

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
December 11, 2012

The Regular Meeting of the Board of Directors was called to order at 6:32 p.m. by President Dains and roll was called. Present were:

Allen B. Dains, President
Joseph M. Dion, Director
David L. Goforth, 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
Nancy E. Alaniz, Assessor / Collector
Lisa A. Smoot, Accounts Payable / Human Resources Specialist
Rex W. Meurer, Water Efficiency Coordinator
Timothy R. Cutler, Water Distribution Specialist
David M. Gordon, Construction Inspector
Borey Swing, Engineering Technician

VISITORS

Charles T. Rose
David M. Rossi

Director Dains led the Pledge of Allegiance.

SPECIAL CEREMONY

GM Churchill administered the Oath of Office to David L. Goforth, Director, Division 1, and presented him with a Certificate of Election for his election as Director of the Citrus Heights Water District. Fellow Directors and staff congratulated Director Goforth on his election to the Board.

PUBLIC COMMENT

Former Director Charles T. "Chuck" Rose congratulated Director Goforth on his election to the Board of Directors and wished him well in his service as a Director for Citrus Heights Water District.

CONSENT CALENDAR

President Dains asked for the Consent Calendar. Director Goforth inquired about information on the Summary of CAL-Card Purchases for November 2012, and his

inquiry was answered by District staff. It was moved by Director Dion, seconded by Director Goforth and carried 3-0 to accept the Consent Calendar consisting of:

- 1) Minutes of the Regular Meeting of November 13, 2012.
- 2) Assessor/Collector's Report for November 2012.
- 3) Assessor/Collector's Cancellation Letter for November 2012.
- 4) Treasurer's Report for November 2012.
- 5) Bills to be Paid for November 2012.
- 6) Approve CAL-Card Purchases for November 2012.
- 7) Summary of 2012 Directors, Officers and Employees Training, Seminars and Conference Expenses.

PRESENTATIONS

Commendation for Former Director Charles T. Rose

Directors welcomed former Citrus Heights Water District Director Charles T. "Chuck" Rose and thanked him for his 16 years of service on the Board of Directors.

Director Dains read aloud Resolution No. 13-2102 Commending Director Charles T. Rose for Outstanding Service to Citrus Heights Water District. It was moved by Director Dion, seconded by Director Goforth and carried 3-0 to adopt Resolution No. 13-2102 Commending Director Charles T. Rose for Outstanding Service to Citrus Heights Water District.

Former Director Rose was presented with a framed copy of the Resolution. Members of the Board of Directors and others in attendance expressed their appreciation for Mr. Rose's years of service to the District and to the community.

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 retiree insurance benefits. His report also presented information regarding Directors' compensation. Directors were provided with a copy of District Human Resources Policy No. 4102, Salary Cost of Living Adjustments (COLA). The policy provides for considering a 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 2.5 percent for the twelve-month period ending in October 2012. Directors were provided with a

copy of the October 2012 Consumer Price Index 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 and a proposed amended Salary Schedule showing salary range adjustments that include the recommended 2.5 percent increase. The effective date of the amended policy, if adopted, will be January 14, 2013, which is the start of the first full bi-weekly pay period in 2013.

Directors were also provided with a copy of Policy No. 4831, Insurance Benefits for Retirees Retiring After March 19, 1996 with the monthly amounts amended by a 2.5 percent increase. The policy 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 referenced earlier.

The District's 2013 labor budget provides a total increase in salaries of 4.1 percent based on an estimated 2.1 percent COLA and up to 2.0 percent in individual employee merit increases at the discretion of the General Manager. The 2.5 percent COLA will reduce the salary amount available for merit increases, leaving 1.6 percent of total budgeted salaries that may be awarded in the form of merit increases by the General Manager.

AGM Kane also provided information regarding Directors' compensation. Directors' compensation is currently set at \$145.00 per day for attending Board meetings and other Board-sanctioned functions, and was last adjusted in 2008. Directors were provided with a copy of the 2008 ordinance establishing their compensation. Directors were also provided with a copy of District Board of Directors and Officers Policy 2040, which specifies that changes in compensation of Directors must be approved 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 pursuant to provisions of the State Water Code.

Directors were informed that a 2.5 percent COLA increase in Directors' compensation would result in an increase of \$3.63 in the daily compensation rate. Directors were also provided with information showing the cumulative effect of CPI-U changes since the date of the Board's most recent increase in 2008.

Directors and staff discussed the proposed COLA to the salary ranges and the retiree health insurance participation amounts. Directors affirmed by consensus that they did not wish to consider an adjustment to Directors' compensation.

It was moved by Director Dion, seconded by Director Goforth 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 +2.5 percent cost-of-living adjustment to the District's Salary Schedule effective January 14, 2013 and to amend the monthly insurance benefit amount for retirees to reflect said adjustments in the CPI-U.

Health Plan Coverage for District Employees for 2013

AGM Kane presented a report on the District's health care coverage for employees. The District offers Kaiser and Western Health Advantage (WHA) as its health care insurance providers for employees, and the current cover expires after January 31, 2013.

Most employees are contributing toward their health care premiums via payroll deductions as follows:

Employee Only	No contribution
Employee + Spouse	\$13.50 per pay period (\$351 annually)
Employee + Family	\$26.50 per pay period (\$689 annually)

Any employee having a premium cost in excess of the current District "cap" of \$1,502, as defined in District Policy No. 4210, Health Insurance, reimburses the difference between the "cap" amount and the monthly premium amount through a payroll deduction. In addition to paying most of the health insurance premium on the employee's behalf, the District reimburses employees for specified amounts of their co-payments through the use of a Supplemental Medical Reimbursement Account (SMRA). A 75 percent reimbursement limit is set for office visit co-payments for spouses and dependents. Brand name and non-formulary prescription drugs are reimbursed at 75 percent of the co-payment amount.

The co-payment reimbursement plan was implemented in 2007 as a way for the District to control its health insurance budget while maintaining a high level of health insurance benefit for its employees. By offering high co-payment insurance plans, the amount that the District saves through significantly lower monthly premiums far exceeds the additional cost of the co-payment reimbursement program. It is estimated that the District has saved well over \$500,000 since 2007 when compared to the lower co-payment plans the District offered prior to 2007.

Renewal quotes for employee health insurance for 2013 have recently been received with the following percentage increases: Kaiser, 1.02% increase; WHA, 10.20% increase.

District staff will be reviewing a variety of possible plans and coverages for 2013, including those available through ACWA/JPIA and CalPERS with the goal of continuing to provide high-quality health care coverage for District employees while remaining within the dollar amount approved in the 2013 budget. AGM Kane stated that based on the initial review of alternatives, it is likely that staff's recommendation will be to continue to offer the existing health insurance plans. Staff will present the analysis of options and make recommendations to the Board at the January 8, 2013 Board meeting.

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. The District has employed the services of ICE for this purpose 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).

A total of 78 water audits have been done under the ICE agreement during 2012, including 51 single-family home audits, 5 multi-family audits, 17 large landscape audits and 5 institutional audits. About \$12,800 has been expended of the \$24,000 approved under the 2012 agreement. In addition, the District performed 23 residential audits without ICE's involvement during 2012. Water Efficiency Coordinator Rex Meurer is a Certified Landscape Irrigation Auditor and performs the audits for the District.

CHWD under-expended the amount set aside for water efficiency reviews in 2012 as it does virtually every year. CHWD staff has been anticipating the implementation of a Proposition 84 grant through the Regional Water Authority's Regional Water Efficiency Program to help increase the numbers of water efficiency reviews being performed, but implementation of the grant-funded program has been delayed repeatedly for different reasons. Grant implementation is now tentatively scheduled for spring of 2013.

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 2013. ICE proposes no changes in their hourly rates for 2013, the fifth year in a row that hourly rates have stayed the same. Staff is recommending that the agreement be renewed in the amount of \$18,000 for 2013. If demand for water efficiency reviews increases and the District approaches the \$18,000 limit during 2013, staff will return to the Board for consideration of a contract amendment to increase the contract amount at that time.

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 2013 Water Conservation budget. Directors and staff discussed the proposed agreement and the services provided by ICE.

It was moved by Director Dion, seconded by Director Goforth and carried 3-0 to authorize the General Manager to execute an agreement with Irrigation Consultation & Evaluation for irrigation review services for 2013 with a not-to-exceed amount of \$18,000.00.

Utilities OnCall Bill Payment System

AGM Kane presented a report on the proposed purchase of a Utilities OnCall bill payment system to provide an automated pay-by-telephone system for payment of bills by District customers. The proposed system from Vocantas, Inc., is specifically designed to work with the District's integrated information technology systems. The Utilities OnCall system will provide District customers with options for paying their bill conveniently around the clock while also increasing the efficiency of accepting credit

card payments over the telephone. AGM Kane noted that the District has received frequent requests from customers to provide this type of bill payment option.

Directors were provided with a copy of the proposal from Vocantas, Inc. for the Utilities OnCall system. It is a proprietary system that is designed specifically to work with the District's Cogsdale customer information and billing system, and will provide automated customer account and billing information, accept payments from the customer's credit card and then update the customer's account to reflect payments received. The system includes a computer server with application software that works along with the Cogsdale system. The total price of \$38,851.13 includes the computer server and software, the first year's annual technical support for the system and installation and training. Funds for this system are budgeted in the 2013 Capital Projects Budget within Project 2013-04, Annual Technology Hardware and Software Improvements/Replacements.

The Sacramento Suburban Water District (SSWD), who also uses a Cogsdale billing system, has been using the Utilities OnCall system with great success and positive feedback from customers. CHWD staff recently attended a demonstration of the system at SSWD and was impressed with its design and features.

Directors and staff discussed the proposed system. OA Pam Peters provided additional information about the proposed system and its features and capabilities. Director Goforth inquired about ongoing costs for the system. AGM Kane responded that the purchase price includes the first year of maintenance and support at around \$8,000, and that there would be future annual costs of a similar amount for maintenance, support and software upgrades. Director Goforth expressed concerns about where the money for this system would come from, and about it being a system that will hold the District captive for paying future costs to keep it in operation. He suggested that there might be other methods that District staff could employ to handle telephone credit card payments more efficiently without needing a new automated system. Director Dains inquired about the security of the system. Staff responded that the system has rigorous security safeguards. Director Dion acknowledged the initial and ongoing costs of the new system, but stated that this is a part of the cost of doing business now.

Staff is recommending approval of the proposal at this December 2012 meeting so that acquisition and installation of the system can begin immediately following the start of the 2013 fiscal year. District Technology Services Consultant Jeff Ott (Sophos Solutions) will also be involved in installing the system and its integration with the Cogsdale customer information and billing system.

It was moved by Director Dion, seconded by Director Dains and carried 3-0 to authorize acceptance of the proposal for a Utilities OnCall system from Vocantas, Inc., in the amount of \$38,851.13.

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 Dains nominated Director Dion to serve as President, with the nomination seconded by Director Goforth. Director Dains nominated Director Goforth 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 Dains yielded to Director Dion 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 2011. 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 Goforth and carried 3-0 to reconfirm 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 Board of Directors and Officers 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 2012 appointments and their interests related to serving as representatives for the coming year.

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

Organization	Representative	Alternate Representative
Association of California Water Agencies - Joint Powers Insurance Authority (ACWA JPIA)	Joseph M. Dion	Allen B. Dains
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)	David L. Goforth (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*	Allen B. Dains	David L. Goforth
Citrus Heights Chamber of Commerce Government Issues Committee	David B. Kane	Robert A. Churchill
Sacramento Water Forum	David B. Kane	Robert A. Churchill

*Sacramento Groundwater Authority (SGA) appointments subject to confirmation by the City of Citrus Heights.

PROJECT MANAGER'S REPORT

PM Dietrich presented a report on the following activities during the month of November 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 Old Auburn Road 18-Inch Water Main and Mariposa Avenue 12-Inch Water Main project; the Palm Avenue 12-Inch Water Main, Castle Street 8-Inch Water Main and Kilborn Drive/Ronnie Street/Billie Street 8- and 6-Inch Water Mains project; and the Northgrove Way 6-Inch Water Main and Walnut Drive 8-Inch Water Main project.
- District Capital Improvement Projects currently under construction by contractors, including the Sunrise Boulevard Valve Box Raising and Setting, 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; and the 7101 Bonita Way Sewer Service Relocation; and
- Design coordination underway with the City of Citrus Heights on the City's Auburn Boulevard Joint Trench Utility Undergrounding Project, the Sunrise Boulevard Complete Streets Improvement Project, the Antelope Road Sidewalk and Storm Drain Improvements Project, the Auburn Boulevard Resurfacing

Project, and drainage improvement projects on Cedar Drive, Loleta Avenue, Poppy Avenue and Sycamore Drive.

It was reported that the following water systems, added to the District's water distribution system by independent contractors on behalf of private developers/owners, have been inspected by the District and formally accepted:

Sylvan Community Center, 7521 Community Drive, Citrus Heights
Two lineal feet (l.f.) of 6-inch ductile iron water main, 1 4-inch post indicator valve, and 1 6-inch gate valve.
Value: \$ 3,216.00

Sayonara Community Center, 7832 Sayonara Drive, Citrus Heights
67 lineal feet (l.f.) of 8-inch ductile iron pipe, 2 l.f. of 6-inch ductile iron pipe, 1 8-inch gate valve, 1 6-inch gate valve, 1 4-inch post indicator valve, and 1 fire hydrant.
Value: \$12,973.50.

Sayonara Park, 6550 Ming Way, Citrus Heights
Approved new ¾-inch reduced pressure backflow prevention assembly
Value: None

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 106 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 November 2012 was 13,562.59 acre-feet, a decrease of 6.2 percent compared with the average annual water consumption during the previous five years, 2007-2011.

Director Dion called a recess to the meeting at 7: 50 p.m. John Townsel, Paul Dietrich, Pam Peters, Nancy Alaniz, Rex Meurer, Tim Cutler, David Gordon, Borey Swing, Chuck Rose and David Rossi left the meeting.

Director Dion reconvened the meeting at 7:56 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion and GM Churchill reported on the schedule of future meetings for the Regional Water Authority (RWA).

GM Churchill reported a meeting of the Regional Water Authority (RWA) Executive

Committee that he attended recently, including efforts to conduct a salary survey for RWA positions.

Director Dains reported on an upcoming Sacramento Groundwater Authority (SGA) meeting.

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

Director Dains and Director Dion reported on their recent attendance at the Association of California Water Agencies (ACWA) Fall Conference in San Diego, California. They reported on meetings, workshop sessions and other activities that they attended during the conference.

Director Dion reported on his recent attendance at the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA) Fall Conference in San Diego, California.

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

GM Churchill reported on a letter received from the Sacramento Local Agency Formation Commission (LAFCO) regarding nominations for membership on the Special District Advisory Committee (SDAC). Director Goforth expressed an interest in being nominated for consideration by the SDAC Selection Committee.

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 November 2012, including the number of ultra-low-flush toilet rebates and high-efficiency clothes washer rebates issued. Planning is underway with staffs of the four retail agencies that receive water from San Juan Water District (Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company and San Juan Water District) for the 2013 Water Conservation Poster Contest.
2. Work on the required actuarial valuation of the District's OPEB (other post-employment benefits) commitments in compliance with Government Accounting Standards Board Statement 45 (GASB-45) has been completed. Consulting Actuary Steven T. Itelson has delivered the final report, and it will be presented to Directors at the January 8, 2013 Board meeting.
3. Production of the next edition of the District's WaterLine newsletter is underway, with draft design of the newsletter nearly complete. The Winter 2013 WaterLine

is expected to be delivered to customers in early January 2013.

4. AGM Kane attended the ACWA 2012 Fall Conference in San Diego, California on December 4-6, 2012. He reported on Committee Meetings, workshop sessions and other activities that he attended at the conference.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Eighteen District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of November 2012. Directors were provided with a list of the employees and items for which each received recognition.
2. A list of the General Manager's significant assignments and activities was provided.
3. GM Churchill recently attended the 2012 Association of California Water Agencies (ACWA) Fall Conference in San Diego, California on December 5-7, 2012. He reported on educational and training sessions attended at the conference.

CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

1. Letter dated November 20, 2012 from CHWD customer Heidi Alechko to the CHWD Board of Directors asking the District to consider bill averaging to give customers a way to smooth out large seasonal increases in water bills.

CLOSED SESSION

Pursuant to subdivision (b)(3)(A) of Government Code Section 54956.9 (one case), Anticipated Litigation, significant exposure to litigation, the Board of Directors convened in Closed Session at 8:39 p.m to receive a report from District Legal Counsel Judy Albietz. Directors Dains, Dion and Goforth, GM Churchill, and AGM Kane were in attendance.

President Dion reconvened the meeting into Open Session at 8:51 p.m. He reported that no action was taken by the Board in Closed Session.

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 8:52 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