or claim arises out of, or relates to, the Agreement, including, but not limited to an alleged breach of the Agreement, the disputing Party shall first attempt to resolve the dispute by negotiation, followed by mediation and finally shall be settled by arbitration in accordance with the Rules of the American Arbitration Association. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

Section 6. Requesting Party's Duty to Indemnify

Requesting Party shall assume the defense of, fully indemnify and hold harmless each Responding Party, its directors, officers, and employees, from all claims, loss, damage, injury, and liability of every kind, nature, and description, directly or indirectly arising from the Requesting Party's work hereunder, including, but not limited to, negligent or wrongful use of equipment, supplies, or personnel provided to a Requesting Party, or faulty workmanship or other negligent acts, errors, or omissions by a Responding Party, or by personnel provided to Requesting Party, from the time assistance is requested and rendered until the assistance is returned to Responding Party's control.

Section 7. Workers' Compensation Claims

The Parties to this agreement shall be responsible for providing workers' compensation benefits and administering workers' compensation for its employees.

Section 8. Insurance

Parties to this Agreement shall maintain an insurance policy or maintain a self-insurance program that covers activities that it may undertake pursuant to this Agreement, including, but not limited to, workers' compensation and commercial general liability insurance, and insurance on property, vehicles, and equipment.

Section 9. Withdrawal

Any Party may terminate its participation in this Agreement by written notice to the other Parties. Withdrawal takes effect 60 days after each Party receives notice. Withdrawal from this Agreement shall in no way affect a Requesting Party's duty to reimburse a Responding Party for cost incurred under this Agreement, which duty shall survive such withdrawal.

Section 10. Modification

No provision of this Agreement may be modified, altered, or rescinded by individual parties to the Agreement.

Section 11. Severability

If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if the Agreement did not contain the particular term or provision held to be invalid.

IN WITNESS WHEREOF, Foothill Municipal Water District and Crescenta Valley Water District, Kinneloa Irrigation District, La Cañada Irrigation District, Las Flores Water Company, Lincoln Avenue Water Company, Mesa Crest Water Company, Rubio Cañon Land

and Water Association and Valley Water Company have executed and delivered this Agreement as of the date first above written.

FOOTHILL MUNICIPAL WATER DISTRICT

CRESCENTA VALLEY WATER DISTRICT

By: _____
Its: _____

By: _____
Its: _____

KINNELOA IRRIGATION DISTRICT

LA CAÑADA IRRIGATION DISTRICT

By: _____
Its: _____

By: _____
Its: _____

LAS FLORES WATER COMPANY

LINCOLN AVENUE WATER COMPANY

By: _____
Its: _____

By: _____
Its: _____

MESA CREST WATER COMPANY

RUBIO CAÑON LAND AND WATER ASSOCIATION

By: _____
Its: _____

By: _____
Its: _____

VALLEY WATER COMPANY

By: _____
Its: _____

General Manager's Report for the Board of Directors Meeting on January 17, 2017

I. Customer Account Information and Internet Usage

A. Delinquent Accounts –

- 28 accounts received past-due notice
- 28 accounts received late charges in the total amount of \$473.25
- 2 accounts received door hanger shut off notice
- 0 account was shut off for non-payment
- 1 account remains shut off for non-payment

B. Aged Receivables –

Month	Current	30 days	60 days	90 days or greater	Total
January	\$22,255.81	\$1,007.70	\$153.64	\$111.49	\$23,528.64
February	\$23,476.31	\$1,922.01	\$81.93	\$165.13	\$26,645.38
March	\$24,637.67	\$874.75	\$91.13	\$47.06	\$25,650.61
April	\$24,905.72	\$1,507.67	\$94.90	\$138.19	\$26,646.48
May	\$29,038.70	\$3,442.42	\$314.65	\$0.00	\$32,795.77
June	\$21,725.47	\$1,275.82	\$3.66	\$0.00	\$23,004.95
July	\$29,783.77	\$1,136.98	\$46.18	\$0.00	\$30,966.93
August	\$38,651.67	\$1,996.73	\$192.97	\$46.18	\$40,887.55
September	\$34,926.30	\$906.08	\$88.55	\$161.85	\$36,082.78
October	\$53,318.55	\$986.27	\$192.65	\$250.40	\$54,747.87
November	\$45,963.59	\$2,224.53	\$75.88	\$342.73	\$48,606.73
December	\$36,293.45	\$3,735.98	\$168.24	\$418.61	\$40,616.28

C. Internet Usage –

Month	Sessions	Page Views	Online Payments	Online Amount
January	314	599	52	\$9,147.90
February	167	364	49	\$6,010.43
March	188	403	53	\$7,150.27
April	242	424	55	\$7,852.49
May	334	624	48	\$9,680.17
June	341	508	50	\$10,462.02
July	197	507	55	\$11,025.66
August	264	598	50	\$12,019.27
September	111	214	50	\$14,353.58
October	220	550	59	\$15,843.47
November	318	846	52	\$14,872.09
December	217	470	59	\$13,159.45
Year to Date	2,913	6,107	632	\$131,576.80

II. General Manager's Projects and Activities

- A. East Tank - West Tank Connector Pipeline** – I continue to observe the project daily and provide support to the contractor as needed. The project is on schedule. As of this report the final 250 ft. at the top of the fire easement road is under construction. Permanent paving in the Kinneloa Canyon area has been completed
- B. Vosburg Pump Station Replacement Project** – A “lessons-learned” memo and financial recap of the project is included as an agenda item at this meeting.
- C. Annual Production and Sales Report** – I have published this report for the 2015-2016 fiscal year on the District's web site.
- D. Internet Page for Project Photos and Videos** – Access to project photos and videos for viewing and/or downloading is available at http://www.kinneloairrigationdistrict.info/photo_gallery/photo_gallery.html
- E. Activities/Meetings/Webinars/Conferences**

Subject	Location	Start	End	Purpose/Notes/Action
ACWA Conference	Anaheim Marriott	Mon 11/28/2016 8:00 AM	Fri 12/2/2016 11:00 AM	Mon-JPIA Board Meeting Tues-ACWA Finance Committee Wed-State of the Association Wed-Save Our Water Update Wed-Region 8 Forum- “Why local projects matter” Wed- “Water sustainability” Wed- “Meeting today's drinking water challenges” Wed- “Revisit your reserves” Thu- “Stormwater as a resource” Thu- “Collaboration in times of changing Climate” Thu- “Water recycling issues update” Thu- “Region 8 membership meeting” Fri- “ACWA JPIA update” Fri- “After the elections: What now?”
Tank Maintenance Contract	Teleconference	Mon 12/14/2016 12:30 PM	Mon 12/14/2016 1:00 PM	Review our Contract with Suez (formerly Utility Service Company)
FMWD Finance Committee	La Cañada	Mon 12/14/2016 4:00 PM	Mon 12/14/2016 5:00 PM	Review proposed changes to FMWD Administrative Code
FMWD Board	La Cañada	Mon 12/19/2016 3:00 PM	Mon 12/19/2016 5:00 PM	Regular Board meeting
KID Board	KID Office	Tue 12/20/2016 7:30 PM	Tue 12/20/2016 9:00 PM	Regular Board meeting

III. System and Facility Activities and Incidents

A. Water Leaks/Water Waste

Location	Type	Date	Description
Villa Knolls Drive	Customer reported that asphalt in street has been wet since Thanksgiving	12/1/2016	After investigation, it was determined that the main in the street was leaking. Perry Thomas Construction assisted us in repairing the leak in the 6-inch steel main.
Edgecliff Lane	Customer requested assistance in determining if there was still a leak in their plumbing	12/4/2016	After verifying with customer that all water was turned off, I observed that low-flow indicator was not turning and informed the customer that there was no leak indicated at this time.
Vosburg Street	Customer reported that there was no water at house	12/9/2016	I found meter lids off on two adjacent meter boxes and concluded that the new move-in customer had apparently turned off his neighbor's water by mistake. I turned it back on.
Edgecliff Lane	Customer requested shut off to facilitate leak repair	12/14/2016	Water was shut off and meter key was given to customer to turn water back on after repair by plumber.

B. Facility and Equipment Failures, Maintenance and Repairs

1. Normal maintenance was performed.
2. Fixed Wilcox Reservoir valve that failed.
3. Assisted contractor in installation of K-3 Well Pump VFD air conditioning unit.
4. Rebuilt Far Mesa Tunnel chlorinator.
5. Repaired Villa Knolls pipeline leak.
6. Sage Booster startup problem using generator was investigated and generator was returned to vendor for repair.

IV. Water Supply Summary (Watermaster Year July 2016 through June 2017)

Raymond Basin Groundwater (Acre Feet)		Kinneloa Irrigation District Water Tunnels (Acre Feet)	
Water Rights	516	Eucalyptus	3.3
Prior Year Carryover	52	Far Mesa	2.4
Less Temporary 30% Reduction in Water Rights	-155	Delores	0.0
Leases/Exchanges	207	House	0.0
Prior Year Spreading	89	Holly High/Low	3.1
Short Term Storage	104		
Current Year Spreading	0		
Total Allowable Extractions	813		
Less Water Extracted YTD through June 2017	- 306	Current Tunnel Monthly Production	8.8
Remaining Allowable Groundwater Extractions through June 2017	507	Remaining Estimated Tunnel Production through June 2017	61.6
Total Available Water Supply through June 2017 (Remaining Allowable Groundwater + Remaining Estimated Tunnel Production through June 2017)		569 Acre Feet	
Less Remaining Forecasted Retail Water Sales through June 2017		-250 Acre Feet	
Remaining Water through June 2017*		319 Acre Feet	

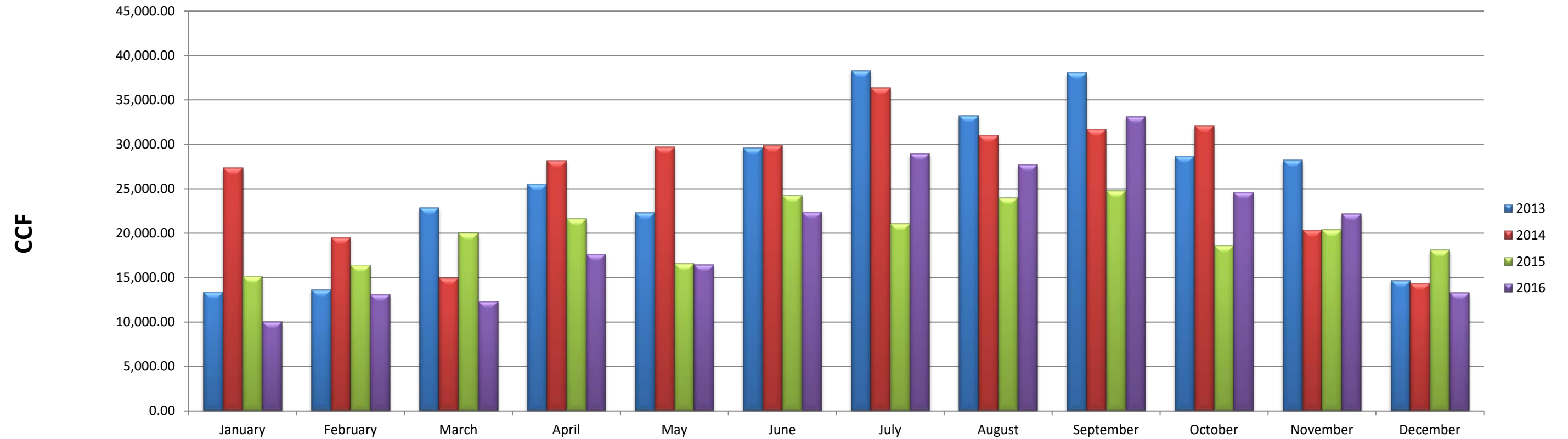
* This is the forecasted remaining water available for sale in the current year and/or carryover to the next Watermaster year which starts on July 1 subject to the carryover limits established by the Raymond Basin Management Board. Regarding the available surplus water, we will generally maximize the carryover to the next year and deliver the balance of the forecasted surplus water (if any) to the City of Pasadena in the January through June period. In the 2015-2016 year, 86 Acre-Feet were sold to the City, 52 Acre-Feet were carried over to 2016-2017 and 104 Acre-Feet were put into our short-term storage account. We have also leased pumping rights for an additional 207 Acre-Feet which is reflected in the remaining water through June 2017.

In addition to the available water, the KID has 790 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 there is no plan to use or sell this water now.

V. Information Requested by Directors

- A. Director Johnson requested an updated water sales comparison graph for the calendar years 2013-2016. It is attached.

Total Monthly Water Sales 2013, 2014, 2015 and 2016



**Monthly Unit Sales and Conservation Percentage as Compared
to the Previous Year and the Cumulative Percentage Since 2013**

	2013	2014	%	2015	%	2016	Cumulative % Percentage	
January	13,433.84	27,346.09	50.9%	15,139.14	-44.6%	10,011.03	-33.9%	-25.5%
February	13,647.60	19,531.19	30.1%	16,426.97	-15.9%	13,087.06	-20.3%	-4.1%
March	22,864.75	14,992.66	-52.5%	20,017.80	33.5%	12,329.17	-38.4%	-46.1%
April	25,580.22	28,144.68	9.1%	21,618.07	-23.2%	17,691.97	-18.2%	-30.8%
May	22,344.18	29,731.87	24.8%	16,540.07	-44.4%	16,451.27	-0.5%	-26.4%
June	29,605.73	29,878.35	0.9%	24,248.07	-18.8%	22,444.57	-7.4%	-24.2%
July	38,314.11	36,366.62	-5.4%	21,045.33	-42.1%	28,938.82	37.5%	-24.5%
August	33,199.17	31,022.84	-7.0%	24,001.09	-22.6%	27,685.37	15.4%	-16.6%
September	38,084.37	31,754.34	-19.9%	24,753.39	-22.0%	33,175.96	34.0%	-12.9%
October	28,679.52	32,084.57	10.6%	18,597.68	-42.0%	24,632.13	32.4%	-14.1%
November	28,223.52	20,371.82	-38.5%	20,412.15	0.2%	22,153.05	8.5%	-21.5%
December	14,695.84	14,383.35	-2.2%	18,124.47	26.0%	13,295.95	-26.6%	-9.5%
Total	308,672.85	315,608.38	2.2%	240,924.23	-23.7%	241,896.35	0.4%	-21.6%

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

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

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

PUBLIC PRESENT: None

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

PUBLIC COMMENTS: None.

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

STATUS OF EAST TANK - WEST TANK CONNECTOR PIPELINE PROJECT:

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

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

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

Page 2

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

IRS SECTION 125 PLAN:

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

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

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

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

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

ITEMS FOR THE NEXT AGENDA:

Election of Officers

Vosburg Pump Station Replacement Project – Project Management Lessons Learned

East Tank - West Tank Connector Pipeline Project Update

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

Respectfully submitted,

By Melvin L Matthews

General Manager and Acting Secretary to the Board

Kinneloa Irrigation District 2016 Financial Summary (Actual)

Account	Account Description	2016 Budget	2016 FYE Actual	Deviation from Budget	
				Amount	Percent
4000	Water Sales	1,379,616	1,426,516	46,900	3%
4015	Wholesale Water Sales-Pasadena	0	68,126	68,126	
4020	Service/Installation Charges	10,000	22,542	12,542	125%
4025	Asset Sale/Miscellaneous	0	10,675	10,675	
4035	Interest-Reserve Fund	8,000	12,108	4,108	51%
4050	Capacity Charge	0	0	0	
4070	Misc. Income	0	1,222	1,222	
	Total Income	1,397,616	1,541,189	143,574	10%
	Expenditures				
5000	Leased Water Rights.	63,135	63,135	0	0%
5005	Electricity	120,000	110,282	-9,718	-8%
5010	Maintenance/Repair Supplies	25,000	24,710	-290	-1%
5011	Material & Labor for Installations	10,000	8,281	-1,719	-17%
5012	Safety Equipment	1,600	1,753	153	10%
5015	Operations & Maintenance Labor	145,000	142,253	-2,747	-2%
5016	Operations & Maintenance OT	15,500	34,413	18,913	122%
5017	Operations Bonus	0	0	0	
5020	Stand-by Compensation	7,500	7,170	-330	-4%
5022	Training/Certification	1,600	470	-1,130	-71%
5025	Water Treatment/Analysis	22,000	17,146	-4,854	-22%
5030	Maintenance/Repair Contractors	125,000	102,259	-22,741	-18%
5034	Equipment Maintenance	10,000	7,101	-2,899	-29%
5035	Vehicle Maintenance	6,000	6,644	644	11%
5036	Fuel	15,000	7,862	-7,138	-48%
5040	Equipment Rental	500	0	-500	-100%
5045	Insurance-Workers Comp.	12,000	10,710	-1,290	-11%
5046	Insurance-Liability	16,000	14,151	-1,849	-12%
5048	Insurance-Property	2,500	2,081	-419	-17%
5049	Insurance-Medical	76,500	74,938	-1,562	-2%
6000	Engineering Services	45,000	24,456	-20,544	-46%
6005	Watermaster Services	12,000	11,149	-851	-7%
6015	Administrative Salary	132,000	130,064	-1,936	-1%
6016	Administrative Bonus	0	0	0	
6017	Administrative Travel	3,000	1,848	-1,152	-38%
6020	BofD Compensation	4,200	4,000	-200	-5%
6021	Administrative & Board Exp.	1,000	242	-758	-76%
6022	B of D Election	12,500	115	-12,385	-99%
6024	Customer/Public Info. Prog.	1,000	1,775	775	78%
6025	PERS - KID	24,000	25,206	1,206	5%
6030	Social Security - KID	25,000	24,520	-480	-2%
6031	Medicare - KID	6,000	5,902	-98	-2%
6035	Office/Computer Supplies	7,000	4,537	-2,463	-35%

Account	Account Description	2016 Budget	2016 FYE Actual	Deviation from Budget	
				Amount	Percent
6036	Postage/Delivery	5,000	3,706	-1,294	-26%
6040	Professional Dues	11,000	11,045	45	0%
6045	Legal Services	15,000	11,573	-3,427	-23%
6050	Telephone	4,500	4,132	-368	-8%
6051	Mobile Telephone	1,500	456	-1,044	-70%
6052	Pagers	240	336	96	40%
6053	Internet Service	1,000	720	-280	-28%
6059	Computer/Software Maintenance	9,000	6,933	-2,067	-23%
6061	Office Equipment Maintenance	1,000	256	-744	-74%
6065	Accounting Services	7,000	8,550	1,550	22%
6070	Office & Accounting Labor	91,000	89,651	-1,349	-1%
6071	Office & Accounting Bonus	0	0	0	
6075	Professional/Contract Services	20,000	23,349	3,349	17%
6080	Administrative Fees	8,900	8,368	-532	-6%
6081	Permits/Fees	10,000	14,318	4,318	43%
6086	Taxes - Sales	0	352	352	
6088	Interest Expense	80,293	80,233	-60	-0%
6120	Bank Service Charges	5,000	6,136	1,136	23%
	Total Expenses	1,217,968	1,139,287	-78,681	-6%
	NET REVENUES	179,648	401,902	222,255	124%
	Other Expenditures and Adjustments				
1504	Water Mains	0	0	0	
1505	Water Tunnels	7,000	0	-7,000	-100%
1511	Water Treatment Plant	6,000	0	-6,000	-100%
1512	Water Meters	12,900	1,461	-11,439	-89%
1513	Electrical/Electronic Equipment	10,000	0	-10,000	-100%
1514	Computer/Office Equipment	5,000	1,652	-3,348	-67%
1515	Vehicles/Portable Equipment	20,000	20,465	465	2%
1516	Water Company Facilities	25,000	0	-25,000	-100%
1526	Vosburg Booster Station	0	0	0	
1527	SCADA	12,000	7,411	-4,589	-38%
1528	Tanks and Reservoirs	25,500	21,548	-3,952	-15%
1530	Tools	3,000	0	-3,000	-100%
2400	Installment Purchase Agreement	119,909	119,969	60	0%
	Total Other Expenditures	246,309	172,505	-73,804	-30%
	NET CASH FLOW	-66,661	229,397	296,058	-444%

Kinneloa Irrigation District
Income Statement for the Twelve Months Ending December 31, 2016

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance	Comments
Revenues							
4000	Water Sales	87,242.85	111,116.00	(23,873.15)	1,426,515.95	1,379,616.00	46,899.95 * 29 day billing cycle and lower usage due to cooler rainy weather
4015	Wholesale Water Sales	0.00	0.00	0.00	68,125.76	0.00	68,125.76 *
4020	Service/Installation Charges	735.43	833.37	(97.94)	22,542.08	10,000.00	12,542.08
4025	Asset Sale/Miscellaneous	0.00	0.00	0.00	10,675.00	0.00	10,675.00 *
4035	Interest-Reserve Fund	1,125.80	666.63	459.17	12,108.18	8,000.00	4,108.18
4070	Misc. Income	0.00	0.00	0.00	1,222.45	0.00	1,222.45 *
	Total Revenues	89,104.08	112,616.00	(23,511.92)	1,541,189.42	1,397,616.00	143,573.42
Expenses							
5000	Leased Water Rights	63,135.00	63,135.00	0.00	63,135.00	63,135.00	0.00 *
5005	Electricity	11,021.25	10,000.00	1,021.25	110,281.69	120,000.00	(9,718.31) * all sites December charges billed; Euc. Res November charges billed
5010	Maintenance/Repair Supplies	2,247.40	2,083.37	164.03	24,710.13	25,000.00	(289.87)
5011	Material and Labor for Install	0.00	833.37	(833.37)	8,280.92	10,000.00	(1,719.08)
5012	Safety Equipment	0.00	133.37	(133.37)	1,752.53	1,600.00	152.53
5015	Operations Labor	12,967.95	12,083.37	884.58	142,252.74	145,000.00	(2,747.26)
5016	Operations OT	1,573.77	1,291.63	282.14	34,413.11	15,500.00	18,913.11 non-emergency OT not budgeted
5020	Stand-by Compensation	540.00	625.00	(85.00)	7,170.00	7,500.00	(330.00) *
5022	Training/Certification	0.00	133.37	(133.37)	470.00	1,600.00	(1,130.00)
5025	Water Treatment/Analysis	248.40	1,833.37	(1,584.97)	17,146.02	22,000.00	(4,853.98)
5030	Maintenance/Repair Contractors	11,615.33	10,416.63	1,198.70	102,259.49	125,000.00	(22,740.51) tank maint. \$4,284; service repair \$2,784; booster maint. \$2,205; Cla-val maint. \$2,342
5034	Equipment Maintenance	0.00	833.37	(833.37)	7,101.17	10,000.00	(2,898.83)
5035	Vehicle Maintenance	874.84	500.00	374.84	6,643.77	6,000.00	643.77
5036	Fuel	612.18	1,250.00	(637.82)	7,861.58	15,000.00	(7,138.42)
5040	Equipment Rental	0.00	500.00	(500.00)	0.00	500.00	(500.00) *
5045	Insurance-Workers Compensation	2,518.00	3,000.00	(482.00)	10,710.00	12,000.00	(1,290.00)
5046	Insurance-Liability	1,190.33	1,333.37	(143.04)	14,151.25	16,000.00	(1,848.75)
5048	Insurance-Property	175.75	208.37	(32.62)	2,081.25	2,500.00	(418.75)
5049	Insurance-Medical	6,443.30	6,375.00	68.30	74,937.80	76,500.00	(1,562.20)
6000	Engineering Services	840.00	3,750.00	(2,910.00)	24,456.00	45,000.00	(20,544.00)
6005	Watermaster Services	930.50	1,000.00	(69.50)	11,148.52	12,000.00	(851.48)
6015	Administrative Salary	10,838.70	11,000.00	(161.30)	130,064.40	132,000.00	(1,935.60)
6017	Administrative Travel	60.58	250.00	(189.42)	1,848.13	3,000.00	(1,151.87)
6020	Board Compensation	300.00	350.00	(50.00)	4,000.00	4,200.00	(200.00)
6021	Administrative & Board Expense	92.60	83.37	9.23	241.55	1,000.00	(758.45)
6022	Board of Directors Election	0.00	0.00	0.00	115.45	12,500.00	(12,384.55) *
6024	Customer/Public Info. Prog.	0.00	83.37	(83.37)	1,775.15	1,000.00	775.15
6025	PERS - KID	2,138.08	2,000.00	138.08	25,206.15	24,000.00	1,206.15 increase in KID contribution not budgeted

Favorable variances are shown in GREEN and unfavorable variances are shown in RED.

* Budgeted amounts not evenly allocated in 2016.

Kinneloa Irrigation District
Income Statement for the Twelve Months Ending December 31, 2016

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance	Comments
6030	Social Security - KID	1,765.86	2,083.37	(317.51)	24,520.11	25,000.00	(479.89)
6031	Medicare - KID	491.53	500.00	(8.47)	5,902.10	6,000.00	(97.90)
6035	Office/Computer Supplies	393.36	583.37	(190.01)	4,536.59	7,000.00	(2,463.41)
6036	Postage/Delivery	564.00	416.63	147.37	3,706.46	5,000.00	(1,293.54)
6040	Professional Dues	920.90	916.63	4.27	11,045.36	11,000.00	45.36
6045	Legal Services	1,177.89	1,250.00	(72.11)	11,572.62	15,000.00	(3,427.38)
6050	Telephone	270.97	375.00	(104.03)	4,132.02	4,500.00	(367.98)
6051	Mobile Telephone	37.86	125.00	(87.14)	455.82	1,500.00	(1,044.18)
6052	Pagers	22.50	20.00	2.50	336.48	240.00	96.48
6053	Internet Service	59.99	83.37	(23.38)	719.88	1,000.00	(280.12)
6059	Computer Software Maintenance	350.54	750.00	(399.46)	6,933.34	9,000.00	(2,066.66)
6061	Office Equipment Maintenance	0.00	83.37	(83.37)	256.03	1,000.00	(743.97)
6065	Accounting Services	0.00	0.00	0.00	8,550.00	7,000.00	1,550.00 * CalPERS GASB 68 report fees \$1,500 not budgeted
6070	Office & Accounting Labor	8,180.84	7,583.37	597.47	89,650.86	91,000.00	(1,349.14)
6075	Professional/Contract Services	1,874.57	1,666.63	207.94	23,348.57	20,000.00	3,348.57 includes landscape maintenance contract
6080	Administrative Fees	693.73	741.63	(47.90)	8,367.76	8,900.00	(532.24)
6081	Permits/Fees	292.50	833.37	(540.87)	14,317.72	10,000.00	4,317.72 AQMD permits not budgeted
6086	Taxes - Sales	0.00	0.00	0.00	352.23	0.00	352.23 *
6088	Interest Expense	0.00	0.00	0.00	80,233.36	80,293.29	(59.93) *
6120	Bank Service Charges	640.97	416.63	224.34	6,136.04	5,000.00	1,136.04
	Total Expenses	148,101.97	153,513.70	(5,411.73)	1,139,287.15	1,217,968.29	(78,681.14)
	Net Income	(58,997.89)	(40,897.70)	(18,100.19)	401,902.27	179,647.71	222,254.56

Favorable variances are shown in GREEN and unfavorable variances are shown in RED.

* Budgeted amounts not evenly allocated in 2016.

Kinneloa Irrigation District Balance Sheet as of December 31, 2016

ASSETS

Current Assets

1010	Checking-Wells Fargo Bank	\$ 222,730.49
1012	Reserve Fund-LAIF	119,460.56
1014	Reserve Fund-CalTRUST	1,135,673.49
1015	Accr. Int./Price Adj.-CalTRUST	5,924.92
1016	Accrued Interest-LAIF	146.57
1050	Project Escrow Account	219,577.87
1100	Accts. Receivable-Water Sales	40,616.28
1190	Allowance for Bad Debts	(771.48)
1200	Inventory	20,000.00
1340	Accrued Water Sales	105,318.35
1350	Prepaid Insurance	9,626.75
1360	Prepaid Expenses	16,117.02

Total Current Assets

1,894,420.82

Property and Equipment

1501	Water Rights	52,060.41
1503	Land Sites	96,700.08
1504	Water Mains	2,484,918.24
1505	Water Tunnels	705,985.75
1506	K-3 Well	82,848.37
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	185,398.06
1512	Water Meters	82,819.46
1513	Electrical/Electronic Equip.	256,918.72
1514	Computer/Office Equipment	63,541.77
1515	Vehicles & Portable Equipment	242,548.91
1516	Water Company Facilities	70,422.20
1517	KID Office	54,202.92
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	1,555,035.10
1524	Constr. in Progress-East/West	713,677.13
1526	Vosburg Booster	92,180.56
1527	SCADA Equipment	254,726.63
1528	Tanks and Reservoirs	119,491.90
1529	Holly Tanks	181,113.76
1530	Tools	6,811.57
1600	Accum. Depreciation	(3,996,775.64)

Total Property and Equipment

6,037,457.93

Other Assets

1901	PERS-Deferred Outflows	32,751.00
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Total Assets

\$ 7,964,629.75

Kinneloa Irrigation District
Balance Sheet as of December 31, 2016

LIABILITIES AND CAPITAL

Current Liabilities

2000	Accounts Payable	\$ 19,454.21	
2272	Job Deposits	3,900.00	
2290	Accrued Vacation	18,237.60	
	Total Current Liabilities		41,591.81

Long-Term Liabilities

2400	Installment Purchase Agreement	2,121,675.42	
2801	PERS- Net Liability	178,176.00	
2901	PERS- Deferred Inflows	69,785.00	
	Total Long-Term Liabilities		2,369,636.42
	Total Liabilities		2,411,228.23

Capital

3040	Fund Balance	5,151,499.25	
	Net Income	401,902.27	
	Total Capital		5,553,401.52
	Total Liabilities & Capital		\$ <u><u>7,964,629.75</u></u>

Kinneloa Irrigation District
Statement of Cash Flow
For the Twelve Months Ended December 31, 2016

	Current Month	Year to Date
Cash Flows from Operating Activities		
Net Income	\$ (58,997.89)	\$ 401,902.27
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
1100 Accts. Receivable-Water Sales	7,990.45	(10,953.57)
1101 Accts. Receiv.-Service Charges	0.00	719.88
1340 Accrued Water Sales	40,513.89	(7,264.06)
1350 Prepaid Insurance	1,366.08	(160.50)
1360 Prepaid Expenses	(4,283.53)	4,140.04
2000 Accounts Payable	3,568.80	(60,289.91)
2271 Deposits-Construction Meters	0.00	(850.00)
2272 Job Deposits	900.00	(3,400.00)
2274 PGFSC Grant	0.00	(48,509.72)
	50,055.69	(126,567.84)
Total Adjustments	(8,942.20)	275,334.43
Net Cash Provided by Operations	(8,942.20)	275,334.43
Cash Flows from Investing Activities		
<i>Used for</i>		
1512 Water Meters	0.00	(1,461.25)
1514 Computer/Office Equipment	0.00	(1,652.05)
1515 Vehicles & Portable Equipment	0.00	(20,464.75)
1523 Constr. in Progress-Vosburg	(5,955.00)	(317,048.97)
1524 Constr. in Progress-East/West	(134,293.90)	(698,128.07)
1527 SCADA Equipment	0.00	(7,410.67)
1528 Tanks and Reservoirs	0.00	(21,547.51)
	(140,248.90)	(1,067,713.27)
Net Cash Used in Investing	(140,248.90)	(1,067,713.27)
Cash Flows from Financing Activities		
<i>Proceeds from</i>		
<i>Used for</i>		
2400 Installment Purchase Agreement	0.00	(119,968.60)
	0.00	(119,968.60)
Net Cash Used in Financing	0.00	(119,968.60)
Net Increase (Decrease) in Cash	\$ (149,191.10)	\$ (912,347.44)
Summary		
Cash Balance at End of Period	\$ 1,703,513.90	\$ 1,703,513.90
Cash Balance at Beg. of Period	(1,852,705.00)	(2,615,861.34)
Net Increase (Decrease) in Cash	\$ (149,191.10)	\$ (912,347.44)

Kinneloa Irrigation District
Check Register
For the Period from December 1, 2016 to December 31, 2016

Date	Check #	Payee	Amount	Description
12/2/16	8404	Perry Thomas Construction Co.	1,608.00	repair service on Pasadena Glen Rd.
12/2/16	8405	Ultimate Cleaning Solutions, Inc.	75.00	janitorial service
12/2/16	8406	Underground Service Alert	25.50	digalert and prepay for future service
12/2/16	8407	Utility Service Co., Inc.	4,284.27	tank maintenance agreement
12/15/16	EFT2953	Bernadette C. Allen	1,241.87	salary
12/15/16	EFT2954	Christopher A. Burt	2,790.90	salary
12/15/16	EFT2955	Shirley L. Burt	1,508.18	salary
12/15/16	EFT2956	Melvin L. Matthews	3,828.01	salary
12/15/16	31124676	Brian L. Fry	1,435.47	salary
12/15/16	31124677	Chris J. Mellinger	451.66	salary
12/15/16	EFT2958	Christopher A. Burt	150.00	salary
12/15/16	EFT2957	Automatic Data Processing, Inc.	75.75	payroll processing
12/15/16	EFT2959	Automatic Data Processing, Inc.	4,878.73	withholding and taxes
12/20/16	EFT2960	American Messaging Services	22.50	paggers
12/20/16	EFT2961	Arco Gaspro Plus	612.18	truck gas
12/20/16	EFT2962	Athens Services	156.57	trash pick up
12/20/16	EFT2963	CA Public Employees Ret. Sys.	3,451.84	calPERS Nov. KID & employee contributions
12/20/16	EFT2964	Century Business Solutions	343.56	banking service fee
12/20/16	EFT2965	Century Business Solutions	15.00	monthly service fee
12/20/16	EFT2966	Pasadena Municipal Services	1,450.03	electricity
12/20/16	EFT2967	Southern California Edison Co.	8,474.84	electricity
12/20/16	EFT2968	Verizon Wireless	37.91	mobile phone
12/20/16	8408	ACWA/JPIA	7,444.00	January health insurance - KID & employee
12/20/16	8409	Bernadette Allen	25.75	mileage/postage reimbursement
12/20/16	8410	AmeriPride Services	53.22	shop towel service
12/20/16	8411	BrightView Landscape Services	1,490.00	landscape maintenance
12/20/16	8412	Shirley Burt	15.50	mileage reimbursement
12/20/16	8413	City of Alhambra	63,135.00	2016-17 water rights lease, 207 af
12/20/16	8414	Civiltec Engineering, Inc.	840.00	engineering svc. water main to KC Rd.
12/20/16	8415	CLA-VAL	2,341.92	cla-val preventative maint. Vosburg/Glen Res.
12/20/16	8416	Clinical Laboratory, SB	24.00	water sample analysis
12/20/16	8417	Eurofins Eaton Analytical, Inc.	118.80	water sample analysis
12/20/16	8418	Foothill Municipal Water District	693.73	administrative fee
12/20/16	8419	Lagerlof,Senecal,Gosney & Kruse	654.95	public water agencies group 1/16th share
12/20/16	8420	Lagerlof,Senecal,Gosney & Kruse	200.00	review emails/transmittals, receive release, transmit check
12/20/16	8421	Perry Thomas Construction Co.	1,176.14	main line leak repair Glen Res. Bst.
12/20/16	8422	Useware, Inc.	3,920.00	Utility Star annual support/maint./hosting and database maintenance services fee
12/20/16	8423	Western Water Works	328.10	parts for stock and villa knolls leak repair

Kinneloa Irrigation District
Check Register
For the Period from December 1, 2016 to December 31, 2016

Date	Check #	Payee	Amount	Description
12/29/16	EFT2969	Bank of the West Business Card	285.54	see attached schedule - November
12/29/16	EFT2970	Charter Communications	330.96	internet and telephone
12/29/16	8424	California Special Districts Assoc.	3,208.00	membership dues 2017
12/29/16	8425	Eurofins Eaton Analytical, Inc.	105.60	water sample analysis
12/29/16	8426	General Pump Company	147.00	Glen Res B1 maint. Service
12/29/16	8427	General Pump Company	735.00	Vosburg Res B1, B2, B3 maint. Service
12/29/16	8428	General Pump Company	882.00	Wilcox Res B2 maint. Service
12/29/16	8429	Lagerlof, Senecal, Gosney & Kruse	322.94	PWAG website-related fees 1/13 share
12/29/16	8430	Western Water Works	1,866.08	meter boxes/lids, steel couplings
12/31/16	EFT2971	Bernadette C. Allen	1,311.37	salary
12/31/16	EFT2972	Christopher A. Burt	2,938.79	salary
12/31/16	EFT2973	Shirley L. Burt	1,512.15	salary
12/31/16	EFT2974	Francis J. Griffith	92.35	salary
12/31/16	EFT2975	Gerrie G. Kilburn	92.35	salary
12/31/16	EFT2976	Melvin L. Matthews	3,534.91	salary
12/31/16	EFT2977	Arthur W. Opel	92.35	salary
12/31/16	31161157	Brian L. Fry	1,842.49	salary
12/31/16	31161158	Chris J. Mellinger	393.58	salary
12/31/16	EFT2978	Christopher A. Burt	150.00	salary
12/31/16	EFT2979	Automatic Data Processing, Inc.	75.75	payroll processing
12/31/16	EFT2980	Automatic Data Processing, Inc.	5,725.12	withholding and taxes
Total			<u>145,023.21</u>	

**Credit Card Detail Bank of the West
November 2016**

(Expenses incurred/billed in November and due/paid in December.)

Acct. No.	Account Description	Additional Description	BCA	CAB	SLB	BLF	MLM	CJM	TOTAL
5010	Maintenance Supplies	oil containers; distilled water for batteries		\$43.58		\$7.95			\$51.53
5012	Safety Equipment								\$0.00
5022	Training/Certification								\$0.00
5025	Water Treatment/Analysis								\$0.00
5035	Vehicle Maintenance	2008-02 smog inspection; wiper blades, anti-freeze				\$70.00	\$34.52		\$104.52
5036	Fuel								\$0.00
6017	Adm. Travel								\$0.00
6021	Adm. & Bd. Exp.								\$0.00
6035	Office/Computer Supplies	usb flash drives		\$54.49					\$54.49
6036	Postage/Delivery								\$0.00
6040	Professional Dues								\$0.00
6050	Telephone	answering service					\$75.00		\$75.00
6051	Mobile Phone								\$0.00
6053	Internet Service								\$0.00
6059	Computer/Software Maint.								\$0.00
6061	Office Equipment Maint.								\$0.00
6075	Outside Services								\$0.00
6081	Permits/Fees								\$0.00
TOTAL			\$0.00	\$98.07	\$0.00	\$77.95	\$109.52	\$0.00	\$285.54

Kinneloa Irrigation District - Project Escrow Account
Check Register
For the Period from December 1, 2016 to December 31, 2016

Date	Check #*	Payee	Amount	Description
12/6/16	4099	Civiltec Engineering, Inc.	2,145.00	Vosburg pump station replacement - extra work
12/22/16	4116	Civiltec Engineering, Inc.	5,955.00	Vosburg pump station replacement - As-Builts
12/30/16	4121	Perry Thomas Construction Co., Inc	134,293.90	East Tank-West Tank connector pipeline project progress billing 3
Total			<u>142,393.90</u>	

* Check numbers assigned by the banking institution and may not be consecutive.