

CITRUS HEIGHTS WATER DISTRICT  
BOARD OF DIRECTORS REGULAR MEETING  
December 13, 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  
Rex Meurer, Water Efficiency Coordinator

VISITORS

Bori Touray, Parsons Brinckerhoff

Director Dion led the Pledge of Allegiance.

PUBLIC COMMENT

None

CONSENT CALENDAR

President Dion asked for the Consent Calendar. 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 November 8, 2011.
2. Assessor/Collector's Report for November 2011.
3. Assessor/Collector's Cancellation Letter for November 2011.
4. Treasurer's Report for November 2011.
5. Bills to be Paid for November 2011.
6. Approve CAL-Card Purchases for November 2011.
7. Summary of 2011 Directors, Officers and Employees Training, Seminars and Conference Expenses.

OLD BUSINESS

Auburn Boulevard Water Main Replacement Project

PM Rossi presented a status report on the Auburn Boulevard Water Main Replacement Project. Construction of this project to replace the water main on Auburn Boulevard from

Cedar Drive to Linden Avenue began on October 10, 2011 with work starting at the northerly end of the project. Mountain Cascade, Inc. of Livermore, CA is the general engineering contractor performing this work for the District. Paul Lopez of the ICM Group is the District's contract resident inspector for the project.

Major project elements were summarized. About 1,687 lineal feet (lf) of new 12-inch water main has been installed to date of 3,140 lf specified for the project. Progress on other project elements were also detailed.

Directors and staff discussed the progress on the project.

## NEW BUSINESS

### Training/Continued Education/Meetings

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

### Cost-of-Living Adjustment to Salary Schedule, Retiree Insurance Benefits and Directors' Compensation

AGM Kane presented a report on a proposed cost-of-living-adjustment (COLA) to the District's Salary Schedule and to Policy No. 4831, Insurance Benefits for Retirees Retiring After March 19, 1996 for consistency with the amended Salary Schedule.

District Human Resources Policy No. 4102 provides for considering a cost-of-living adjustment (COLA) to the District's salary schedule upon recommendation by the General Manager and approval by the Board of Directors. The consumer price index for all urban west consumers (CPI-U) has increased by 3.4 percent for the 12-month period ending in October 2011. Directors were provided with a copy of the October 2011 CPI-U information from the U.S. Department of Labor. This is the baseline that the District uses annually in determining the COLA.

Directors were also provided with a copy of the current Salary Schedule (Policy No. 4101.A1), and also a proposed amended Salary Schedule that includes salary range adjustments that reflect the recommended 3.4 percent increase. The effective date of the amended policy will be January 2, 2012, which is the start of the first full bi-weekly pay period in 2012.

District Policy No. 4831, Insurance Benefits for Retirees Retiring After March 19, 1996 provides that the amount of District financial participation in retiree health insurance set forth in the policy will be amended annually in the amount of the percent change in the CPI-U during the latest 12-month reporting period. Directors were provided with a copy of Policy No. 4831 with the monthly amounts amended by 3.4 percent. Directors and staff discussed the proposed changes to the Salary Schedule and related policies.

AGM Kane also provided information to Directors regarding a COLA for Directors' meeting compensation. The Board of Directors approved Ordinance No. 01-2008 on January 8, 2008 setting Directors' compensation at \$145.00 per day for attending Board meetings and other Board-sanctioned functions. Directors were provided with a copy of the ordinance. Under this Ordinance and District Policy 2040, changes in compensation of Directors requires approval of the Board of Directors by adoption of a new ordinance adjusting the compensation during an Open Session at a Regular Meeting held at least 60 days prior to the effective date of the change.

Directors were presented with information about the effect of a 3.4 percent COLA increase in Directors' compensation as well as the cumulative effect of all CPI-U changes since the date of the most recent increase. Directors discussed the COLA information related to Directors' compensation. Directors concurred that they did not wish to make a change in their current daily compensation rate.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to amend District Policy Nos. 4101.A1, Salary Schedule, and 4831, Insurance Benefits for Retirees Retiring After March 19, 1996 as presented to include a +3.4 percent cost-of-living adjustment to the District's Salary Schedule effective January 2, 2012 and to amend the monthly insurance benefit amount for retirees to reflect adjustments in the CPI-U.

#### Acquisition of New Telephone System

AGM Kane presented a report on the purchase of a new telephone system for the District. The District's current telephone system, an NEC Electra Elite system, was installed more than 11 years ago. Although it has been extremely reliable, service and repair parts are no longer readily available and the system will not support many features now widely available on business telephone systems. The Board of Directors approved \$24,000 in Project 2011-11, Building Equipment Upgrades, in the 2011 Capital Projects Budget for replacement of the telephone system.

The District has conducted a Request for Proposals (RFP) process to select a vendor to provide the design, equipment, installation and training for a new telephone system. Because of the critical nature of the telephone system to the District's business, the emphasis was to select a vendor that will provide the best system solution and future support for the District's telephone system, and then negotiate a price with the selected vendor. The RFP was sent to five business telephone system vendors, and four proposals were received from the following vendors:

Gaynor Telesystems, Inc	Sacramento
Team One Networking	Roseville
TeleLink Business Telephone Systems	Sacramento
Totlcom, Inc.	Sacramento

SureWest, who installed and supported the District's current telephone system, declined to submit a proposal.

Proposals were reviewed by a committee composed of Office Administrator Pam Peters, Customer Service Representative Beth Shockley and AGM Kane. The District's technology consultant, Sophos Solutions, also participated in reviewing the proposals and providing input on the technical aspects of the proposals as well as integration with the District's existing technology systems.

The top selected vendor, Gaynor Telesystems, Inc., is a recognized leader in business telephone systems in Northern California and has been in business for 37 years. Their proposal received high marks for presenting a clear and comprehensive approach to the design, installation, training and ongoing support for the new telephone system. The proposed telephone system and its features and benefits were summarized. Staff received a live demonstration of this system and was favorably impressed by its features. References affirmed the high quality of service and equipment provided by Gaynor Telesystems. Directors were provided with sections from Gaynor's proposal showing the proposed equipment and features, along with a summary of warranty and pricing for the system.

The total proposed cost, including sales tax, is \$27,979.44, exceeding the original budget for this project by about \$4,000. However, funds to cover the extra amount are available in the budget for Project 2011-11, Building Equipment Upgrades, due to other project expenditures coming in well under budget. The total proposed cost is a not-to-exceed amount prior to detailed system design. Savings may be identified in the detailed design process that will reduce this price somewhat. Directors and staff discussed the proposed new telephone system.

Directors asked if incoming calls would continue to be answered by a District employee with the new telephone system. Directors were informed that the new system would give the District the option of answering calls "live" or with an automated attendant. It was affirmed that in any event, callers would always have an option to exit the automated attendant and speak with a District employee during business hours.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to approve an agreement with Gaynor Telesystems, Inc, for the purchase, design and installation of a new telephone system for the District in an amount not to exceed \$27,979.44.

#### Agreement for Landscape Irrigation Review Services

AGM Kane presented a report on a proposed agreement with Irrigation Consultation & Evaluation (ICE) for professional services to provide landscape irrigation reviews for District customers. Water Efficiency Coordinator Rex Meurer contributed to the report and was in attendance at the meeting to respond to any questions that Directors may have about the proposed agreement or the services provided by ICE.

The District has employed the services of ICE to perform landscape irrigation reviews since 2001. The District provides water efficiency reviews to customers as part of its

water conservation program, in compliance with Best Management Practices (BMPs) under its Water Conservation Plans with the USBR, the Water Forum and the California Urban Water Conservation Council (CUWCC). Work performed to date by ICE under the 2011 agreement was summarized.

The number of audits being requested decreased in 2011, possibly a result of an overall cooler, wetter year that reduced the demand for outdoor water consumption. CHWD historically under-expend the amount targeted for water efficiency reviews, and 2011 was no exception. A Proposition 84 grant through the Regional Water Authority's Regional Water Efficiency Program that was expected to be available in mid-2011 was not awarded until late in the year. It is expected that implementation of this grant during 2012 will help to generate additional customer interest in having water efficiency reviews performed.

ICE remains the only firm in this region known to offer these services. Directors were provided with a copy of the proposed Agreement for Landscape Irrigation Reviews for 2012. ICE proposes no changes in their hourly rates for 2012, the fourth year in a row that hourly rates have stayed the same. Although the dollar amount of services used under the ICE agreement in 2011 was well below the \$24,000 threshold, staff is recommending that the agreement be renewed in the amount of for 2012 to demonstrate the District's commitment to fulfill the quantity of audits required by the BMP. Additionally, the ability of CHWD staff to perform audits independently remains limited due to the District's staffing reduction for this program when the Special Programs Coordinator position was eliminated from the 2011 budget. The District will continue to promote the water efficiency reviews via the WaterLine newsletter and the District's web site, as well as directly with customers that contact the District with questions or concerns about the amount of their water consumption or water bill. Directors and staff discussed ICE's services and the proposed 2012 agreement.

Approval of this agreement will support the District's continued efforts to fulfill the landscape water audit BMPs for the USBR, Water Forum and CUWCC. Funds in this amount are available in the 2012 Water Conservation budget.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to authorize the General Manager to execute an agreement with Irrigation Consultation & Evaluation for irrigation review services for 2012 with a not-to-exceed amount of \$24,000.00.

#### Deferred Compensation Plan

AGM Kane presented a report on a proposed Restatement of the Citrus Heights Water District Deferred Compensation Plan. The District provides a deferred compensation plan for its employees through two providers: Variable Annuity Life Insurance Company (VALIC) and ING. As a result of several acts of federal tax legislation, government employers are required to make changes to their section 457(b) deferred compensation plans. This legislation includes: the Pension Protection Act of 2006 (PPA); the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART); the Worker, Retiree and

Employer Recovery Act of 2008 (WRERA); and the Small Business Jobs Act of 2010 (the Jobs Act). Governmental 457(b) plans must be amended to comply with legislative changes before the end of the 2011 plan year, which is December 31, 2011 for CHWD.

Directors were provided with a copy of the proposed restated Plan document. This document does not change the benefit offered to District employees – the plan remains entirely voluntary for employees, with employees providing 100 percent of their contributions to deferred compensation accounts from their own salaries. The restated plan does include a number of changes that are required by the federal tax legislation regarding distribution of monies from the Plan, most of which are unlikely to affect the District or its Plan participants. One change allowed under the new tax law that may be of interest to employees is the ability to designate all or a portion of their contributions to the Plan as Designated Roth Contributions, which are after-tax contributions with attributes that differ from the usual pre-tax contributions to the Plan. Other changes include provisions of the HEART Act related to distributions from the Plan to participants who are performing military service, and amendments to provisions regarding unforeseeable emergency withdrawals from the Plan. The restated Plan document applies to plans provided both by VALIC and ING, as well as any other providers that the District might subsequently decide to offer.

Directors were provided with a draft Resolution for adoption of the restated Plan. Upon adoption, the Resolution authorizes the General Manager to execute the Adoption Agreement for 457(b) Deferred Compensation Plan for the District, which will become effective as of the date of adoption. Directors and staff discussed the restated Plan document.

It was moved by Director Dains, seconded by Director Rose and carried 3-0 to adopt Resolution No. 16-2011 Adopting the Restatement of the Citrus Heights Water District Deferred Compensation Plan.

#### Selection of President and Vice President

GM Churchill presented a report on the process to select a President and Vice President of the Board of Directors. Directors were provided with a copy of District Board of Director and Officers Policy No. 2010, which states that a President and Vice President of the Board of Directors are to be elected by a majority vote of the Board in December of each year. The terms of office will begin as soon as acted upon by the Board.

Directors discussed nominations for President and Vice President of the Board. Director Rose nominated Director Dains to serve as President, with the nomination seconded by Director Dion. Director Dains nominated Director Rose to serve as Vice President, with the nomination seconded by Director Dion. Both motions were carried by a 3-0 vote of the Board.

Director Dion yielded to Director Dains to preside over the remainder of the Board meeting.

Appointment of District Officers

GM Churchill presented a report on proposed reconfirmations of District Officers. Directors were provided with a copy of District Board of Directors and Officers Policy No. 2200, which sets forth the Officers of the District and their respective duties and related matters. Directors were also provided with a list of the District’s Officers, whose appointments to these positions were last reconfirmed in December 2010. It was recommended that the Board reconfirm all of the existing Officers. Directors and staff discussed the District’s Officers.

It was moved by Director Dion, seconded by Director Rose and carried 3-0 to confirm the appointment of District Officers as follows:

<u>Office</u>	<u>Officer</u>	<u>Deputy Officer</u>
Assessor/Collector	Nancy E. Alaniz	Pamela L. Peters
Treasurer	David B. Kane	Pamela L. Peters
Secretary	Robert A. Churchill	David B. Kane

Appointment of Board Representatives and Alternates

GM Churchill stated that, pursuant to District Policy No. 2300, the Board of Directors shall appoint its Members or Officers to serve as District representatives to various organizations and associations. Directors discussed the current 2011 appointments, and their interests related to serving as representatives for the coming year.

President Dains appointed the following Directors and Officers to serve as District representatives to the following organizations:

<b>Organization</b>	<b>Representative</b>	<b>Alternate Representative</b>
Association of California Water Agencies - Joint Powers Insurance Authority (ACWA JPIA)	Joseph M. Dion	Charles T. Rose
Association of California Water Agencies Region 4	Joseph M. Dion	Allen B. Dains
San Juan Family of Agencies Executive Committee	Joseph M. Dion (Director) Robert A. Churchill (Staff)	Charles T. Rose (Director) David B. Kane (Staff)
Regional Water Authority	Joseph M. Dion (Director) Robert A. Churchill (Staff)	Allen B. Dains (Director) David B. Kane (Staff)
Sacramento Groundwater Authority	Charles T. Rose	Allen B. Dains
Citrus Heights Chamber of Commerce Government Issues Committee	David B. Kane	Robert A. Churchill
Sacramento Water Forum	David B. Kane	Robert A. Churchill

## PROJECT MANAGER'S REPORT

PM Rossi reported on the following activities during the month of November 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 including the Auburn Boulevard – Cedar Drive to Linden Avenue 12-Inch Water Main Replacement Project. PM Rossi also reported on design coordination underway with the City of Citrus Heights on the City's Auburn Boulevard Joint Trench Utility Undergrounding Project and the Sunrise Boulevard Complete Street Improvement Project.

## OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 67 work orders were performed during the past month by Field Operations crews, Administration Field crews and District contractors. 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 November 2011 was 12,533.91 acre-feet, a decrease of 19.3 percent compared with the average annual water consumption during the previous five years, 2006-2010.

President Dion called a brief recess to the meeting at 7:38 p.m. WEC Meurer, OM Townsel, PM Rossi and Mr. Touray left the meeting.

The Board reconvened at 7:43 p.m.

## DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion reported on the Regional Water Authority (RWA) annual holiday banquet that he attended along with Director Dains, Director Rose, GM Churchill and AGM Kane. Directors and staff congratulated Director Rose on receiving the RWA Distinguished Service Award that was presented to him at the banquet.

Director Rose reported on a meeting of the Sacramento Groundwater Authority (SGA) that he attended recently along with Director Dains and GM Churchill.

Director Dion and Director Rose reported on a San Juan Water District Executive Committee meeting that they attended recently along with GM Churchill and AGM Kane.

Director Dion reported on his recent attendance at the Association of California Water

Agencies - Joint Powers Insurance Authority (ACWA-JPIA) 2011 Fall Conference in Anaheim, California.

Directors Dains, Dion and Rose reported on their recent attendance at the Association of California Water Agencies (ACWA) 2011 Fall Conference in Anaheim, California.

Director Rose reported on a meeting of the Sacramento Local Agency Formation Commission (LAFCO) that he attended recently. His term of office as a LAFCO Commissioner has now concluded.

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

### ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. The District's auditor, Richardson & Company, will be on-site at the District's offices during the week of December 19, 2011 to perform interim field work in preparation for the District's 2011 financial audit. The auditor will begin reviewing some financial records for the year to date such as cash receipts and disbursements, payroll and journal entries in advance of their on-site audit work that will take place in February 2012 after the District has closed its accounting records for 2011.
2. Directors were provided with a summary of Water Efficiency Program activities during the month of November 2011, including the number of ultra-low-flush toilet rebates and high-efficiency clothes washer rebates issued. Water Efficiency Coordinator Rex Meurer has been re-elected as the Chair of the Regional Water Authority – Regional Water Efficiency Program Advisory Committee for 2012.
3. Production of the next edition of the District's WaterLine newsletter is nearing completion. The design of the newsletter is complete and will be sent to the printer following the December 13, 2011 Board meeting. Directors have been provided with a "design comp" copy of the newsletter in their agenda binders. The Winter 2012 WaterLine will be delivered to customers in early January 2012.
4. AGM Kane attended the second Cross Caucus Meeting regarding the Water Forum Flow Management Standard on November 16, 2011. A number of issues were discussed, most significantly the concept of taking the Flow Management Standard directly to the State Board.
5. The District recently received President's Special Recognition Awards from the Association of California Water Agencies – Joint Powers Insurance Authority (ACWA-JPIA) for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums" in the Workers' Compensation Program for the period

July 1, 2007 through June 30, 2010, and for achieving a low ratio of “Paid Claims and Case Reserves” to “Deposit Premiums” in the Liability Program for the period October 1, 2007 through September 30, 2010. The awards were announced at the recent ACWA-JPIA Board of Directors’ meeting in Anaheim, California. Directors were provided with copies of the awards. These awards are an indication of the effectiveness of the District’s attention to safety, risk management and loss prevention programs.

6. District staff has received insurance quotations for health plan coverage for District employees for 2012. These include quotes for staying with the District’s current Kaiser and Western Health Advantage (WHA) Plans as well as options for other plans. The quotes presented include a 13.1% overall premium increase for the Kaiser plan, and an 11.9% overall premium increase for the WHA plan. These percentage increases are based on the District’s current coverages and employee census. District staff will review the various plan options and will present recommendations for coverage for 2012 at the Board’s January 10, 2012 meeting. The District’s existing plans will expire on January 31, 2012.

#### GENERAL MANAGER’S REPORT

GM Churchill reported as follows:

1. Twenty-three District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of November 2011. Directors were provided with a list of the employees and items for which each received recognition.
2. GM Churchill provided a report on workshop sessions and other programs and activities he attended at the Association of California Water Agencies (ACWA) 2011 Fall Conference in Anaheim, California from November 29 to December 2, 2011.
3. The District’s Administrative and Water Demand Management Department, spearheaded by AGM Dave Kane, developed and implemented a Meter Tampering Notice Program that has resulted in the receipt of an H. R. LaBounty Safety Award in the amount of \$50.00 from ACWA-JPIA. The Notice serves to alert customers whose meter has been turned off for non-payment of the consequences of their tampering with the water meter to restore service without first providing payment.
4. A list of the General Manager’s significant assignments and activities was provided.

#### CORRESPONDENCE

None

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 8:34 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