

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
April 10, 2012

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

Allen B. Dains, President
Charles T. Rose, Vice President
Joseph M. Dion, Director
Robert A. Churchill, General Manager
David B. Kane, Assistant General Manager
John J. Townsel, Operations Manager
Paul A. Dietrich, Project Manager
Pamela L. Peters, Office Administrator

VISITORS

Ingrid Shepline, Richardson & Company
Doug Brown, Stradling Yocca Carlson & Rauth
Tom DeMars, Fieldman Rolapp & Associates

Director Dains led the Pledge of Allegiance.

PUBLIC COMMENT

None

PRESENTATION

AGM Kane introduced Ingrid Shepline, CPA, Richardson & Company of Sacramento, the engagement director for the District's 2011 financial audit. Ms. Shepline provided Directors with an outline of her presentation of the Audited Financial Statements for the District's fiscal year ending December 31, 2011. She stated the audit expresses a clean opinion and shows that the District's financial records are in good shape and that its accounting practices continue to conform with generally accepted accounting principles. Ms. Shepline discussed the financial statements, significant accounting policies, the internal control and compliance report, audit adjustments, and management judgments and accounting estimates, highlighting areas of significance.

The auditor did not identify any deficiencies in internal control over financial reporting that they considered to be a material weakness. Ms. Shepline discussed the previous auditor's Finding 2009-1 relating to Statement on Auditing Standard No. 112, Communicating Internal Control Related Matters Identified in an Audit (SAS 112). It was the previous auditor's opinion that, under SAS 112, their assistance in preparing the District's financial statements constituted a significant deficiency. This Finding is

included in the Schedule of Prior Year Findings and Responses on Page 33 of the Audited Financial Statements.

In regard to the previous auditor's finding regarding SAS 112, Ms. Shepline reaffirmed that the District was not, and never had been, in violation of any laws or regulations. SAS 112 is an accounting standard that provides guidance in determining possible deficiencies in an entity's financial internal controls. District management has explained in its response to the previous auditor's finding of significant deficiency that the District believes that having its financial auditor assist with the preparation of financial statements is a preferred alternative to providing the level of expertise and training to staff that would be required to prepare full disclosure financial statements. This recommendation of District management continues to be supported by the Board of Directors.

Ms Shepline explained that the Auditor's Management Letter identifies three items for the District's consideration:

1. A recommendation for the District to develop procedures to record retentions payable. This recommendation relates to construction contracts that include a percentage of contract payments that are withheld pending satisfactory completion of the contract. District Management agrees with the recommendation.
2. A recommendation for the District to develop procedures to ensure that payment for 2003 COP Debt Service charges billed in December, as part of San Juan Water District's quarterly invoice to CHWD, be recorded as a prepaid expense for the next fiscal year. District Management agrees with the recommendation.
3. A reminder of the requirement for the District to obtain a new Other Post-Employment Benefits (OPEB) actuarial study before the end of fiscal year 2012. Governmental Accounting Standards Board Statement 45 (GASB 45) requires the District to perform an OPEB actuarial study every 36 months; the last study was performed for the fiscal year ending December 31, 2009. District Management has acknowledged with requirement to perform a new OPEB study in 2012.

This is the second year of a three-year engagement for financial auditing services with an option for up to two additional years with Richardson & Company.

Directors and staff thanked Ms. Shepline for the presentation and for her firm's work on the audit. Ms. Shepline expressed her appreciation to the District's staff for its cooperation during the audit. AGM Kane recognized Office Administrator Pam Peters for her efforts in working with the auditor to prepare the financial statements and conduct the audit.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to accept the Independent Auditor's Report, Financial Statements and Supplemental Information for the Year Ended December 31, 2011.

Ms. Shepline and OA Peters left the meeting at 6:44 p.m. after the Board's action.

CONSENT CALENDAR

President Dains asked for the Consent Calendar. It was moved by Director Rose, seconded by Director Dion and carried 3-0 to accept the Consent Calendar consisting of:

- 1) Minutes of the Regular Meeting of March 13, 2012.
- 2) Assessor/Collector's Report for March 2012.
- 3) Assessor/Collector's Cancellation Letter for March 2012.
- 4) Treasurer's Report for March 2012.
- 5) Bills to be Paid for March 2012.
- 6) Approve CAL-Card Purchases for March 2012.
- 7) Summary of 2012 Directors, Officers and Employees Training, Seminars and Conference Expenses.
- 8) Deny the claim from Debra or Jaime Llopis for property damage in the amount of \$3,483.00, and forward it to the District's insurance carrier, ACWA-JPIA, for further consideration and action.

OLD BUSINESS

Auburn Boulevard Water Main Replacement Project

PM Dietrich 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 in October 2011 and is nearing completion. He stated the remaining work under the contract is expected to be completed within the next two weeks, weather permitting.

Auburn Boulevard Roadway Surface Improvements

GM Churchill presented a report on financial participation in the City of Citrus Heights' (the City) roadway surface improvements on Auburn Boulevard from Rusch Park to the Sacramento/Placer County line. As the District's Auburn Boulevard Water Main Replacement Project from north of Cedar Drive to Linden Avenue nears completion, the City is concerned about the surface of the roadway and the District's overall impact to the northbound lanes.

The now-abandoned 8-inch water main was an estimated 60 years old. There have been thirty excavations and accompanying pavement patches, some large and some small, in the easterly northbound lane attributable to water distribution system connections and repairs since the last time the roadway was resurfaced. As part of the current District project, an additional twelve smaller excavations and patches are attributable to removing the valve boxes for the old main.

The current District project, about 3,000 feet in length, is constructed predominately in the westerly northbound lane with daily construction staging in the center turn lane. The City's requirement for this work was that the trench was to be slurry-sealed and thermoplastic striping installed by the District's contractor, Mountain Cascade, Inc. (MCI) as part of the Project bid.

The City is now considering a grind and pavement overlay of Auburn Boulevard from Rusch Park to the Sacramento/Placer County line, a distance of approximately 4,400 feet, in order to provide a smoother roadway. The City's estimated cost for this work is \$700,000. The City is requesting a contribution of \$30,000 from the District in recognition of the drivability impacts of the District's maintenance activities over time and the current water main replacement project. This dollar amount was determined based upon the estimated cost to slurry seal and re-stripe the area most impacted by the District's activities, that being 2.5 lanes of roadway from north of Cedar Drive to Linden Avenue, a distance of 3,000 feet. The net additional expense to the District is \$24,850, an amount composed of the \$30,000 payment to the City minus the \$5,150 credit from MCI for not having to apply the slurry seal and thermoplastic. GM Churchill noted that the City's waiver of the holiday roadway moratorium for this project enabled the work to be completed two months ahead of schedule.

Directors and staff discussed the pavement overlay work and the proposed District financial participation in this work. Director Dains expressed the opinion that the City needed to do the pavement overlay of the street regardless of current or past pavement patches by the District and other utilities, and that the District should not have to participate in the overlay work at any level of cost.

It was moved by Director Dion, seconded by Director Rose and carried 2-1, Director Dains voting no, to provide financial participation in the amount of \$30,000.00 to the City of Citrus Heights for roadway surface improvements to Auburn Boulevard from Rusch Park to the Sacramento/Placer County line.

Refunding of 2003 Series Certificates of Participation

AGM Kane presented a report on a proposed Resolution and documents related to a cooperative debt refunding with San Juan Water District (SJWD). Doug Brown of Stradling, Yocca, Carlson & Rauth, the Special Counsel, and Tom DeMars with Fieldman Rolapp & Associates the Financial Advisor, were in attendance to answer any questions about the refunding.

The District participated in a cooperative debt financing with SJWD in 2003. The sale of Certificates of Participation (COPs) provided \$3.0 million in funds to CHWD that were used for the water meter retrofit program and for construction of the Mitchell Farm Groundwater Well. The District has been paying its debt service semi-annually on a 30-year schedule that extends to 2033. The COPs were sold by the San Juan Suburban Water District Financing Corporation, and the two districts shared proportionately in the costs of issuance. SJWD funded about \$22 million in projects including treatment plant improvements with their share of the 2003 COPs, as well as refunding about \$8 million in COPs that they issued in 1993.

Directors were previously provided information about the refunding from the Financial Advisor. Market conditions continue to fluctuate, but the average annual savings is estimated to be in the same order of magnitude as previously discussed, around \$28,000.

An analysis provided to CHWD by Branin Associates estimates that District can expect to save about 7.6 percent compared with the current COPs, with a net present value savings of around \$215,000.

This refunding will continue on the same repayment schedule as the current 2003 COPs, concluding in 2033. The refunded bonds for CHWD will be in the approximate amount of \$2.79 million. The net result for CHWD will be twofold: 1) reduce the annual principal and interest payment on the debt from its current average level about \$196,000 annually to an average level of about \$168,000; and 2) eliminate the reserve fund requirement. The reserve fund amount is proposed to be incorporated in to the refunding, helping to offset the costs of issuance for the refunding. The overall cost of issuance for the two agencies is estimated at \$180,000. At this cost of issuance, CHWD's proportionate share would be about \$26,942.

As proposed, the 2012 refunding will be done as bonds rather than COPs. This is because the marketplace is currently favoring bonds over COPs. Both SJWD and CHWD have moved quickly, with the assistance of the financing team, in preparing the Preliminary Official Statement and other documents needed to market the bonds. The SJWD Board of Directors will consider approval at their April 11, 2012 meeting; and pricing and award of sale of the bonds will tentatively occur during the last week in April. CHWD staff will participate in a credit presentation meeting at SJWD on April 11, 2012.

Directors were presented with the following documents related to the proposed financing:

1. Resolution No. 05-2012 Approving the Execution and Delivery of Certain Documents in Connection with the Issuance of San Juan Water District Refunding Revenue Bonds and Certain Other Matters. Approval of this Resolution authorizes the Board President or General Manager or their designees to execute the other three documents listed below on behalf of CHWD. It also authorizes the General Manager, President, Vice-President, Secretary and other officers (such as Treasurer) to execute and deliver other documents as needed to carry out the transactions contemplated in the Installment Purchase Agreement and Continuing Disclosure Certificate.
2. Installment Purchase Agreement between the Citrus Heights Water District and the San Juan Suburban Water District Financing Corporation. This document sets forth the terms and conditions of the refunding bond transaction.
3. Preliminary Official Statement for the San Juan Water District Refunding Revenue Bonds (San Juan and Citrus Heights Project), Series 2012A and 2012B (included as a separate report in Directors' agenda binders). The Preliminary Official Statement provides information to potential investors and others about the proposed refunding bonds, including information about both SJWD and CHWD and the finances of each agency.
4. The Continuing Disclosure Certificate sets forth CHWD's obligation to provide annual reports that serve as an update to financial information about the District as

presented in the Official Statement for the bonds. It also sets forth the District's obligation to report any significant events with respect to the Certificates, such as principal and interest payment delinquencies or rating changes.

As with the original 2003 Certificates of Participation, the 2012 Refunding Revenue Bonds will not require any action by the Citrus Heights Water District Financial Corporation because they are being issued under the authority of the San Juan Suburban Water District Financing Corporation. These documents have been reviewed by CHWD staff and CHWD legal counsel, the Financial Advisor for this debt issuance (Fieldman, Rolapp & Associates) and other interested parties.

Directors, staff, Mr. Brown and Mr. DeMars discussed the proposed refunding and the documents being presented for consideration at this meeting. Directors expressed their support for the refunding that will produce a savings for District ratepayers over the next 21 years and thanked staff and the financing team for their work in preparing the refunding documents.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to adopt Resolution No. 05-2012 Approving the Execution and Delivery of Certain Documents in Connection with the Issuance of San Juan Water District Refunding Revenue Bonds and Certain Other Matters.

Mr. Brown and Mr. DeMars left the meeting at 7:18 p.m. after the Board's action.

Administration Building Expansion

GM Churchill presented a status report on the planning phase of the Administration Building Expansion project. The planning phase for the building facilities evaluation continues with the follow tasks completed or underway:

- Employee interview completed
- Existing facilities assessment report completed
- Needs analysis and space needs evaluation / recommendations underway

Directors were provided with a list of very general topics that came from the employee interviews, listed by frequency of remark. The building facilities committee composed of GM Churchill, AGM Kane, OM Townsel, PM Dietrich, OA Peters and A/C Alaniz met on April 9, 2012 to review Blackbird Architects' initial recommendations. The next meeting with the architect is scheduled for April 23, 2012.

NEW BUSINESS

Training/Continued Education/Meetings

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

Human Resources Policy Amendments

GM Churchill presented a report on amendments to several District Human Resources Policies to include an Engineering Technician position and another Water Quality Technician position as approved in the FY 2012 budget and to facilitate other organizational changes. GM Churchill outlined the purpose of the proposed amendments to the noted District Human Resources Policies.

The first objective of the amendments is to codify two positions approved in the 2012 Budget but not yet hired. The first of these two positions is an additional Water Quality Technician budgeted at a salary of \$35,000 annually. The position is now proposed at an entry level of \$48,000 annually, resulting in a 2012 six-month salary expense of \$24,000. At this salary level the 2012 budget surplus for the position will be about \$11,000, but will require a higher budget amount for Fiscal Year 2013 and subsequent years.

The second of the two positions is a new Engineering Technician position, budgeted as an Engineering Aide in the 2012 Operating Budget at a salary of \$35,000 annually. The position is now proposed at an entry level of \$44,000 annually, resulting in a 2012 six-month salary expense of \$22,000. At this salary level the 2012 budget surplus for the position will be about \$13,000, but will require a higher budget amount for Fiscal Year 2013 and subsequent years. Directors were provided with a new Job Description for this position.

A second objective of the proposed policy amendments is to reorganize the Operations Department in light of the pending June 2012 retirement of Water Distribution Supervisor David Wright. Mr. Wright is one of two staff members performing this job function reporting to the Operations Manager. The reorganization will eliminate one Water Distribution Supervisor position and add one Water Distribution Operator. The additional Water Distribution Operator will enable the District to operate with three three-person crews. This reorganization will result in a 2012 budget surplus for the budgeted Water Distribution Supervisor position of about \$26,400.

A third and final objective of the proposed policy amendments is to amend the title of Purchasing / Inventory Specialist to Purchasing Specialist.

In addition to the three personnel recruitments outlined, the District will simultaneously be recruiting to fill the position of Senior Engineering Technician that became vacant with the promotion of Paul Dietrich to Project Manager. The recruitment process for all four positions will begin in April 2012 with a projected July 2012 starting date for the new employees.

GM Churchill summarized the recommended Policy amendments as follows:

Policy 1030: Organizational Structure and Chart

Amended to reduce Water Distribution Supervisors from 2 to 1

Amended to increase Water Quality Technicians from 1 to 2

Amended to increase Water Distribution Operators/Workers from 5 to 6
Amended to add Engineering Technician
Amended to increase the number of total authorized positions from 28 to 30
Amended to change the title of the Purchasing / Inventory Specialist to
Purchasing Specialist
Amended to reflect minor re-ordering of positions

Policy 4090: Job Descriptions

Amended to add Engineering Technician
Amended to change the title of the Purchasing / Inventory Specialist to
Purchasing Specialist

Policy 4101.A1: Compensation – Salary Schedule

Amended to add Engineering Technician

Directors and staff discussed the proposed Policy amendments and the recruitments for the new and vacant positions.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to approve amendments to District Human Resources Policy 1030: Organizational Structure and Chart, Policy 4090: Job Descriptions, and Policy 4101.A1: Compensation – Salary Schedule as presented.

November 2012 General Election

GM Churchill presented a report on an upcoming election on November 6, 2012 for a Director from Division One for a regular 4-year term. The nomination period for this election is July 16 through August 10, 2012.

The District's Division boundaries were last reviewed and adjusted in May 2002 to provide better equity in population between the three Divisions. The District's service connection count in May 2002 was 19,106. The service connection count is presently 19,556 representing an increase of 450 services (+2.36%). With such a small increase in the number of service connections, a division boundary analysis is not recommended at this time.

Directors and staff discussed the upcoming election for the Director from Division One.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to adopt Resolutions 03-2012 (Sacramento County) and 04-2012 (Placer County) calling for a November 6, 2012 election of a Director for a regular 4-year term from Division One.

Transition of ACWA Health Benefits Authority into ACWA-JPIA

AGM Kane presented a report on CHWD joining the Employee Benefits Program of the Association of California Water Agencies – Joint Powers Insurance Authority (ACWA-

JPIA). CHWD currently participates in the ACWA Health Benefits Authority (HBA) programs for dental, vision and life insurance and is a signatory to the joint powers agreement for the HBA. As discussed with ACWA-JPIA Executive Director Andy Sells at the Board's March 13, 2012 meeting, the governing body of the HBA has voted to initiate proceedings to transition its operations and programs into ACWA-JPIA. The move is intended to allow the two organizations to combine resources, reduce overall costs and improve operations. Any cost savings will be passed along to member agencies such as CHWD that participate in programs offered by the HBA and ACWA-JPIA.

In order to proceed with the transition, the HBA has undertaken a formal process to dissolve itself and combine its operations with ACWA-JPIA. Under the HBA's bylaws, the organization may be dissolved by its Board of Directors with written consent of 75 percent of the HBA members. This written consent must be accomplished by July 1, 2012, in order to proceed with the transition. The ACWA HBA has asked members to provide a signed resolution by April 30, 2012 if possible.

District staff supports this action by the HBA and believes that it will result in an improved benefits program under ACWA-JPIA's management. Directors were provided with a draft resolution for consideration to convey CHWD's consent to join the Employee Benefits Program of the ACWA-JPIA and ratifying the action to terminate the HBA Joint Powers Agreement. Upon adoption by the Board, this resolution will be delivered to the ACWA HBA. Directors and staff discussed the transition of the ACWA HBA to a program under ACWA-JPIA.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to adopt Resolution No. 06-2012 Consenting to Join the Health Benefits Program of the ACWA Joint Powers Insurance Authority, Ratifying the Action of the ACWA Health Benefits Authority Board of Directors to Terminate the Health Benefits Authority Joint Powers Agreement, and Authorizing and Directing the Citrus Heights Water District to Execute All Necessary Documents.

Call for Special Meeting

GM Churchill presented a report on the need for a Special Meeting of the Board of Directors to receive communication from Legal Counsel – Anticipated Litigation, significant exposure to litigation pursuant to subdivision (b)(3)(A) of Government Code Section 54956.9 (one case). He explained that a closed session meeting with Legal Counsel Judith Albietz to receive communication and provide direction regarding anticipated litigation is needed. Directors and staff discussed possible dates and times for the meeting. GM Churchill noted that Legal Counsel Albietz is available on the afternoon of Monday, April 23, 2012.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to call for a Special Meeting of the Board of Directors on April 23, 2012 at 1:30 p.m. to receive communication from Legal Counsel.

Continued Education

GM Churchill presented a report on proposed attendance of the General Manager at the American Water Works Association (AWWA) National Conference in Dallas, Texas; and the American Society of Civil Engineers (ASCE) Annual Conference in Montreal, Quebec, Canada.

In accordance with District Board of Directors and Officers Policy Section 2060.15, reimbursement for actual and necessary expenses for Officers while in attendance at functions outside of California, Nevada, Oregon or Washington requires formal approval from the Board of Directors, and expenses per person in excess of \$2,000.00 per function and aggregately \$6,000.00 per calendar year also requires formal approval from the Board of Directors. Estimated expenses including registration, lodging, meals and travel for the AWWA National Conference will be \$3,100. Estimated expenses including registration, lodging, meals and travel for the ASCE Annual Conference will be \$3,600. Directors discussed the General Manager's attendance at these conferences.

It was moved by Director Dion, seconded by Director Rose and carried 3-0 to approve the General Manager's attendance at the AWWA National Conference in Dallas, Texas and at the ASCE Annual Conference in Montreal, Quebec, Canada.

PROJECT MANAGER'S REPORT

PM Dietrich reported that the following water systems, added to the District's water distribution system by independent contractors on behalf of private developer/owners, have been inspected and approved by the District:

CVS Pharmacy, 8101 Greenback Lane, Fair Oaks
10 lineal feet (l.f.) of 12-inch ductile iron water main, 113 l.f. of 8-inch ductile iron water main, 8 l.f. of 6-inch ductile iron water main, 1 12-inch gate valve, 2 8-inch gate valves, 2 6-inch gate valves, 1 6-inch post indicator valve, 2 fire hydrants, 1 2-inch blow-off and 1 1½-inch metered water service
Value: \$ 43,025.00

Quick Quack Car Wash, 8017 Greenback Lane, Citrus Heights
43 lineal feet (l.f.) of 8-inch ductile iron water main, 45 l.f. of 6-inch ductile iron water main, 1 8-inch gate valve, 1 6-inch gate valve, 1 fire hydrant, 1 2-inch blow-off and 1 2-inch metered water service
Value: \$ 22,630.26

PM Dietrich also presented a report on the following activities during the month of March 2012 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 including the Livoti Tract 8-Inch Water Mains, the Baird/Northlea/Kalamazoo 8-Inch and 6-Inch Water Mains, the Antelope Road 8-Inch and 24-Inch Water Mains and the Old Auburn Road 18-Inch Water Main;

- 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; and
- 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 Streets Improvement Project.

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 222 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 2012 through the end of March 2012 was 1,955.66 acre-feet, a decrease of 9.4 percent compared with the average annual water consumption during the previous five years, 2007-2011.

PM Dietrich and OM Townsel left the meeting at 7:45 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

GM Churchill reported on a meeting of the Regional Water Authority (RWA) Executive Committee that he recently attended, and reported on upcoming meetings of the RWA Executive Committee and the RWA Board of Directors.

Director Rose reported on an upcoming meeting of the Sacramento Groundwater Authority (SGA). Directors and staff discussed the proposed SGA dues structure.

Directors and staff discussed a recent letter from Fair Oaks Water District to San Juan Water District regarding the Fair Oaks 40-Inch Transmission Main.

Director Dion reported on recent matters of interest and activities regarding the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA).

Director Rose and GM Churchill reported on recent matters of interest regarding the City of Citrus Heights City Council.

Director Dains reported on a Water Education Foundation Executive Briefing that he attended in Sacramento recently.

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. Directors were provided with a summary of Water Efficiency Program activities during the month of March 2012, including the number of ultra-low-flush toilet rebates and high-efficiency clothes washer rebates issued. Work is underway on

obtaining funds from a Proposition 50 Drought Assistance Grant that is administered by the Regional Water Authority Water Efficiency Program.

2. CHWD has provided a sponsorship for the inaugural Citrus Heights Earth Day event at Skycrest School on April 21, 2012. As one of a number of 15 minute “seminars” on various subjects related to the environment, CHWD staff will deliver a presentation on its water efficiency programs. A promotional flyer for the event is included in Directors’ binders. CHWD has included a promotion for the event on its website.
3. Directors were provided with a copy of a recent CalPERS Circular Letter regarding changes to the discount rate assumption (the rate of return the pension fund assumes) that were approved at the CalPERS Board’s March 14, 2012 meeting. This rate was lowered from 7.75 percent to 7.50 percent, and will increase public agency employer rates for fiscal year 2013-14. Rates are estimated to increase by about 1 to 2 percent of payroll for the plan that covers CHWD employees (Miscellaneous plan) and will be phased in over a period of two years starting in 2013-14.
4. Water supply conditions for the year ahead have improved during the past month due to several storms bringing rain to the region and snowfall to the Sierra Nevada Mountains. Discussions with San Juan Water District staff suggest that it is likely that any reductions in allocations in 2012 will be minimal and not sufficient to cause a need to change the District’s Stage 1 – Normal Water Supply declaration. Staff will continue to monitor and report on water supply conditions until the USBR makes a determination on 2012 allocations.

GENERAL MANAGER’S REPORT

GM Churchill reported as follows:

1. Twenty-two District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of March 2012. Directors were provided with a list of the employees and items for which each received recognition.
2. Paul Dietrich has been appointed to the position of Project Manager effective April 2, 2012. This appointment fills a vacancy that occurred with the retirement of David Rossi in mid-March 2012. Mr. Dietrich has been a District employee since 1986, serving most recently as Senior Engineering Technician for the District.
3. Water Distribution Supervisor David Wright has announced his intent to retire from the District on June 7, 2012. Mr. Wright began working for the District as a temporary laborer in 1982 and became a regular District employee in 1983. His nearly thirty years of service have contributed significantly to the successes of the District. A retirement celebration is being planned.

CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

1. Letter dated March 6, 2012 from Tim Stroshane, Senior Research Associate with the California Water Impact Network, submitting a Public Records Act Request for documents related to CHWD's pre-1914 water rights. A letter of reply from GM Churchill was included, informing Mr. Stroshane that the pre-1914 American River surface water supply originally purchased by CHWD from the North Fork Ditch Company is now held by the San Juan (Suburban) Water District. CHWD does not claim any riparian or pre-1914 water rights in its name.
2. Letter dated March 26, 2012 to Phil Isenberg, Chair, Delta Stewardship Council, expressing concerns regarding the proposed revision of Recommendation WR R5 of the Delta Plan regarding water rights. The letter was signed by representatives of 23 business and public interests in the Sacramento and Northern California region, including the signature of CHWD Board of Directors President Allen B. Dains.
3. Note of appreciation recently received from the Association of California Water Agencies thanking the District for its support and participation in ACWA for 2012.

CLOSED SESSION

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 8:33 p.m.

APPROVED:

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

Original signed by: Allen B. Dains
ALLEN B. DAINS, President
Board of Directors
Citrus Heights Water District