

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
December 10, 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
Nicholas L. Spiers, Jr., Water Distribution Specialist

VISITORS

Gary and Jeanne French
Janis Shoemaker
Lonnie Gossett, Director, Fair Oaks Water District

Director Dion led the Pledge of Allegiance.

PUBLIC COMMENT

None

CONSENT CALENDAR

President Dion asked for the Consent Calendar. Director Goforth inquired about two items on the Consent Calendar. Under Item 4, the Assessor/Collector's Roll Adjustment Letter for November 2013, he asked about a matter regarding a broken link on the District's online payment web page that caused the Assessor/Collector to issue a few refunds of charges during the month. AGM Kane responded that the broken link had been a temporary problem and was fixed as soon as it was discovered. Under Item 12, Director Goforth asked if the claim from Ms. Resor was related in any way to the District's recent water main break on Old Auburn Road. GM Churchill responded that the location of the water main break and the location of Ms. Resor's property on Excelsior Avenue are geographically some distance from one another and that the water main break and the leak on Ms. Resor's water service were unrelated. 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 November 12, 2013.

- 2) Minutes of the Special Meeting of November 12, 2013.
- 3) Assessor/Collector's Report for November 2013.
- 4) Assessor/Collector's Roll Adjustment Letter for November 2013.
- 5) Treasurer's Report for November 2013.
- 6) Payables for November 2013.
- 7) CAL-Card Purchases for November 2013.
- 8) Summary of 2013 Directors, Officers and Employees Training, Seminars and Conference Expenses.
- 9) Adopt Resolution No. 17-2013 Accepting an Easement at 8000 Greenback Lane from Heights Properties LLP.
- 10) Adopt Resolution No. 18-2013 Accepting an Easement at 7990 Greenback Lane from Steadfast Sunrise III-IV, LLC.
- 11) Receive a report on settlement of a claim for property damage from Dan Kemp.
- 12) Deny the claim from Carole Resor for property damage in the amount of \$795.00, and forward it to the District's insurance carrier, ACWA-JPIA.

PUBLIC HEARINGS

2014 Operating and Capital Improvement Budgets, 2014 Water Rates and Miscellaneous Charges and Fees and 2014 Capacity Charges

Director Dion welcomed the customers and other members of the public in attendance, and announced the purpose of the Public Hearings scheduled for this evening. He asked if the other members of the Board wished to combine the three scheduled Public Hearings and to conduct them all simultaneously. It was moved by Director Goforth, seconded by Director Dains and carried 3-0 to conduct the Public Hearings for the 2014 Operating and Capital Improvement Budgets, 2014 Water Rates and Miscellaneous Charges and Fees and 2014 Capacity Charges simultaneously.

Before opening the Public Hearings, AGM Kane delivered a presentation summarizing the 2014 budgets and water rates and charges being presented at this meeting for consideration by the Board. He provided an overview and highlights of both the Operating and Capital Improvement Budgets for 2014, as well as an overview of proposed rates and charges and the revenues estimated to be derived from water service charges and other sources in 2014.

Director Dion opened the Public Hearings at 6:55 p.m.

Gary French addressed the Board regarding water rates. He asked if Directors had received his protest letter. Directors affirmed that they had received and read his letter. Mr. French specifically discussed the size of the pipe running from the water meter to his residence, which he stated was ¾-inch in diameter, while he is being billed on a 1-inch metered service rate. Directors, staff and Mr. French discussed the service to his property. GM Churchill noted that a 1-inch service off the water main to the property is the District's standard for single-family residential properties, and that Mr. French's property in fact is served by a 1-inch service and water meter. He further explained that the District has no control over what size of pipe the builder or developer installs from the point of connection to the District's system back to the

house, and that in Mr. French's case it appears that the builder installed a ¾-inch diameter pipe. The District's service charge is based on the diameter of the service provided to the property, not the size of the customer's pipe.

Janis Shoemaker addressed the Board regarding budget increases and water rates. She stated her objection to increases in employee salaries and other line-item increases in the proposed 2014 Operating Budget. She explained that her water rates had increased significantly since the time that water meters were installed and contended that the District was getting rich off of metered water rates. She stated that she had greatly curtailed the amount of landscaped area being watered on her 4-acre property but that her water bills were still too high. Mr. Churchill explained that metered water rates had in fact provided equity for District customers in that customers now pay only for the cost of service based on their meter size and for the quantity of water that they use. Under the flat rate for water that Ms. Shoemaker was paying prior to the implementation of metered water rates, customers frequently used far more water than they were actually being charged for, and that this was likely the case for Ms. Shoemaker's property.

It was further explained to Ms. Shoemaker that as a customer who uses a large amount of water who may currently pay for water consumption in Tier 2 and Tier 3, the proposed 2014 change to a single uniform cost for all units of water may actually reduce her cost of water. The new 2014 commodity charge is lower than the 2013 commodity charge for Tiers 2 and 3.

Director Dion closed the Public Hearings at 7:44 p.m.

It was moved by Director Dains, seconded by Director Dion and carried 2-1 to consider adoption of all three resolutions for the 2014 Operating and Capital Improvement Budgets, 2014 Water Rates and Miscellaneous Charges and Fees and 2014 Capacity Charges in a single motion. Director Goforth voted against the motion.

It was moved by Director Dains, seconded by Director Dion and carried 2-1 to:

1. Adopt Resolution No. 19-2013 Establishing Fiscal Year 2014 Operating and Capital Improvement Budgets;
2. Adopt Resolution No. 20-2013 Establishing Water Rates and Miscellaneous Charges and Fees for Citrus Heights Water District for 2014; and
3. Adopt Resolution No. 21-2013 Adopting Capacity Charges for Citrus Heights Water District for 2014.

Director Goforth voted against the motion.

Gary and Jeanne French and Janis Shoemaker left the meeting at 7:46 p.m.

OLD BUSINESS

2012 Northgrove Way / Walnut Avenue Drive Water Main Replacement

PM Dietrich presented a report on the completion of the 2012 Northgrove Way 6-Inch

and Walnut Drive 8-Inch Water Main Replacement Project. On July 29, 2013, a contract was executed with Rawles Engineering, Inc. for installing of approximately 1,255 lineal feet (lf) of 8-inch water main, 1,052 lf of 6-inch water main, 50 lf of 4-inch water main, 12 main valves, 2 fire hydrants, 40 water services, and related appurtenances along Northgrove Way between Westgate Drive and Northlea Way and along Walnut Drive between Auburn Boulevard and Holly Drive, in Citrus Heights.

The original contract amount was \$399,777.75. The amount paid the contractor is \$399,605.90 for material, labor and equipment. Minor variations occurred between the bid item estimates and the actual totals measured. These variations resulted in a small cost savings of \$171.85 from the original contract amount. Rawles Engineering successfully completed the work on November 25, 2013, slightly ahead of schedule. Directors and staff discussed the project.

It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to adopt Resolution 22-2013 Accepting the 2012 Northgrove Way 6-Inch and Walnut Drive 8-Inch Water Main Replacement Project, and to authorize the District Secretary to execute and record a Notice of Completion for the Project.

Skycrest Well

GM Churchill presented an update on the design phase of the Skycrest Well Project. He presented a timeline for the activities involved in the drilling, development and testing of the Skycrest Well. Plans being prepared by the engineering consulting firm NV5 are at the 90 percent stage.

Upon completion of the drilling, development and testing at the site, estimated for early March 2014, final plans for the pump, motor and surface facilities will be prepared for bidding, with construction expected to commence in Summer 2014 and completion of the project by the end of 2014.

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 2 x 2 Committee Meeting of SJWD and SSWD was held at Sacramento Suburban Water District on November 21, 2013. GM Churchill attended the meeting on behalf of the District and provided Directors with a copy of the Municipal Consulting Group's (MCG) November 19, 2013 Status Update and a SJWD/SSWD staff report that was distributed at the meeting.

GM Churchill also reported on a meeting he and AGM Kane attended with staff representatives of SJWD, SSWD, Orange Vale Water Company and the City of Folsom with an MCG representative on November 19, 2013. Directors were provided with MCG's matrix of items to be evaluated with regard to the water management alternatives.

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 2 x 2 Committee Meeting of SJWD and SSWD.

NEW BUSINESS

Training/Continued Education/Meetings

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

Cost-of-Living Adjustment to Retiree Insurance Benefits and Directors' Compensation

GM Churchill presented a report on amending District Policy No. 4831, Insurance Benefits for Retirees Retiring After March 19, 1996 and consideration of a Cost-of-Living Adjustment for Compensation of the Board of Directors.

District Human Resources Policy No. 4831, Insurance Benefits for Retirees Retiring After March 19, 1996 provides that the amount of District financial participation in retiree health insurance set forth in the policy will be amended annually. The consumer price index for all urban west consumers (CPI-U) has increased by 0.9 percent for the twelve-month period ending in October 2013 as shown in information from the U.S. Department of Labor provided to Directors. This is the baseline that the District uses annually in amending this Policy. Directors were also provided with a copy of Policy No. 4831 with the monthly amounts amended by a 0.9 percent increase. Directors and staff discussed the proposed amendments.

The Board of Directors approved Ordinance No. 01-2008 on January 8, 2008 setting Directors' compensation at \$145.00 per day for attending Board meetings and other Board-sanctioned functions. This amount remains in effect. Directors were provided with a copy of the Ordinance. Under this Ordinance and District Board of Directors and Officers Policy 2040, changes in compensation of Directors requires approval of the Board of Directors via 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.

A 0.9 percent COLA increase in Directors' compensation would result in an increase of \$1.31 in the daily compensation rate, making the rate \$146.31. Directors were provided with a summary of the cumulative effect of CPI-U changes since the date of the Board's most recent increase. If the CPI-U had been applied annually since the time of the 2008 compensation change, Directors' compensation for 2014 would now be \$160.66 per day.

Directors were advised that if they wish to consider adopting an increase, a new ordinance will need to be prepared for consideration at a future Board meeting. If adopted, the ordinance would go into effect 60 days following adoption, pursuant to provisions of the State Water Code. Directors discussed their daily compensation rate.

GM Churchill also reported on the matter of cost-of-living adjustment (COLA) to the District's salary schedule that is typically considered at the Board's December meeting. Inasmuch as a comprehensive salary survey is currently underway, consideration of a COLA adjustment will be incorporated into the Board's consideration of an updated salary schedule at a future meeting. As stated previously, the consumer price index for all urban west consumers (CPI-U) has increased by 0.9 percent for the twelve-month period ending in October 2013. This is the baseline that the District uses annually in determining the COLA.

It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to amend District Policy No. 4831, Insurance Benefits for Retirees Retiring After March 19, 1996 as presented to include a +0.9 percent adjustment to reflect the one-year change in the CPI-U; and to keep compensation for the Board of Directors at its current level of \$145.00 per day for attending Board meetings and other Board-sanctioned functions.

Policy Amendments

GM Churchill presented a report on proposed amendments to two District Policies.

Amendments to the following District Policies were presented to Directors for consideration:

Board of Directors and Officers Policy No. 2300 - "Board Representatives"

- a. Add appointments to the Association of California Water Agencies Health Benefits Authority (ACWA/HBA) as a current provider of employee benefits.
- b. Delete appointments to the California Special Districts Association (CSDA) as the District is no longer a member of CSDA.

Accounts Receivable Policy No. 7500 - "Capacity Charges"

Update the Capacity Index Table to reflect changes from 1996 to 2012 to the American Water Works Association (AWWA) Manual M6.

Directors and staff discussed the proposed amendments.

It was moved by Director Dains, seconded by Director Dion and carried 3-0 to approve amendments to the following District Policies as presented:

1. Board of Directors and Officers Policy No. 2300 - "Board Representatives"
2. Accounts Receivable Policy No. 7500 - "Capacity Charges".

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 Dion nominated Director Dains to serve as President, with the nomination seconded by Director Goforth. It was moved by Director Dion, seconded by Director Goforth and carried 3-0 to elect Director Allen B. Dains as President of the Citrus Heights Water District Board of Directors.

Director Dains nominated Director Dion to serve as Vice President, with the nomination seconded by Director Goforth. It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to elect Director Joseph M. Dion as Vice President of the Citrus Heights Water District Board of Directors.

Director Dion yielded to Director Dains to preside over the remainder of the Board meeting.

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 2013 appointments and their interests related to serving as representatives for the coming year. Directors agreed to continue their current appointments.

GM Churchill recommended that PM Paul Dietrich be named as the Alternate Representative to the Citrus Heights Chamber of Commerce Government Issues Committee. Directors concurred with this recommendation.

President Dains 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	Paul A. Dietrich
Sacramento Water Forum	David B. Kane	Robert A. Churchill
Association of California Water Agencies Health Benefits Authority (ACWA/HBA)	Joseph M. Dion	David B. Kane

GM Churchill noted that Sacramento Groundwater Authority (SGA) appointments are subject to confirmation by the City of Citrus Heights. However, since there are no changes to the District appointments to the SGA and the current appointees have already been confirmed by the City, there should be no need for reconfirmation.

PROJECT MANAGER'S REPORT

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

- Accepted water systems:
 - 8000 Greenback Lane, Citrus Heights, Brake Masters
4 lineal feet (lf) of 12-inch water main, 243 lf of 8-inch water main, 22 lf of 6-inch water main, 1 12-inch gate valve, 2 8-inch gate valves, 1 6-inch gate valve, 1 6-inch post indicator valve, 1 fire hydrant, 1 1-inch air/vacuum relief valve, 1 1-inch metered water service.
Value: \$29,657.00
- Projects under construction or pending construction by private contractors and developers including:
 - Citrus Town Center, 6302-04 Sunrise Boulevard, Citrus Heights.
 - Birdcage Center Remodel and Drive Aisle.
 - Arcade Creek Park Preserve.
- Project development/design underway by District staff including:
 - Old Auburn Road 14-Inch Water Main Extension 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:

- 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.
- 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.
 - 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 409 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 November 2013 was 14,180.60 acre-feet, an increase of 1.3 percent compared with the average annual water consumption during the previous five years, 2008-2012.

Director Dains called a recess to the meeting at 8:22 p.m. Lonnie Gossett, OM Townsel, PM Dietrich, OA Peters, CSA Sohal, WDS Cutler and WDS Spiers left the meeting.

Director Dains reconvened the meeting at 8:30 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

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

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

Director Dion reported on the Fall 2013 Conferences of the Association of California Water Agencies (ACWA) and the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA) that he attended recently in Los Angeles, California.

AGM Kane reported on a meeting of the Chamber of Commerce Government Issues Committee 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 November 2013, including the number of ultra-low-flush toilet rebates and high-efficiency clothes washer rebates issued. One violation notice was issued to a commercial customer on Greenback Lane due to failure to repair a water leak after being notified, and the customer has subsequently repaired the leak. Work is underway on the 2014 Water Conservation Poster Contest.
2. Preparation of the "design comp" version of the next edition of the District's WaterLine customer newsletter is underway. The Winter 2014 edition of the WaterLine will be mailed out in early January 2014.
3. AGM Kane attended a Water Forum Successor Effort plenary meeting on November 14, 2013. Information was presented on a proposed extension and long-term transfer of water supplies from Placer County Water Agency to East Bay Municipal Utility District, and on the possible benefits of temperature control device improvements at Folsom Dam.
4. The District has very recently received quotes for health insurance renewal from the two health insurance carriers that provide health insurance for District employees – Western Health Advantage and Kaiser. The plans being offered contain significant changes from the District's current plans, in part due to changes brought about by the federal Affordable Care Act. While the overall premium increases for the plans being quoted are minimal or even below current premiums, the level of coverage under these plans are in some cases greatly reduced over the District's current plans, particularly with regard to the maximum out-of-pocket cost for District employees. District staff will present recommendations for 2014 coverage at the Board's January 14, 2014 meeting for the health insurance plan year that begins on February 1, 2014.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Twenty-two District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of November 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.

CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

1. Letter dated November 14, 2013 from California State Senator Jim Nielsen, Fourth Senate District, regarding issues that may compel local water districts to increase water rates.
2. Letter dated November 21, 2013 from California State Senator Jim Nielsen, Fourth Senate District, regarding the proposed 2014 water bond and other State-wide water issues.

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 8:56 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