

**KINNELOA IRRIGATION DISTRICT
SPECIAL MEETING – BOARD OF DIRECTORS
1999 KINCLAIR DRIVE, PASADENA, CA 91107
FRIDAY – AUGUST 26, 2011
8:30 A.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. PRESENTATION AND DISCUSSION OF YEAR 2012 PROPOSED BUDGET**

- 4. CALENDAR** – September 20, 2011—Regular Meeting
October 18, 2011—Regular Meeting
November 15, 2011—Regular Meeting

- 5. 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 <http://www.kinneloairrigationdistrict.info>.



Memo

Date: August 26, 2011
To: Board of Directors
From: Mel Matthews
Subject: Proposed Budget for 2012

The *Kinneloa Irrigation District 2012 Budget Worksheet*, *Kinneloa Irrigation District 2012 Budget and Financial Summary for 2002-2011* and the *Kinneloa Irrigation District Proposed 2012 Budget* are included in your agenda packet. The general format of these documents is similar to previous years but I now include a “notes” column on the worksheet to explain changes from the 2011 Budget and I have made some formatting changes on the budget and financial summary to make it easier to read.

The *Budget Worksheet* is the primary document for review and discussion at today’s meeting. The *Financial Summary* is provided for reference and provides a comparison to the forecasted results for 2011 and the actual results for nine prior years. The *Proposed Budget* will become the published budget document for the District when the budget is finalized and approved by the Board.

Overall, the 2012 budget is similar to 2011 in that many categories of revenue and expenses are unchanged. The revenue section is based on a reduction in the forecasted water sales from 271,000 units to 260,804 units to reflect the continued conservation trend. For the initial discussion of the budget, I have kept the commodity rate at \$2.95 per unit and the fixed monthly service charge at \$49.00. Although there are an infinite number of possible rates, to generate a greater net cash flow to fund capital improvement projects, my initial proposal is consistent with our operational revenue needs and still encourages our goal of increasing water efficiency to reduce our possible need for higher-cost supplemental water. Two years ago we made a substantial increase in the fixed monthly service charge because it was a more certain stream of incremental revenue and was justified based on our fixed costs and expenditures for capital improvement projects. Last year we increased the commodity charge to reflect the incremental increase in variable costs because of the need to lease additional water rights and/or purchase supplemental water to make up for the decrease in our pumping rights in the Raymond Basin.

The expense section shows a net increase for 2012 with the explanatory notes for each increase and decrease. The largest increases are for purchase of leased pumping rights, replacement of the billing software and for engineering services for design of projects that will be recommended in future years.

The “other expenditures” section lists possible projects for 2012 with a total amount much less than in 2011 to reflect the completion of several major projects and to reflect the staff’s recommendation to use 2012 as a “catch-up” year on various deferred maintenance projects as well as to get started on the planning and design of future projects. An updated list will be provided later in the year.

Kinneloa Irrigation District 2012 Budget Worksheet

| Account | Account Description | 2011 Budget | 2011 FYE Forecast as of 7/31/2011 | Proposed 2012 Budget | Variance of Proposed 2012 Budget to 2011 Budget | Notes |
|---------------------------------|---------------------------------|------------------|--|-------------------------|--|--|
| 4000 | Water Sales | 1,152,250 | 1,111,572 | 1,111,000 | -41,250 | Budgeted revenue reflects increased customer conservation but does not reflect any rate change. |
| 4015 | Wholesale Water Sales | 0 | 135,246 | 0 | 0 | Income from wholesale water sales was not budgeted since available water is uncertain until late in the calendar year. |
| 4020 | Service Charges | 10,000 | 10,000 | 10,000 | 0 | |
| 4035 | Interest-Reserve Fund | 7,200 | 4,932 | 4,000 | -3,200 | Reduced to reflect lower reserve fund level and rates. |
| 4050 | Capacity Charge | 12,000 | 0 | 0 | -12,000 | Reduced to zero due to delay in Doyne Road project. |
| Total Income | | 1,181,450 | 1,261,750 | 1,125,000 | -56,450 | |
| 5000 | Leased Water Rights | 28,000 | 28,000 | 38,000 | 10,000 | Additional 30 AF to reflect reduced pumping rights in 2012. |
| 5005 | Electricity | 99,000 | 89,303 | 99,000 | 0 | |
| 5010 | Maintenance Supplies | 28,000 | 32,188 | 30,000 | 2,000 | Increased to reflect higher costs from suppliers. |
| 5012 | Safety Equipment | 2,400 | 1,171 | 1,600 | -800 | Decreased to reflect current maintenance costs. |
| 5015 | Operations/Maintenance Labor | 160,500 | 174,353 | 160,500 | 0 | |
| 5020 | Stand-by Compensation | 7,500 | 7,355 | 7,500 | 0 | |
| 5022 | Training/Certification | 2,400 | 1,253 | 1,600 | -800 | Reduced to reflect free online training from ACWA/JPIA. |
| 5025 | Water Treatment/Analysis | 22,000 | 21,522 | 22,000 | 0 | |
| 5030 | Maintenance Contractors | 117,000 | 98,753 | 117,000 | 0 | |
| 5034 | Equipment Maintenance | 6,000 | 4,984 | 6,000 | 0 | |
| 5035 | Vehicle Maintenance | 3,600 | 7,308 | 6,000 | 2,400 | Increased to reflect current costs. |
| 5036 | Fuel - All Equipment | 12,000 | 13,746 | 15,000 | 3,000 | Increased to reflect higher fuel prices and greater use of '99. |
| 5040 | Equipment Rental | 500 | 0 | 500 | 0 | |
| 5045 | Insurance-Workers Comp. | 12,000 | 1,660 | 12,000 | 0 | |
| 5046 | Insurance-Liability | 22,000 | 21,779 | 22,000 | 0 | |
| 5048 | Insurance-Property | 2,500 | 1,945 | 2,500 | 0 | |
| 5049 | Insurance-Medical | 38,000 | 41,236 | 44,000 | 6,000 | Increased to reflect expected rates for 2012. |
| 6000 | Engineering Services | 24,000 | 10,259 | 45,000 | 21,000 | Increased for design work on 2013-2015 projects. |
| 6005 | Watermaster Services | 12,000 | 10,584 | 12,000 | 0 | |
| 6015 | Administrative Salary | 125,500 | 121,256 | 125,500 | 0 | |
| 6016 | Administrative Bonus | 0 | 3,000 | 0 | 0 | |
| 6017 | Administrative Travel | 5,000 | 4,864 | 5,000 | 0 | |
| 6020 | BofD Compensation | 7,000 | 4,900 | 5,600 | -1,400 | Reduced because a board member declines compensation. |
| 6021 | Administrative & Board Expense | 2,500 | 2,630 | 2,500 | 0 | |
| 6022 | Board of Directors Election | 0 | 0 | 0 | 0 | |
| 6024 | Customer/Public Info. Prog. | 4,000 | 3,314 | 4,000 | 0 | |
| 6025 | PERS - KID | 12,900 | 12,537 | 14,000 | 1,100 | Increased to reflect CalPERS employer rate increase. |
| 6030 | Social Security - KID | 27,300 | 27,437 | 29,000 | 1,700 | Increased to reflect expected salaries for 2012 |
| 6035 | Office Supplies | 9,000 | 7,548 | 9,000 | 0 | |
| 6036 | Postage/Delivery | 6,000 | 5,641 | 6,000 | 0 | |
| 6040 | Professional Dues | 7,000 | 7,285 | 7,500 | 500 | Increased to reflect expected dues increase. |
| 6045 | Legal Services | 15,000 | 6,858 | 15,000 | 0 | |
| 6050 | Telephone | 4,000 | 5,441 | 5,500 | 1,500 | |
| 6051 | Mobile Telephone | 1,800 | 2,493 | 2,500 | 700 | Increased because data services were added in June 2011. |
| 6052 | Pagers | 240 | 228 | 240 | 0 | |
| 6053 | Internet Service | 1,000 | 939 | 1,500 | 500 | Increased for dedicated web server and SSL security. |
| 6059 | Computer/Software Maintenance | 10,000 | 5,377 | 27,000 | 17,000 | Increased to include replacement of billing system software. |
| 6061 | Office Equipment Maintenance | 1,000 | 817 | 1,000 | 0 | |
| 6065 | Accounting Services | 7,000 | 6,200 | 7,000 | 0 | |
| 6070 | Office Labor | 48,000 | 45,992 | 48,000 | 0 | |
| 6075 | Outside Services | 20,000 | 16,577 | 20,000 | 0 | |
| 6080 | Capital and Administrative Fee | 0 | -565 | 7,369 | 7,369 | FMWD Administrative Fee added in 2012. |
| 6081 | Permits/Fees | 2,500 | 1,365 | 2,500 | 0 | |
| 6120 | Bank Service Charges | 3,000 | 2,454 | 3,000 | 0 | |
| Total Expenses | | 919,140 | 861,987 | 990,909 | 71,769 | |
| NET REVENUES | | 262,310 | 399,763 | 134,091 | -128,219 | |
| Other Expenditures | | | | | 0 | |
| 1504 | Mains | 255,000 | 466,862 | 0 | -255,000 | No pipeline projects are planned for 2012. |
| 1506 | K-3 Well | 15,000 | 12,615 | 0 | -15,000 | Project was completed in 2011. |
| 1509 | Wilcox Well/Wilcox Booster | 15,000 | 0 | 7,500 | -7,500 | Additional Wilcox booster work postponed to future year. |
| 1511 | Water Treatment Plant | 5,400 | 6,039 | 5,400 | 0 | |
| 1512 | Meter Replacement | 20,000 | 11,437 | 20,000 | 0 | |
| 1513 | Electrical/Electronic Equipment | 25,000 | 25,000 | 25,000 | 0 | |
| 1514 | Computer/Office Equipment | 5,000 | 3,994 | 5,000 | 0 | |
| 1516 | Water Company Facilities | 15,000 | 15,000 | 20,000 | 5,000 | Increased for major tree trimming and brush clearance. |
| 1520 | Glen Reservoir/Booster | 16,000 | 0 | 0 | -16,000 | Booster rebuild project was completed in 2011. |
| 1522 | Eucalyptus Booster Station | 30,000 | 0 | 0 | -30,000 | Eucalyptus booster work postponed to future year. |
| 1527 | SCADA | 12,000 | 13,853 | 12,000 | 0 | |
| 1530 | Tools | 2,400 | 2,281 | 2,400 | 0 | |
| 2400 | Truck Installment Payment | 19,881 | 19,881 | 19,881 | 0 | |
| Total Other Expenditures | | 435,681 | 576,962 | 117,181 | -318,500 | |
| NET CASH FLOW | | -173,371 | -177,199 | 16,910 | 190,281 | |

Kinneloa Irrigation District 2012 Budget and Financial Summary for 2002-2011

| Account | Account Description | 2012 Budget | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---------|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|----------------|----------------|----------------|
| 4000 | Water Sales | 1,111,000 | 1,111,572 | 1,047,669 | 1,067,181 | 1,041,070 | 1,058,970 | 1,012,324 | 837,047 | 852,381 | 822,802 | 825,906 |
| 4015 | Wholesale Water Sales | 0 | 135,246 | 61,591 | 19,815 | 0 | 121,794 | 108,440 | 0 | 0 | 0 | 0 |
| 4020 | Service Charges | 10,000 | 10,000 | 5,110 | 5,340 | 10,752 | 12,514 | 25,837 | 16,181 | 5,340 | 0 | 0 |
| 4025 | Asset Sale | 0 | 0 | 15,260 | 0 | 1,300 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4030 | Interest-General Fund | 0 | 0 | 0 | 0 | 11 | 77 | 77 | 49 | 34 | 43 | 178 |
| 4035 | Interest-Reserve Fund | 4,000 | 4,932 | 6,557 | 11,683 | 27,599 | 21,887 | 18,810 | 9,455 | 8,150 | 15,321 | 19,642 |
| 4037 | Interest-Bank of America | 0 | 0 | 0 | 0 | | 27 | 56 | 20 | 0 | 0 | 0 |
| 4050 | Capacity Charge | 0 | 0 | 0 | 0 | | 3,000 | 0 | 0 | 3,000 | 0 | 6,000 |
| 4060 | Disaster Assistance | 0 | 0 | 0 | 0 | | 185,882 | 5,770 | 85,278 | 0 | 0 | 0 |
| | Total Income | 1,125,000 | 1,261,750 | 1,136,187 | 1,104,019 | 1,080,732 | 1,404,151 | 1,171,314 | 948,030 | 868,905 | 838,166 | 851,726 |
| 5000 | Leased Water Rights | 38,000 | 28,000 | 18,600 | 10,000 | 0 | 0 | 0 | 30,000 | 30,228 | 4,533 | 73 |
| 5005 | Electricity | 99,000 | 89,303 | 89,876 | 91,391 | 87,993 | 109,234 | 105,330 | 56,499 | 92,389 | 100,352 | 107,978 |
| 5010 | Maintenance Supplies | 30,000 | 32,188 | 71,461 | 39,242 | 92,528 | 13,594 | 18,925 | 14,891 | 12,972 | 51,954 | 23,121 |
| 5012 | Safety Equipment | 1,600 | 1,171 | 4,351 | 4,845 | 1,957 | 1,370 | 2,126 | 780 | 975 | 0 | 5,540 |
| 5015 | Operations & Maintenance La | 160,500 | 174,353 | 150,901 | 150,283 | 154,309 | 165,000 | 158,510 | 152,358 | 143,303 | 125,860 | 117,878 |
| 5020 | Stand-by Compensation | 7,500 | 7,355 | 7,260 | 7,590 | 7,470 | 8,880 | 10,950 | 10,950 | 10,980 | 10,980 | 10,950 |
| 5022 | Training/Certification | 1,600 | 1,253 | 403 | 613 | 1,595 | 1,888 | 2,155 | 1,249 | 1,999 | 355 | 330 |
| 5025 | Water Treatment/Analysis | 22,000 | 21,522 | 17,521 | 21,979 | 19,765 | 17,419 | 21,537 | 16,814 | 16,525 | 16,062 | 13,434 |
| 5030 | Maintenance Contractors | 117,000 | 98,753 | 87,678 | 108,171 | 180,625 | 40,819 | 61,078 | 54,781 | 25,324 | 59,110 | 27,656 |
| 5034 | Equipment Maintenance | 6,000 | 4,984 | 2,308 | 6,412 | 2,485 | 2,857 | 1,895 | 0 | 0 | 0 | 0 |
| 5035 | Vehicle Maintenance | 6,000 | 7,308 | 2,876 | 3,751 | 5,305 | 7,653 | 8,576 | 10,811 | 8,941 | 7,243 | 5,804 |
| 5036 | Fuel - All Equipment | 15,000 | 13,746 | 8,850 | 10,318 | 9,023 | 7,548 | 8,899 | 4,892 | 6,288 | 6,059 | 5,600 |
| 5037 | Truck Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 904 | 6,122 | 6,129 |
| 5040 | Equipment Rental | 500 | 0 | 0 | 0 | 0 | 500 | 0 | 0 | 118 | 1,130 | -239 |
| 5045 | Insurance-Workers Comp. | 12,000 | 1,660 | 1,845 | 6,072 | 11,142 | 15,684 | 12,091 | 11,747 | 13,504 | 14,430 | 12,017 |
| 5046 | Insurance-Liability | 22,000 | 21,779 | 18,269 | 17,411 | 12,635 | 14,087 | 14,555 | 14,089 | 12,691 | 13,531 | 11,421 |
| 5048 | Insurance-Property | 2,500 | 1,945 | 1,619 | 2,010 | 2,041 | 2,323 | 3,353 | 2,210 | 2,149 | 1,752 | 1,078 |
| 5049 | Insurance-Medical | 44,000 | 41,236 | 37,631 | 39,614 | 34,554 | 35,166 | 36,639 | 32,042 | 30,175 | 22,561 | 20,019 |
| 5608 | Bond Admin. Office Labor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,249 | 0 | 0 | 0 |
| 6000 | Engineering | 45,000 | 10,259 | 16,486 | 31,797 | 24,239 | 4,938 | 22,142 | 10,215 | 2,265 | 2,812 | 1,182 |
| 6005 | Watermaster Services | 12,000 | 10,584 | 10,701 | 12,999 | 9,512 | 7,955 | 7,366 | 6,936 | 2,092 | 2,300 | 2,217 |
| 6007 | RBMB Ground Water Study | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,243 | 0 | 0 |
| 6010 | Telemetry | 0 | 0 | 0 | 0 | 713 | 822 | 799 | 718 | 817 | 2,812 | 1,182 |
| 6015 | Administrative Salary | 125,500 | 121,256 | 120,053 | 123,016 | 97,493 | 87,093 | 82,162 | 77,718 | 72,206 | 72,778 | 69,048 |

| | | | | | | | | | | | | |
|------|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 6016 | Administrative Bonus | 0 | 3,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 6017 | Administrative Travel | 5,000 | 4,864 | 3,945 | 4,292 | 3,176 | 3,455 | 2,299 | 1,857 | 1,935 | 4,800 | 2,800 |
| 6018 | Administrative PERS | 0 | 0 | 0 | 0 | 5,692 | 5,560 | 6,089 | 4,879 | 4,789 | 4,956 | 4,686 |
| 6020 | BofD Compensation | 5,600 | 4,900 | 6,000 | 6,200 | 5,900 | 6,500 | 5,300 | 6,000 | 6,800 | 7,100 | 7,400 |
| 6021 | Administrative & Board Exp. | 2,500 | 2,630 | 1,701 | 1,484 | 2,354 | 2,648 | 1,539 | 1,863 | 2,437 | 2,621 | 686 |
| 6022 | B of D Election | 0 | 0 | 33 | 0 | 12,502 | 0 | 9 | 0 | 10 | 0 | 0 |
| 6023 | B of D Meeting Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 | 0 | 0 |
| 6024 | Customer/Public Info. Prog. | 4,000 | 3,314 | 1,404 | 2,223 | 1,525 | 3,061 | 1,722 | 3,436 | 2,254 | 1,077 | 0 |
| 6025 | PERS - KID | 14,000 | 12,537 | 11,083 | 12,039 | 11,510 | 9,563 | 10,540 | 6,189 | 2,202 | 0 | 0 |
| 6030 | Social Security - KID | 29,000 | 27,437 | 24,651 | 24,401 | 23,651 | 24,038 | 22,932 | 22,052 | 21,036 | 20,203 | 19,260 |
| 6035 | Office Supplies | 9,000 | 7,548 | 5,579 | 6,421 | 8,008 | 6,799 | 9,378 | 7,014 | 7,597 | 8,593 | 8,960 |
| 6036 | Postage/Delivery | 6,000 | 5,641 | 3,739 | 3,856 | 3,684 | 3,883 | 4,777 | 3,732 | 3,958 | 3,376 | 3,120 |
| 6040 | Professional Dues | 7,500 | 7,285 | 5,313 | 4,723 | 6,739 | 6,085 | 2,929 | 4,032 | 4,789 | 3,746 | 3,457 |
| 6045 | Legal | 15,000 | 6,858 | 3,997 | 7,825 | 5,458 | 4,973 | 6,193 | 5,493 | 10,394 | 24,476 | 10,668 |
| 6002 | Environmental | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29,832 |
| 6050 | Telephone | 5,500 | 5,441 | 3,737 | 5,438 | 5,222 | 4,876 | 6,451 | 6,492 | 6,362 | 7,454 | 7,091 |
| 6051 | Mobile Telephone | 2,500 | 2,493 | 1,494 | 1,716 | 1,870 | 2,110 | 1,940 | 2,581 | 2,972 | 2,538 | 2,137 |
| 6052 | Pagers | 240 | 228 | 227 | 1,438 | 1,598 | 1,624 | 1,536 | 1,511 | 1,713 | 1,914 | 1,757 |
| 6053 | Internet Service | 1,500 | 939 | 774 | 779 | 884 | 868 | 823 | 900 | 937 | 821 | 666 |
| 6059 | Computer/Software Maintenance | 27,000 | 5,377 | 7,169 | 5,990 | 4,338 | 5,528 | 7,884 | 8,200 | 3,774 | 9,450 | 0 |
| 6060 | Office Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,887 | 3,781 | 3,682 | 19,923 |
| 6061 | Office Equipment Maintenance | 1,000 | 817 | 0 | 950 | 1,214 | 1,518 | 656 | 296 | 880 | 1,012 | 6,262 |
| 6065 | Accounting Services | 7,000 | 6,200 | 6,200 | 4,800 | 6,200 | 4,800 | 6,000 | 5,900 | 5,900 | 4,900 | 5,800 |
| 6070 | Office Labor | 48,000 | 45,992 | 45,226 | 45,399 | 45,465 | 45,648 | 43,317 | 41,233 | 40,740 | 38,330 | 35,543 |
| 6075 | Outside Services | 20,000 | 16,577 | 9,839 | 16,306 | 21,973 | 18,673 | 17,213 | 10,885 | 16,187 | 18,828 | 24,366 |
| 6080 | Capital Improvement Fee | 7,369 | -565 | 6,746 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6081 | Permits/Fees | 2,500 | 1,365 | 5,092 | 4,736 | 7,989 | 1,417 | 1,035 | 1,906 | 597 | 0 | 0 |
| 6087 | Bad Debt | 0 | 0 | 0 | 7,018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6086 | Taxes - Sales | 0 | 0 | 0 | 0 | 0 | 0 | 785 | 649 | 0 | 0 | 0 |
| 6088 | Interest Expense | 0 | 0 | 3,368 | 4,117 | 0 | 0 | 0 | 108 | 2 | 0 | 0 |
| 6120 | Bank Service Charges | 3,000 | 2,454 | 2,551 | 3,511 | 2,458 | 1,142 | 1,938 | 997 | 946 | 0 | 0 |
| | Total Expenses | 990,909 | 861,987 | 828,558 | 863,177 | 944,791 | 709,599 | 742,373 | 661,041 | 644,230 | 692,613 | 636,832 |
| | NET REVENUES | 134,091 | 399,763 | 307,628 | 240,842 | 135,941 | 694,552 | 428,941 | 286,989 | 224,675 | 145,553 | 214,894 |

| Capital and Planned Maintenance Expenditures | | | | | | | | | | | | |
|---|---------------------------------|----------------|-----------------|----------------|-----------------|---------------|----------------|----------------|----------------|-----------------|-----------------|----------------|
| 1200 | Inventory | 0 | 0 | 0 | 0 | 0 | 6,161 | 9,100 | 6,231 | 0 | 0 | 0 |
| 1504 | Mains | 0 | 466,862 | 12,174 | 458,567 | 178,268 | 169,000 | 2,788 | 12,933 | 363,421 | 131,433 | 33,555 |
| 1505 | Tunnel Lines | 0 | 0 | 0 | 0 | 0 | 123,126 | 98,433 | 0 | 0 | 30,180 | 0 |
| 1506 | K-3 Well | 0 | 12,615 | 0 | 0 | 0 | 0 | 0 | 58,595 | 0 | 0 | 0 |
| 1509 | Wilcox Well/Wilcox Booster | 7,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1511 | Water Treatment Plant | 5,400 | 6,039 | 0 | 0 | 13,845 | 5,477 | 13,009 | 0 | 0 | 23,828 | 0 |
| 1512 | Trans. & Dist. Meters | 20,000 | 11,437 | 0 | 5,938 | 0 | 5,542 | 3,867 | 510 | 5,336 | 0 | 0 |
| 1513 | Electrical/Electronic Equipme | 25,000 | 25,000 | 4,432 | 8,522 | 11,722 | 27,977 | 18,595 | 0 | 0 | 0 | 5,900 |
| 1514 | Computer/Office Equipment | 5,000 | 3,994 | 7,500 | 0 | -10,669 | 2,975 | 0 | 2,708 | 0 | 0 | 0 |
| 1515 | Vehicles & Portable Equipme | 0 | 0 | 41,532 | 17,389 | 70,678 | 45,000 | 0 | 0 | 0 | 0 | 0 |
| 1516 | Water Company Facilities | 20,000 | 15,000 | 0 | 21,000 | 2,489 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1517 | Office | 0 | 0 | 0 | 0 | 0 | 8,000 | 7,998 | 0 | 0 | 0 | 0 |
| 1520 | Glen Reservoir/Booster | 0 | 0 | 0 | | | | | | | | |
| 1522 | Eucalyptus Booster | 0 | 0 | 28,471 | 0 | 0 | 0 | 0 | 0 | 0 | 61,851 | 1,500 |
| 1523 | Construction in Progress | 0 | 0 | 17,074 | 0 | -128,392 | | | | | | |
| 1526 | Vosburg Booster | | 0 | 0 | 0 | 0 | 0 | 12,590 | 0 | 0 | 0 | 0 |
| 1527 | SCADA | 12,000 | 13,853 | 14,167 | 10,189 | 29,136 | 6,809 | 16,435 | 710 | 0 | 38,098 | 53,905 |
| 1530 | Tools | 2,400 | 2,281 | 2,450 | | | | | | | | |
| 1528 | Tank and Reservoir Maintenan | 0 | 0 | 0 | 15,375 | 0 | 130,525 | 150,296 | 29,456 | 180,804 | 53,514 | 5,171 |
| 2400 | Truck Installment Payment | 19,881 | 19,881 | 16,513 | 15,764 | -86,672 | | | | | | |
| | Total Other Expenditures | 117,181 | 576,962 | 144,313 | 552,744 | 80,405 | 530,592 | 333,111 | 111,143 | 549,561 | 338,904 | 100,031 |
| | | | | | | | | | | | | |
| | NET CASH FLOW | 16,910 | -177,199 | 163,315 | -311,902 | 55,536 | 163,960 | 95,830 | 175,846 | -324,886 | -193,351 | 114,863 |

Kinneloa Irrigation District Proposed 2012 Budget

Monthly Service Charge \$49.00
Commodity Charge \$2.95 per CCF

| Account | Account Description | Budget |
|-----------------------|----------------------------------|------------------|
| 4000 | Water Sales | 1,111,000 |
| 4020 | Service Charges | 10,000 |
| 4035 | Interest-Reserve Fund | 4,000 |
| Total Income | | 1,125,000 |
| 5000 | Leased Water Rights | 38,000 |
| 5005 | Electricity | 99,000 |
| 5010 | Maintenance Supplies | 30,000 |
| 5012 | Safety Equipment | 1,600 |
| 5015 | Operations & Maintenance Labor | 160,500 |
| 5020 | Stand-by Compensation | 7,500 |
| 5022 | Training/Certification | 1,600 |
| 5025 | Water Treatment/Analysis | 22,000 |
| 5030 | Maintenance Contractors | 117,000 |
| 5034 | Equipment Maintenance | 6,000 |
| 5035 | Vehicle Maintenance | 6,000 |
| 5036 | Fuel - All Equipment | 15,000 |
| 5040 | Equipment Rental | 500 |
| 5045 | Insurance-Workers Compensation | 12,000 |
| 5046 | Insurance-Liability | 22,000 |
| 5048 | Insurance-Property | 2,500 |
| 5049 | Insurance-Medical | 44,000 |
| 6000 | Engineering Services | 45,000 |
| 6005 | Watermaster | 12,000 |
| 6015 | Administrative Salary | 125,500 |
| 6017 | Administrative Travel | 5,000 |
| 6020 | Board of Directors Compensation | 5,600 |
| 6021 | Administrative & Board Expenses | 2,500 |
| 6024 | Customer/Public Information Proj | 4,000 |
| 6025 | PERS - KID | 14,000 |
| 6030 | Social Security - KID | 29,000 |
| 6035 | Office Supplies | 9,000 |
| 6036 | Postage/Delivery | 6,000 |
| 6040 | Professional Dues | 7,500 |
| 6045 | Legal Services | 15,000 |
| 6050 | Telephone | 5,500 |
| 6051 | Mobile Telephone | 2,500 |
| 6052 | Pagers | 240 |
| 6053 | Internet Service | 1,500 |
| 6059 | Computer/Software Maintenance | 27,000 |
| 6061 | Office Equipment Maintenance | 1,000 |
| 6065 | Accounting Services | 7,000 |
| 6070 | Office Labor | 48,000 |
| 6075 | Outside Services | 20,000 |
| 6080 | Capital Improvement Fee | 7,369 |
| 6081 | Permits/Fees | 2,500 |
| 6120 | Bank Service Charges | 3,000 |
| Total Expenses | | 990,909 |
| NET REVENUES | | 134,091 |

| | |
|--|-------------|
| Water Sales, Units | 260,804 |
| Rate Per Unit | \$2.95 |
| Annual Commodity Revenue | \$769,372 |
| Monthly Service Charge | \$49.00 |
| Annual DSC Revenue | \$341,628 |
| Total Annual Water Sales | \$1,111,000 |
| Other Annual Revenue | \$14,000 |
| Total Annual Revenue | \$1,125,000 |
| Total Expenses | \$990,909 |
| Net Revenues | \$134,091 |
| Capital Improvement Projects | \$117,181 |
| Annual Net Cash Flow | \$16,910 |
| Average Monthly Charge for Low Usage | \$79 |
| Average Monthly Charge for Medium Usage | \$197 |
| Average Monthly Charge for High Usage | \$787 |
| Reserve Fund Balance (Beginning) | \$376,600 |
| Reserve Fund Balance (Year End) | \$393,510 |

Rate History

| Implementation Date | DSC Chg. | Com.Chg. |
|---------------------|----------|----------|
| 1/1/89 | \$20.00 | \$0.85 |
| 1/1/91 | \$20.00 | \$1.10 |
| 5/1/93 | \$20.00 | \$1.60 |
| 4/5/01 | \$30.00 | \$1.90 |
| 1/6/03 | \$30.00 | \$1.95 |
| 1/1/05 | \$30.00 | \$2.05 |
| 1/1/06 | \$34.00 | \$2.30 |
| 1/1/07 | \$36.00 | \$2.42 |
| 1/1/09 | \$41.00 | \$2.55 |
| 1/1/10 | \$49.00 | \$2.75 |
| 1/1/11 | \$49.00 | \$2.95 |

Recommended Expenditures for Capital Improvement Projects

| | | |
|---------------------------------|---------------------------------|----------------|
| 1509 | Wilcox Well/Wilcox Booster | 7,500 |
| 1511 | Water Treatment Plant | 5,400 |
| 1512 | Meter Replacement | 20,000 |
| 1513 | Electrical/Electronic Equipment | 25,000 |
| 1514 | Computer/Office Equipment | 5,000 |
| 1516 | Facilities | 20,000 |
| 1527 | SCADA | 12,000 |
| 1530 | Tools | 2,400 |
| 2400 | Truck Installment Sale Payment | 19,881 |
| Total Other Expenditures | | 117,181 |
| NET CASH FLOW | | 16,910 |

Replace/Repair well depth line and/or transducer
Upgrade Cl₂ Analyzers
Meter Replacement Program
Facility Electrical Projects
Replace Obsolete Computers and Other Equipment
Facility Improvement and Maintenance Projects
SCADA Improvement and Maintenance Projects
Purchase/Replace Non-Expendable Tools
Annual Payment for Two Trucks Purchased in 2008



Able Software, Inc.

Utility Billing Software Proposal For

Kinneloa Irrigation District

Utility Star Customer Information and Billing System Options Proposal

August 17, 2011

August 17, 2011

Melvin Matthews
Kinneloa Irrigation District
1999 Kinclair Drive
Pasadena, CA 91107

Dear Melvin:

Able Software presents **UTILITY STAR BASIC® (USB)** billing software and the **CustomerDirect** online payment system for your consideration. ASI offers proven technology, an improved user interface, advanced software tools and considerable experience in utility billing system migration projects.

Our state-of-the-art **UTILITY STAR BASIC®** billing system utilizes a modular software system platform and is designed to be a fully customizable utility billing solution. Open-ended design and flexible (MS SQL) database technology allows for customization to accommodate your specific requirements, offering major advantages compared to your current billing software system.

We'll ensure your organization receives maximum value from your investment. Our services include:

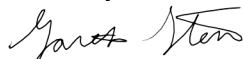
- Complete web portal design and ongoing hosting services
- Comprehensive user training for our **UTILITY STAR BASIC®** software
- Comprehensive user training for our **CustomerDirect** online payment system
- Ongoing customer/technical support services via phone, web, and e-mail

The process of migrating to the Able Software system platform is rather straightforward and shouldn't adversely impact your current utility billing process. **Kinneloa Irrigation District's** existing data and reports can be migrated over to our billing system and many new report formats may be added as well. The result will be a more fully functional and flexible utility billing system.

There are various pricing options available for consideration. For example, there's a significant product discount when bundling the utility billing software system with our online bill payment system, which we can review together. We are also amenable to working out various payment options, to accommodate limited budget funding availability.

We look forward to the opportunity to work with you and your staff to improve your utility billing system process functionality and efficiency.

Sincerely,



Garth Stern
Able Software, Inc.

UTILITY STAR BASIC® Edition Advantages

- **SQL Database Support:** One of the major advantages of Utility Star Basic (USB) is the Microsoft SQL Database Engine. SQL is both stable and secure, which minimizes any chance of data corruption due to power outages, a Windows system freeze or other events that can interrupt billing processes or cause a shutdown. Data recovery is a major advantage with Utility Star Basic. It also provides greater data storage without affecting performance. Many years of history can be stored without having to archive transactions.
- **Streamlined System Updates:** USB employs a “Live Update” service similar to many popular software products (such as Norton Antivirus). A “Live Update” Server application allows your system administrator to centrally manage update deployment for all running copies of USB.
- **Report Template and Report Designer:** There are **over 200** user report formats now available with USB. There’s also a custom report designer utility which allows users to modify and/or create new reports.
- **Efficient Processing Performance:** USB runs payment posting, adjustment posting, and billing processes much faster. A typical bill run process may be completed in 50% to 80% less time!
- **Multiple User Screen Capability:** USB users can display multiple screens simultaneously in order to perform multiple activities as desired.
- **Bill Tracking:** USB prints bills to screen first and allows users the option of saving an exact copy of the bill for DB storage. Users can now pull up the exact same bill as previously printed and mailed to the customer, regardless of date.
- **Enhanced User Security:** USB features an advanced security system with more functional control, allowing the system administrator the ability to define individual user access as desired.
- **E-Billing:** USB enables simple bill statements, past due reminders and reminder notices to be sent to customers via email. This feature can be customized as desired.
- **Audit Trail Capability:** USB contains an audit trail feature for recording actions performed by users and creates a reviewable report. The audit trail feature records a variety of information for permanent reference.
- **Comprehensive User Alerts & Notifications:** USB uses a “flag” system to allow users to see important notifications pertaining to customer accounts. There are several types of available alerts and notes may be attached to individual account records.
- **Multiple Account Name Capability:** USB systems users can now apply multiple tenant names to a single customer account record.

- **Advanced Customer Notes Functionality:** USB employs an advanced method of storing and displaying customer related note information. Individual notes may be of any length and there is no maximum number of notes that can be created. Customer notes are also categorized for more convenient accessibility. Categories include: Billing Notes, Reading Notes, Adjustment Notes, Meter Notes, Premise Notes, etc.
- **Advanced Customer Notice Capability:** USB utilizes a more flexible method of applying and referencing customer account notices. More detailed customer information may be utilized by system users.
- **Advanced Search Screen Functionality:** There are a large number of customer information fields available for searching customer records.
- **Advanced “Fast Search” Mode Operation:** USB contains a convenient “*fast search*” mode in order to quickly and efficiently return requested search results.
- **Flexible Billing Rule Capability:** USB enables a “split billing” option which allows multiple tenants at a single address to receive individual bill amounts.
- **Advanced Rate Configuration:** A more flexible and advanced usage rate configuration scheme is utilized by USB. For example, an automatic pro-rated rate change can be applied during the middle of a billing cycle.
- **Pending Payments View:** A “*Pending Payments*” screen allows system users to view recent customer payments in real time, even if those transactions have not yet posted. This can help avoid customer service interruptions (shut offs) for customers making last minute payments.
- **Product Customization Capability:** USB is designed with a more advanced technology platform allowing for various customization capabilities. For example, an instant transaction posting process could be designed and programmed into the USB system.
- **Document Library Capability:** USB allows related documents to be “linked” to a specific billing account record. Users may link Word, PDF, Excel and other relevant document formats to any billing account as necessary. This feature allows information about individual accounts to be quickly and conveniently accessed by billing system users
- **Period Closing “Snapshot” Feature:** As with many popular financial accounting systems, USB allows users to create a “Snapshot” at the end of each billing period in order to simplify reconciliation between USB and General Ledger accounting systems.

Utility Star Billing System Project Components

UTILITY STAR BASIC® (2 user licenses)

A comprehensive Customer Information System which includes powerful features designed to provide efficiency and an unparalleled user experience. New user features include multi-screen capability, more complex billing rate capability and **over 200** built-in reports that can be easily modified by users. In addition, since USB utilizes the ASI **smart modular** design concept, adding and supporting new software modules can be done at any time.

Report Customization Services

ASI will design, develop, and perform internal testing for all required report customizations identified during the "Project Analysis" phase. This includes custom formatting for reports and bill statements.

Bank Draft (Automated Clearing House) Software Utility

The ACH (Automated Clearing House) utility automates the process of customer bill payment by linking your Utility Star billing system with your bank (or any bank who is a member of NACHA) See this link for more information about NACHA. <http://www.nacha.org/>

Payment Station Software

This is Utility Star's point-of-sales solution, which is capable of interfacing to barcode scanners, credit card readers, receipt printers, and cash drawer systems. This allows various POS hardware devices to have direct communication with the Utility Star billing system.

VersaTerm Meter Reading Device Software Interface

Provides interface capabilities to your existing VersaTerm Model CX allowing meter data to be imported into the utility billing system.

Data Conversion Services

As part of your new system implementation, Able Software will analyze your existing data, convert all customer records over to the MS SQL Server platform and perform data validation and testing to insure the integrity and accuracy of your customer information records.

Software Implementation Services

ASI's project implementation methodology has been refined by performing over 250 utility customer projects. ASI will provide a project implementation schedule, coordinate all programming resources and monitor project implementation progress to insure project scheduling goals are met. ASI also incorporates a parallel testing process to assure your new billing system accurately processes all billing activities prior to running in production mode.

User Training Services

There will be multiple user training sessions performed on key areas of functionality, such as user data entry screens, running reports, e- billing options, using the new “flagging” system and for other important system user activities. Training for Utility Star Basic is available via on-site or remote user training sessions. One week of comprehensive on-site user training is recommended for ***Kinneloa Irrigation District*** system users.

Annual Maintenance & Support Program

ASI will provide ***Kinneloa Irrigation District*** system users an annual maintenance and support program for continued technical support and maintenance of all ASI products. The program consists of the following benefits:

- a) Software patches and periodic product updates available as released
- b) New product enhancements and features available as released
- c) Updated user information guides available as released
- d) Unlimited access to technical support analysts as required

Utility Star Billing System Amount

| | |
|-----------------------------------|-----------------|
| Utility Star Billing System | \$17,400 |
| Annual Maintenance & Support | \$1,500 |
| System Discount Applied | \$7,400 |
| Utility Star Billing System Total | \$11,500 |

All Proposed pricing is valid through September 30, 2011

Able Software Online Billing System Components

CustomerDirect Online Bill Presentment & Payment System

The CustomerDirect online payment system features a comprehensive web portal service thereby enabling ***Kinneloa Irrigation District*** to offer online bill pay & account management services to all customers. CustomerDirect is packed with advanced and powerful features such as online account management, account status overview, online bill presentation, online bill payment, online service initiation, work order initiation and more. With CustomerDirect, your organization can provide customers a full service web portal, available 24 hours a day while allowing your customer service personnel to save time and valuable resources. The CustomerDirect online portal is a customized web site designed to your specifications and is hosted and maintained by Able Software.

Web Portal Design Services

Able Software project implementation programmers will design a fully functional web portal and populate the site with sample customer data for testing and quality assurance compliance. The site can be set up to appear similar to your organization's main web site for increased customer familiarity.

Annual Web Portal Hosting Services

ASI will provide a fully hosted server platform for your online payment processing web portal. All hardware systems and related software will be maintained, updated and fully supported by Able Software technical personnel (utility organizations may choose to maintain their ASI web portal using in-house servers utilizing their own technical support personnel, should they prefer).

Software Implementation Services

ASI's project implementation methodology has been refined by performing over 250 utility customer implementations. ASI believes a critical factor for success with any new project is encouraging two way communication with our customer users. Although ASI will fully manage the project implementation process and will oversee all project aspects, it only makes sense to involve the customer each step of the way. ASI will fully manage the project implementation process and will oversee all project aspects. ASI will produce a project implementation schedule, coordinate available programming resources, monitor project implementation progress, and coordinate all relevant information sources to help see that project scheduling goals are met. ASI utilizes a web site testing process to ensure proper functionality is achieved prior to actual utility customer sign up and use.

ASI will also provide your billing system users any technical support as required during the project implementation process. This includes responding to technical support issues, user errors, basic system training and coordinating communication between your billing system users and our software development team.

User Training Services

There will be multiple user training sessions performed on key areas of functionality, such as daily online transaction information transfer, posting customer credit card transactions, transferring transactional data to your bank, running relevant reports and other important activities. Training for CustomerDirect is available via on-site or remote user training sessions, as well as periodic online product seminars. Two days of comprehensive remote user training is recommended for **Kinneloa Irrigation District** system users.

Annual Maintenance & Support Program

ASI will provide **Kinneloa Irrigation District** system users an annual maintenance and support program for continued technical support and maintenance of all ASI products. The program consists of the following benefits:

- a) Software patches and periodic product updates available as released
- b) New product enhancements and features available as released
- c) Updated user information guides available as released
- d) Unlimited access to technical support analysts as required

CustomerDirect Online Billing System Amount

| | |
|--|----------------|
| CustomerDirect Online Billing System | \$15,800 |
| Annual Hosting | \$1,800 |
| Annual Maintenance & Support | \$1,000 |
| System Discount applied | \$9,100 |
| CustomerDirect Online Billing System Total | \$9,500 |

All Proposed pricing is valid through September 30, 2011

Combined Billing System Amount

| | |
|---------------------------------------|-----------------|
| Combined Billing Systems | \$33,200 |
| Annual Hosting | \$900 |
| Combined Annual Maintenance & Support | \$2,000 |
| Combined System Discount Applied | \$20,000 |
| Combined Billing System Total | \$16,100 |

All Proposed pricing is valid through September 30, 2011