

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
October 14, 2014

The Regular Meeting of the Board of Directors was called to order at 6:30 p.m. by President Dains and roll was called. Present were:

Allen B. Dains, President
Caryl F. Sheehan, Director
Robert A. Churchill, General Manager
Darlene J. Gillum, Assistant General Manager
John J. Townsel, Operations Manager
Paul A. Dietrich, Project Manager
Susan Sohal, Accounting Supervisor
Rex Meurer, Water Efficiency Coordinator

Director Joseph M. Dion was absent.

VISITORS

CHWD employees David Gordon, Borey Swing, Missy Pieri, James Buford, Tim Cutler, and Robyn Evans.

PLEDGE OF ALLEGIANCE

Director Dains led the Pledge of Allegiance.

MOMENT OF SILENCE

Director Dains called for a moment of silence in honor of deceased CHWD retiree, Johnny L. Cope.

PUBLIC COMMENT

There was no public comment.

CONSENT CALENDAR

President Dains asked for the Consent Calendar.

Motion: It was moved by Director Dains and seconded by Director Sheehan to accept the Consent Calendar consisting of:

1. Minutes of the Regular Meeting – September 9, 2014.
2. Assessor/Collector's Report for September 2014.
- 2.a Assessor/Collector's Report – Corrected for August 2014.
3. Assessor/Collector's Roll Adjustments for September 2014.
4. Treasurer's Report for September 2014.
5. Payables for September 2014.
6. CAL–Card Purchases for August and September 2014.

7. Summary of 2014 Directors, Officers and Employees Training, Seminars and Conference Expenses.

The motion passed 2-0 with all Directors voting yes.

September 30, 2014 - Payables

Check #	Vendor	Description	Amount
57718	Jampro Antennas, Inc	Contract Services-Other	\$5,900.00
57719	US Bank I.M.P.A.C. Government Services	See Cal Card Report Agenda Item CC: 6	\$5,035.17
57720	California State Disbursement Unit	Garnishment	\$184.61
57721	California State Disbursement Unit	Garnishment	\$109.61
57722	ABA DABA Rentals & Sales	Supplies-Field	\$283.20
57723	Absolute Secured Shredding Inc	Equip Rent-Office	\$40.00
57724	ACWA/JPIA Health Benefits Authority	Disability & Life Insurance	\$4,195.50
57725	Laurie Alias	Toilet Rebate Program	\$150.00
57726	AREA Restroom Solutions	Equip Rental-Field	\$106.20
57727	Awards By Kay Inc	Office Expense	\$16.20
57728	Bart/Riebes Auto Parts	Repair-Trucks	\$16.19
57729	John J. Bender	Overpayments	\$16.49
57730	Burketts	Office Expense	\$293.13
57731	James W or Lavon A Burks	Overpayments	\$13.13
57732	Caltronics Business System	Small Office Equip	\$162.00
57733	Norine Chalmers	Overpayments	\$167.99
57734	CirclePoint	Water Conservation -Contract Services	\$1,045.00
57735	Corix Water Products, Inc	Material	\$872.64
57736	Coverall North America Inc	Janitorial	\$280.00
57737	Claro M or Alicia M Deasis	Overpayments	\$140.28
57738	George M Dobbs	Overpayments	\$121.12
57739	Edith Wright Trust	Overpayments	\$25.13
57740	Future Ford Fleet Service Center	Repair-Trucks	\$49.00
57741	Gaynor Telesystems Incorporated	Fixed Assets	\$332.88
57742	Sean or Victoria Heartsock	Overpayments	\$111.39
57743	Timothy Holzer	Overpayments	\$103.89
57744	J4 Systems	Contract Services-Other	\$2,550.00
57745	Kaiser Foundation Health Plan, Inc	Health Insurance	\$10,643.50
57746	Gina N Kavookjian	Overpayments	\$101.22
57747	Edward Kolda	Overpayments	\$61.11
57748	Erika H Krebs	Overpayments	\$27.80
57749	Lawnman Commercial Landscape	Janitorial	\$301.77
57750	MacPherson, Kyle	Overpayments	\$14.68
57751	Moonlight BPO	Contract Services-Bill Print/Mail	\$3,572.22
57752	Red Wing Shoe Store	Small Tools	\$887.85
57753	Adam Rehfeldt	Overpayments	\$16.75

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57754	Sacramento Bee	Publication Notices	\$497.46
57755	The Sacramento Gazette	Publication Notices	\$83.05
57756	Sophos Solutions	Contract Services-Other	\$2,712.50
57757	Jessica Stoner	Overpayments	\$79.88
57758	SureWest Directories	Telephone-Local/Long Distance	\$49.00
57759	A. Teichert & Son, Inc.	Road Base	\$890.03
57760	Tree Pros, Inc	Contract Services-Miscellaneous	\$1,000.00
57761	Kelly C or Emily Walsh	Overpayments	\$125.91
57762	WaterWise Consulting, Inc	Water Conservation -Contract Services	\$1,625.00
57763	Wells Fargo Bank	Office Expense	\$2,500.00
57764	A-Applied Mailing Service	Water Conservation -Contract Services	\$8,832.92
57765	ABA DABA Rentals & Sales	Supplies-Field	\$92.36
57766	Alexander's Contract Services	Contract Services-Meter Read	\$2,638.96
57767	Altisource Single Family Inc	Overpayments	\$108.00
57768	AnswerNet	Tele-Answer Service	\$325.48
57769	AT&T Payment Center	Telephone-Local/Long Distance	\$60.00
57770	CA-NV AWWA	Dues & Subscriptions	\$50.00
57771	Joshua A Block	Overpayments	\$49.85
57772	David or Amber Bryan	Overpayments	\$165.68
57773	BSK Associates	Water Analysis	\$3,408.00
57774	Burketts	Office Expense	\$103.33
57775	California State Disbursement Unit	Garnishment	\$184.61
57776	California State Disbursement Unit	Garnishment	\$109.61
57777	Caltronics Business System	Small Office Equip	\$348.72
57778	Dan Carretta	Overpayments	\$13.01
57779	Connected Document Solutions	Maint Agree-Equip	\$93.46
57780	Consolidated	Telephone-Local/Long Distance	\$893.85
57781	Corelogic Information Solutions Inc	Dues & Subscriptions	\$77.25
57782	Dawson Oil Company	Gas & Oil	\$1,496.82
57783	DHS-OCP	Dues & Subscriptions	\$210.00
57784	Ferguson Enterprises Inc.1423	Material	\$2,720.34
57785	First American Title Company	Overpayments	\$55.55
57786	William R Haak	Overpayments	\$211.80
57787	Jan J or Sheri L Hoganson	Overpayments	\$11.69
57788	Indoor Environmental Services	Maint Agree-Equip	\$130.00
57789	Integrity Administrators Inc	Health Insurance	\$4,272.48
57790	KB Homes Sacramento Inc	Overpayments	\$17.51
57791	Kraft Real Estate	Overpayments	\$14.03
57792	Occu-Med	Office Miscellaneous	\$186.00
57793	Pace Supply Corp	Material	\$779.95
57794	Pacific Mortgage Servicing	Overpayments	\$296.48
57795	Pacific Gas & Electric	Utilities	\$17.56
57796	Placer Title Company	Overpayments	\$7.92

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57797	Regional Water Authority	Dues & Subscriptions	\$34.14
57798	Sacramento Local Agency Formation Comm	Dues & Subscriptions	\$1,760.00
57799	Edward Santiago or Lori Santiago	Overpayments	\$108.34
57800	Michae or Cristen Short	Overpayments	\$17.78
57801	Heather Tergedine	Overpayments	\$20.57
57802	Jason E Tupper	Continued Education	\$180.00
57803	Voyager Fleet Systems Inc	Gas & Oil	\$2,338.49
57804	WaterWise Consulting, Inc	Water Conservation -Contract Services	\$500.00
57805	Zee Medical Company	Supplies-Field	\$59.47
Total			<u>\$80,512.49</u>
ACH	BOW9/19/2014	Water Cons-Other	\$2,024.03
ACH	ELAVON 9/14 FD	Bank Fees	\$167.94
ACH	ELAVON OL 92014	Bank Fees	\$3,075.61
ACH	ELAVON PH 92014	Bank Fees	\$163.34
ACH	PERS 8/28/14	PERS	\$8,514.63
ACH	PERS 9112014	PERS	\$8,514.63
ACH	VALIC 9112014	Deferred Compensation	\$1,660.00
ACH	VANCO 9152014	Contract Services-Other	\$58.60
ACH	W FARGO 92014	COP Debt Service	\$501,098.12
ACH	WHA 09/10/2014	Health Insurance	\$18,266.86
ACH	WHA 9/14 COBRA	Health Insurance	\$876.71
ACH	ACH-PAYCHEX 91014	Contract Services-Other	\$290.13
ACH	ING	Deferred Compensation	\$45.00
ACH	PERS 09/25/14	PERS	\$8,514.63
ACH	Valic 92514	Deferred Compensation	\$1,760.00
Total			<u>\$555,030.23</u>
Grand Total			<u><u>\$635,542.72</u></u>

NEW BUSINESS

Retirement of Pamela L. Peters

GM Churchill presented Resolution No. 09-2014 commending Pamela L. Peters for her service to the District. Office Administrator Pamela L. Peters will be retiring from the District on November 6, 2014 after providing over 20 years of service to the District. A retirement celebration is planned to be held at the El Tapatio Restaurant on Sunrise Boulevard in Citrus Heights beginning in the late afternoon on Thursday November 6, 2014. A formal invitation will follow.

Motion: It was moved by Director Sheehan and seconded by Director Dains to Adopt Resolution No. 09-2014 Commending Pamela L. Peters for her service to the District.

The motion carried 2-0 with all Directors voting yes.

Reschedule Date and Location for November Board of Directors Meeting

GM Churchill presented information on the recommendation to formally reschedule the November 2014 Board of Directors Meeting from Tuesday, November 18, 2014 to Wednesday, November 19, 2014 at 6:30 p.m. and to change the location of the meeting to the Rusch Park Community Center – Sunrise/Patio Room, 7801 Auburn Boulevard.

The regular District Board of Directors Meeting, which is normally held on the second Tuesday of the month, was rescheduled at the June 2014 Board of Directors Meeting for November 18, 2014 due to the Veterans Day Holiday, November 11, falling on the second Tuesday of November.

With the possibility of the District's administrative offices being under renovation in November, an alternate location was secured at the Rusch Park Community Center, 7801 Auburn Blvd, for 6:30 p.m. on Wednesday November 19, 2014. Tuesday, November 18, 2014 was not available.

The Board typically holds public hearings on its Budgets, Rates, Fees and Capacity Charges at the November Board Meeting. At the September Board Meeting, the Directors agreed by consensus to publish the date and location of the November Board Meeting in the required Proposition 218 Public Meeting Notice, as Wednesday, November 19th, at 6:30 p.m. at Rusch Park Community Center. In the event customers come to the District office on November 18th, the outside message board will contain information regarding the change in date and location.

This recommended action is to formally record the change in date and location of the November Board Meeting.

Motion: It was moved by Director Sheehan and seconded by Director Dains to reschedule the November 2014 Citrus Heights Water District Board of Directors Meeting from Tuesday November 18, 2014 to Wednesday November 19, 2014 at the Rusch Park Community Center, 7801 Auburn Blvd at 6:30 p.m.

The motion carried 2-0 with all Directors voting yes.

PERS Employer Paid Member Contributions – taken out of order

AGM Gillum presented information regarding the District's payment of the 7% PERS member contribution for Classic PERS Members in Tier 1 and Tier 2 of the District's Miscellaneous Retirement Plan and, if desired, consider any changes to the amount of Employer Paid Member Contributions (EPMC).

The District currently pays the employees' contribution of 7% to each employee's PERS retirement plan and has done so for over 20 years. With the heightened attention that public employee retirement has received in recent years and with the passing, and implementation, of the Public Employees' Pension Reform Act of 2013 (PEPRA), the

District has periodically evaluated the cost of this practice.

The PEPR Act established that employers could no longer pay the employee contribution to PERS for New Members hired after January 1, 2013. While the reform act does not require employers to discontinue paying the employee contribution for Classic Members, defined as PERS members prior to January 1, 2013, it does encourage employers to work towards eliminating the practice prior to January 1, 2018. In that vein, GM Churchill requested that the cost of the District's contribution be analyzed and provide multiple implementation alternatives to the Board of Directors as a basis for discussion and possible action.

Director Dains expressed that he would like to see the District move away from paying the EPMC but that it should be done with incremental changes over time. He suggested that staff look at possibly beginning with reducing EPMC 2% per year with an adjustment to affected employees' salary to maintain a neutral impact to the employee's take home pay. Director Sheehan expressed that she would prefer to see the change made over a two year period with each year reducing EPMC 3.5% with an adjustment to salaries to off-set take home pay reductions. Both Directors agreed that it is a complicated issue and that they would like to see more information on how changes to the EPMC impact individual employees and how impacts to employees who are at the maximum of their salary range can be minimized. By consensus, the Directors asked for staff to bring the item back to the Board for further discussion and consideration in early 2015.

OLD BUSINESS

2015 Budgets and Water Rates – Public Workshop

AGM Gillum presented the revisions made to the draft Operating and Capital Improvement Budgets for 2015 since the September 9, 2014 Board of Directors meeting. Since the September 9, 2014 Board of Directors meeting, staff has continued to refine the draft Operating and Capital Budgets based on new information as it has become available.

The proposed Operating Budget has been reduced by approximately \$135,000 and is now at \$9.73 million, an increase of 0.42% or \$40,000 from the 2014 budget. A summary of the revised Draft 2015 Budget was provided to the Directors.

Major revisions made to date are:

- Purchased water was reduced to align with the San Juan Water District's Wholesale Financial Plan projected purchase of 13,000 acre feet, which equates to a reduction of \$7.8K.
- Salaries have been reduced by \$8.4k as a result of a reduction in the projected leave payout for 2015, revising estimates for the Administration Department reorganization to actuals, and correcting projected salaries for employees that have reached the maximum of their position's salary range.
- Personnel related expenses have been reduced \$46k due to actual rates for Dental insurance being lower than projected and an error in the salary

information spreadsheet, which is used to calculate employee benefit costs, was identified and corrected.

- The amount of salary and benefits to be allocated to Capital Projects was increased due to the amount of time projected for internal staff work on Capital Projects resulting in an \$83k reduction to the Operating Budget.
- An additional \$23k was added to the Operating Budget for anticipated Professional/Contract Services in Engineering and Groundwater Well projects.

The Capital Improvement Budget was reviewed and project costs were refined resulting in a net increase of \$50k. A summary of the revised Capital Improvement Budget was provided to the Directors.

The total draft Capital Improvement Budget is:

	\$2.87 million new for 2015, plus estimated carryover of
	<u>\$2.10</u> million from prior-year projects
Total Capital Projects	\$4.97 million for 2015

Water Rates and Charges Overview

At the September 9, 2014 Board of Directors meeting the Directors expressed interest in seeing the impact of not implementing a 3% rate increase in 2015. Based on the current assumptions built into the Rate Model for both cost of goods/services escalation and future Capital Improvement Projects, the following table shows the impact over a five year period of a 3% rate increase, a 2% rate increase, a 1% rate increase and a 0% rate increase. The analysis assumes that a rate increase of 3% will be implemented in 2016 – 2019.

Rate Increase	2015	2016	2017	2018	2019	5yr Total Surplus/(Deficit)	Net change in position
3%	(\$882,783)	(\$618,104)	(\$971,106)	\$93,940	\$713,471	(\$1,664,582)	
2%	(\$988,474)	(\$728,039)	(\$1,191,667)	(\$26,598)	\$586,479	(\$2,348,299)	(\$683,717)
1%	(\$1,094,166)	(\$837,974)	(\$1,412,227)	(\$147,136)	\$459,487	(\$3,032,016)	(\$1,367,434)
0%	(\$1,199,857)	(\$947,909)	(\$1,632,788)	(\$267,674)	\$332,495	(\$3,715,733)	(\$2,051,151)

Should the decision be made to lower the 2015 rate increase from the recommended 3%, it is recommended that planned Capital Improvement Projects be evaluated to determine if any could be delayed to approximately 2018 where the effect of the projected rate increases begin to diminish the District’s projected deficit position. As a reminder, a deficit position means that the District needs to dip into reserve funds to pay for the planned Capital Projects. If the deficit position continues and reserve funds are exhausted, the District would need to consider issuing debt to cover those Capital expenditures.

By consensus, the Directors agreed to move forward with the proposed 3% rate increase for the November Public Hearing.

Proposition 218 Protest Letters. To date through October 14, 2014 the District has received 14 protest letters.

CHWD employees David Gordon, Borey Swing, Missy Pieri, Tim Cutler, Robyn Evans and Susan Sohal left meeting.

San Juan Water District / Sacramento Suburban Water District Joint Meetings
Director Dains, GM Churchill and AGM Gillum attended the 2 x 2 Ad Hoc Water Management Committee Meeting held on October 3, 2014 at SJWD.

The agencies are proceeding with Phase 2A of their Study with Consultant John O'Farrell as the lead person. Mr. O'Farrell will be meeting with Director Dains, GM Churchill and AGM Gillum at 11:00 AM on October 16, 2014.

The next meeting is scheduled for Thursday October 30, 2014, 9:00 a.m. at Sacramento Suburban Water District.

Copies of the Meeting Agenda, Prior Meeting Minutes and Items for Discussion were provided to the Directors.

Sacramento River Water Supply Planning
GM Churchill presented a status on the project framework document for a new Sacramento River Water Supply.

At the June 10, 2014 Citrus Heights Water District Board of Directors Meeting the Board received a report outlining the conceptual and preliminary planning efforts dating back to 1998 to evaluate a surface water supply from the Sacramento River to serve or increase the reliability of water supplies to northern Sacramento and southern Placer counties. Studying an alternate surface water supply from the Sacramento River, coupled with the proposed "SSWD/SJWD Pump Back Project", could be of value if/when water supplies are curtailed from Folsom Lake and excess groundwater is not available from SSWD.

At said June meeting the Board approved participating with other agencies in a scope of work prepared by West Yost Associates Engineers (WYA) to update the prior studies. An amount not-to-exceed \$15,000 was approved for this work.

Ten agencies have currently expressed interest in updating the study with an estimated total cost of \$130,249 (\$13,025 each).

A Cost-Sharing Agreement was reviewed and comments provided by District legal counsel, Judy Albietz, and subsequently shared with the Board of Directors at their August 12, 2014 Meeting. The District's comments were then forwarded to Placer

County Water Agency to incorporate all agencies' responses/comments.

The Directors were provided the final "Cost Sharing Agreement Regarding Development of a Project Framework Document for a New Sacramento River Water Supply" and WYA's updated Phase 1 Scope of Work dated September 19, 2014.

Motion: It was moved by Director Dains and seconded by Director Sheehan to approve the "Cost Sharing Agreement Regarding Development of a Project Framework Document for a New Sacramento River Water Supply" and authorize the General Manager to execute the Agreement.

The motion carried 2-0 with all Directors voting yes.

Water Supply

GM Churchill presented a status report on water supplies available to the District. As of October 1, 2014, the beginning of the 2014-2015 Water Year, storage in Folsom Lake was at 342,360 acre-feet, 35 percent of the total capacity of 977,000 acre-feet and a 3.96% decrease in actual volume since September 3. The historical average for this date is about 62 percent of total capacity. Of concern is that the May 1, 2014 snow survey in the Sierra Nevada by the Department of Water Resources shows the water content of snow at 18 percent of average. It is likely that the District will need to remain in a Stage 3 – Water Warning with 20 percent conservation target at least through the fall months ahead.

CHWD continues to assist with preserving surface water supplies in Folsom Lake by operating its groundwater wells. All District wells (Bonita, Mitchell Farms, Palm, Sylvan and Sunrise) remain operational and are being operated on a rotational or modified-as-needed basis.

Administration Building Improvements

GM Churchill presented information regarding the recommendation to consider rejection of Bids and provide direction on re-advertising for Bids for the Administration Building Improvements Project.

GM Churchill presented the following background information:

The District's Administration Building Renovation and Expansion Plans began circulation for bids on September 2, 2014.

On September 24, 2014, three Bids were received as follows (the Directors were provided an accompanying Bid Tabulation):

<u>Contractor</u>	<u>Base Bid</u>	<u>Add Alternate 1</u>	<u>Total</u>
D.G. Granade	\$ 765,982.00	\$ 3,500.00	\$ 769,482.00
Sequoia Pacific Builders	\$ 907,700.00	\$ 38,985.00	\$ 946,685.00
Landmark Construction	\$ 946,000.00	\$ 30,360.00	\$ 976,360.00
Architect's Estimate	\$ 751,701.00	\$ 20,000.00	\$ 771,701.00

There was a bid irregularity in the Bid of D.G. Granade that caused a protest to be filed with District by Sequoia Pacific Builders. This matter was referred to the District's legal counsel and it is her opinion, with which management concurs, that it would be in the District's best interests to reject all bids and begin the process anew.

Several needed amendments to the bid documents have been identified as well as several modifications to the specifications that could result in cost savings to the District.

A very preliminary revised schedule for the Project is:

Advertise for Bids:	October 21, 2014
Contractor Pre-Bid Meeting and Site Tour:	November 4, 2014
Bids Due:	November 25, 2014
Board Consideration of Award:	December 9, 2014
Begin Construction:	January 5, 2015
Complete Construction:	July 6, 2015

The District staff has evaluated alternative locations and cost for housing the Administrative staff during construction. A recommendation will be forthcoming at the December 9, 2014 Board of Directors Meeting upon selection of a Contractor.

Motion: It was moved by Director Dains and seconded by Director Sheehan to reject all Bids and provide direction on re-advertising for Bids.

The motion carried 2-0 with all Directors voting yes.

Skycrest Well Drilling, Development and Testing

OM Townsel presented a status report on the drilling and testing phase of the Skycrest Well project. The completion of Zim Industries work has stalled pending provision of the video recording of the finished well to the District and the removal of Zim's equipment from the well site. Until these items have been completed, the Notice of Completion cannot be finished. OM Townsel continues to work with Zim Industries to close out their contract work. Final well design is currently underway.

Southgrove Drive Surplus Property Sale

GM Churchill presented information on declaring property at 5640 Southgrove Drive surplus and authorizing its sale to Mark S. and Linda G. Mitchell. As decided at the September 9, 2014 Board of Directors Meeting, the District agreed in principle to sell a portion of its property located at 5640 Southgrove Drive to Mark S. and Linda G. Mitchell for \$3,500 pending legal opinion.

The property proposed for sale is a small portion of the District's Skycrest Well site and is not needed for the groundwater well project currently underway. Due to the topography of the land proposed as surplus, incorporating said land into the project would be problematic and costly.

Legal Counsel Albietz reviewed the proposal and has cited a section of the Government Code that permits the District to sell surplus land to an adjacent property owner if said

land has no public access, is less than 10,000 square feet, and is contiguous to only one adjacent property. All of these conditions apply to this transaction.

Motion: It was moved by Director Sheehan and seconded by Director Dains to adopt Resolution 10-2014 authorizing the sale of 5,545 square feet of property at 5640 Southgrove Drive to Mark S. & Linda G. Mitchell.

The motion carried 2-0 with all Directors voting yes.

Mariposa Avenue 24-Inch Transmission Main Replacement Project

PM Dietrich presented information regarding consideration of acceptance of the Mariposa Avenue 24-Inch Transmission Main Replacement Project (2014-34) and authorizing the execution and recording of a Notice of Completion for the project.

On May 21, 2014, a contract was executed with Performance Piping, Inc. for installation of 1,050 lf of 24-inch water main and related appurtenances along Mariposa Avenue from Greenback Lane to south of Chula Vista Drive in Citrus Heights.

The original contract amount was \$477,572.00 with a change order contingency fund in the amount of \$48,000.00 (10.1%). The amount paid to the contractor is \$483,595.75 for material, labor and equipment. Minor variations occurred between the bid item estimates and the actual totals measured. There was also one (1) change order for removal and disposal of a 15-inch thick paving section over the trench line. The additional costs totaled \$6,023.75.

Performance Piping, Inc. substantially completed the work on September 16, 2014, forty-six (46) calendar days after the contractual Date of Completion. The delay in completion was solely caused by a persistent bacteriological contaminant in the new main.

Performance Piping, Inc. repeatedly re-chlorinated and flushed the new main until the contaminant was removed and verified with testing. The District awarded Performance Piping, Inc. forty-six (46) calendar days of additional time due to their diligent efforts to correct the problem.

Motion: It was moved by Director Dains and seconded by Director Sheehan to adopt Resolution 11-2014 Accepting the Mariposa Avenue 24-Inch Transmission Main Replacement Project, and to authorize the District Secretary to execute and record a Notice of Completion for the Project.

The motion carried 2-0 with all Directors voting yes.

Old Auburn Road 14-Inch Transmission Main Installation Project

PM Dietrich presented a status update on the completion of the Old Auburn Road 14-Inch Transmission Main Installation Project (2013-33). On February 12, 2013, the Citrus Heights Water District Board of Directors amended the District's 2013 Capital Projects Budget to include the Old Auburn Road 14-Inch Water Transmission Main for water transmission main installation work in conjunction with the City of Citrus Heights' Old Auburn Road Multi-Use Trail Project.

Citrus Heights Water District's portion of the project included the installation of approximately 456 lineal feet (lf) of 14-inch water main and related appurtenances along the Multi-Use Trail including a portion affixed to the side of a pedestrian bridge crossing Cripple Creek between Orelle Creek Court and Robert Creek Court in Citrus Heights.

The original engineering estimate for the project was \$130,660.00. On September 29, 2014 an invoice was approved for \$113,110.20 from the City of Citrus Heights for Citrus Heights Water District's entire portion of the project. The amount paid included no change orders.

GM Construction and Developers, Inc. substantially completed the work September 10, 2014.

The total authorized project budget was \$190,000.00. To date, the project total cost stands at \$166,007.98 with minor administrative work remaining to complete.

Old Auburn Road 16-Inch Transmission Main Installation Project

PM Dietrich presented a status update on the completion of the Old Auburn Road 16-Inch Transmission Main Installation Project (2014-37). At the February 11, 2014 Board of Directors Meeting the 2014 Capital Improvement Budget was amended to include installation of a 16-inch water transmission main along Old Auburn Road between Garry Oak Drive and Coral Oak Way in advance of the City of Citrus Heights Old Auburn Road Multi-Use Trail Project and to solicit services and bids necessary to construct the project. The preliminary cost estimate for construction was \$250,355.00.

Prior to putting the Project out to bid, the District's further analysis of the probable construction cost placed our engineer's estimate at \$194,137.00.

The District put the Project out to bid and held a pre-bid conference with eight contractors in attendance. After said conference, but prior to bids being received, the District became aware of a potential schedule conflict with that of the District and that of the City's Trail contractor. So as not to have conflicting contractors working in the same area, the eight contractors were instructed, at their discretion, to provide a price to the City's contractor for this work. The City's contractor accepted the price from C. E. Cox Construction, with the cost to the District, through the City to be \$176,540.00. The City agreed to issue a change-order to their contractor and invoice the District upon completion. The work was performed per the District's standards and specifications and inspected by District representatives.

Citrus Heights Water District's portion of the project included the installation of approximately 587 lineal feet (lf) of 16-inch water main and related appurtenances along the Multi-Use Trail between Garry Oak Drive and Coral Oak Way in Citrus Heights and 90 lf of 8-inch water main crossing Old Auburn Road at Auburn Woods Drive.

On September 29, 2014 an invoice was approved for \$186,211.20 from the City of Citrus Heights for Citrus Heights Water District's entire portion of the project. Minor variations occurred between the bid item estimates and the actual totals measured. The amount paid included no change orders.

C.E. Cox Construction substantially completed the work September 10, 2014.

The total authorized project budget was \$290,571.00. To date, the project total cost stands at \$225,127.45 with minor administrative work remaining to complete.

Auburn Boulevard Water Facilities Replacement Project

PM Dietrich presented a status updated on the completion of the Auburn Boulevard Water Facilities Replacement Project (2012-03) from Sylvan Corners to Rusch Park. As reported at the September 9, 2014 Board of Directors Meeting, the City of Citrus Heights has substantially completed undergrounding of aerial facilities on Auburn Boulevard from north of Sylvan Corners to Rusch Park. The majority of this work occurred on the east side of Auburn Boulevard and included a complete street makeover of Auburn Boulevard from north of Sylvan Corners to Rusch Park.

In the District's 2012 Capital Projects Budget, \$590,259.00 was allocated towards this project including \$547,745.00 for construction and \$42,514.00 for administrative costs.

The City of Citrus Heights separated their project into two segments, Segment II and Segment III. On August 14, 2014, all construction costs for Segment II were reviewed and approved for payment totaling \$489,964.02.

For the Segment III construction costs, the bid for the project totaled \$59,217.00 inclusive of the District's prorated portion of fixed costs. On September 29, 2014, all construction costs for Segment III were reviewed and approved for payment totaling \$40,040.00. There were various bid items included in the contract in anticipation of potential utility conflicts which were not required during construction.

Construction costs for Segment II and Segment III total \$530,004.02 which is \$17,740.98 below budget. To date, the total cost of the project is \$646,228.50 which is \$55,969.50 over budget with minor administrative work remaining to complete. The project was originally estimated to last 12-months, but has extended into its 29th month. The majority of the over-budget costs are related to additional inspection hours by District Staff. Due to the segmentation of the work various water related facilities required a second phase of construction to achieve proper grade or to repair damage caused during the long construction period. The requirement for repeated inspections greatly increased administrative costs. In-house engineering and project management costs were also increased due to design review of the Segment III plans and additional meetings and coordination.

NEW BUSINESS (continued)

Training/Continued Education/Meetings

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

2014 Conservation and Drought Workshop

The District was invited by staff of Congressman Ami Bera to participate in a Water Conservation and Drought Workshop. The Workshop was held at the Citrus Heights Community Center on September 22, 2014.

Presentations were provided at the Workshop by the California Department of Water Resources, the Regional Water Authority and by representatives of the three water utilities serving the City of Citrus Heights. CHWD GM Churchill was assisted by AGM Gillum and WEC Meurer at the Workshop.

The Workshop had a very low response with only five members of the public in attendance, none of whom were provided water service from the three water utilities. Water Efficiency Coordinator Rex Meurer presented the District's presentation, which was delivered at the Workshop, to the Board of Directors.

CHWD employees Rex Meurer and James Buford left the meeting.

Policy Amendments

AGM Gillum presented information on proposed amendments to Human Resources Policy 4331 – Medical Leave of Absence. Human Resources Policy 4331 – Medical Leave of Absence defines the requirements for a District employee to request a Medical Leave of Absence, the duration of an approved leave, and the requirements for the employee to return from work upon the end of the approved leave. This policy was last updated on October 14, 2008.

The substantive proposed amendments to the policy are:

- 1) the removal of the requirement for the employee's physician's certificate, which indicates the need for a Medical Leave of Absence, to specify the nature of the illness or disability causing the need for the leave;
- 2) adding that a request for an extension to the approved duration of the Medical Leave of Absence must be provided a minimum of two weeks prior to the end of the approved leave;
- 3) deleting the requirement that an employee's notification of their release for return to work should be provided within two weeks of their expected return; and
- 4) adding the requirement that an employee must provide a physician's certificate releasing them to return to work.

A copy of the policy with the proposed amendments identified was provided to the Directors.

Motion: It was moved by Director Sheehan and seconded by Director Dains to approve proposed amendments to District Human Resources Policy 4331 – Medical Leave of Absence.

The motion carried 2-0 with all Directors voting yes.

PROJECT MANAGER’S REPORT

PM Dietrich presented a report on the following activities during the month of September 2014 by the Project Management and Engineering Department:

- Projects under construction or pending construction by private contractors and developers including:
 - Arcade Creek Park Preserve, Bonham Circle/Sunrise Boulevard, 95% complete.
 - Muschetto Subdivision, 46 Residential Lots, 7108 Antelope Road, 85% complete.
 - HD Supply, 7980 Greenback Lane, 98% complete.
 - Fair Oaks Village, 6800 Madison Avenue, construction underway.
- Contractor/developer projects pending construction:
 - None to report
- Project development/design underway by District staff including:
 - Sonora Way 8-inch Water Main Replacement project, awaiting 90% submittal.
 - Hanson Avenue 6-inch Water Main Replacement project, awaiting 90% submittal.
 - Mariposa Avenue 18-inch and 8-inch Water Main Installation/Replacement project, 30% submittal complete.
 - San Juan High School 24-inch Water Main Installation project, 30% submittal under review.
- Projects contracted by the District including:
 - Mariposa Avenue 24-inch Water Main Replacement project, 100% complete.
 - Park Drive 8-inch Water Main and Poplar Avenue 8-inch Water Main Replacement project, 50% complete.
 - Sunrise Boulevard 12-inch Water Main Replacement project, construction underway.
 - Highwood Way 6-inch Water Main Installation project, construction underway.
- Coordination and inspection is underway with the City of Citrus Heights on the following City projects:
 - Old Auburn Road 14-inch Water Main, 99% complete.
 - Old Auburn Road 16-inch Water Main, 99% complete.
 - Auburn Blvd Widening Project (Segment III), 99% complete.
 - Sunrise Blvd Signalization Project, November 3rd scheduled start.

It was reported that there were no additions to the District's water distribution system that were constructed by an independent State Licensed contractor on behalf of a private developer/owner.

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 207 work orders were performed during the month of September 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 2014 through the end of August 2014 was 9,516.28 acre-feet, a decrease of 17.9 percent compared with the average annual water consumption during the previous five years, 2009-2013. It was noted that this amount has been reconciled to account for CHWD-produced groundwater that was served outside of CHWD.

Director Dains called a recess to the meeting at 8:49 p.m. OM Townsel and PM Dietrich left the meeting.

Director Dains reconvened the meeting at 8:51 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dains reported that he and GM Churchill attended the September 24, 2014 San Juan Water District Board of Directors meeting.

Director Dains reported on the October 9th Sacramento Groundwater Authority (SGA) meeting. The meeting was attended by Director Dains and OM Townsel.

GM Churchill reported on the September 23, 2014 San Juan Water District Executive Committee meeting that was attended by GM Churchill and AGM Gillum.

AGM Gillum reported on the September and October Citrus Heights Chamber Government Issues Committee meetings.

ASSISTANT GENERAL MANAGER'S REPORT

AGM Gillum reported as follows:

1. Directors were provided with a summary of Water Efficiency Program activities year-to-date through September 2014:
 - 52 ultra-low-flush toilet rebates. A total of \$13,350 in rebates has been provided to customers through August 31, 2014. September numbers were not available prior to the meeting and will be reported next month.

- A total of \$1,150 in rebates has been provided to customers in 2014 to date through May 31, 2014 for High-Efficiency Clothes Washers. The District is waiting for an update from SMUD on rebates provided since May.
 - There were no violations issued during the month of September.
2. The Water Forum Dry Year Conference #6 was held on September 24, 2014. The discussion centered on the lower American River flows, the PCWA water transfer and how the Bureau plans to address/accommodate adequate flows for Chinook and Steelhead spawning.

The Water Caucus held a meeting on October 8, 2014. It was reported that the projections for the 2015 Water Year maintain that the California drought will likely persist for most of the state. Rob Swartz of RWA, provided an update on the region's drought response.

3. The new Customer Service Representative's, Desiree Smith, first day with the District will be October 20, 2014. Desiree brings over 12 years of experience in customer relations to the District, which will allow her to be a quick study of the District's policies and practices.
4. The District sponsored a booth at the annual Citrus Heights Sunday FunDay on September 28, 2014, from 11:00 a.m. to 3:00 p.m. at Rusch Park. Six District employees participated in staffing the booth for this event. I assisted briefly as well and thought that the young children (and even some adults) had a good time answering our water conservation questions and learning a few new things along the way. The District participates in this event each year as an opportunity to gain public exposure for its services and water conservation programs.
5. The kick-off meeting with Circlepoint, Katie Lichty, to begin work on the winter 2015 edition of the District's WaterLine is scheduled for October 14, 2014.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Twenty-three District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of September 2014. 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

1. Letter from Richard Litton, Southwest Securities Inc., regarding the SEC's Municipalities Continuing Disclosure Cooperative Initiative.

2. Letter from Tracey Hurd Parker regarding high water use to due broken pipe and request for bill adjustment.

CLOSED SESSION

There was no closed session convened as there were no updates to provide.

FUTURE CHWD BOARD OF DIRECTORS MEETING DATES:

November 19, 2014	6:30 PM	Regular Meeting / Rusch Park
December 9, 2014	6:30 PM	Regular Meeting

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned at 9:45 p.m.

APPROVED:

Original signed by: Robert A. Churchill
ROBERT A. CHURCHILL
Secretary
Citrus Heights Water District

Original signed by: Allen B. Dains
ALLEN B. DAINS, President
Board of Directors
Citrus Heights Water District