

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS SPECIAL MEETING
NOVEMBER 15, 2016

The Special Meeting of the Board of Directors was called to order at 6:31pm by President Al Dains and roll was called. Present were:

Allen Dains, President
Caryl Sheehan, Director
Ray Riehle, Director
Robert Churchill, General Manager
Hilary Straus, Assistant General Manager
David Gordon, Operations Manager
Paul Dietrich, Project Manager
Susan Sohal, Accounting Supervisor
Missy Pieri, Principal Civil Engineer/District Engineer
Nick Spiers, Assistant Water Distribution Supervisor
John Spinella, Senior Construction Inspector
Dana Mellado, Management Services Specialist
Desiree Smith, Customer Service Representative
Brady Chambers, Customer Service Technician

VISITORS

The following visitors were present:

Larry Wright
Steve Bogdanoff
Elizabeth Rios
Luke Otterstad, Citrus Heights Sentinel

PUBLIC HEARING

Operating and Capital Improvement Budget

Assistant General Manager Straus, Accounting Supervisor Sohal, Project Manager Dietrich, Operations Manager Gordon and Principal Civil Engineer/District Engineer Pieri presented the proposed Operating and Capital Improvement Budgets for 2017. Accompanying their report was proposed resolution, Resolution 31-2016, establishing the Fiscal Year 2017 Operating and Capital Improvement Budgets. The resolution included a summary of these budgets in the following amounts:

2017 Operating Budget:	\$ 9,959,150
2017 Capital Improvement appropriations:	
New Capital Projects Request for 2017:	\$ 9,144,361
Previously-Approved Projects Carried Over from 2016:	<u>\$ 3,209,864</u>

Total 2017 Capital Improvements Requests:

\$12,354,225

Budget information and rate options were reviewed by the Board of Directors at three public meetings, including at an August 29, 2016 Budget Study Session, a September 13, 2016 Board meeting and this Public Hearing on November 15, 2016. Moreover, 2017 budget and operational information and a proposed rate program has been presented to eleven neighborhood associations throughout Citrus Heights and Orangevale and three service clubs within Citrus Heights.

2017 Operating Budget

The 2017 Operating Budget was prepared with the goal of supporting the District's mission of providing a dependable supply of safe, quality water delivered in an efficient, responsive and affordable manner. District staff recommends the proposed 2017 Operating Budget as the proposal achieves a balance between maintaining high-quality water service and keeping costs in check.

The 2017 budget continues the practice of estimating the amount of staff time to be spent working on capital improvement projects and allocating the estimated salary and benefit costs to the Capital Improvement Budget. This allocation gives a more accurate picture of the true cost of both day-to-day operations and capital improvements.

Operating Budget: \$9.9 6million, an increase \$877,084 from the 2016 budget.

Highlights of proposed 2017 spending for operations are summarized below.

- Includes \$1.15 million in transfers to the Capital Improvement Reserves, a transfer of \$100,000 to replenish the Rate Stabilization Reserve; \$100,000 to the Water Supply Reserve; \$75,000 to the Water Efficiency Reserve; and, \$300,000 to the Water Meter Replacement Reserve.
- A 19% aggregate increase of treated water cost from San Juan Water District due to projected 16% rate increase and anticipated increase in consumption. The projected quantity of water estimated to be purchased is 12,000 AF, which is greater than the projected 2016 total water purchased.
- Salary COLA increases of 1.7%* (estimated based on the September 2016 Consumer Price Index - West) and merit increases averaging 3.3% based on employee performance. However, some personnel costs will decrease due to lower salary levels for new employees replacing long-term employees, who were at higher points in their salary ranges.
- Professional Contract Services increase of about \$200,000 for use towards the Project 2030 Study as we move forward to plan our mains replacements beyond 2030. Additionally up to \$150,000 is allocated for advanced planning for a District wide meter replacement program
- Employee benefit net cost increase of about \$170,000. A number of factors contribute to the overall decrease, including new employees whose CalPERS

contribution rates are lower, lower total Healthcare premiums as a result of new employees replacing long-term employees who were at higher premium points; an increase of 10% in Healthcare premium costs; an increase in PERs UAL (Unfunded Actuarial Liability) payment of \$360,000 as recommended by CalPERS. \$550,000 is budgeted in salary and benefit costs are allocated to the Capital Improvement Budget to account for time spent in the planning, design and construction of capital projects by District employees.

2017 Capital Projects Budget

New Capital Projects Request for 2017:	\$ 9,144,361
Previously-Approved Projects Carried Over from 2016:	<u>\$ 3,209,864</u>
Total 2017 Capital Improvements Requests:	\$12,354,225

Highlights of proposed 2017 Capital Projects are summarized below:

- Replacement of annual aging customer water services budgeted at \$888,000.
- Water main replacement or installation projects, scheduled to start design, will be undertaken in 2017 with construction targeted for 2018 at a total cost of \$2.85 million.
- Equipment replacements and new equipment totaling \$899,500 for 2017; including carryover amount of Upgrades/Replacements to the District's billing and accounting software \$500,000, and \$250,000 the Document Management System for 2018.
- Additional transfers to CIP Reserves for accrual of funds toward Meter Replacements at the end of their useful life span, projected to start in 2020.

ACTION: Director Riehle moved to Adopt Resolution 31-2016, Establishing the Fiscal Year 2017 Operating and Capital Improvement Budgets. Director Sheehan seconded the motion.

The motion carried 3-0 with all Directors voting yes.

**CITRUS HEIGHTS WATER DISTRICT
RESOLUTION NO. 31-2016**

**RESOLUTION ESTABLISHING
FISCAL YEAR 2017 OPERATING AND CAPITAL IMPROVEMENT BUDGETS
FOR CITRUS HEIGHTS WATER DISTRICT**

WHEREAS, CITRUS HEIGHTS WATER DISTRICT has identified the costs of operating the District and for providing capital improvements to the infrastructure of the District, for the Fiscal Year beginning January 1, 2017; and

WHEREAS, the District has prepared budgets setting forth the dollar amounts proposed for District operations and capital improvements as follows:

Operating Budget: \$9,959,150 Capital Improvement Budget: \$5,008,685; and

WHEREAS, a noticed Public Hearing was held on November 15, 2016 for the purpose of receiving public comment on the proposed Fiscal Year 2017 Operating and Capital Improvement Budgets.

THEREFORE BE IT RESOLVED the Fiscal Year 2017 Operating (Exhibit A) and Capital Improvement (Exhibit B) Budgets, accompanying this resolution and incorporated herein as part of this Resolution, are hereby adopted.

PASSED AND ADOPTED by the Board of Directors of the CITRUS HEIGHTS WATER DISTRICT, this 15th day of November, 2016, by the following vote, to-wit:

AYES: Directors: Dains, Sheehan, Riehle
NOES: Directors: None
ABSTAIN: Directors: None
ABSENT: Directors: None

S E A L

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

ATTEST:

HILARY M. STRAUS, Secretary

2017 Water Rates and Miscellaneous Charges and Fees

Accounting Supervisor Sohal presented the proposed Water Rates and Miscellaneous Charges and Fees for 2017, except for Capacity Fees that will be considered in a separate Public Hearing following the Public Hearing on water rates. Accompanying this report was a draft resolution adopting water rates, charges and fees for 2017.

Notice of this Public Hearing was mailed to all District property owners on September 26, 2016 as part of the required Proposition 218 notification. Notice was posted on the District's web site, and posted on the public notice board at the entrance to the District Office.

The Board conducted a budget and rate study session on August 29, 2016. At that study session, the Board considered a number of rate options and corresponding operating and capital impacts

based upon an assessment of the District's Long-term financial plan (Rate Model). The Board provided additional direction to staff on September 13, 2016 to distribute a Proposition 218 Notice which included the maximum rates that the Board would consider at a public hearing on November 15, 2016.

The maximum rate adjustment to be considered by the Board on November 15th is based on a financial assessment whereby future annual increases, including the 2017 rate increase being considered by the Board on November 15th, will enable the District to plan for operational budgetary increases and complete needed Capital Improvement projects without the need to incur additional debt in the near future.

As of the date of this report, the District has received 33 written protests from property owners (Attachment 2). Directors have been provided with copies of the written protests along with their agenda packets for this Board meeting. Any additional written protests received before the time of Public Hearing will be presented to Directors at the Public Hearing.

2017 Schedule of Water Rates, Fees and Charges

A schedule comparing current 2016 rates with the proposed 2017 Water Rates, Fees and Charges to be considered by the Board accompanies this report (Attachment 1). Significant elements of the 2017 water rate schedule are as follows:

- Increases to bi-monthly service charges in 2017 for a typical single-family residential customer are \$12.86 (or \$6.43 per month) based on a monthly consumption of 20 units of water. Costs for other customer classifications and meter sizes will increase between \$5.47 and \$61.54 bi-monthly for meter sizes from 1½-inch to 4-inch, respectively.
- Consumption charges are proposed to increase from 87.35 cents to 98.71 cents per 100-cubic-foot-unit of water (748 gallons); a net increase of 11.36 cents per 100-cubic-foot-unit of water.
- Other charges such as Wheeling Water Charges, Construction Meters, and Fire Sprinkler Charges are proposed to increase consistent with the overall rate increase.
- Adjustments to other charges and fees are based on staff analysis of the staff time, equipment, materials and other costs involved in providing the specified services.

Capacity Charges are included on the schedule, but will be considered in a separate Public Hearing at this Board Meeting. The Capacity Charges for new connections to the District have been recalculated in accordance with District policy.

ACTION: Director Sheehan moved to Adopt Resolution 32-2016, Establishing Fiscal Year 2017 Water Rates and Miscellaneous Charges and Fees. Director Riehle seconded the motion.

The motion carried 3-0 with all Directors voting yes.

CITRUS HEIGHTS WATER DISTRICT
RESOLUTION NO. 32-2016

RESOLUTION ADOPTING
WATER RATES AND MISCELLANEOUS CHARGES AND FEES FOR
CITRUS HEIGHTS WATER DISTRICT FOR 2017

WHEREAS, upon motion duly moved, seconded, and carried, the following water rates and miscellaneous charges and fees were adopted for the fiscal year 2017:

Type of Charge	Applied Basis or Frequency	2017 Adopted
<u>Charges for Metered Rate Customer Accounts</u>		
<i>Service Charge, Domestic, Commercial & Irrigation Meters</i>		
¾-inch meter	bi-monthly, per meter	\$47.52
1-inch meter	bi-monthly, per meter	\$72.30
1½-inch meter	bi-monthly, per meter	\$88.82
2-inch meter	bi-monthly, per meter	\$171.41
3-inch meter	bi-monthly, per meter	\$270.54
4-inch meter	bi-monthly, per meter	\$534.89
<i>Service Charge, Combination Meters</i>		
Low flow bypass meter	bi-monthly, per meter	\$0.00
4-inch meter	bi-monthly, per meter	\$171.41
6-inch meter	bi-monthly, per meter	\$270.54
8-inch meter	bi-monthly, per meter	\$534.89
10-inch meter	bi-monthly, per meter	\$1,303.08
<u>Public Agencies with Mutual Assistance Agreements</u>		
<u>(SJUSD, SRPD, SCD) (Multiplier = 0.50)</u>		
<i>Service Charge, Domestic, Commercial & Irrigation Meters</i>		
¾-inch meter	bi-monthly, per meter	\$23.75
1-inch meter	bi-monthly, per meter	\$36.15
1½-inch meter	bi-monthly, per meter	\$44.41
2-inch meter	bi-monthly, per meter	\$85.70
3-inch meter	bi-monthly, per meter	\$135.27
4-inch meter	bi-monthly, per meter	\$267.44
<i>Service Charge, Combination Meters</i>		
Low flow bypass meter	bi-monthly, per meter	\$0.00
4-inch meter	bi-monthly, per meter	\$85.70
6-inch meter	bi-monthly, per meter	\$135.27
8-inch meter	bi-monthly, per meter	\$267.44
10-inch meter	bi-monthly, per meter	\$651.54

Other Service Charges

Type of Charge	Applied Basis or Frequency	2017 Adopted
<i>Service Charge, Construction Meters</i>		
2½-inch and 3-inch meters	bi-monthly, per meter	\$270.54
<i>Service Charge, North Ridge Country Club Meter</i>		
(multiplier = 3.00, not annexed)	bi-monthly, per meter	\$216.89
<i>Service Charge, Mount Vernon Memorial Park</i>		
(multiplier = 2.31, based upon property annexed)		
Low flow bypass meter	bi-monthly, per meter	\$0.00
8-inch Combination meter	bi-monthly, per meter	\$1,235.58
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<u>Usage Charges for Water Consumed</u>		<i>1 unit = 100 cubic feet = 748 gallons</i>
<i>Domestic, Commercial, Irrigation, Combination</i>		
All meter sizes	per unit	\$0.9871
<i>Construction Meters</i>	per unit, for all units bi-monthly	\$2.9600
<i>North Ridge Country Club Meter</i>	per unit, for all units bi-monthly	\$2.9600
<i>Mount Vernon Memorial Park (2.31 multiplier)</i>	per unit, for all units bi-monthly	\$2.2800
<i>Unannexed property (surplus water only)</i>	multiplier times annexed rate, applied to service charge and commodity charge	
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Wheeling Water Charge		
(unless otherwise adopted by mutual aid agreement)		
	per acre-foot to Cal-American WC	\$56.20
	per acre-foot to Carmichael WD	\$56.20
	per acre-foot to Fair Oaks WD	\$56.20
	per acre-foot to Orangevale WD	\$3.83
	per acre-foot to City of Roseville	\$56.20
	per acre-foot to Sac. Suburban WD	\$56.20
	per acre-foot to San Juan WD	\$3.83

Commercial Fire Sprinkler Service Charges

4-inch and smaller	per service, bimonthly	\$75.52
6-inch	per service, bimonthly	\$97.96
6-inch; one-half shared	per service, bimonthly	\$48.98
6-inch; one-third shared	per service, bimonthly	\$32.65
8-inch	per service, bimonthly	\$119.31
8-inch; one-half shared	per service, bimonthly	\$59.65

Type of Charge	Applied Basis or Frequency	2017 Adopted
10-inch	per service, bimonthly	\$160.82
12-inch	per service, bimonthly	\$213.07

Construction Water Charges

Construction Water Charges	minimum charge	\$220.11
Schedule A - Projects	per lot	\$151.35
Schedule B - Trenches, Excavations & Grading	per 100 cubic yards	\$40.87
Schedule C - Tank Trucks	per 1,000 gallons	\$6.78
Schedule D - Metered Use	meter rate	-----
Schedule E - Non-Profit	per day	\$45.98

Plan Check Charges

minimum charge + per connection	\$975.00
per connection	\$21.24

Easement/Quitclaim

per easement/quitclaim	\$649.00
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Inspection Charges

Minimum	min. + per connect. + per main tie-in	\$1,007.00
Plus per connection	per connection	\$185.32
Plus per main tie-in	per main tie-in	\$1,001.00
AC pipe disposal charge	per foot, 4 feet minimum (\$200 min.)	\$52.00
Hydrostatic pressure test	each	\$273.00

Backflow Prevention Assembly Testing Charge for New Development

per assembly	\$80.00	
Bacteriological water test sampling	minimum	\$302.00
Additional Bacteriological water sample	additional samples after minimum	\$75.00
Chlorination & Flushing	per project	\$183.00
Weekend/After Hours	per hour (4 hr. minimum)	\$124.00
Holiday	per hour (4 hr. minimum)	\$157.00

Water Service Installation Charges

¾-inch services w/meter	per service	\$4,092.00
1-inch service w/meter	per service	\$4,219.00
1¼-inch & larger service w/meter	actual cost, with minimum charge	\$4,265.00

Service abandonments/relocations	actual cost	
Meter set charge:		
5/8 inch x 3/4 inch	per meter	\$416.00
3/4 inch	per meter	\$471.00
1 inch	per meter	\$576.00
1½ inch	per meter	\$810.00
2 inch	per meter	\$958.00
>2 inch	actual cost	
Backflow prevention assembly installation charge		
3/4 inch	each	\$3,036.00
1 inch	each	\$3,230.00
		2017
Type of Charge	Applied Basis or Frequency	Adopted
1½ inch	each	\$3,750.00
2 inch	each	\$3,980.00
>2 inch	actual cost	

Other Charges and Fees

Inclusion / Annexation Fee	per gross acre, ½ acre or greater minimum to ½ acre	\$1,486.00 \$743.00
Agenda-By-Mail Charge (e-mail delivery free)	per packet	\$24.00
Agenda-By-Mail Charge (e-mail delivery free)	per year	\$183.00
Standby Service Charge	per hour, 1 hour minimum	\$96.00
Returned Check Fee	per check	\$26.00
Late Payment Penalty	5% of overdue account balance	\$0.05
Turn-off Notice Service Charge	per occurrence	\$23.00
<u>Missed Appointment/No-Show Fee</u>	<u>per occurrence</u>	<u>\$49.00</u>
Disconnect / Reconnect Service Charge	per occurrence	\$98.00
Meter Re-Read / Maintenance Charge	per occurrence	\$41.00
Customer Account Deposit	per account	\$225.00
Construction Meter Deposit	per meter	\$1,770.00
Copy Charge	per page	\$0.10
Backflow Prevention Assembly Testing Charge	per assembly bimonthly	\$12.50
Backflow Prevention Assembly Re-testing Charge	per test	\$78.00
Fire Flow Certification Letter	per letter	\$23.00
Fire Flow Modeling	per modeling	\$333.00
Fire Flow Modeling & Certification Letter	per modeling plus letter	\$355.00
Tamper Charge	per occurrence	\$98.00
Water Conservation Violation Charge (1)	first occurrence	\$50.00
Water Conservation Violation Charge (2)	second occurrence	\$75.00
Water Conservation Violation Charge (3)	third occurrence	\$100.00

PASSED AND ADOPTED by the Board of Directors of the CITRUS HEIGHTS WATER DISTRICT, this 17th day of November 2015, by the following vote, to-wit:

AYES: Directors: Dains, Sheehan, Riehle
NOES: Directors: None
ABSTAIN: Directors: None
ABSENT: Directors: None

S E A L

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

ATTEST:

HILARY M. STRAUS, Secretary

2017Capacity Charges

Accounting Supervisor Sohal presented the proposed Capacity Charges for 2017. Accompanying this report is a proposed resolution, Resolution 33-2016, adopting Capacity Charges for CHWD for 2017. The resolution includes a schedule of Capacity Charges.

Capacity charges are a method for ensuring that new connections, reconnections or enlarged connections to the District's water system are assessed for their equitable share of capacity in the existing facilities and assets of the District. The District uses a "System Buy-In Methodology" which recognizes the current value of providing the capacity needed to serve additional users, based on the replacement cost of the assets of the District less depreciation.

Proposed Capacity Charges for 2017 were calculated in accordance with District Policy No. 7500, Capacity Charges. Although these Capacity Charges will be adopted as a separate Board action, once adopted, they will be incorporated in the schedule of CHWD Water Rates and Miscellaneous Charges and Fees for 2017.

ACTION: Director Riehle moved to Adopt Resolution 33-2016, Establishing Fiscal Year 2017 Capacity Charges. Director Sheehan seconded the motion.

The motion carried 3-0 with all Directors voting yes.

CITRUS HEIGHTS WATER DISTRICT

RESOLUTION NO. 33-2016

RESOLUTION ADOPTING CAPACITY CHARGES
FOR CITRUS HEIGHTS WATER DISTRICT FOR 2017

WHEREAS, upon motion duly moved, seconded, and carried, the following Capacity Charges were adopted for the year 2017:

<u>Type of Charge</u>	<u>Applied Basis or Frequency</u>	<u>2017 Adopted</u>
<u>Capacity Fees</u>		
Residential- Multi-Family:		
Townhomes/Condos/Duplexes w/3/4-inch max.	per service + non-residential uses	\$4,343.00
Townhomes/Condos/Duplexes w/1-inch max.		
Fire Sprinklers w/1-inch max.	per service + non-residential uses	\$6,948.00
Residential- Single Family:		
0 - 2.499 acres with 1-inch max.	per service	\$6,948.00
2.500 - 4.999 acres with 1¼-inch max.	per service	\$7,817.00
5.00 - 7.500 acres with 1½-inch max.	per service	\$8,685.00
Over 7.500 acres with 2-inch max.	per service	\$17,370.00
Nonresidential Users:		
Based on service size, including, but not limited to, commercial, industrial, irrigation, commercial swimming pools, and clubhouse applications:		
5/8 inch	per service	\$2,606.00
¾ inch	per service	\$4,343.00
1 inch	per service	\$6,948.00
1¼ inch	per service	\$7,817.00
1½ inch	per service	\$8,685.00
2 inch	per service	\$17,370.00
3 inch	per service	\$27,792.00
4 inch	per service	\$55,584.00
6 inch	per service	\$217,125.00
8 inch	per service	\$416,880.00
10 inch	per service	\$660,060.00
12 inch	per service	\$868,500.00

PASSED AND ADOPTED by the Board of Directors of the CITRUS HEIGHTS WATER DISTRICT, this 15th day of November 2016, by the following vote, to-wit:

AYES: Directors: Dains, Sheehan, Riehle
 NOES: Directors: None
 ABSTAIN: Directors: None
 ABSENT: Directors: None

S E A L

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

ATTEST:

HILARY M. STRAUS, Secretary

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned at 7:55 pm.

APPROVED:

HILARY M. STRAUS
Secretary
Citrus Heights Water District

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