

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
February 11, 2014

The Regular Meeting of the Board of Directors was called to order at 6:31 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
James E. Buford, Water Distribution Leadworker / Operator

VISITORS

Daniel Iritani, Staff Assistant to Congressman Ami Bera

Director Dains led the Pledge of Allegiance.

PUBLIC COMMENT

None

CONSENT CALENDAR

President Dains asked for the Consent Calendar. President Dion asked to pull the Minutes of the Special Meeting of January 15, 2014. He stated that in the draft Minutes for the meeting, his name was shown incorrectly in the sentence that noted his absence from that meeting. He asked that the final minutes be amended to shown his name correctly. 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 January 14, 2014.
- 2) Minutes of the Special Meeting of January 15, 2014, amended as noted.
- 3) Assessor/Collector's Report for January 2014.
- 4) Assessor/Collector's Roll Adjustment Letter for January 2014.
- 5) Treasurer's Report for January 2014.
- 6) Payables for January 2014.
- 7) CAL-Card Purchases for January 2014.
- 8) Summary of 2014 Directors, Officers and Employees Training, Seminars and Conference Expenses.

OLD BUSINESS

Skycrest Well Drilling, Development and Testing

GM Churchill presented a status report on the drilling and testing phase of the Skycrest Well project. At the January 14, 2014 Board Meeting the Board accepted the bid of Zim Industries, Inc. in the base amount of \$436,775.00 and established a change order contingency fund in the amount of \$22,000.00. The Board authorized a total expenditure of not-to-exceed \$631,840.00 if drilling to a deeper depth is warranted.

Execution of an Agreement for Construction Services between the District and Zim Industries, Inc. should occur in the next week with mobilization and construction scheduling to follow.

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 2x2 Committee Meeting of SJWD and SSWD was held at the SJWD Board Meeting Room on January 29, 2014. GM Churchill, AGM Kane and Director Dains attended the meeting on behalf of the District. Directors were provided with a copy of the meeting agenda and the Municipal Consulting Group's January 27, 2014 Draft Findings and Recommendations.

GM Churchill noted that the Draft Findings and Recommendations document supports the "study of a water supply reliability framework through a form of governance that combines SJWD and SSWD." Directors and staff discussed the analysis and reaffirmed 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 and an upcoming Joint SJWD/SSWD Board of Directors meeting.

Administration Building Improvements

GM Churchill presented a status report on the design phase of the Administration Building Improvements Project.

A Professional Services Agreement with Blackbird Associates for Architectural Services has been executed for design of the Administration Building Improvements Project. Directors were provided with a copy of the agenda for the design kick-off meeting that was held on February 4, 2014 and a copy of the initial project schedule. The schedule anticipates completion of the project in August of 2015. Phasing of the project to enable the District to conduct business from the existing building during construction will add significantly to the overall duration of the project. District staff and the architect have begun evaluating the options to temporarily relocate the administrative services functions to a location either on-site or in the adjacent commercial neighborhood to possibly reduce the construction time and associated costs.

Old Auburn Road and Mariposa Avenue Water Main Replacement Project

PM Dietrich presented a report on the completion of the Old Auburn Road 18-inch and Mariposa Avenue 12-inch Transmission Main Replacement Project. On October 7, 2013 a contract was executed with Civil Engineering Construction, Inc. for installing approximately 25 lineal feet (lf) of 30-inch bore casing, 510 lf of 18-inch water main, 25 lf of 24-inch bore casing, 240 lf of 12-inch water main, 58 lf of 8-inch water main, 4 main valves, 1 fire hydrant, 3 water services, and related appurtenances along Old Auburn Road between Bonita Way and Wickham Drive, and along Mariposa Avenue between Chula Vista Drive and Heatherington Way.

The original contract amount was \$472,995.00. The amount paid the contractor is \$469,171.00 for material, labor and equipment. Minor variations occurred between the bid item estimates and the actual totals measured. These variations resulted in a cost savings from the original contract amount of \$3,824.00.

Civil Engineering Construction, Inc. substantially completed the work on January 17, 2014, slightly ahead of schedule. Final Approval of the project was issued by the District on February 3, 2014. Directors and staff discussed the project.

It was moved by Director Dion and seconded by Director Goforth to adopt Resolution 02-2014 Accepting the Old Auburn Road 18-inch and Mariposa Avenue 12-inch Transmission Main Replacement Project, and authorize the District Secretary to execute and record a Notice of Completion for the Project. The motion passed 3-0 with Directors Dains, Dion and Goforth voting yes.

NEW BUSINESS

Training/Continued Education/Meetings

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

Water Supply

GM Churchill presented a status report on water supplies available to the District. The availability of surface water from Folsom Lake continues to be of concern due to the drought conditions, even with some increase in lake levels due to recent rainstorms. To assist with concerns regarding surface water availability, the District began operating its groundwater wells Mondays through Thursdays, the equivalent of approximately 3.25 days per week, throughout the month of January beginning on January 6, 2014. The resultant groundwater production was 260.64 acre-feet, the most groundwater produced historically in the month of January by the District.

Due to the lingering drought conditions, the District is now operating all five of its wells around the clock, seven days per week beginning February 3, 2014. This mode of operation is currently in effect. Beginning February 4, as requested, the District is receiving more frequent surface water delivery reports from San Juan Water District (SJWD). Initial observations are that the District's water deliveries from SJWD are a net

minus seven acre-feet per day, meaning that over a 24-hour period, in addition to serving CHWD customers, CHWD is sending that amount of water easterly through the large transmission mains to serve portions of SJWD-Retail and possibly Orange Vale Water Company. Further analysis in this regard is underway. When adding CHWD's historic average February water use of 23 acre-feet per day to the seven acre-feet of water that is passing to agencies east of CHWD's service area, it suggests that CHWD is producing 30 acre-feet of groundwater daily.

As noted on the Operations Manager's 2014 Water Consumption Report, total water use during January of this year was 11.1 percent more than the five-year average of the same month. This is an increase of 69.36 acre-feet above the average of the most recent five years. This amount has not yet been reconciled to account for CHWD-produced groundwater, preliminarily estimated at 91 acre-feet, that may have been served outside of CHWD during January.

Fair Oaks Water District (FOWD) has also begun operating some of its groundwater wells, although not to the same extent as CHWD. FOWD has consulted with Aerojet and confirmed that Aerojet's groundwater contaminant plumes will not be affected by additional groundwater pumping in FOWD.

SJWD is also exploring obtaining supplies of water from Placer County Water Agency into their northerly Granite Bay retail area. Also being explored by SJWD is the possibility of pumping Sacramento Suburban Water District groundwater easterly to serve SJWD-Retail and the City of Folsom's Ashland area. Directors and staff discussed the water supply situation.

Investment of District Funds Policy

AGM Kane presented a report on the annual review of District Policy No. 6300, Investment of District Funds. Section 6300.90 of the District's investment policy specifies that the policy shall be reviewed, modified as necessary and re-adopted or amended at least annually. The policy was last reviewed and amended by the Board in February 2013.

The policy has been reviewed by District staff and by District Legal Counsel Judy Albietz. Ms. Albietz' annual review covers the existing Policy and the current California Government Code Sections related to public agency investments. Ms. Albietz' review revealed changes to the Code related to the investment of funds in banks and credit unions. Although the changes appear extensive, they are essentially technical changes to the language of the Code that have no substantive effect on the types or amounts of investments allowed in banks and credit unions. The changes are recommended to keep the language in the District Policy consistent with language contained in the Government Code. The recommended changes will not affect the types of District investments or the manner in which District funds are invested. Directors were provided with a copy of the policy with proposed amendments.

AGM Kane also noted that the District's requirement within its investment policy to perform an annual review is more rigorous than requirements of the California

Government Code. The Code requirement to perform annual review of investment policies was removed in 2006, and the District could choose to remove or amend the annual review requirement set forth in Section 6300.90 of its investment policy. District staff is not recommending any change to the annual review requirement.

Directors and staff discussed the amendments to the District's investment policy.

It was moved by Director Goforth and seconded by Director Dion to adopt District Policy No. 6300, Investment of District Funds with amendments as presented. The motion passed 3-0 with Directors Dains, Dion and Goforth voting yes.

Backhoe Purchase

OM Townsel presented a report on the purchase of a backhoe. As part of the 2014 vehicle and equipment budget, the Board of Directors authorized \$96,000.00 to purchase one new backhoe. The new backhoe will replace the unit currently being used by the Service Installation Crew performing leak repairs, service replacements and fire hydrant replacements.

The District has one backhoe scheduled for replacement in 2014:

<u>Vehicle Description</u>	<u>Hours of Operation</u>
Equip. No. 41, 2002 Case 590SM.	3,319

Unit 41 is to be sold at auction after the replacement is received.

Departmental needs were assessed and an appropriate equipment specification was developed. Formal bids were solicited from two local equipment suppliers. The resulting bids were as follows:

<u>Supplier</u>	<u>Total Bid</u>
Pape' Machinery (John Deere)	\$93,114.36
Sons Ray Machinery (Case)	\$93,543.36

The recommendation is to award the bid for the new backhoe to the low bidder, Pape' Machinery. Directors and staff discussed the bid and the proposed replacement of the existing backhoe. Director Goforth questioned the need for the new backhoe and stated that he did not support the purchase at this time.

It was moved by Director Dion and seconded by Director Dains to authorize staff to proceed with the purchase a new backhoe from Pape' Machinery of Sacramento in an amount not to exceed \$93,114.36. The motion passed 2-1 with Directors Dains and Dion voting yes and Director Goforth voting no.

ACWA-JPIA Commitment to Excellence Program

AGM Kane presented a report on the Association of California Water Agencies/Joint Powers Insurance Authority's (ACWA-JPIA) Commitment to Excellence Program. The ACWA/JPIA provides insurance, safety and risk management services to water agencies

throughout California. Citrus Heights Water District obtains its liability, property and workers' compensation insurance coverage through the ACWA/JPIA. The ACWA/JPIA initiated a Commitment to Excellence Program in October 2013 as a way to help reduce insurance losses and control costs for its members. This Program is viewed as an ongoing effort to reduce losses, particularly in the most common and costly areas of losses. Directors were provided with information from ACWA/JPIA that describes the Program including a draft of the Commitment to Excellence agreement.

CHWD already employs most of the loss control and safety programs and practices recommended by ACWA/JPIA, and routinely receives annual recognition from ACWA/JPIA for low incidence of claims and losses. CHWD conducts regular and frequent employee safety training, maintains safety equipment and procedures to industry and OSHA standards, uses appropriate risk transfer language in its agreements with contractors and keeps its human resources policies and practices up to date to avoid claims and losses. CHWD staff views participation in the Commitment to Excellence Program as an affirmation of efforts already in place by CHWD rather than an entirely new level of loss control activity for CHWD. Ultimately, supporting and carrying out the efforts envisioned in the Commitment to Excellence Program will benefit the District and its customers through lower costs and fewer injuries to employees.

If the District supports and participates in the Commitment to Excellence program, the District will receive a formal copy of the Commitment to Excellence Agreement for signature by Directors and the General Manager. Directors and staff discussed the program.

It was moved by Director Dion and seconded by Director Goforth to approve support of the ACWA/JPIA Commitment to Excellence Program and signing of a Program Agreement by the Board of Directors and General Manager. The motion passed 3-0 with Directors Dains, Dion and Goforth voting yes.

Assistant General Manager Recruitment

GM Churchill presented a report on the announced retirement of Assistant General Manager (AGM) David B. Kane and the recruitment to select a successor. AGM Kane has advised the District of an intended retirement date of July 6, 2014. At that time, Mr. Kane will have provided more than 18 years of service to the District. Directors were provided with a copy of AGM Kane's letter announcing his retirement dated January 29, 2014. GM Churchill noted a number of regional and statewide organizations with whom Mr. Kane has represented the District during his tenure.

Mr. Kane was hired in May of 1996 utilizing the services of a human resources consulting firm. Utilizing such a firm best enables a statewide search and screening for qualified candidates for this senior management position. This approach is recommended again. Directors were provided with a list of firms known to provide recruitment services. A web search of recruitments similar to what the District would be seeking indicates the consulting service costs could range from \$16,500 to \$28,500 including expenses.

Directors were presented with a preliminary timeline for filling this vacancy, starting immediately with the solicitation of proposals for recruitment services and culminating with a new employee beginning work around the third week of May 2014. Directors were also provided with a copy of the Assistant General Manager's job description. Directors and staff discussed the retirement of AGM Kane and the recruitment process.

It was moved by Director Dion and seconded by Director Dains to direct the General Manager to solicit proposal from qualified human resources consulting firms to assist in the recruitment of an Assistant General Manager. The motion passed 2-1 with Directors Dains and Dion voting yes and Director Goforth voting no, citing that the District should not need a consulting firm to perform this work.

Old Auburn Road 16-Inch Water Main Project

GM Churchill presented a report on amending the 2014 Capital Improvement Budget 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' Multi-Use Trail Project. The City plans to construct the "Old Auburn Road Multi-Use Trail" in the vacant right-of-way on the north side of Old Auburn Road from Garry Oak Drive to Robert Creek Court. The District reviewed the initial plans for this work and noted that there were two water transmission main segments in the District's long-range capital improvement plan to be constructed within the reach of the City's project.

The first of these two segments involves the crossing of Cripple Creek between Orelle Creek Court and Robert Creek Court to complete the planned interconnection/completion of a 14-inch water transmission main serving the area. To that extent, the District has worked in collaboration with the City to have the water main attached to their bridge crossing of the creek. This effort will avoid costly boring and installation of this main beneath the creek channel. This work was bid with the City's project and the water main work has been awarded to a contractor known to the District. This work is in the District's 2014 Capital Projects Budget, Project 2013-33, with a construction cost estimated at \$115,858. The bid received by the City is \$96,283.

The second of these two segments involves the installation of a 16-inch water transmission main along Old Auburn Road between Garry Oak Drive and Coral Oak Way to complete the planned interconnection/completion of a 16-inch water transmission main serving the area. Performing the work was deferred until the original planned year of 2018 as it was felt that this construction could be performed at a later date with minimal impact to the trail. Upon further review of the landscaping plans, deferring this project to a later date is likely to be more costly to either avoid or replace the landscaping. Reconsideration of the project to include it in the 2014 CIP will provide a cost savings to the District compared with performing the project at a later date.

GM Churchill outlined the estimated project costs totaling \$290,571.

The following 2014 CIP Projects are proposed to be deferred to a later year to partially offset adding this project to the 2014 construction schedule:

Project 2013-22	Regional Booster Pump Project Design	\$ 26,094
Project 2013-32	Dewey Drive Interconnection(s) w/CWD & SSWD	\$ 73,135
Project 2014-36	San Juan Park 12" Water Main Installation Design	\$ 24,016
		\$ 123,245

The remaining \$167,326 can be funded from reserves or from \$200,208 in funds budgeted for "Other City Partnership Opportunities (Project 2014-40)" and "Other Miscellaneous Infrastructure Projects (Project 2014-41)." Directors and staff discussed the proposed project and the other projects proposed to be deferred, and the additional funding required.

It was moved by Director Dion and seconded by Director Dains to amend the 2014 Capital Improvement Budget 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 Trail Project and solicit services and bids necessary to construct the project. The motion passed 2-0 with Directors Dains and Dion voting yes and Director Goforth abstaining. Director Goforth stated that he abstained because he did not understand the need to do the project.

PROJECT MANAGER'S REPORT

PM Dietrich presented a report on the following activities during the month of January 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.
 - 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:
 - 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:
 - Old Auburn Road 14-Inch Water Main with City of Citrus Heights.
 - Auburn Boulevard Joint Trench Utility Undergrounding Project (Phase 1).
 - Auburn Boulevard Widening Project.

OPERATIONS MANAGER’S REPORT

OM Townsel reported as follows:

1. A total of 344 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 2014 through the end of January 2014 was 697.03 acre-feet, an increase of 11.1 percent compared with the average annual water consumption during the previous five years, 2009-2013. It was noted that this amount has not yet been reconciled to account for CHWD-produced groundwater, preliminarily estimated at 91 acre-feet, that may have been served outside of CHWD.
3. OM Townsel provided a table outlining operating costs for the District’s five groundwater wells during calendar year 2013. Costs ranged from \$146.38 per acre-foot for water from the Sylvan Well to \$217.12 an acre-foot for water from the Mitchell Farms Well. The District’s cost per acre-foot for water purchased from San Juan Water District in 2013 was \$161.07 per acre-foot.

Director Dains called a recess to the meeting at 7:40 p.m. OM Townsel, PM Dietrich, WDLO Buford and Mr. Iritani left the meeting.

Director Dains reconvened the meeting at 7:42 p.m.

DIRECTOR’S AND REPRESENTATIVES REPORTS:

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

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

Directors Dains and Goforth reported on a recent Joint Board Meeting of the San Juan Water District Wholesale Customer Agencies that they attended along with GM Churchill and AGM Kane.

Director Dion reported on a recent meeting and other matters of interest of the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA)

AGM Kane reported on an upcoming meeting of the Citrus Heights Regional Chamber of Commerce Government Issues Committee.

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 January 2014, including the number of ultra-low-flush toilet rebates issued. Five elementary school presentations were conducted at schools in CHWD's service area. Three violation notices were issued to residential customers due to failure to repair outdoor water leaks in a timely manner after being notified. All customers subsequently repair their leaks.
2. Production of the District's Winter 2014 WaterLine customer newsletter was completed following the Board's declaration of a Water Conservation Stage 3 – Water Warning on January 14, 2014. This edition was originally planned to have a lead story featuring the Delta plan, but this story was deferred in order to devote space to the ongoing water supply situation and water conservation efforts. Customers began receiving the Winter 2014 edition of the WaterLine around February 6, 2014.
3. AGM Kane attended a Water Forum Dry Year Conference session on February 7, 2014. Discussions focused on efforts by water purveyors in the region to reduce water consumption by their customers and to develop alternative water supplies.
4. District staff is preparing 2013 year-end financial information in advance of the District auditor's upcoming on-site work at the District offices. The District's auditor, Richardson & Company, is conducting the financial audit for the Fiscal Year Ending December 31, 2013 and will present their report and findings to the Board at the April 8, 2014 Board meeting.
5. The Association of California Water Agencies – Joint Powers Insurance Authority (ACWA-JPIA), the District's liability insurance provider, has settled a number of claims for personal property damage resulting from the District's November 10, 2013 water main break on a 14-inch water main on Old Auburn Road. Directors were provided with copies of letters from ACWA-JPIA to four property owners regarding settlement of their claims.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Seventeen District employees received recognition for superior attendance,

outstanding customer service and quality of work during the month of January 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

Correspondence was discussed and ordered filed as follows:

1. Letter dated January 15, 2014 from Jeannie Bruins, President/CEO of the Citrus Heights Regional Chamber of Commerce, thanking the District for its membership renewal for 2014.

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 8:00 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 8:02 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 8:03 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