

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
May 14, 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
David B. Kane, Assistant General Manager
John J. Townsel, Operations Manager
Paul A. Dietrich, Project Manager
Rex W. Meurer, Water Efficiency Coordinator

General Manager Robert A. Churchill was absent due to his attendance at a San Juan Unified School District Board of Education meeting where a matter of interest to the District was on the agenda.

VISITORS

Danielle Santos and family members
Parker Malmstrom and family members
Melissa Quinlan and family members
Susanne Slayton, teacher, Woodside Elementary School

Director Dion led the Pledge of Allegiance.

PUBLIC COMMENT

None.

PRESENTATION

Water Awareness Poster Contest

Directors welcomed the 2013 Water Awareness Poster Contest winners and their families and teachers. Water Efficiency Coordinator Rex Meurer presented a report on the contest. The District's water efficiency staff, in conjunction with San Juan Water District, Orange Vale Water Company and Fair Oaks Water District sponsored the sixteenth annual Water Awareness Poster Contest. A total of 779 4th, 5th and 6th grade students at elementary schools within the service area of the District submitted posters based on this year's theme "Rain or Shine! How I Save Water All The Time!"

The students and the teacher who attended the meeting were presented with their awards, with the first-place student winner receiving a \$100.00 award and the two runner-up students receiving \$50.00 awards. In addition, each winning student's classroom received

an award of \$100.00 for the winning entry. The winning entries will also be featured in the 2014 Water Conservation Awareness Calendar.

The winners for schools within the Citrus Heights Water District are:

First Place Winner: Danielle Santos, 6th Grade, Woodside Elementary School
Teacher: Susanne Slayton

Runner-Up: Parker Malmstrom, 5th Grade, Trajan Elementary School
Teacher: Jim Cordellos

Runner-Up: Melissa Quinlan, 6th Grade, Carriage Elementary School
Teacher: Cindy Townsend

The contest entries in the Citrus Heights Water District service area were judged by: Alison Bermudez from the City of Citrus Heights staff; Cendrinne DeMattei, real estate agent representing the Citrus Heights Chamber of Commerce; and Virgil Anderson from the Sunrise Recreation and Park District staff.

The winners were congratulated for a job well done and thanked for their efforts to help promote water conservation.

The poster contest winners and their families and teachers and Water Efficiency Coordinator Meurer left the meeting at 6:42 p.m.

CONSENT CALENDAR

President Dion asked for the Consent Calendar. Director Goforth inquired about two line items in the Operating Budget summary and received explanations from staff. It was moved by Director Goforth, seconded by Director Dains and carried 3-0 to accept the Consent Calendar consisting of:

- 1) Minutes of the Regular Meeting of April 9, 2013.
- 2) Assessor/Collector's Report for April 2013.
- 3) Assessor/Collector's Cancellation Letter for April 2013.
- 4) Treasurer's Report for April 2013.
- 5) Bills to be Paid for April 2013.
- 6) Approve CAL-Card Purchases for April 2013.
- 7) Summary of 2013 Directors, Officers and Employees Training, Seminars and Conference Expenses.

OLD BUSINESS

Sunrise Boulevard Complete Street Phase I Valve Box Raising and Setting Project

PM Dietrich presented a report on completion of the Sunrise Boulevard Complete Street Phase I Valve Box Raising and Setting Project. On August 20, 2012, a contract was executed between Citrus Heights Water District and Teichert Construction for raising and

setting 25 valve boxes on Sunrise Boulevard from Vistaridge Drive to Antelope Road in Citrus Heights. Concurrently, the City of Citrus Heights entered into a contract with Teichert Construction for constructing new sidewalks, pavement overlay, and other related work as part of the Sunrise Boulevard Complete Street Phase I Improvement Project. The valve box raising and setting project provides dependable access to the critical water infrastructure along Sunrise Boulevard and ensures safe travel for vehicular traffic and pedestrians.

The original contract amount was \$10,520.00. The amount paid the contractor is \$11,825.00 for material, labor and equipment. The amount paid includes an additional three valve boxes at \$435.00 each that were later determined to be in the project area. Work began on the project on August 20, 2012, and Teichert Construction successfully completed the valve box raising project by April 15, 2013. Directors and staff discussed the project and the work performed. Director Goforth inquired about the three additional valve boxes, and PM Dietrich explained why these valve boxes were added to the project after the original contract was executed.

It was moved by Director Dains, seconded by Director Dion and carried 2-1 (Director Goforth voting no) to adopt Resolution No. 08-2013 Accepting the Sunrise Boulevard Complete Street Phase I Valve Box Raising and Setting Project and authorizing the District Secretary to execute and record a Notice of Completion for the Project.

2012 Livoti Tract 6-Inch and 8-Inch Water Main Replacement Project

PM Dietrich presented a report on the completion of the 2012 Livoti Tract 6-Inch and 8-Inch Water Main Replacement Project. On August 30, 2012, a contract was executed between Citrus Heights Water District and Vinciguerra Construction for replacement of approximately 2,010 lineal feet (lf) of 8-inch water main, 690 lf of 6-inch water main, 25 main valves, 6 fire hydrants, 41 water services and related appurtenances along Livoti Avenue between Orlando Drive and Mariposa Avenue and along Frances Avenue between Livoti Avenue and Whyte Avenue, in Placer County.

The District's preliminary cost estimate for this project was \$558,000.00 and the original contract amount was \$445,525.00. The amount paid the contractor is \$432,383.60 for material, labor and equipment. Cost savings were achieved for various reasons. Bid items were included for additional trench depth that would require additional excavation and shoring in areas where potentially the new water main would be installed in a deeper trench to clear other utilities. Only one such area required payment of the bid item for additional trench depth. The Contractor was able to install less concrete than anticipated in the Engineer's Estimate by using a pneumatic boring machine to install several water services under existing sidewalks and driveways. Also, the District received a credit from the Contractor for not installing the roadway slurry seal coating that instead will be installed at District expense by Placer County. These items resulted in a cost reduction from the original contract amount of \$13,141.40. Vinciguerra Construction completed the work on April 18, 2013. Directors and staff discussed the project and the work performed. Director Goforth congratulated staff on managing the contract in a manner

that produced a cost reduction.

It was moved by Director Goforth, seconded by Director Dains and carried 3-0 to adopt Resolution 09-2013 Accepting the 2012 Livoti Tract 6-Inch and 8-Inch Water Main Replacement Project and authorizing the District Secretary to execute and record a Notice of Completion for the Project.

Proposals for Financial Planning Services

AGM Kane presented a report on the selection of a consultant to assist in the development of a long-range financial plan for the District. At its April 9, 2013 meeting, the Board of Directors reviewed a draft Request for Proposals (RFP) for professional services to develop a long-range financial plan and a new water rate model. Funds for this work in the amount of \$40,000 are authorized in the 2013 Operating Budget. This RFP was issued to six firms with demonstrated experience in performing this type of work for public agencies. Four proposals were received with two of the firms declining to propose due to schedule and workload conflicts.

Proposals were received on April 30, 2013 from the following firms:

- Atkins North America, Inc. (Roseville and San Diego, CA)
- NBS (Temucula and San Francisco, CA)
- Raftelis Financial Consultants (Pasadena, CA)
- Willdan Financial Services (Temecula, CA)

Proposals were reviewed by a proposal review committee composed of General Manager Churchill, Assistant General Manager Kane and Office Administrator Pam Peters. Proposals were reviewed based on criteria specified in the RFP, including completeness of the consultant's response, professional qualifications of the individual staff and the firm, and experience of the firm in providing similar services to special district water utilities. Consideration was given to demonstrated local knowledge of water service and rate issues in the region. In accordance with District Operations Policy No. 5400, Consultant/ Professional Services Selection, the proposals were first evaluated based on documented competence and qualifications for the services to be performed. Fee proposals, submitted in separate sealed envelopes, were opened only after the ranking of the firms was done, and then rankings were evaluated again with the fee proposals taken into consideration.

The top-ranked firm is NBS, and this is the firm that is recommended to assist CHWD in preparing its new financial plan and rate model. Directors were provided with a copy of NBS' proposal along with a copy of the RFP issued by the District. The Project Manager proposed to be assigned to the District's project, Greg Clumpner, is a senior utility economist with 30 years of experience in the field of water rates. His experience, along with his local presence in Davis, California, and knowledge of local water issues, were important factors in NBS receiving the top ranking. NBS' proposal is clear and concise, and is responsive to all of the scope of work elements specified in the District's RFP. The assignment of only two key NBS staff to the project is expected to provide the District with a high level of personal attention during the project.

NBS' all-inclusive fee proposal of \$39,920 is competitive with the other fee proposals received, which fell within a range of \$37,890 to \$39,520. It is slightly higher than all of the other fee proposals due to the greater amount of Project Manager hours devoted to the project. This includes a total of three meetings with the Board of Directors.

With the Board's approval, staff will proceed immediately to execute a professional services agreement with NBS and start work on the project. The first step in the work will be collection of data including District customer accounts, meter sizes, monthly consumption and revenues collected for analysis by NBS. A Special Meeting of the Board will be scheduled sometime between mid-June and early July to review NBS' initial analysis and discuss rate structure alternatives. Directors and staff discussed the project and the recommended financial consultant. Director Goforth stated that he feels that the project could be performed by District staff and that hiring a consultant is a waste of money. Director Dion stated that the consultant will offer expertise that District staff does not have, and that it is an appropriate expenditure of District funds to hire an experienced professional to assist in the financial planning and rate modeling project.

It was moved by Director Dains, seconded by Director Dion and carried 2-1 (Director Goforth voting no) to authorize the General Manager to execute a professional services agreement with NBS in an amount not to exceed \$39,920 for financial planning services.

San Juan Water District / Sacramento Suburban Water District Joint Meetings

AGM Kane presented a report prepared by GM Churchill with information regarding San Juan Water District (SJWD) and Sacramento Suburban Water District (SSWD) Joint Meetings. Members of the Boards of Directors and General Managers of the SJWD and SSWD have been conferring for a period approaching two years to discuss water supply issues. The initial meetings were 2 x 2 Ad Hoc Committee Meetings with two Board Members of each agency and management participating. A Joint Meeting of the full five-member Boards of each agency was convened at SSWD on the evening of March 21, 2013 with presentations by the General Managers and discussion by the Boards. The meeting was well attended by Citrus Heights Water District representatives (Director Dion, Director Dains, GM Churchill, AGM Kane, Legal Counsel Albietz) and many other water agencies and interested parties. Direction was provided to the 2 x 2 Ads Hoc Committee.

On April 22, 2013, the 2 x 2 Ad Hoc Committee met at SJWD. Directors Dion and Goforth and GM Churchill were in attendance. Directors were provided with a copy of the meeting agenda and a copy of the "Alternative Risk Analysis" that was presented and discussed.

On April 24, 2013, the SJWD Board of Directors met in regular session. An item on the agenda was to consider the approval of a "Modified Limited Term Specific Request for a Conflict of Interest Waiver" to permit the SJWD legal counsel to advise SJWD on matters pertaining to the alternatives being discussed. Inasmuch as SJWD and SSWD share the same legal counsel, CHWD once again provided SJWD with written objection to the same legal counsel advising SJWD in this regard. Directors were provided with a

copy of the letter signed by Director Dion restating the District's objections. The SJWD Board of Directors did not approve the proposed Conflict of Interest Waiver.

Directors and staff discussed the meetings and ongoing discussions between SJWD and SSWD.

Directors were informed of an upcoming meeting of the 2 x 2 Ad Hoc Committee and an upcoming Joint Board of Directors Meeting at Sacramento Suburban Water District.

NEW BUSINESS

Training/Continued Education/Meetings

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

PROJECT MANAGER'S REPORT

PM Dietrich presented a report on the following activities during the month of April 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; the Northgrove Way 6-Inch Water Main and Walnut Drive 8-Inch Water Main project; the Mariposa Avenue 24-Inch Water Main and San Juan High School 24-Inch Water Main project; the Old Auburn Road 14-Inch Water Main project; and the Park Drive 8-Inch Water Main and Poplar Avenue 8-Inch Water Main project;
- District Capital Improvement Projects currently under construction by contractors, including: the Old Auburn Road 18-Inch Water Main; and
- Design coordination underway with the City of Citrus Heights on the City's Sunrise Boulevard Complete Streets Improvement Project, the Auburn Boulevard Joint Trench Utility Undergrounding Project, and the Watson Way Drainage Improvement Project.

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 210 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 90 samples, have met all California Department of Public Health requirements.

2. District-wide water consumption for the calendar year 2013 through the end of April 2013 was 3,058.16 acre-feet, an increase of 1.2 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 and PM Dietrich, left the meeting.

Director Dion reconvened the meeting at 7:26 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion reported on an upcoming meeting of the Regional Water Authority (RWA), and a meeting of the RWA Executive Committee that he attended recently.

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

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

Director Dion reported on an event at Placer County Water Agency that he attended recently celebrating the retirement of the bonds for the Middle Fork Project.

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

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 April 2013, including the number of ultra-low-flush toilet rebates issued. Work on the annual poster contest continued, and a large landscape audit for the Sunrise Golf Course has been completed.
2. The recruitment to fill the vacant Water Distribution Specialist position has been completed, with the April 25, 2013 promotional appointment of District employee Nick Spiers to the position. Another recruitment began immediately to fill the position of Water Distribution Lead Worker/Operator that has been vacated by Mr. Spiers' promotional appointment. Applications for the Water Distribution Lead Worker/Operator position are being accepted from both current District

employees and outside applicants. The application period closes on May 20, 2013.

3. Production of the next edition of the District's WaterLine newsletter is underway. The feature story for this edition will be on projects underway to maintain the reliability of CHWD's water system for its customers. The Summer 2013 WaterLine is tentatively scheduled to be delivered to customers in early July 2013.
4. AGM Kane attended a recent Water Forum Successor Effort (WFSE) meeting. The main item of discussion at this meeting was the draft Notice of Preparation (NOP) for the Flow Standard for the Lower American River.
5. Directors were provided with information regarding surface water supply conditions. This included information regarding the U.S. Bureau of Reclamation 2013 Central Valley Project (CVP) water supply allocation. The current allocation for Municipal and Industrial (M&I) Water Service Contractors North-of-Delta stands at 75 percent. Copies of the Monthly Runoff Report for April 2013 from the Water Forum Successor Effort were provided, as well as a California Department of Water Resources news release regarding their May 2, 2013 snow survey showing a snowpack water content of 17 percent of normal for this time of year.
6. AGM Kane reported on the ACWA 2013 Spring Conference in Sacramento, California that he attended on May 7-10, 2013, and summarized the training and workshop sessions that he attended at the conference.

GENERAL MANAGER'S REPORT

AGM Kane reported on the behalf of GM Churchill as follows:

1. Fourteen District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of April 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. A written report from GM Churchill on the ACWA 2013 Spring Conference in Sacramento, California that he attended on May 8-10, 2013 was provided to Directors. The report summarized the training and workshop sessions that GM Churchill attended at the conference.

CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

1. Electronic mail (e-mail) correspondence received from CHWD customer Adriana Jenson dated April 22, 2013, regarding water drainage problems at her property. A written response from CHWD was also provided, along with copies of subsequent e-mails from and to Ms. Jenson.

CLOSED SESSION

Pursuant to Government Code Section 54957, Public Employee Leave of Absence, the Board of Directors convened in Closed Session at 7:50 p.m. Directors Dains, Dion and Goforth and AGM Kane were in attendance.

President Dion reconvened the meeting into Open Session at 7:55 p.m.

President Dion reported that the Board had voted 3-0 to grant a 90-day Medical Leave of Absence Extension for June 3, 2013 to September 1, 2013 to CHWD employee John L. Cope.

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 7:58 p.m.

APPROVED:

Original signed by: David B. Kane
DAVID B. KANE
Deputy Secretary
Citrus Heights Water District

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