

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
January 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
Joseph M. Dion, Vice President
David L. Goforth, 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
Timothy R. Cutler, Water Distribution Supervisor
Brian M. Hensley, Water Quality Supervisor
Nicholas L. Spiers, Jr., Water Distribution Specialist
Daniel E. Hesse, Water Distribution Leadworker / Operator
James E. Buford, Water Distribution Leadworker / Operator
Rex W. Meurer, Water Efficiency Coordinator
Lisa A. Smoot, Accounts Payable / Human Resources Specialist
David R. Gordon, Construction Inspector
Christopher J. Nichols, Water Quality Technician
Jason E. Tupper, Water Quality Technician

VISITORS

Tom Gray, General Manager, Fair Oaks Water District
Breck Viley
Mike Ross
Melinda Tupper

Director Dains led the Pledge of Allegiance.

PUBLIC COMMENT

None

CONSENT CALENDAR

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

- 1) Minutes of the Regular Meeting of December 10, 2013.

- 2) Assessor/Collector's Report for December 2013.
- 3) Assessor/Collector's Roll Adjustment Letter for December 2013.
- 4) Treasurer's Report for December 2013.
- 5) Payables for December 2013.
- 6) CAL-Card Purchases for December 2013.
- 7) Summary of 2013 Directors, Officers and Employees Training, Seminars and Conference Expenses.

OLD BUSINESS

Skycrest Well

GM Churchill presented a report on bids received for drilling, development and testing of the Skycrest Well. Plans for this work were prepared by NV5 Consulting Engineers and the District Operations Department and distributed on December 16, 2013 to eleven contractors.

The Base Bid is predicated on geophysical and zone sampling analysis of the drill cuttings to a depth of 375 feet that would indicate satisfactory water quality and quantity at that depth. Should the expected water quality and quantity not be encountered by that depth, additional drilling to a depth not to exceed 600 feet is recommended.

The District received two sealed proposals on January 7, 2014. The low bidder is Zim Industries of Fresno, California. Bids received were as follows:

	<u>Base Bid</u>	<u>Alternative Bid</u>
Zim Industries, Inc.	\$436,775.00	\$601,750.00
NorCal Pump & Well Drilling	\$447,473.00	\$610,228.00

The Engineer's Estimates for the Base and Alternative Bids were \$407,750.00 and \$560,000.00, respectively. Directors and staff discussed the bids received and the bidding process. Director Goforth stated that including the Engineer's Estimate in the bid might lead bidders to use this Estimate as a starting point in their bids. GM Churchill explained that including the Engineer's Estimate is standard practice and that this amount is used by bidders in obtaining their bid bonds.

Zim Industries was the drilling contractor for the Mitchell Farms and Bonita Way Wells.

It was moved by Director Dion, seconded by Director Goforth and carried 3-0 to accept the bid of Zim Industries, Inc. in the Base amount of \$436,775.00 and establish a change order contingency fund in the amount of \$22,000.00; and to authorize total expenditure of not-to-exceed \$631,840.00 if drilling to a deeper depth is warranted; and to authorize the General Manager to execute the contract.

San Juan Water District / Sacramento Suburban Water District Joint Meetings

GM Churchill presented a report on the ongoing joint meetings between San Juan Water District (SJWD) and Sacramento Suburban Water District (SSWD). The most-recent Joint 2 x 2 Committee Meeting of SJWD and SSWD was held at the SJWD Board Meeting Room on January 10, 2014. Directors Dains and Dion and AGM Kane attended the meeting on behalf of the District. Directors were provided with a copy of the agenda for that meeting and a copy of a SJWD/SSWD staff report on the status of the Phase 1 Evaluation of Water Management Alternatives being performed with the assistance of the Municipal Consulting Group. Directors were also provided with a copy of the High-Level Feasibility Analysis for Water Supply Reliability, Option 3 that was distributed and discussed at the meeting.

Directors and staff discussed the analysis that is now underway between SJWD and SSWD. Directors expressed their need for an understanding of the possible impacts of any combining of SJWD and SSWD, and assurances regarding CHWD's surface water supply from SJWD.

Directors were informed of an upcoming Joint 2x2 Committee meeting.

Administration Building Improvements

GM Churchill presented a report on a proposed Professional Services Agreement with Blackbird Associates for Architectural Services for the Administration Building Improvements project. The District's Administration Building was constructed in 1975 and contained 2,550 square feet housing a staff of five employees. In 1986, the building was expanded with a 260 square foot addition at the southeast corner accommodating a sixth staff member. Significant interior remodeling last occurred in 1999 with improvements to the entry foyer, customer reception, meeting room and bathroom areas. Staff size at that time remained at six employees.

GM Churchill outlined the current configuration and office space utilization in the Administration Building that now houses eight employees. He also explained how the work functions of the administrative department of the District have changed over time, especially related to customer service needs. The transition of customer billing from annual flat-rate to bimonthly-metered has significantly increased the customer reception and telephone interaction for the accounts receivable staff and changed the work space requirements for these employees. Significant deficiencies also exist in the current work space with regards to human resources, copying and document assembly, computer server, climate control, storage of records and supplies and the lunch/break area.

The 2012 capital improvement budget contained \$325,000 for design and construction of improvements to the existing Administration Building to increase the size by approximately 760 square feet and to make improvements to the front entry.

In December of 2011, Blackbird Associates was selected from among three proposals received for the planning phase of the Administration Building project at a cost of

\$22,500. Directors were provided with a copy of the design criteria, a drawing noting the area proposed for building expansion and the scope of work for the planning phase. This phase of the project is now complete. GM Churchill provided a summary of the tasks completed under this phase and provided Directors with a copy of the Final Report and Opinion of Probable Cost prepared by Blackbird Associates.

During the course of the planning phase it became apparent that in addition to expanding the Administration Building, an overall interior remodel would be advantageous to achieve the customer and workforce needs of the District. Such an effort was not included in the initial project budget which contained only an estimated per-square-foot cost for the proposed expansion area. The difference between the prior budget and probable cost of the revised project scope is as follows:

	<u>Construction</u>	<u>Design</u>
Prior Budget:	\$ 190,000	\$ 84,000 (\$22,409 paid)
Probable Cost:	<u>\$ 534,845</u>	<u>\$121,875</u> (+\$22,409)
Difference:	\$ 344,845	\$ 60,375

Directors were provided with a Drawing Scheme J showing the final schematic iteration of floor space additions and reconfigurations that accomplish the goal of meeting the customer and workforce needs of the District. GM Churchill outlined specific needs that would be met and problems that would be addressed as a result of the project. He stated that the solutions provided by the project will result in better and more efficient utilization of the current and proposed floor space for many years into the future to benefit District customers and staff.

Directors were provided with a copy of a cost worksheet for the project with the additional funding provided in the 2014 Capital Improvement Budget for design, construction, permits and staff time. Directors and staff discussed the project. Director Goforth stated that the Administration Building space and offices are adequate as they are now and that there is no need to spend ratepayers' money to expand or improve the facility. Directors Dains and Dion stated that the District needs to provide adequate space for its customers to transact business and for its employees to do their work and provide services to its customers, and that the size and configuration of the building as it is now is not adequate.

It was moved by Director Dion, seconded by Director Dains and carried 2-0 to approve a Professional Services Agreement with Blackbird Associates for Architectural Services in the amount of \$121,875.00 plus the cost reimbursable expenses for printing, delivery and shipping. Director Goforth stated that he abstained from the vote but did not state a reason for the abstention.

NEW BUSINESS

Training/Continued Education/Meetings

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

Health Plan Coverage for District Employees for 2014

AGM Kane and OA Peters presented a report on health care insurance coverage for District employees for the health plan year beginning February 1, 2014 and other matters related to District Human Resources Policy No. 4210, Health Insurance. The District's health care insurance coverage for employees expires after January 31, 2014. The District currently offers Kaiser and Western Health Advantage (WHA) as its health care insurance providers for employees. OA Peters delivered a presentation outlining the proposed health plan coverage and costs and related District policy issues for 2014.

The Patient Protection and Affordable Care Act (PPACA) has effected major changes to the nation's health care industry, requiring health plan carriers to design new plans that align with the PPACA requirements. As a result, the Kaiser and Western Health Advantage offered to District employees during 2013 are no longer available. Both carriers are offering plans that have comparable coverage in benefits and co-payment levels but with a much higher annual out-of-pocket maximum than the current plans. The health insurance premium rates for the plans will be calculated differently than in previous years. For 2014, the premium rates will be determined by the individual age of the employee and the individual ages of all covered family members including spouse or domestic partner, up to three children under the age of 21 and all adult children ages 21 to 25. If there are more than three children under 21 they are covered at no additional cost. Prior to PPACA, rates for individuals and their dependents were solely based on the age of the employee using 10-year rate bands.

The rates for the new plans reflect a change of monthly premium costs of less than 1.0 percent compared with 2013 rates, with Kaiser's rates representing a 0.95 percent decrease and WHA representing a 0.72 percent increase.

The District offers in-lieu-of health insurance payments for employees who have duplicating health care coverage through a spouse's employer and decline to be covered under a District-offered health insurance plan. This practice reduces the District's overall health insurance premium costs while offering an incentive to employees who have the option to be covered under a spouse's plan. Currently, the District has a total of four employees taking advantage of this alternate health insurance payment and it is anticipated that they will continue doing so during 2014.

The in-lieu-of health insurance payment is currently \$400 per month. This amount has not increased since inception in 2007, and staff has recommended that the incentive rate be increased to \$455 per month. This recommended rate was calculated by applying the annual COLA rates for years 2008 through 2014 to the original \$400 payment. With the average family insurance premium costing well over \$1,200 per month, the savings that the District realizes from providing this in-lieu-of payment rather than paying for duplicating family insurance is currently more than \$38,000 annually.

District staff also recommended that no additional contribution be required from employees to share in the cost of premiums for CY 2014. With the current employee

contributions, the recommended plans (Kaiser Gold 30 and WHA Gateway 30) will maintain the existing high level of health care benefit and keep costs within the 2014 adopted budget limits.

For 2013, employee contribution amounts for health insurance premiums were set as follows:

Employee Only	No contribution
Employee + Spouse	\$25.00 per pay period (\$650 annually)
Employee + Family	\$50.00 per pay period (\$1,300 annually)

Not requiring those employees with “Employee Only” coverage to contribute toward the cost of health insurance premiums is designed to provide some equity among the insurance premium benefit received by employees. Employees who receive Employee + Spouse or Employee + Family coverage have higher premiums paid by the District than those paid for Employee Only coverage.

A recommendation for increasing the dollar “cap” for monthly health care premiums from the current level of \$1,502.00 per month to \$1,654.00 was also presented. The increased cap represents the lowest cost of the two offered health insurance plans for the most expensive employee premium. For 2014 there will be three employees who will have premiums that exceed the recommended 2014 cap, assuming that these employees elect to remain with the same health insurance carrier. However, these employees have the option to stay under the cap by switching health insurance providers during the January 2014 open enrollment period. Employees whose monthly premium exceeds the cap will pay the difference between the cap amount and the monthly premium amount through a payroll deduction

The District also reimburses employees for specified amounts of their co-payments through the use of a Supplemental Medical Reimbursement Account (SMRA), a practice that was instituted in 2007. This program has been very successful in reducing the District’s health insurance premium costs while minimally impacting the out-of-pocket costs for the employees. In 2013, the reimbursement limits remained the same as those set in 2012 with a 75 percent reimbursement limit for office visit co-payments for spouses and dependents. Brand name and non-formulary prescription drugs are reimbursed at 75 percent of the co-payment amount. The reimbursement limits are recommended to remain unchanged for 2014.

Directors were provided with information showing the proposed 2014 renewal rates and the range of premium rates, the number of employees currently covered under each plan, and the estimated total cost of the District’s health insurance benefit for 2014. The total estimated cost for the 2014 Plan Year is within the total \$421,229 budgeted for insurance premiums and co-payment reimbursements when employee financial participation is included. With higher out-of-pocket limits for 2014, the District will bear some additional exposure for higher co-payment reimbursements than in previous years. The 2014 budgeted amount for co-payment reimbursements is \$26,000, but with the higher out-of-

pocket exposure it is estimated that the 2014 amount may be closer to \$46,000. However, even with higher co-payment reimbursements the total budgeted amount of \$421,229 is expected to be adequate to cover the District's costs in 2014.

Directors were provided with a copy of District Policy No. 4210, Health Insurance, with proposed amendments. The proposed amendments included the revised employee in-lieu payments and revised monthly health care premium cap. Directors and staff discussed the 2014 health insurance plans and proposed policy amendments. Directors expressed support for the proposed health plans and amending the insurance premium cap as recommended. However, there was discussion among Directors that there appeared to be no justification for an increase in the in-lieu-of health insurance payment amount.

It was moved by Director Dion to:

1. Approve the Kaiser Permanente - Gold 0/30 Plan and the Western Health Advantage – Gateway 30 Plan Plan as the District's employee health care plans for 2014; and
2. Adopt District Human Resources Policy No. 4210, Health Insurance, with amendments as presented.

The motion died for lack of a second.

It was moved by Director Dains, seconded by Director Dion and carried 3-0 to:

3. Approve the Kaiser Permanente - Gold 0/30 Plan and the Western Health Advantage – Gateway 30 Plan Plan as the District's employee health care plans for 2014; and
4. Adopt District Human Resources Policy No. 4210, Health Insurance, with the monthly health care premium cap increased to \$1,654.00, and with no change in-lieu-of health insurance payment amount.

2014 Fleet Vehicle Purchase

OM Townsel presented a report on the proposed purchase of a vehicle to replace an existing ½-ton pickup truck in the District's fleet. The purchase of a 2014 Chevrolet Equinox, a midsize sport utility vehicle (SUV) was recommended to replace Equipment No. 12, a 2007 Ford F-150 pickup truck with over 89,000 miles. This vehicle was scheduled for replacement in the 2014 Budget with a budget amount of \$25,000 for a new vehicle.

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

The vehicle to be purchased under the California State Bid is as follows:

<u>Qty.</u>	<u>Description</u>	<u>Unit Price</u>	<u>Terms</u>	<u>Vendor</u>
1	2014 Chevrolet Equinox	\$24,697.59	\$500-20 days	Winner Chevrolet

The vehicle being replaced, Equipment No. 12, will be sold at public auction after the new vehicle is received and placed in service.

Directors and staff discussed the vehicle replacement.

It was moved by Director Goforth, seconded by Director Dion and carried 3-0 to authorize staff to proceed with the purchase of one 2014 Midsize SUV Chevrolet Equinox from Winner Chevrolet of Elk Grove with a total cost of \$24,697.59.

Water Conservation Stage Declaration

AGM Kane presented a report on a proposed formal declaration of a Water Conservation Stage for the Citrus Heights Water District. The District declares or reaffirms water supply conditions for the District annually or as needed when water delivery forecasts and other factors become known for the year ahead. The District has been in a Stage 1 – Normal Water Supply water conservation stage since 2008 when a Stage 2 – Water Alert was briefly put into effect.

The 2013 calendar year produced the lowest amounts of precipitation and snowfall in California history, and the dry trend is continuing in early 2014. California's Governor Brown is considering declaration of a drought emergency, and many water agencies in the Sacramento region have already taken action to encourage or mandate reduced water usage by their customers. The water level in Folsom Lake is at its lowest level since the 1976-77 drought, prompting concerns about water levels falling below the level of the water intake on the dam from which San Juan Water District and the cities of Roseville and Folsom draw their surface water supply. The San Juan Water District retail, Fair Oaks Water District and Orange Vale Water Company have all had 20 percent voluntary water conservation stages in effect for their customers since the fall of 2013.

Citrus Heights Water District has adopted a cautious approach to considering a heightened water conservation stage for its customers. Even with the driest year in California history, CHWD customers used only 1.3 percent more water in 2013 than the five-year average consumption for 2008-2012. This is evidence that CHWD customers have continued to use water efficiently in spite of much drier conditions. Additionally, as of January 6, 2014, CHWD has begun running all five of its groundwater wells on Monday through Thursday, producing an estimated 9.1 million gallons per day which is enough to meet the District's entire estimated water demand at this time of year. However, with water levels in Folsom Lake reaching critical levels and weather forecasts projecting continued dry conditions for the foreseeable future, it is prudent to consider declaring a Water Conservation Stage that will direct CHWD customers to make reductions in their water usage.

Staff is recommending that the Board consider declaration of a Stage 3 – Water Warning at this time, and asking customers to effect a 20 percent cutback in their water usage. While the language in the Stage 3 requirements allows water use reductions from 11 to 25 percent, it is recommended that CHWD focus on asking for a 20 percent reduction consistent with many other agencies in the region at this time. The Stage 3 requirements also mandates customers to repair leaks within two working days and prohibits water-wasting practices such as free-flowing water hoses and washing of pavement. Directors were provided with a copy of the Water Conservation Stages for the District.

The Stage 3 – Water Warning will be accompanied by a public information effort by the District, including efforts in cooperation with San Juan Water District and with the Regional Water Authority. Publication of the Winter 2014 WaterLine newsletter, originally due to be delivered in early January, was postponed to allow the District to use the newsletter to inform customers of the water conservation requirement. The District's website will be updated to provide information about the 20 percent reduction requirement and links to resources to help customers find ways to reduce their water usage. For most customers, the most effective way to meet the 20 percent reduction will probably be to greatly curtail or discontinue outdoor watering at this time.

Directors were provided with a copy of proposed Resolution No. 01-2014 declaring a Stage 3- Water Warning for the District. Directors and staff discussed the proposed declaration of a Stage 3 – Water Warning. Director Goforth stated that his opinion is that the declaration of the water conservation stage is unnecessary and will have no effect. Directors Dion and Dains expressed the opinion that the District needs to be warning its customers of water supply concerns and asking them to begin taking additional measures to conserve water, and that making the declaration is a prudent and necessary step.

It was moved by Director Dion, seconded by Director Dains and carried 2-1 to adopt Resolution No. 01-2014 Declaring a Stage 3 – Water Warning Within Citrus Heights Water District. Director Goforth voted no.

Salary Survey and Salary Schedule Amendments

GM Churchill presented a report on a recently-completed Salary Survey to review the salaries of Citrus Heights Water District personnel as they compare to the regional marketplace for similar work functions. He stated that the purpose of the Salary Survey is to recommend alignment of District salaries to the marketplace consistent with District policy. Directors were provided with a copy of the Salary Survey Report.

The most recent comprehensive analysis of the District's salary structure was undertaken in late 2008 and effective April 27, 2009. Since 2009, the District's Salary Schedule has been adjusted annually in January by a Cost-of-Living (COLA) adjustment based upon the U.S. Department of Labor Bureau of Labor Statistics Consumer Price Index for all urban west cities. The COLA adjustments since 2009, excluding the +0.9% COLA based upon October 2013 CPI-U, which has not been applied to the Salary Schedule, have increased the District's Salary Schedule by 6.3 percent.

Citrus Heights Water District Policy 4101 regarding Compensation sets forth the District's intent in establishing salary ranges; conducting salary surveys; setting and amending the salary schedule; providing for salary adjustments; and providing for other employee compensation not contained in the monthly salary schedule.

GM Churchill discussed the approach that he used in conducting the Salary Survey. Salary data for comparison with CHWD data was obtained from 18 other public agencies including seven water supply-only agencies, six cities with water supply responsibilities, two multi-service agencies with water supply responsibilities, one city without water supply responsibilities, one county with water supply responsibilities and one joint powers authority.

Comparisons were made to 803 position/job titles that were selected subjectively based upon job title alone. For small to medium-sized agencies, all job titles and corresponding monthly salaries are arrayed. For larger agencies, only those positions related to water supply and associated support such as customer service, accounts receivable and payable, engineering, management, and others are included.

GM Churchill outlined how the salary data was compiled and arrayed, and then analyzed for both similar match data and best match data. A total of 314 best matches were selected as the most appropriate data to be used in District salary comparisons. The data of best matches was analyzed and salaries for the Average and 75th percentile calculated exclusive of District salary data. Use of the best match data for the 75th percentile consistent with Compensation Policy 4101 was employed throughout the remainder of the Salary Survey Report.

Based upon comparison of current District maximum salaries with the 75th percentile of the best matches maximum salaries for other public agencies included in the Salary Survey Report, the District's 2013 salaries are, in aggregate, on the order of magnitude one percent below the market. Certain positions are significantly above the market and some positions are significantly below the market.

The salary data used to determine the 75th percentile data for each position is predominately early to mid-2013 data. Therefore, the comparative data was initially stated as 2013 dollars and then adjusted by the 2013 COLA of 0.9% to establish the proposed 2014 maximum salary ranges. In aggregate the current 2013 Salary Schedule is proposed to be adjusted for 2014 by 1.11 percent, with a range of plus 18.7 percent to minus 4.5 percent depending upon position. When including the COLA, the 2014 salary range for 12 District position are proposed to increase while the salary range for 8 District positions are proposed to decrease. Salary adjustments for the General Manager are subject to District Policy and the General Manager's Employment Agreement.

The positions of Senior Engineering Technician and Construction Inspector are proposed to be archived and the position of Associate Civil Engineer established along with the addition of a Customer Services Technician position. These new positions are to be filled

by current District staff. In addition to the Salary Schedule, Policy 4101.A1, amendments to District General Policy 1030 – Organizational Structure & Chart were also recommended. Directors were provided with a copy of this policy with proposed amendments shown.

The District's 2014 total adopted salary budget includes a total annual increase of 3.5 percent which inclusive of COLA and merit increases. The actions being proposed will increase salary and benefit costs by approximately \$22,000. This is due solely to bringing three current employees up to the base salary for their position as demonstrated by the Salary Survey and moving one employee to the base of a new position. As is the case with the new Associate Civil Engineer position, an annual future savings of approximately \$70,000 is estimated.

Directors and staff discussed the Salary Survey and the recommended amendments to the District's Salary Schedule and Organizational Structure.

It was moved by Director Dion, seconded by Director Goforth and carried 3-0 to approve amendments to the District Human Resources Policy 4101.A1, Compensation- Attachment 1: Salary Schedule effective January 13, 2014 and to the District General Policy No. 1030, Organizational Structure and Chart.

Information Technology Business Systems Support

AGM Kane presented a report on consulting services to support the District's information technology business systems. He described the variety of information technology systems employed by the District that are supported by consulting services: the customer information and billing system (CIS); the financial accounting system; the geographic information and mapping system (GIS); and the computerized maintenance management system (CMMS). Supporting and upgrading all of these technology tools, and troubleshooting and fixing problems when they occur, is essential to the successful operation of the District. District staff does not possess the knowledge or expertise to support these systems independently.

Consultant Jeff Ott has been involved with designing, installing and supporting the District's information systems continuously since 2002 when they were first being implemented with the support of Westin Engineering. Mr. Ott has continued supporting the District's information systems since 2010 as a principal consultant for Sophos Solutions.

The proposed Master Services Agreement between the District and Sophos Solutions supersedes the current agreement that expired at the end of 2013. The Agreement sets forth the specific technology consulting services provided by Mr. Ott, as well as his hourly consulting rates, insurance requirements and other details of the business relationship. Services under the Agreement will be requested by separate Task Releases, and each Task Release will contain a not-to-exceed dollar amount. The only Task Release proposed at this time is Task Release 1 for ongoing business systems support for 2014 in the not-to-exceed amount of \$50,400.00 as approved in the 2014 Operating Budget.

Directors were provided with a copy of the proposed agreement and Task Release 1.

Directors and staff discussed the proposed agreement. Directors asked if the business support systems services had been competitively bid. GM Churchill responded that professional services such as this are not competitively bid but can be solicited via competitive proposals as set forth in the District's procurement policy. Professional services are selected based on the demonstrated qualifications, experience and ability of the consultant to provide the specified services, with the cost for those services considered only after the top-ranked firm has been identified.

AGM Kane stated that Mr. Ott is uniquely qualified to provide support services for the District's information technology business systems by virtue of his involvement in designing the District's system, as well as years of experience in supporting the specific software and networking systems used by the District. Directors noted that if something were to happen to Mr. Ott, the District would be in a position of having to find someone else to perform the work. Directors asked that staff consider issuing a Request for Proposals in the future for this work.

It was moved by Director Dion, seconded by Director Dains and carried 2-1 to authorize the General Manager to enter into a Master Services Agreement with Sophos Solutions, LLC for services relating to information technology business systems support; and authorize Task Release 1 under that Agreement in an amount not to exceed \$50,400.00. Director Goforth voted no.

PROJECT MANAGER'S REPORT

PM Dietrich presented a report on the following activities during the month of December 2013 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.
 - Birdcage Center Remodel and Drive Aisle, 6197 Sunrise Boulevard.
 - Citrus Town Center, 6302 Sunrise Boulevard.
 - Commercial Space, 8065 Greenback Lane.
 - Gold's Gym, 8485 Auburn Boulevard.
 - Muschetto Subdivision, 46 Residential Lots, 7108 Antelope Road.
- 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 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.
 - Auburn Boulevard Widening Project.

OPERATIONS MANAGER’S REPORT

OM Townsel reported as follows:

1. A total of 476 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.

OM Townsel also presented a work log history for the years 2005 through 2013, summarizing significant work activities by the Operations Department.

2. District-wide water consumption for the calendar year 2013 through the end of December 2013 was 14,881.54 acre-feet, an increase of 1.2 percent compared with the average annual water consumption during the previous five years, 2008-2012.

Director Dains called a recess to the meeting at 8:35 p.m. All visitors with the exception of Breck Viley left the meeting, along with all District employees except for GM Churchill and AGM Kane. All three Directors also remained.

Director Dains reconvened the meeting at 8:47 p.m.

DIRECTOR’S AND REPRESENTATIVES REPORTS:

Director Dion and GM Churchill discussed a Regional Water Authority (RWA) meeting that they recently attended.

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

Director Dion discussed an upcoming meeting of the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA).

AGM Kane discussed a Chamber of Commerce Government Issues Committee that he attended along with PM Dietrich.

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 December 2013, including the number of ultra-low-flush toilet rebates and high-efficiency clothes washer rebates issued. Two violation notices were issued to residential customers due to failure to repair outdoor water leaks in a timely manner after being notified. Both customers subsequently repair their leaks.
2. Production of the District's Winter 2014 WaterLine customer newsletter was put on hold pending action by the Board of Directors on a Water Conservation Stage declaration. Production will resume immediately now that the Water Conservation Stage has been declared, with some minor redesign necessary to highlight the current Stage declaration and information on water supply conditions. It is hoped that the edition will be printed and ready to mail out by late January.
3. AGM Kane has attended several recent Water Forum Dry Year Conference sessions. Much of the focus of discussions has been on managing the flows into the Lower American River in a manner that will best balance water supply needs with environmental and fisheries management needs.
4. The District's auditor, Richardson & Company, was on site at the District offices during the month of December 2013 to perform interim field work and inventory observation in preparation for the financial audit for the Fiscal Year Ending December 31, 2013. The auditors will return in late February 2014 to perform their field work on the 2013 audit. The auditor will present their report and findings to the Board at the April 8, 2014 Board meeting.

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 December 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

None

Visitor Breck Viley left the meeting at 9:06 p.m.

CLOSED SESSION

Pursuant to subdivision (b)(3)(A) of Government Code Section 54956.9 (one case), Anticipated Litigation, significant exposure to litigation, the Board of Directors convened in Closed Session at 9:07 p.m to receive a report from District Legal Counsel Judy Albietz and from District staff. Directors Dains, Dion and Goforth, GM Churchill and AGM Kane were in attendance.

President Dains reconvened the meeting into Open Session at 9:10 p.m. He reported that no reportable action was taken during the Closed Session.

FUTURE MEETINGS

A list of upcoming Board meetings and other meetings related to the business of the District that may involve the participation of Directors or District staff was presented and reviewed.

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned at 9:10 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