

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS SPECIAL MEETING
August 29, 2016

The Regular Meeting of the Board of Directors was called to order at 6:36 PM by President Dains and roll was called. Present were:

Allen B. Dains, President
Caryl F. Sheehan, Vice President
Raymond A. Riehle, Director
Robert A. Churchill, General Manager
Hilary M. Straus, Assistant General Manager
Susan K. Sohal, Accounting Supervisor
Paul A. Dietrich, Project Manager
Missy A. Pieri, Associate Civil Engineer
David M. Gordon, Operations Manager
Lisa A. Smoot, Management Services Supervisor/ Chief Board Clerk

VISITORS

None

PLEDGE OF ALLEGIANCE

Director Dains led the Pledge of Allegiance.

PUBLIC COMMENT

No public comment.

NEW BUSINESS

2017 Budget Workshop (Information/Discussion)

AGM Straus and Accounting Supervisor Sohal provided the Board with background concerning the proposed 2017 Budget and Rate Model.

AGM Straus gave an overview of 2017 Budget and advised the Board that staff was seeking direction on the budget and rates for 2017. A PowerPoint presentation was used to guide the discussion.

The budget process was reviewed: The process began with an overview of the Board/Leadership Staff Strategic Planning Session, followed by a Rate Model Update and Budget Study Session (August), presentation of the proposed budget (September) and Board consideration/adoption of the budget and rate schedule for the following

calendar year (November). District Key Issues for 2017 were discussed. Those include, Financial Stability, San Juan Wholesale Family of Agencies Engagement, continued organizational development, proposed addition of an Operations Technician position, property acquisition for wells, corporation yard safety improvements, billing software, advanced planning for a Project 2030 plan, a Meter Replacement plan and development of a new rate model.

As the Citrus Heights Water District plans for 2017, some of the key issues the budget addresses are as follows:

- **Economic activity.** The recent upswing in building and economic activity in the area has a spillover effect on workload in various areas of District operations, from increased need for operations staff to cover in-house projects to greater customer service activity related to buying and selling of property. With building activity on the rise, the District is beginning to see the effect in the form of higher bids for projects.
- **Workforce transition.** The composition of the District's long-tenured workforce continues to undergo change as more employees reach retirement age. The District has experienced more employee retirements in the past three years than it did during the ten previous years. The succession and retirement planning is continuing forward into the year. Most forwardly is the retirement of the General Manager. With the incoming new General Manager, a flattening the organization is proposed by eliminating the Assistant General Manager position. Earlier this year in March, the single purpose Human Resources Specialist and the Accounts Payable Specialist positions were reclassified to a general purpose Management Services Supervisor and a Management Services Specialist positions. A Senior Accountant was added to the Finance Department. As succession planning continues, the Associate Civil Engineer is proposed to be upgraded to the Principal Engineer and to serve as the District Engineer due to the General Manager's departure. Looking ahead, as career ladders are further developed with job descriptions, the District will be monitoring how to better utilize the staffing resources for efficiency in a multipurpose and cross functioning organization. The transition has some positive aspects from a financial standpoint as new employees are hired, it creates a cost savings and reduces the growth of rate of costs.
- **Addition of Operations Technician.** The proposed budget options reflect and addition of an Operations Technician to better staff the District's Operations Department as opposed to utilizing temporary help. Cost for the new position are potentially offset by the elimination of temporary hours.
- **Water Supply Agreement with San Juan Wholesale District.** On June 2016, the SJWD Board of Directors proposed a 16% Overall Wholesale Water Rate Adjustment. This resulted in a 19% aggregate increase for the District in purchased water.

- **Replenishment and Creation of Reserves.** The proposed budget restores the remaining \$266,000 over a two year period to the Rate Stabilization Reserve. Per Option A, \$300,000 is proposed to begin funding a newly proposed Water Meter Replacement Reserve for build-up of funds toward Meter Replacements at the end of their useful life, projected to start in 2025.

After further discussion, the Board directed staff to come back with budgets reflecting a 13%, 9% and 7.5% increase as well as a strategic plan for community outreach.

Next Steps:

AGM Straus said that staff will return to the Board on September 13th with a plan for consideration which will include;

- *Option A* - Proposed 13% revenue increase, which is modeled through the 2013 approved Financial Plan.
- *Option B* - Proposed 9% revenue increase, which is modeled through the 2013 approved Financial Plan.
- *Option C* - Proposed 7.25% revenue increase, which is modeled through the 2013 approved Financial Plan.

At that time staff will seek further direction to issue a Proposition 218 notice.

FUTURE CHWD BOARD OF DIRECTORS MEETING DATES

Dates and locations of upcoming Regular Meetings of the Board of Directors were noted for the calendar.

ADJOURNMENT

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

APPROVED:

ROBERT A. CHURCHILL
Secretary
Citrus Heights Water District

ALLEN B. DAINS, President
Board of Directors
Citrus Heights Water District