

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
February 8, 2011

The Regular Meeting of the Board of Directors was called to order at 6:30 p.m. by President Dion and roll was called. Present were:

Joseph M. Dion, President
Allen B. Dains, Vice President
Charles T. Rose, Director
Robert A. Churchill, General Manager
David B. Kane, Assistant General Manager
John J. Townsel, Operations Manager
David M. Rossi, Project Manager

VISITORS

Misha Sarkovich, Director, Fair Oaks Water District
Dan Gilliam, Director, Fair Oaks Water District
Shauna Lorance, General Manager, San Juan Water District
Bori Touray, Parsons Brinckerhoff

Director Dion led the Pledge of Allegiance.

PUBLIC COMMENT

Misha Sarkovich addressed the Board of Directors on concerns with escalating water rates charged by San Juan Water District (SJWD) to its wholesale customers. He stated that wholesale water rates had increased 60 percent in the past five years, and shared a copy of an electronic mail message that contained information regarding the increases in support of his statement. He expressed concerns about SJWD spending including employee salaries and benefits, as well as concerns about the level of financial reserves being maintained by SJWD while continuing to raise rates. Mr. Sarkovich noted that this issue was proposed to be on the agenda for discussion at the scheduled SJWD Executive Committee Workshop on March 7, 2011. He proposed that Directors of Fair Oaks Water District and Citrus Heights Water District present a united front in opposing SJWD rate increases.

Mr. Sarkovich, Mr. Gilliam, CHWD Directors and Shauna Lorance discussed issues related to SJWD's wholesale rates as well as water rates being charged by the retail agencies that purchase their water from SJWD. They also discussed issues related to compensation and benefits, and capital projects performed or scheduled to be performed by SJWD. President Dion stated that the March 7 workshop would be the appropriate forum to obtain information and discuss these matters among the agencies. He stated that the purpose of the Public Comment period was to give members of the public the opportunity to present their views, not to debate issues or for the Board to consider adoption of positions on matters that are not included on the agenda for discussion or action. Directors affirmed that the General Managers of the SJWD Family of

Agencies were responsible for preparing the agenda for the upcoming SJWD Executive Committee Workshop, and that the issue of wholesale water rates would be on the agenda for that workshop.

Directors thanked Mr. Sarkovich, Mr. Gilliam and Ms. Lorance for sharing their views with the Board. Mr. Sarkovich and Mr. Gilliam left the meeting at 6:55 p.m.

CONSENT CALENDAR

President Dion asked for the Consent Calendar. GM Churchill noted that the starting time for the Workshop Meeting of the San Juan Family of Water Agencies Executive Committee is 9:00 a.m., not 8:00 a.m. as shown on the agenda report. It was moved by Director Rose, seconded by Director Dains and carried 3-0 to accept the Consent Calendar consisting of:

1. Minutes of the Regular Meeting of January 11, 2011.
2. Assessor/Collector's Report for January 2011.
3. Assessor/Collector's Cancellation Letter for January 2011.
4. Treasurer's Report for January 2011.
5. Bills to be Paid for January 2011.
6. Approve CAL-Card Purchases for January 2011.
7. Summary of 2011 Directors, Officers and Employees Training, Seminars and Conference Expenses.
8. Call for a Special Joint Planning Workshop Meeting of the San Juan Family of Water Agencies Executive Committee on Monday, March 7, 2011 from 9:00 a.m. to 12:00 p.m. at the Board Meeting Room of Fair Oaks Water District located at 10326 Fair Oaks Boulevard in Fair Oaks, California.

OLD BUSINESS

Bonita Way Storage Building Construction

OM Townsel presented a status report on the construction phase of the Bonita Way Storage Building as follows:

- The framework of the building is complete.
- Roofing and gutters are complete.
- 500 feet of concrete curbing is complete.
- Security/Fire alarm system is complete.
- Sprinkler line installation is complete.
- Electrical system installation is complete.
- Walk-in and roll-up door installation is complete.
- Interior and exterior finish work is complete.
- Interior and exterior painting is complete.
- Fence installation is complete.
- Plant installation is complete

- Storage shelving is pending.
- Concrete drive and walkway ramp construction is pending.

It is expected that the project will be completed during March 2011.

Wholesale Water Supply Agreement Amendment

GM Churchill presented a report on proposed amendments to Section 11.B. “Water Rates and Charges / Schedule for Payment” of the District’s Wholesale Water Supply Agreement with San Juan Water District (SJWD). At the January 11, 2011 Board of Directors Meeting, amendments to this section of the Wholesale Water Supply Agreement were approved and executed. The amendments provide for billing in arrears based upon actual deliveries rather than the existing practice of billing in advance based upon estimated deliveries. Subsequent to that meeting, additional edits have been requested by Fair Oaks Water District. Directors were provided with a copy of the section of the Agreement with the proposed edits. The edits have been reviewed and deemed as non-substantive by CHWD Management and Legal Counsel. Directors and staff discussed the proposed modifications to the agreement.

It was moved by Director Dains, seconded by Director Rose and carried 3-0 to approve proposed amendments as modified to Section 11.B. “Water Rates and Charges / Schedule for Payment” of the District’s Wholesale Water Supply Agreement with San Juan Water District.

NEW BUSINESS

Training/Continued Education/Meetings

The Board was informed of various upcoming training, continued education opportunities and meetings.

Association of California Water Agencies – Joint Powers Insurance Authority Executive Committee Nomination

GM Churchill presented a report on the proposed candidacy of Director Joseph M. Dion for election to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA). The ACWA-JPIA Board of Directors is composed of one representative from each of its more than 280 member agencies. CHWD has appointed Director Joseph M. Dion as its representative to the ACWA JPIA Board continuously since 2002.

The ACWA-JPIA Board of Directors further delegates many of its decision-making processes to an Executive Committee totaling ten members from its larger Board of Directors. Periodically, elections take place for ACWA-JPIA Officers and seats on the Executive Committee. The next election will take place on May 9, 2011 at the ACWA-JPIA Spring Conference in Sacramento.

CHWD Director Joe Dion was elected to the ACWA-JPIA Executive Committee in May 2008 and reelected in 2010. His current term expires in May 2011. He has expressed an interest in continuing to serve on the Committee. In order for his name to be placed in consideration, he must be formally nominated by the District. Additionally, five other ACWA-JPIA member agencies must concur with the District's nomination.

Concurring nominations are being requested from Carmichael Water District, Del Paso Manor Water District, Fair Oaks Water District, Placer County Water Agency, Regional Water Authority, Rincon del Diablo Water District, San Juan Water District and Sacramento Suburban Water District and others at the request of Director Dion. Directors discussed Director Dion's candidacy for the Executive Committee of ACWA-JPIA. It was noted that concurring nomination had already been received from Del Paso Manor Water District.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to adopt Resolution 02-2011 nominating Joseph M. Dion as a candidate for the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority.

Water Distribution Specialist Recruitment

AGM Kane presented a report on a proposed waiver of the external recruitment process for the Water Distribution Specialist position in favor of performing an in-house recruitment to fill the position that will become vacant in May 2011. The incumbent Water Distribution Specialist, Lonnie Moore, has announced his retirement from the District after May 5, 2011. In order to ensure an orderly transition in his responsibilities, staff has prepared to begin a recruitment to select a replacement. Knowledge of the District water distribution system is a critical element of this job, particularly for field location and marking of CHWD water facilities prior to construction by others.

The position presents a promotional opportunity for a number of employees that may qualify for the position. Therefore, it is proposed that this recruitment be limited to internal candidates only and not to seek applicants from outside the District organization. All interested District employees are being encouraged to apply for the position. Directors were provided with a copy of the proposed in-house job announcement and job description for the position.

Directors were also provided with a copy of District Human Resources Policy No. 4010, Recruiting and Selection that specifies that the Board of Directors may authorize waiving the outside recruiting process on a case-by-case basis if it is determined to be in the best interest of the District to promote from within for the vacancy. Staff is recommending that the Board grant this authorization for this position. By promoting from within, a vacancy in another District position will be created that will need to be filled with an external recruitment. It is planned to select the new Water Distribution Specialist in time to allow for field training with Mr. Moore before he retires. Directors and staff discussed

the recruitment for a new Water Distribution Specialist and the promotional opportunities being offered. The salary level for the Water Distribution Specialist position was also discussed.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to authorize waiver of the outside recruiting process for the Water Distribution Specialist position and limit the recruitment to current District employees only.

Sacramento Local Agency Formation Commission Municipal Service Review

AGM Kane presented a report on a draft of CHWD's response to Sacramento LAFCo's Municipal Service Review Worksheet and Questionnaire. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 established a requirement for California Local Agency Formation Commissions (LAFCOs) to conduct a Municipal Service Review (MSR) for all public agencies within their jurisdiction on a five-year cycle. The Governor's Office of Planning and Research issued its guidelines for preparation of MSRs in 2003. In 2004, CHWD along with other public entities in Sacramento County submitted their first MSR document to Sacramento LAFCo. In September 2010, Sacramento LAFCo issued a request for an update of each agency's MSR, using a format established by Sacramento LAFCo.

Directors were provided with a draft copy of the District's MSR response. This draft copy did not include Exhibits to the response such as existing maps, charts and routine documents that will be included with the final MSR response. AGM Kane noted that there are still a few "blanks" in the document where specific information needs to be obtained and inserted, but the draft response is essentially complete and in a form where it is suitable for review and comment by Directors.

Directors and staff discussed the MSR response. Because the length of the MSR response exceeds 30 pages, Directors stated that they would prefer additional time to review the document and asked if it was imperative to complete and submit the MSR immediately. Staff responded that LAFCo had not imposed a specific deadline for submission of the document. Acknowledging that LAFCo has very limited staffing and a great number of MSRs to consider from municipalities and special districts in Sacramento County as well as other ongoing LAFCo business to conduct, it was the opinion of District staff that LAFCo would not object to CHWD delivering its response in March 2011. Staff will incorporate comments from Directors into the final MSR document to be submitted to Sacramento LAFCo, hopefully within the next month. Formal Board action is not required on this document; however, Directors' review and input will help to ensure that the document reflects the direction and policies of the Board.

Vacuum Trailer System Purchase

OM Townsel presented a report on bids received for the purchase of a vacuum trailer unit. As part of the 2011 vehicle and equipment budget, the Board of Directors appropriated \$45,000 for the purchase of a new vacuum trailer unit. The new vacuum trailer system will be used by multiple crews performing valve maintenance, leak repair, and street clean-up

following excavation work.

Departmental needs were assessed and an equipment specification was developed. Bids were solicited from three local equipment suppliers. The resulting bids are listed below:

<u>Supplier</u>	<u>Total Bid</u>
Global Machinery West (Vactron)	\$43,461.94
Vermeer	\$44,525.13
Ditch Witch Equipment	\$45,407.91

Directors and staff discussed the vacuum trailer unit and the bids received. OM Townsel described the differences between the new vacuum trailer unit and the existing unit that was acquired a couple of years ago.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to award the bid for purchase of a new vacuum trailer unit to Global Machinery West of Sacramento in an amount not to exceed \$43,500.00.

PROJECT MANAGER'S REPORT

PM Rossi reported on the following activities during the month of January 2011 by the Project Management and Engineering Department: projects under construction or pending construction by private contractors and developers; project development/design underway by District staff; and projects under construction or completed by contractors on the District's behalf. He reported on design coordination underway with the City of Citrus Heights on the City's Auburn Boulevard Joint Trench Utility Undergrounding Project.

It was reported that the following water system, added to the District's water distribution system by an independent contractor on behalf of a private developer/owner, has been inspected and approved by the District:

Lart's Chevron (Car Wash), 7700 Auburn Boulevard, Citrus Heights
Three lineal feet of 8-inch ductile iron water main, one lineal foot of 6-inch ductile iron water main, one 6-inch post indicator valve, one 6-inch gate valve, one fire hydrant and one 1½" metered water service.
Value: \$ 10,000.00

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 305 work orders were performed during the past month by Field Operations crews, Administration Field crews and District contractors. This total included 241 valve exercises at various locations throughout the District. The results of recent bacteriological testing, a total of 72 samples, have met all California Department of Public Health requirements.

2. District-wide water consumption for the calendar year 2011 through the end of January 2011 was 617.93 acre-feet, a decrease of 11.9 percent compared with the average annual water consumption during the previous five years, 2006-2010.

OM Townsel, PM Rossi and Ms. Lorance left the meeting at 7:38 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Rose reported on a recent Regional Water Authority (RWA) meeting that he attended along with GM Churchill and AGM Kane. Director Dion congratulated GM Churchill on his election to the RWA Executive Committee.

Director Rose reported on an upcoming meeting of the Sacramento Groundwater Authority (SGA).

Directors Dion and Rose reported on a recent meeting of the San Juan Water District Executive Committee that they attended along with GM Churchill and AGM Kane.

Director Dion reported matters related to the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA) that he attended recently, and other recent matters of interest regarding ACWA-JPIA.

Director Rose and GM Churchill reported on a City of Citrus Heights City Council meeting that they attended recently to be present for discussions regarding a recent water rate case application by California-American Water for their service area in Citrus Heights and adjoining communities.

Director Rose reported on a meeting of the Sacramento Local Agency Formation Commission (LAFCo) that he attended recently.

AGM Kane reported on a meeting of the Chamber of Commerce Government Issues Committee that he attended recently.

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. Staff has continued to compile and provide information to the auditor, Richardson & Company, prior to the auditor's on-site work that is scheduled to be performed during the week of February 21, 2011. The final audit report is scheduled to be presented to the Board at the April 12, 2011 Board meeting.
2. Directors were provided with a summary of Water Efficiency Program activities during the month of January 2011, including the number of ultra-low-flush toilet rebates and high-efficiency clothes washer rebates issued, and three school presentations delivered to fourth- and fifth-grade classes at Skycrest and Oakview

Elementary Schools.

3. The District has completed a competitive quotation process for the five-year lease of a new photocopier to replace the copier that reaches the end of its five-year lease in February 2011. The new Ricoh (Savin) copier, supplied by Connected Document Solutions of Sacramento, will be similar in speed and features to the current copier. The monthly lease cost of \$220.31 reduces the District's cost by about \$22 per month compared with the current copier lease price. The estimated five-year cost of the lease, including service from the vendor, is \$16,007.88.
4. The January 2011 AGM Report included a report on the District's compliance with the State Controller's Office (SCO) new Local Government Compensation Reporting Program for Special Districts. However, the AGM Report did not include a copy of the District's submittal on this newly-required supplemental report to the Special District Financial Transactions Report. Directors were provided with a copy of the submittal along with this month's AGM Report.
5. The incumbent Accounts Payable / Human Resources Specialist, Debbie Burns, has announced her retirement from the District after May 5, 2011. A recruitment has been initiated to select a replacement, with the goal of having the new employee on board in time to have Ms. Burns assist in training her replacement. Directors were provided with a copy of the job announcement for the position along with information about where and how the job opening has been publicized. The District has received about 60 applications with one more day to go until the application deadline of February 9, 2011.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Fourteen District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of January 2011. Directors were provided with a list of the employees and items for which each received recognition.
2. The District's Alternative Work Schedule (AWS), consisting typically of a four-day, ten hours per day, Monday through Thursday work week, continued its trial period that began in May 2010. GM Churchill reported that he is continuing to track information related to employee overtime, operational efficiencies and other factors regarding the AWS. He reported that the greatest savings appears to be in reduced employee overtime along with recently-documented savings in fuel usage, and that the District has received very little negative feedback from customers regarding the Friday closure.
3. Directors were provided with a spreadsheet showing District water consumption information for the period of 1995 through 2010 in ten-year increments. Water

legislation requires that agencies reduce their per capita water use by 10 percent by year 2015 and by 20 percent by year 2020. Reduction is to be based upon reductions from the highest ten-year average water consumption for ten-year increments years beginning in 1995. The District's highest ten-year average water use was 20,627.38 acre-feet per year for the period of 1996 to 2005 with a corresponding per capita use of 298 gallons per person per day.

The District's 2010 water use was 13,716.35 acre feet with a corresponding per capita use of 184 gallons per person per day. This equates to a 2010 reduction of more than 38 percent when compared to the 1996-2005 baseline. Directors and staff discussed the application of this information to the District's Urban Water Management Plan and to compliance with California's "20% by 2020" requirements.

4. A list of the General Manager's significant assignments and activities was provided.

CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

1. Letter dated January 21, 2011 from Bettie Cosby, Chief Executive Officer of the Citrus Heights Chamber of Commerce, thanking CHWD for renewing its membership.
2. Letter dated January 24, 2011 from Ellen Manolis, Outreach Specialist with Save Our Water, California's statewide water conservation public education program, thanking CHWD for its financial support of the program.
3. Letter received January 24, 2011 from Anthony Russo and Frank De Lima of California Policy Advisors, providing information on their political, government and public affairs firm.

Mr. Touray left the meeting at 8:34 p.m.

CLOSED SESSION

Pursuant to Government Code Section 54957, Public Employee Leave of Absence, the Board of Directors convened in Closed Session at 8:35 p.m.

Directors Dains, Dion and Rose and GM Churchill and AGM Kane were in attendance.

President Dion reconvened the meeting into Open Session at 8:46 p.m. He reported that the following action was taken by the Board of Directors during the Closed Session:

It was moved by Director Dains, seconded by Director Rose and carried 3-0 to

approve the request for extension of a Medical Leave of Absence to CHWD employee John Cope until April 17, 2011.

FUTURE MEETINGS

A list of upcoming Board meetings and other meetings related to the business of the District that may involve the participation of Directors or District staff was presented and reviewed.

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned at 8:48 p.m.

APPROVED:

Original signed by: Robert A. Churchill
ROBERT A. CHURCHILL
Secretary
Citrus Heights Water District

Original signed by: Joseph M. Dion
JOSEPH M. DION, President
Board of Directors
Citrus Heights Water District