

CITRUS HEIGHTS WATER DISTRICT  
BOARD OF DIRECTORS REGULAR MEETING  
February 12, 2013

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  
David L. Goforth, Vice President  
Allen B. Dains, Director  
Robert A. Churchill, General Manager  
David B. Kane, Assistant General Manager  
John J. Townsel, Operations Manager  
Paul A. Dietrich, Project Manager  
Timothy R. Cutler, Water Distribution Specialist

VISITORS

Walter "Andy" Sells, Chief Executive Officer, ACWA-JPIA  
Jonathan Glatz, Field Representative, Assemblyman Ken Cooley's Office

Director Dion led the Pledge of Allegiance.

PUBLIC COMMENT

None.

CONSENT CALENDAR

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

- 1) Minutes of the Regular Meeting of January 8, 2013.
- 2) Assessor/Collector's Report for January 2013.
- 3) Assessor/Collector's Cancellation Letter for January 2013.
- 4) Treasurer's Report for January 2013.
- 5) Bills to be Paid for January 2013.
- 6) Approve CAL-Card Purchases for January 2013.
- 7) Summary of 2012 Directors, Officers and Employees Training, Seminars and Conference Expenses.
- 8) Adopt Resolution No. 02-2013 Concurring in the Nomination of Melody A. McDonald of the San Bernardino Valley Water Conservation District to the ACWA-JPIA Executive Committee.
- 9) Adopt Resolution No. 03-2013 Concurring in the Nomination of Thomas A Cuquet of the South Sutter Water District to the ACWA-JPIA Executive Committee.

10) Deny the claim from Aleksandr Romchuk for property damage in the amount of \$369.58, and forward it to the District's insurance carrier, ACWA-JPIA.

## OLD BUSINESS

### 2013 / 2014 Capital Improvement Project Design Services

GM Churchill presented a report on a proposal from Bennett Engineering Services for engineering design services for a pipeline replacement project.

The District's 2012 (Revised) and 2013 (Adopted) Capital Improvement Budget includes \$132,500 in project design funds for engineering design services to facilitate the 2013 and 2014 construction of three proposed Capital Improvement Projects. In early 2012, the District solicited proposals from engineering firms to provide project design services for the 2012 construction of various capital pipeline improvement projects. The District received proposals from many qualified engineering consultants. Rather than again soliciting proposals for the 2013/14 projects, District staff has reviewed the proposals and qualifications previously provided and has requested and received scope of work and cost proposals for specific projects.

At the January 8, 2013 Board of Directors meeting, a proposal was accepted from KASL Consulting Engineers in an amount of totaling \$43,000 for Project No. 2012-26, Northgrove Way 6-Inch and Walnut Drive 8-Inch Distribution Main Replacements. A proposal was also accepted from Warren Consulting Engineers in an amount totaling \$33,500 for Project No. 2013-30, the San Juan High School / Mariposa Avenue 24-Inch Transmission Main Installation. At the time of that Board meeting, negotiations were not yet complete for Project 2013-31, the Park Drive 8-Inch and Poplar Avenue 8-Inch Distribution Main Replacements. Those negotiations have now been completed.

This project involves the replacement of water distribution mains in residential neighborhoods including one connection to a 14-inch water transmission main. Bennett Engineering Services (BenEn) was selected for this project based upon their prior services to the District with the Old Auburn Road 18-inch project and the Livoti Tract project. The total project budget is \$473,276 with a design budget of \$44,500. Directors were provided with a copy of BenEn's scope of work budget estimate for the design work associated with this project in the amount of \$48,000. Directors and staff discussed the project and the work proposed to be performed by BenEn.

It was moved by Director Goforth, seconded by Director Dains and carried 3-0 to accept the design proposal for Project No. 2013-31 from Bennett Engineering Services in the amount of \$48,000 plus a contingency of \$4,800 totaling \$52,800 and authorize the General Manager to execute a Professional Services Agreement.

### Conflict of Interest Code

GM Churchill presented a report on proposed amendments to Appendix B to District General Policy No. 1035, Conflict of Interest Code. The District has been in

communication with the Fair Political Practices Commission (FPPC) since August 2012 regarding amendments to the District's Conflict of Interest Code. FPPC representatives applied their standard language in amending the District's Code which was then posted for public view and provided to each affected individual in November 2012 to begin the required 45-day comment period. The comment period closed on December 28, 2012 with no comments received. In conjunction with preparation of the January 8, 2013 Board Meeting reports, GM Churchill confirmed via electronic mail (email) with the FPPC that the District was on track to meet the FPPC's needs. Directors were provided with a copy of the email message from GM Churchill to the FPPC.

At the January 8, 2013 Board of Directors meeting the Board approved amendments to the District's Code and amendments to the Appendices A and B of District Policy 1035 to mirror the FPPC provided-language. On January 9, 2013, an email was received from the FPPC that the District's Code was approved, although their Senior Legal Counsel made some minor changes to Category 1 in Appendix B. As such, the District's corollary Policy does not now mirror the FPPC-adopted Code.

Staff concurs that the changes are minor. It remains unknown why the FPPC would take over four months to receive input from their legal staff to change the language that they provided in the first place. Directors were provided with a copy of the FPPC-approved Conflict-of-Interest Code for the Citrus Heights Water District and an accompanying transmittal letter. Directors and staff discussed the proposed amendments to the District's Conflict of Interest Code.

It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to approve amendments to Appendix B to District General Policy No. 1035, Conflict of Interest Code as presented.

## NEW BUSINESS

### Training/Continued Education/Meetings

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

### Public Employee Retirement System Policy Amendments

AGM Kane presented a report on proposed amendments to District Policy No. 4820, Public Employees' Retirement System (PERS) that sets forth the District's policy regarding the provision of PERS retirement benefits for its employees. California Assembly Bill (AB) 340, adopted in September 2012, has created a variety of changes to PERS regulations, requirements and benefits for current and future PERS members. As a result of these changes, the existing language in the District's PERS policy no longer accurately reflects the PERS benefits for all employees. As of January 1, 2013, new employees who were not PERS members prior to their employment with District will be under a different benefit formula with contribution requirements that differ from employees who were PERS members prior to the start of 2013.

There are other new requirements not covered under the current policy including capping compensation that counts toward pension benefits and sharing of costs for current PERS members.

With the recent changes brought about by AB 340, trying to specifically define PERS benefits for District employees within the policy becomes increasingly complex and prone to possible inconsistencies with PERS regulations. Directors were provided with a copy of the proposed amendments to the PERS policy. As proposed, the policy will more broadly define the District's PERS benefits and refer to PERS rules, regulations and procedures as the authority for defining the benefits provided under the District's contract with PERS. The new proposed language under Section 4820.04 of the amended policy regarding employee PERS contributions is consistent with the District's ongoing policy of paying the required employee contribution to PERS while allowing for future changes that are likely to occur under the requirements of AB 340.

Adoption of the PERS policy with the recommended amendments will ensure that the District has a policy that is not in conflict with PERS regulations or benefits, and will also ensure that the policy applies equally to employees who became PERS members both before and after January 1, 2013. Directors and staff discussed the proposed changes to the PERS policy and other issues regarding changes to PERS benefits. Directors inquired as to whether the policy amendments would affect the PERS benefits of any existing employees. AGM Kane explained that the policy amendments would not affect the benefits of existing employees. However, the requirements of AB 340 will require changes to the benefits offered by CHWD in future years.

It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to approve District Human Resources Policy No. 4820, Public Employees' Retirement System (PERS), with amendments as presented.

#### Investment of District Funds Policy

AGM Kane presented a report on the annual review of District Policy No. 6300, Investment of District Funds, and proposed amendments to the policy as a result of that review. Section 6300.90 of the District's investment policy specifies that the policy shall be reviewed, modified as necessary and re-adopted or amended at least annually. The policy was last reviewed and amended by the Board in February 2012. Directors were provided with a copy of the policy with proposed amendments.

The policy has been reviewed by District staff and by District Legal Counsel Judy Albietz. Ms. Albietz' annual review covers the existing Policy and the current California Government Code Sections related to public agency investments. Ms. Albietz' review revealed no substantive changes. Her review recommends one minor change arising from amendments to the Code. This change can be found in Section 6300.20 of the attached amended policy, and specifies a one-year period for the authority delegated to the Treasurer for District investments. This change is consistent with the District's existing policy and practice regarding appointment of Officers on an annual basis. One other

minor recommended change to Section 6300.70 of the policy regarding reporting requirements involves citing an applicable section of the California Government Code, Section 53607, that is not cited within the current policy. The recommended changes will not affect the types of District investments or the manner in which District funds are invested.

AGM Kane explained that the District's requirement within its investment policy to perform an annual review exceeds requirements of the California Government Code. The Code requirement to perform annual review of investment policies was removed in 2006, and that the District could choose to remove or amend the annual review requirement set forth in Section 6300.90 of its investment policy. District staff is not recommending any change to the annual review requirement. Directors and staff discussed the proposed amendments to the investment policy. Directors discussed the manner in which District funds are currently invested. AGM Kane explained that yields for most of the types of investments allowed under the District's policy are currently very low. Most of the District's funds are invested in the State of California Local Agency Investment Fund to ensure safety and liquidity of District funds as set forth in the investment policy. He also clarified that "day-to-day management" of the District's investments by the Treasurer as stated in the policy does not mean that the Treasurer is engaged in investment-related activity on a daily basis.

It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to adopt District Policy No. 6300, Investment of District Funds with amendments as presented.

#### Old Auburn Road 14-Inch Water Transmission Main

GM Churchill presented a report on possible amendments to the District's 2013 Capital Projects Budget and consideration of a proposal from Kimley-Horn and Associates, Inc. for engineering design services.

In Citrus Heights Water District's capital improvement program (CIP), interconnection of existing 14-inch water transmission mains on the north side of Old Auburn Road between Orelle Creek Court and Robert Creek Court is proposed for Calendar Year (CY) 2018. The District's CIP estimates the installation of 470 feet of new 14-inch water transmission main at a CY 2013 construction cost of \$130,660, calculated at a cost of \$278 per lineal foot.

The challenge of this water main construction is the potential for impacts to the creek and adjacent trees, including an alternative to jack and bore beneath the creek channel instead of open trenching. The opportunity to participate with the City of Citrus Heights in incorporating the design and installation of said water transmission main with that of the pedestrian bridge associated with the City's Old Auburn Road Multi-Use Trail Project offers both financial and environmental benefits to the District.

GM Churchill summarized the design criteria for the water main. He also discussed the benefits of CHWD doing the project now, in conjunction with the City's project, instead

of waiting until 2018 as now scheduled in the CIP. The District requested and received a proposal from Kimley-Horn and Associates, Inc., the City’s Engineer for this project, to facilitate incorporation of the District’s project in with the City’s project. For design and incorporation into bid documents and specifications, the District proposes to contract directly with the Engineer. The engineer will be responsible for layout of the water main including attachment points to the bridge and design of the attachment brackets, supports and/or hangers. The District will provide trench details and ARV detail.

For construction, the District proposes to enter into a reimbursement agreement with the City. Directors and staff discussed the project and funding. Director Goforth asked about the source of funds for the project since it was not included in the District’s 2013 CIP budget. GM Churchill explained that the money would come from the District’s Capital Improvement Reserves, the same source of funds for most new additions to the District’s infrastructure.

It was moved by Director Dains, seconded by Director Dion and carried 2-1 (Dains/Dion aye; Goforth no) to:

1. Amend the District’s 2013 Capital Projects Budget to include Project No. 2013-33 “Old Auburn Road 14-Inch Water Transmission Main” with a budget of \$190,000; and
2. Accept a proposal from Kimley-Horn and Associates, Inc. for engineering design services in the amount of \$34,000.

2013 Fleet Vehicle Purchases

OM Townsel presented a report on the proposed purchase of vehicles to replace existing vehicles that are reaching the end of their service life. The District has two ½-ton pickup trucks and one service truck scheduled for replacement in the 2013 Capital Improvement Budget as follows:

<u>Equip No./Vehicle Description/Mileage</u>	<u>Budget</u>
No. 4, 2001 Ford F-450 Service Truck, approx. 48,900 miles	\$ 50,000
No. 6, 2001 Dodge ½-Ton Pickup, approx. 34,790 miles	\$ 25,000
No. 7, 2002 Dodge ½-Ton Pickup, approx. 89,001 miles	\$ 25,000

Upon replacement, Units 4, 6, and 7 are to be sold at auction.

For the purchase of the three new vehicles, it is proposed that the District use the California State Bid (Contract No. 1-13-23-20A, 1-13-23-23) as it has done since 1998. By using the State Bid, the District fulfills its public bidding responsibility and benefits from the State pricing while avoiding the time and expense involved in the competitive bidding process.

The vehicles to be purchased under the California State Bid are as follows:

<u>Description</u>	<u>Unit Price</u>	<u>Terms</u>	<u>Vendor</u>
2013 Ford F-550 Cab & Chassis	\$42,809.53	\$500-20 days	Downtown Ford
2013 Chevrolet Equinox Midsize SUV 2 @	\$24,697.59	\$500-20 days	Winner Chevrolet

Directors and staff discussed the purchase of midsize sport utility vehicles (SUV) as replacements for pickup trucks. OM Townsel explained that the SUVs will have four-cylinder engines and will result in significantly improved fuel economy and lower operating costs compared with the pickup trucks. Additionally, the SUVs will be better suited for the types of use to which they will be assigned. Director Goforth stated a concern that four-cylinder engines would not have sufficient power and durability, and that he felt that vehicles with six-cylinder engines would be better. OM Townsel stated that the District has had no problems with the two vehicles with four-cylinder engines that are now in the District's fleet.

It was moved by Director Dains, seconded by Director Dion and carried 2-1 (Dains/Dion aye; Goforth no) to authorize staff to proceed with the purchases of one Ford F-550 Cab-and-Chassis truck from Downtown Ford Sales of Sacramento with a total cost of \$42,809.53; and two Chevrolet Equinox vehicles from Winner Chevrolet of Elk Grove with a total cost of \$49,395.18.

#### PROJECT MANAGER'S REPORT

PM Dietrich presented a report on the following activities during the month of January 2013 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 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 Auburn Boulevard Resurfacing Project, and drainage improvement projects on Cedar Drive, Loleta Avenue, Poppy Way and Sycamore Drive.

## OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 88 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 2013 through the end of January 2013 was 602.52 acre-feet, a decrease of 5.2 percent compared with the average annual water consumption during the previous five years, 2008-2012.

Director Dion called a recess to the meeting at 7:25 p.m. OM Townsel, PM Dietrich, WDS Cutler and Mr. Sells left the meeting.

Director Dion reconvened the meeting at 7:28 p.m.

## DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion reported on a recent meeting of the Regional Water Authority (RWA) that he attended along with Director Goforth, GM Churchill and AGM Kane.

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

Director Dion reported on a recent meeting of the San Juan Water District Executive Committee that he attended along with Director Goforth, GM Churchill and AGM Kane.

Director Goforth reported on the results of the recent election of representatives to the Special District Advisory Committee for the Sacramento Local Agency Formation Commission (LAFCO).

Director Goforth reported on the State-mandated Ethics Training that he attended recently at the City of Citrus Heights along with GM Churchill.

AGM Kane reported on a Chamber of Commerce Government Issues Committee meeting that he attended 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 January 2013, including the number of ultra-low-flush toilet rebates and high-efficiency clothes washer rebates issued. Five school

presentations were delivered during the month at elementary schools within the District's service area.

2. District staff is conducting the considerable preliminary work that goes into preparing for the annual financial audit. In addition to closing the financial books for 2012, a variety of financial reports, documents and verifications from financial institutions must be prepared and assembled prior to Richardson & Company's on-site work that will take place during the week of February 25, 2013.
3. The District recently received a President's Special Recognition Award 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 Liability Program for the period October 1, 2008 through September 30, 2011. The award was announced at the recent ACWA-JPIA Board of Directors' meeting in San Diego, California. Directors were provided with a copy of the award. This award is an indication of the effectiveness of the District's attention to safety, risk management and loss prevention programs.
4. Work is underway on the design and installation of the new pay-by-telephone system for the District, which includes work to integrate the system with the District's Cogsdale billing system and the telephone system. Staff is also developing "scripts" for the frequently asked questions (FAQs) that customers will be able to access with the new automated system. Customers will be able to obtain some of the most frequently-requested information including the District's office location, hours of operation, forms of payment accepted, instructions for opening new accounts and closing existing accounts and more. Testing of the system is expected to take place in early to mid-March 2013, and will go live once testing is complete and the system is accepted by the District.
5. Directors were provided with information from the California Department of Water Resources (DWR) regarding the second snow survey of 2013. Statewide water content is now 93 percent of average for this time of year, down from 134 percent of average as measured during the first snow survey at the beginning of January. The first official Central Valley Project (CVP) water allocation announcement for 2013 from the U.S. Bureau of Reclamation (USBR) is expected in mid-February.
6. AGM Kane reported on a Water Forum Successor Effort meeting that he attended in January 2013.

#### GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Seventeen District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of January

2013. 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. Citrus Heights Water District has been voted the "Best of Citrus Heights 2012 Winner" in the Utilities Category through the Citrus Heights Regional Chamber of Commerce. GM Churchill and Assessor/Collector Nancy Alaniz attended the February 12, 2013 Chamber luncheon meeting to accept the award on the District's behalf. Other nominees were California American Water Company, the Sacramento Municipal Utilities District (SMUD) and the Pacific Gas and Electric Company (PG&E).
4. District staff met with representatives of California American Water Company (CAWC) on January 30, 2013, at CAWC's request to receive information on their efforts to find a suitable location for a 1.5 million gallon storage tank to provide peaking and fire flow for their Lincoln Oaks service area. CAWC has been unable to find a suitable location within their service territory and they are seriously considering a location inside CHWD's service territory just northeast of the intersection of Madison Avenue and San Juan Avenue. Directors were provided with a map showing the location under consideration by CAWC.

This location is approximately equidistant from the District's existing Palm Avenue Well (1,400 feet) and the proposed Skycrest Well (1,200 feet). The plan as discussed would involve a pipeline connection from CAWC's existing wells to fill and distribute water from the tank. A well at the proposed tank site is impractical due to the close proximity of CHWD wells. At this early point in the discussions, it is unknown what impacts or consequences, if any, there may be to the District. GM Churchill will keep Directors advised as additional information becomes available. He noted that the District may want to consider taking a formal position on this matter.

5. Directors were provided with a spreadsheet summarizing District employees' work and attendance history totals for calendar years 2005 to 2012.
6. The Boards of Directors of the San Juan Water District (SJWD) and Sacramento Suburban Water District (SSWD) have scheduled a joint meeting to discuss water management. The meeting will be held at the SSWD office on Marconi Avenue beginning at 6:30 pm on March 21, 2013.

#### CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

1. Electronic mail (email) message dated January 29, 2013 from customer Jolene

Blankenship regarding a request for a one-day extension for payment of overdue account charges, and an email response from CHWD.

2. Letter dated February 1, 2013 from Bettie Cosby, President/CEO of the Citrus Heights Regional Chamber of Commerce, thanking the District for its membership renewal for 2013.
3. Letter dated February 6, 2013 from John Laird, Secretary, California Natural Resources Agency and Charles R. Hoppin, Chairman, State Water Resources Control Board in response to a recent letter from the North State Water Alliance (including CHWD) regarding impacts to upstream water users from the proposed Bay Delta Conservation Plan (BDCP).

Mr. Glatz left the meeting at 8:13 p.m.

#### CLOSED SESSION

Pursuant to subdivision (b)(3)(A) of Government Code Section 54956.9 (two cases), Anticipated Litigation, significant exposure to litigation, the Board of Directors convened in Closed Session at 8:13 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 8:28 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 8:31 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