

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
November 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
Pamela L. Peters, Office Administrator
Susan K. Sohal, Customer Service Administrator
Timothy R. Cutler, Water Distribution Supervisor

VISITORS

None

Director Dion led the Pledge of Allegiance.

PUBLIC COMMENT

None

CONSENT CALENDAR

President Dion asked for the Consent Calendar. Director Goforth requested a correction to the Minutes of the Regular Meeting of October 8, 2013 on the agenda item entitled "Sacramento LAFCo Special District Commissioner." He requested that the minutes be changed to note for the record that Director Goforth recused himself from the discussion of the matter and left the Board meeting room while the matter was discussed. He did not vote on the matter and returned to the Board meeting room after the vote had been taken. Directors agreed that this was accurate and that the minutes of that meeting be amended accordingly. 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 October 8, 2013 with amendments as noted above.
- 2) Assessor/Collector's Report for October 2013.
- 3) Assessor/Collector's Roll Adjustment Letter for October 2013.
- 4) Treasurer's Report for October 2013.
- 5) Payables for October 2013.

- 6) CAL-Card Purchases for October 2013.
- 7) Summary of 2013 Directors, Officers and Employees Training, Seminars and Conference Expenses.

OLD BUSINESS

2014 Budgets and Water Rates

AGM Kane presented a report on the draft Operating and Capital Improvement Budgets for 2014 including recent budget adjustments, and discussed the status of the Proposition 218 notification to CHWD property owners of proposed adjustments to water rates and charges for 2014.

Summary information for the 2014 Operating Budget and the 2014 Capital Improvement Budget was presented. Directors were advised of adjustments to the budgets that have been made since the time of the October 8, 2013 meeting. The 2014 Operating Budget is now proposed at \$9.69 million, a decrease of about \$110,000 from the \$9.80 million budget presented at the October 8 meeting, representing an overall increase of about \$96k, or 1.00 percent, above 2013 authorized levels. The 2014 Capital Improvement Budget of \$1.92 million in 2014 projects is essentially unchanged from the October 8 version, with another \$7.94 in projects carried over from prior years, an increase of \$450,000 from the October 8 version. Directors and staff reviewed the list of proposed project changes. The total 2014 Capital Improvement Budget is now proposed at \$9.86 million. AGM Kane noted that there could be other minor revisions before the budgets are presented for adoption at the Board's December 10, 2013 meeting, but that the budgets as now presented are considered to be very close to their final form.

Notices of proposed water rate adjustments and the upcoming Public Hearing on December 10, 2013 were mailed on October 22, 2013 pursuant to Proposition 218. Directors were provided with a copy of the notice that was mailed to property owners in the CHWD service area. Information on proposed 2014 budgets and water rates was made available on the District's web site for customers wishing to obtain more information than what was presented in the Proposition 218 notice. As of November 7, 2013, 11 letters of protest had been received. Directors were provided with copies of those letters of protest. Directors and staff discussed the Proposition 218 process.

Staff will be performing an analysis of other charges that are included on the full schedule of District water rates, fees and charges, such as inspection charges, water service installation charges, service charges for turn off notices and disconnection/reconnection of water service and others. Recommended changes to these fees and charges, if any, will be presented at December Board meeting as part of the proposed overall schedule of Water Rates, Fees and Charges for the District for 2014. Fees and charges are analyzed annually based on the staff time, equipment, materials and other costs involved in providing specified services.

Long-Range Financial Plan

AGM Kane presented a report on the District's Water Rate Study prepared by the financial plan consultant and presented for adoption at this meeting. The District has completed a long-range financial planning process to guide the District in determining revenue requirements to support future operations and capital improvement needs. The District was assisted in the process by consultant Greg Clumpner of the NBS Government Finance Group. The Board of Directors conducted three workshops during the course of this planning process. A preferred water rate methodology has been selected that will serve as the basis for determining customer water rates and charges. The proposed water rates for 2014 were developed using that methodology and a notice of proposed rates has been sent to District property owners in compliance with Proposition 218 requirements.

Directors were presented with a copy of the Study in its final form. The only change from the preliminary draft presented at the October 8, 2013 Board meeting is the inclusion of an Appendix A with selected tables from the financial plan, cost-of-service and rate design analyses. Formal adoption of the Study is one of the recommendations contained in the Study. The Study also recommends implementing rates recommended by the Study, a process that is underway and will be considered for formal adoption at the December 10, 2013 Board Meeting following a Public Hearing to be held at that meeting. Another recommendation of the Study is adoption of Reserve Fund target levels. Staff will present proposed amendments to District Funds and Reserve policies for Board consideration at a future date.

This Water Rate Study, along with a Microsoft Excel-based spreadsheet water rate model that is being finalized based on the Board's selected water rate methodology, represent the consultant's final deliverables for the project. The model will replace the District's 1999 water rate model and will reside on the District's computer system and become the District's tool for determining revenue requirements and developing water rate adjustments for future years. The model will allow the District to consider changes in revenue requirements and the effects of various levels of possible rate adjustments based on the future operational and capital needs of the District.

Directors and staff discussed the Water Rate Study. Directors Dains and Dion expressed their approval of the study, and noted that it will provide a tool to help inform and guide the District's financial decisions into the future. Director Goforth expressed that he had been opposed to the Financial Plan process from the beginning and feels that it is only a plan to raise water rates in the years ahead.

It was moved by Director Dains, seconded by Director Dion and carried 2-1 to adopt the Citrus Heights Water District Water Rate Study as presented. Director Goforth voted against the motion.

Skycrest Well

GM Churchill presented an update on the design phase of the Skycrest Well Project. A Professional Service Agreement for Design, Testing and Construction Management Services of the Skycrest Well has been executed with the engineering consulting firm NV5. A project design kick-off meeting and site walk was held on November 5, 2013 with the consultant and their sub-consultants.

Directors and staff discussed the project.

San Juan Water District / Sacramento Suburban Water District Joint Meeting

GM Churchill presented a report on information regarding San Juan Water District (SJWD) and Sacramento Suburban Water District (SSWD) Joint Meetings. The most-recent Joint Board Meeting of SJWD and SSWD at Sacramento Suburban Water District was held on October 15, 2013. GM Churchill attended the meeting on behalf of the District.

Directors were provided with a copy of the meeting agenda and staff report regarding the agreement with the Municipal Consulting Group for services related to a high level feasibility analysis for consolidating the two agencies, as well as a copy of the agreement between Municipal Consulting Group and SSWD. Directors and staff discussed the ongoing discussions between SJWD and SSWD.

GM Churchill provided information on an upcoming Joint Board Meeting of the Boards of Directors of SJWD and SSWD.

NEW BUSINESS

Training/Continued Education/Meetings

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

Retirement of John Cope

GM Churchill presented a report on a proposed resolution honoring Water Distribution Lead Worker / Operator Johnny L. "John" Cope in recognition of his years of valued service to the District. Mr. Cope's last day of work will be December 4, 2013 after providing over 29 years of service to the District. An event to recognize Mr. Cope's years of service may be planned in the future depending on John's wishes and ability to attend such an event.

Directors were provided with a draft Resolution acknowledging and commending John's service. Directors and staff discussed John's years of service and his many contributions to the District and its customers.

It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to adopt

Resolution No. 16-2013 Commending Johnny L. Cope for his service to the District.

Appointment of District Officers

AGM Kane presented a report on appointment and reconfirmations of District Officers. Pursuant to District Board of Directors and Officers Policy No. 2200 the Board of Directors shall appoint or reconfirm appointments of District Officers each December or as otherwise necessary. With the retirement of Nancy Alaniz, the office of Assessor/Collector has become vacant. Therefore, it is recommended that the Board appoint Nancy's successor, Customer Service Administrator Susan K. Sohal, as Assessor/Collector and reconfirm other District officers at this time for a term extending to December 2014 as shown below.

	<u>Officer</u>	<u>Deputy Officer</u>
Assessor/Collector	Susan K. Sohal	Pamela L. Peters
Treasurer	David B. Kane	Pamela L. Peters
Secretary	Robert A. Churchill	David B. Kane

With the exception of Susan Sohal, all of these individuals served in these same Offices for 2013.

A copy of District Board of Directors and Officers Policy No. 2210, Post Offer of Appointment Background Investigation, was provided to Directors. This policy requires a background investigation prior to initial appointment as a District Officer. A background investigation on Ms. Sohal was conducted in September 2013 as a condition of her employment with the District. This investigation revealed no information that would be a concern in appointing Ms. Sohal as an Officer of the District.

Director Goforth discussed the appointment of Ms. Sohal as Assessor/Collector, and inquired how her position would be different from that of her predecessor, Ms. Alaniz. It was explained that Ms. Sohal's responsibilities and position would be essentially the same as that of Ms. Alaniz. The difference is that Ms. Alaniz' job title was the same as her Officer title of Assessor/Collector, whereas Ms. Sohal will have a job title of Customer Service Administrator that will be different from her Officer title of Assessor/Collector.

It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to appoint and reconfirm the following District Officers:

	<u>Officer</u>	<u>Deputy Officer</u>
Assessor/Collector	Susan K. Sohal	Pamela L. Peters
Treasurer	David B. Kane	Pamela L. Peters
Secretary	Robert A. Churchill	David B. Kane

Organizational Structure Policy Amendments

AGM Kane presented a report on proposed amendments to District Policy No. 1030, Organizational Structure and Chart, including Attachment 1030.A1, Organization Chart. The CHWD staff position that was formerly titled “Assessor/Collector” was changed recently to “Customer Service Administrator.” The change was made to better reflect the position’s responsibilities as the person in charge of the full range of customer services for the District.

The Job Description for the position of Customer Services Administrator has already been modified and approved under the authority of the General Manager. However, the change to the Organizational Structure and Chart policy requires Board approval. The District retains an appointed Officer position of Assessor/Collector as set forth in the California Water Code for Irrigation Districts, but this title will no longer be used as an employment job title. Directors were provided with copies of District Policy No. 1030, Organizational Structure and Chart, including Attachment 1030.A1, Organization Chart with proposed amendments.

Director Goforth stated that, per his discussion on the previous agenda item regarding the Office of Assessor/Collector, he did not support changing the job title of the position to be different from that of the Officer title of Assessor/Collector.

It was moved by Director Dains, seconded by Director Dion and carried 2-1 to adopt District Policy No. 1030, Organizational Structure and Chart, including Attachment 1030.A1, Organization Chart, as amended. Director Goforth voted against the motion.

Association of California Water Agencies Statewide Action Plan

GM Churchill presented a report on a proposed resolution supporting the Association of California Water Agencies’ (ACWA) Statewide Water Action Plan. Directors were provided with a copy of a draft resolution, a cover letter from ACWA requesting support of the Statewide Water Action Plan, and a copy of the Plan itself. Directors and staff discussed the Plan.

Director Goforth stated that he felt that the Statewide Water Action Plan was not really a plan but simply a collection of statements or beliefs. He stated that he felt that what was really needed was a stronger and more direct statement of the Sacramento region’s position regarding preservation of its own water supplies against statewide actions.

It was moved by Director Dains, seconded by Director Dion and carried 2-1 to adopt Resolution No. 15-2013 supporting the Association of California Water Agencies’ Statewide Water Action Plan. Director Goforth voted against the motion.

OA Peters and CSA Sohal left the meeting at 7:13 p.m.

PROJECT MANAGER'S REPORT

PM Dietrich presented a report on the following activities during the month of October 2013 by the Project Management and Engineering Department:

- Projects under construction or pending construction by private contractors and developers including:
 - Brake Masters, 8000 Greenback Lane, Citrus Heights.
 - Citrus Town Center, 6302-04 Sunwise Boulevard, Citrus Heights
- Project development/design underway by District staff including:
 - Old Auburn Road 14-Inch Water Main Extension project.
 - 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 Replacement project.
 - Park Drive 8-Inch Water Main and Poplar Avenue 8-Inch Water Main Replacement project.
 - Mariposa Avenue 24-Inch Water Main and San Juan High School 24-Inch Water Main Replacement / Extension project.
- Projects contracted by the District, including:
 - Old Auburn Road 18-Inch Water Main and Mariposa Avenue 12-Inch Water Main project.
 - Northgrove Way 6-Inch Water Main and Walnut Drive 8-Inch Water Main Replacement project.
- Coordination and inspection is underway with the City of Citrus Heights on the following City projects:
 - Auburn Boulevard Joint Trench Utility Undergrounding Project.
 - Watson Way Drainage Improvement Project.
 - Linden Avenue Drainage Improvement Project.
 - Glenn Avenue, Patton Avenue and Loleta Avenue Drainage Improvement Project.
 - 2013 Arterial Street Resurfacing Project.
 - 2013 Residential Street Resurfacing Project.
 - Auburn Boulevard Widening Project.

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 289 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 October 2013 was 13,269.05 acre-feet, an increase of 3.55 acre-feet compared with the average annual water consumption during the previous five years, 2008-2012.

Director Dion called a recess to the meeting at 7:24 p.m. OM Townsel, PM Dietrich and WDS Cutler left the meeting.

Director Dion reconvened the meeting at 7:25 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion reported on an upcoming meeting of the Regional Water Authority (RWA).

Director Goforth reported on a meeting of the Sacramento Groundwater Authority (SGA) that he attended recently along with AGM Kane.

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 Dains reported on the Association of California Water Agencies (ACWA) Regional Water Forum sponsored by ACWA Regions 2 and 4 that he attended recently along with Director Dion and GM Churchill.

Director Dion reported on a meeting of the Association of California Water Agencies - Joint Powers Insurance Authority 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 October 2013, including the number of ultra-low-flush toilet rebates and high-efficiency clothes washer rebates issued. Water Efficiency Coordinator Rex Meurer made a water efficiency program presentation at the Citrus Heights Neighborhood Association #3 meeting on October 8, 2013. The District has been notified that the firm of Irrigation Consultation & Evaluation (ICE) is closing its water auditing business at the end of 2013. CHWD has employed ICE for the past 14 years to assist with performing water efficiency reviews for its customers.
2. One employee recruitment was completed during the month of October 2013.

James Buford began work as the District's newest Water Distribution Lead Worker / Operator on October 30, 2013. The position is being vacated by the retirement of John Cope.

3. Work on the next edition of the District's WaterLine customer newsletter is underway. The feature story will be about the possible effects of proposed Delta "fixes" on local water supplies, and is proposed to include contact information for State legislators that represent areas within CHWD's service area. The Winter 2014 edition of the WaterLine will be mailed out in early January 2014.
4. The Water Forum Successor Effort continues to debate the proposed Flow Standard for the Lower American River. A Water Forum Successor Effort plenary meeting is scheduled for November 14, 2013.
5. The ACWA-appointed Code of Conduct Committee has completed its work in drafting a proposed Code of Conduct for the Association of California Water Agencies Board of Directors. The Code will be presented to the ACWA Board of Directors at its November 22, 2013 meeting. AGM Kane served on this Committee.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Twenty District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of October 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 on the American Water Works Association (AWWA) 2013 California/Nevada Section Fall Conference in Sacramento, California that GM Churchill attended on October 1 to 3, 2013 was provided to Directors. The report summarized the training and workshop sessions that GM Churchill attended at the conference.
4. The General Manager is currently performing a salary survey with data acquired from 19 water agencies, including Citrus Heights Water District, in the greater Sacramento region. A total of 803 job titles are represented in the survey. Review of the data is in progress. It is anticipated that the findings and recommendations of the survey will be presented at the January 14, 2014 Board meeting

CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

1. Letter dated October 14, 2013 from Misha Sarkovich, President, Fair Oaks Water District (FOWD) to Ken Miller, President, San Juan Water District (SJWD), regarding the inclusion of a “take or pay” financing structure in the wholesale water supply agreements with SJWD.

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 7:56 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