

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
March 11, 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
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 Lead Worker / Operator

VISITORS

Eric Aschow
Bori Touray

Director Dains led the Pledge of Allegiance.

PUBLIC COMMENT

Eric Aschow stated that he had questions regarding the District's water conservation requirements and the possibility of drought water rates being imposed. Directors advised Mr. Aschow that there were no plans at this time to adopt new water rates due to the drought and water supply limitations. They advised Mr. Aschow that the subject of water supply would be discussed at greater length during an item scheduled for later on the agenda of this Board of Directors meeting.

CONSENT CALENDAR

President Dains asked for the Consent Calendar. Director Dion asked for additional information regarding the Assessor/Collector's Roll Adjustment Letter. AGM Kane explained that the new table that has been provided along with the letter is a summary, by category, of the cancelled charges shown on the Roll Adjustment Letter. It was moved by Director Dion, seconded by Director Dains and carried 2-0 to accept the Consent Calendar consisting of:

- 1) Minutes of the Regular Meeting of February 11, 2014.
- 2) Assessor/Collector's Report for February 2014.
- 3) Assessor/Collector's Roll Adjustment Letter for February 2014.
- 4) Treasurer's Report for February 2014.
- 5) Payables for February 2014.
- 6) CAL-Card Purchases for February 2014.
- 7) Summary of 2014 Directors, Officers and Employees Training, Seminars and Conference Expenses.

OLD BUSINESS

Skycrest Well Drilling, Development and Testing

OM Townsel 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.

An Agreement for Construction Services has been executed with Zim Industries. A pre-construction meeting has been scheduled for March 18, 2014 with site work expected to start about March 24, 2014. Directors and staff discussed the project.

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 the morning of January 29, 2014 at SJWD. At that meeting the Municipal Consulting Group's January 27, 2014 Draft Findings and Recommendations supporting the "study of a water supply reliability framework through a form of governance that combines SJWD and SSWD" was reviewed. Edits to the draft report were recommended by the Joint 2 x 2 Committee. To date, a revised report has not been issued and the February 18, 2014 Joint 2 x 2 Committee Meeting and the February 25, 2014 Joint SJWD/SSWD Board Meeting were cancelled.

The availability of the revised report and scheduling of further meetings is unknown at this time. Directors and staff discussed the ongoing joint meetings between SJWD and SSWD.

Administration Building Improvements

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

Three meetings have been held with District staff and Blackbird Architects since early February 2014, including a design kick-off meeting, a floor plan and elevation review meeting and a mechanical and electrical review meeting. Directors were provided with materials from these meetings.

GM Churchill noted the dates and times of future meetings between District staff and Blackbird Architects.

Water Supply

GM Churchill presented a status report on water supplies available to the District. Availability of surface water from Folsom Lake for the year ahead continues to be a concern, although the immediate concern about low levels has abated somewhat. Increased inflow into the Lake caused by recent rains combined with reduced flows into

the Lower American River have helped to increase the water stored in the Lake to about 344,000 acre-feet as of March 5, 2014, 35 percent of its total capacity of 977,000 acre-feet. CHWD has continued to assist with preserving surface water supplies in the Lake by operating its groundwater wells.

Groundwater production by CHWD for the month of February 2014 was 428.91 acre-feet, the most groundwater produced in a February in the District's history and representing 95 percent of total CHWD water consumption for the month. Only 71.96 acre-feet of surface water from San Juan Water District (SJWD) was used during February. Fair Oaks Water District (FOWD) has also continues to operate their groundwater wells.

The District's Sylvan Well is currently out of service indefinitely due to a pump motor problem that is currently being diagnosed. Sunrise Well was also recently taken out of service due to air entrainment problems and is also being diagnosed to determine the cause and possible solutions. The air bubbles in the water from this well create a cloudy appearance when water is first drawn from a customer's tap. The Bonita, Mitchell Farms and Palm wells remain operational.

As noted on the Operations Manager's 2014 Water Consumption Report on the agenda later in this meeting, total water use for 2014 through the end of February was 193.67 acre-feet, 15.5 percent less than the five year average of the same period. The District's WaterLine newsletter notifying customers of the Stage 3 – Water Warning declaration and 20 percent water use reduction request was delivered to customers in early February.

SJWD is continuing to explore obtaining supplies of water from Placer County Water Agency into their northerly Granite Bay retail area and into the possibility of pumping Sacramento Suburban Water District groundwater easterly to serve SJWD-Retail, Orange Vale Water Company and the City of Folsom's Ashland area. SJWD recently adopted a mandatory Stage 3 – Water Warning calling for a 25 percent water use reduction by its retail customers.

Assistant General Manager Recruitment

GM Churchill presented a status report on the recruitment process to select a successor Assistant General Manager. As previously reported, Assistant General Manager David B. Kane has advised the District of his intent to retire from employment with the District on July 6, 2014. It was determined that using a human resources consulting firm to conduct a statewide search and screening for qualified candidates would be the best approach to finding a successor to fill the Assistant General Manager position. Proposals to provide consulting services for this effort were requested and received from the following four local firms:

| | |
|-----------------------------|------------------------|
| Ralph Andersen & Associates | Rocklin, California |
| Bryce Consulting | Sacramento, California |
| CPS HR Consulting | Sacramento, California |
| Bob Murray & Associates | Roseville, California |

Board President Dains and GM Churchill met on February 26 to review the proposals and decided to interview all of the proposing firms. Interviews were conducted with three firms on March 3. One firm had to cancel. AGM Kane participated in the interviews in addition to President Dains and GM Churchill. As a result of the interviews it was the consensus of the interview panel to seek a Professional Services Agreement with CPS HR Consulting with a fee ranging from \$21,500 to \$23,000. Inasmuch as the estimated fee is below the General Manager's approval limit of \$25,000 and in the interest of time, proceeding with CPS HR Consulting is underway. The agreement has been sent to CPS for signature, and staff will meet with CPS Executive Recruiter Pam Derby on March 12, 2014 to begin the recruitment process. Directors were provided with a copy of the CPS HR Consulting proposal.

Directors were provided with a revised estimated timeline for filling the Assistant General Manager position. Directors and staff discussed the recruitment.

NEW BUSINESS

Training/Continued Education/Meetings

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

Purchase of Dump Truck

OM Townsel presented a report on the purchase of one dump truck to replace an existing vehicle as authorized in the 2014 budget. The vehicle being replaced is diesel powered and does not meet the California Environmental Protection Agency (EPA) Pollution Regulation. This regulation affects all on-road diesel fueled vehicles greater than 14,000 pounds gross vehicle weight rating powered by a 1960 through 2006 model year heavy duty diesel engine owned, leased or operated by a municipality or a utility. The regulation requires a municipality or utility to apply Best Available Control Technology (BACT) according to a specific compliance schedule. However, if a municipality or utility "retires" a vehicle per the definition set in the regulation, the municipality or utility may count the vehicle as compliant toward its BACT commitment. Therefore, the truck has been scheduled to be retired and replaced with a vehicle that complies with the current California EPA regulation.

The dump truck being replaced is District Equipment No. 23, a 2007 Ford dump truck with a 2006 engine and approximately 33,651 miles. The funding for its replacement approved in the District's 2014 budget is \$88,000.

For the purchase of the new vehicle, it is proposed that the District use the California State Bid (Contract No. 1-14-23-20A) 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 F-650 Dump Truck | \$80,309.66 | \$500-20 days | Downtown Ford |

Unit 23 will be sold as surplus at public auction after the new vehicle is received. Directors and staff discussed the dump truck replacement.

It was moved by Director Dion and seconded by Director Dains to authorize staff to proceed with the purchase of one Ford F-650 dump truck with a 5-cubic yard bed from Downtown Ford with an approximate total cost of \$80,309.66. The motion passed 2-0 with Directors Dains and Dion voting yes.

Resignation of Director David L. Goforth

GM Churchill presented a report on the resignation of David L. Goforth, Director, Division 1. Directors were provided with a copy of a letter addressed to the Board President from Director Goforth announcing his intent to step down from his position as of March 6, 2014.

Directors were presented with a draft resolution commending Director Goforth for his service to the District. It was moved by Director Dion and seconded by Director Dains to adopt Resolution No. 03-2014 Commending Director David L. Goforth for Service as Director of Citrus Heights Water District. The motion passed 2-0 with Directors Dains and Dion voting yes.

GM Churchill discussed the laws governing an appointment to fill vacancies on the District’s elected Board of Directors. Directors were provided with a copy of California Government Code Section 1780 that prescribes the requirements for filling vacancies. Within 15 days of March 6, 2014, the Sacramento County Elections Division must be notified of the vacancy. The District General Manager/Secretary will send written correspondence in this regard on March 12, 2014. Within 60 days of March 6, 2014, the Board of Directors must make an appointment to fill the vacancy. This date is May 5, 2014.

The Code is silent on the method to determine an appointee, except that a Notice of Vacancy shall be posted in three or more conspicuous places in the District at least 15 days prior to the appointment. Directors and staff discussed the posting of notices. Directors concurred with the recommendation that the Notice of Vacancy be posted on March 12, 2014 at the District office, at the City of Citrus Heights City Hall and at Sunrise Recreation and Park District, as well as on the District’s website. GM Churchill will also announce the vacancy at his next meeting of the Rotary Club. The Board directed the District Secretary to prepare the Notice of Vacancy requesting letters of interest from persons interested in filling the vacancy. Directors specified that the final date for accepting letters of interest will be April 2, 2014, after which date the Board will review all letters received and decide how to proceed with appointment at that time.

It was noted that due to the timing of the vacancy, the appointment as Director for Division 1 will only extend through the first Friday in December 2014. At that time, a Director selected in the November 4, 2014 General Election will assume the office. The appointee, if he or she so chooses, will be required to run for election in November 2014 General Election if they wish to fill the remaining two years of the Division 1 term.

PROJECT MANAGER'S REPORT

PM Dietrich presented a report on the following activities during the month of February 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.
 - Old Auburn Road 16-Inch Water Main project.
 - Sonora Way 8-Inch Water Main Replacement project.
 - Hanson Avenue 6-Inch Water Main Replacement 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.
- 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 277 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 February 2014 was 1,053.35 acre-feet, a decrease of 15.5 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 7:37 p.m. OM Townsel, PM Dietrich, WDLO Buford, Mr. Aschow and Mr. Touray left the meeting.

Director Dains reconvened the meeting at 7:45 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

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

Director Dains reported on a meeting of the Sacramento Groundwater Authority (SGA) that he attended recently.

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

AGM Kane reported on a meeting of the Citrus Heights Regional Chamber of Commerce Government Issues Committee that he attended recently.

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. Directors were provided with a summary of Water Efficiency Program activities during the month of February 2014, including the number of ultra-low-flush toilet rebates and high-efficiency clothes washer rebates issued. A presentation on the drought and water supply conditions was made to the Area 6 Citrus Heights Neighborhood Association during the month. No violation notices for water leaks or other water waste conditions were issued during February; but the workload related to investigating and following up on water waste reports continues to be very heavy.

2. The District's auditor, Richardson & Company, performed their on-site work at the District offices on February 24-26, 2014. District staff is working with the auditor on follow-up items prior to preparation of the final audit report and financial statements that will be presented by the auditor at the Board's April 8, 2014 meeting.
3. The Association of California Water Agencies – Joint Powers Insurance Authority (ACWA-JPIA), the District's liability insurance provider, has settled another claim for personal property damage resulting from the November 10, 2013 water main break on a 14-inch water main on Old Auburn Road. Directors were provided with a copy of the letter from ACWA-JPIA to the property owner's insurance company regarding settlement of the claim.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Twenty-four District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of February 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.
3. Office Administrator Pamela L. Peters has announced her intent to retire from the District on November 6, 2014. Ms. Peters began working for the District in March 1994 and has been promoted to a number of positions of increasing responsibility during her more than twenty years of service. A November retirement celebration will be planned to acknowledge Ms. Peters for her years of service to the District. Planning to find a successor for the Office Administrator's position will begin in June.

CORRESPONDENCE

None.

CLOSED SESSION

Pursuant to subdivision (a) of Government Code Section 54956.9 (one case), Existing Litigation: Citrus Heights Water District v. Fed Ex, the Board of Directors convened in Closed Session at 8:23 p.m to receive a report from District Legal Counsel Judy Albietz and from District staff. Directors Dains and Dion and GM Churchill and AGM Kane were in attendance.

President Dains reconvened the meeting into Open Session at 8:26 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 8:27 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