



Customer Advisory Committee Meeting #1 Summary

Tuesday, May 29, 6:30-9:15 pm

INTRODUCTION

Missy Pieri, District Engineer and Project 2030 Project Manager, called the meeting to order at 6:30 p.m. After welcoming the members of the Customer Advisory Committee (CAC), she turned the meeting over to Laura Mason-Smith, the CAC meeting facilitator, who reviewed with the CAC the **Meeting Agenda**:

1. Introductions
2. District and Project 2030 Background:
 - a. District Historical Overview – where we've been
 - b. Current District Operations and Finances – where we are now
 - c. Project 2030 Overview – where we're headed
 - d. CAC Risk Assessment activity
 - e. Q&A
3. Public Comment
4. Election of CAC Chair and Vice Chair
5. Public Comment
6. Next Steps
7. Public Comment
8. Close

Laura reiterated that meeting materials will be provided electronically to the CAC members in advance of and following their meetings and will be posted on the CHWD website, Customer Advisory Committee section. In addition, meeting summaries that provide an overview of each of the CAC meetings and a video of the meetings will be available to CAC members and the general public via the website.



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ATTENDEES

CAC Members:

Kimberly Berg	Commercial Representative
Patti Catalano	Residential Representative
Wes Ervin	Commercial Representative
Michael Goble	Residential Representative
Suzanne Guthrie	Residential Representative
Doug MacTaggart	Residential Representative
Porsche Middleton	Residential Representative
Dave Mitchell	Institutional Representative
James Monteton	Residential Representative
Richard Moore	Residential Representative
Jenna Moser	Residential Representative
Richard Moses	Residential Representative
Mike Nishimura	Commercial Representative
David Paige	Residential Representative
Aimee Pfaff	Residential Representative
Peg Pinard	Residential Representative
Cyndi Price	Institutional Representative
Chris Ralston	Institutional Representative
Ray Riehle	CHWD Director
Javed Siddiqui	Residential Representative
Colleen Sloan	Residential Representative
David Wheaton	Residential Representative

Julie Beyers, Residential Representative; Katherine Cooley, Institutional Representative; and Noe Villa, Institutional Representative were unable to attend.

CHWD Staff:

Chris Castruita	Management Services Supervisor/Chief Board Clerk
Paul Dietrich	Project Manager
Tamar Dawson	Assistant Engineer
David Gordon	Operations Manager
Madeline Henry	Management Services Specialist/Deputy Board Clerk
Rex Meurer	Water Efficiency Supervisor
Missy Pieri	Engineering Manager/District Engineer
Susan Sohal	Administrative Services Manager
Hilary Straus	General Manager

Consultants:

Roger Kohne	Harris & Associates
Laura Mason-Smith	Mason-Smith Success Strategies



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DISTRICT AND PROJECT 2030 BACKGROUND

To build shared understanding among the CAC members, information was provided to help the CAC members better understand the District's history and current operations as well as the Project 2030—Water Main Replacement Study (please see the <http://chwd.org/customer-advisory-committee/> for the slide presentation detail).

District Historical Overview –where we've been

David Gordon, District Operations Manager, provided an overview with historical photographs, maps, and graphs, of the founding of the District and the entities that preceded it.

The District:

- Formed in the 1920's and served 225 farms
- Consisted of 4.7 square miles
- Purchased water from the North Fork Ditch Company
- Utilized various water pipe materials, including riveted steel, cast iron, and possibly redwood, the vast majority of which have been replaced
- Remained rural through the 1950's

Displaying a current District map, David explained that the District's current system relates to the suburban growth starting in the 1960s through the mid 1980s:

- 20,000 connections
- 13 square miles, and over 250 miles of pipeline:
 - Pipe materials including asbestos cement, PVC, and ductile iron
 - Several miles of thin-walled steel remain in use
 - Asbestos cement pipe and PVC are now 45-50 years old

David also reviewed the District's changing boundaries and water usage at various points in history. CAC members indicated when they had moved to the District, and David shared some of the District's historical milestones during each of those periods.

Current District Operations and Finances – where we are now

Susan Sohal, Administrative Services Manager, elaborated on the District's:

- Organizational structure
- Budget process
- Long-term financial model
- Strategic planning process
- 2018 Budget



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Missy Pieri provided more in-depth information about the:

- Capital Improvement Program
- Well development
- Water Meter Replacement Program
- Transmission, distribution, and appurtenant replacement
 - A display of pipes, fittings, and equipment illustrated typical water connection infrastructure and materials.

Project 2030 Overview—where we're headed

Roger Kohne, Harris & Associates Project 2030 Manager, reviewed the project schedule and provided a more detailed outline of the Project 2030 Study:

- Key Issue -- Replace Aging Infrastructure:
 - 250+ miles of pipelines
 - Many of the water mains installed in the 1960's-1980's
 - Majority of the District's infrastructure was built by private developers
- Key Project 2020 Goals:
 - Develop an Asset Inventory
 - Develop a Comprehensive Water Main Replacement Program
 - Develop funding options and a funding recommendation
 - Inform and obtain feedback from District customers
- CAC Risk Assessment Activity

CAC MEMBER QUESTIONS AND DISTRICT ANSWERS

Q1: Are there other ways to raise funds for the District? Is the District restricted in offering other services to raise revenue?

A: *As an Irrigation District, CHWD is limited in how it can raise revenue. Staff will provide a memo detailing revenue options by the August 28th CAC Meeting.*

Q2: Are there grant opportunities?

A: *Grant opportunities are occasionally available through agencies such as the CALFED Bay-Delta Program or the Bureau of Reclamation. However, these grant opportunities are limited to multi-benefit projects (i.e., projects that contribute to the watershed or deliver water to a community that does not have clean water. These projects must already be in progress (i.e. approved plans, completed California Environmental Quality Act (CEQA) process, selected and purchased infrastructure). In addition, water districts are typically required to provide a 50% match to grant funding.*



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Q3: Do we use meter readers, or are meters read electronically?

A: *The District contracts with Alexander's Contract Services for touch read meter reading for a bulk of our meters. A small percentage of our meters are radio read.*

Q4: What is a typical residential main line?

A: *A typical pipeline in a residential subdivision is 6-8 inch in diameter. There are varying pipe types located throughout the District which include: PVC, Ductile Iron Pipe, Steel and Asbestos Cement.*

Q5: Why are we building wells when we're selling water in a year of surplus water supplies?

A: *CHWD is expanding the groundwater program for supply reliability and price stability. This is necessary for long term planning in terms of wet and dry years. Due to pricing and supply issues that vary annually, excess water is periodically available and can be sold to generate revenue in any given year. Factors that drive the sale of excess water include: hydrologic conditions and the availability of capacity to transfer water through the Delta from North to South.*

Q6: Can we get a list of acronyms and terms?

A: *A list of key water terms and acronyms will be provided to the CAC members for reference. Staff will provide a list for the August 28th CAC Meeting.*

Q7: What will be the impact of the decline in water usage on revenue and rates?

A: *The District's rate structure has two components: a fixed bi-monthly service charge and a volumetric usage charge. Almost a third of the District's revenue is generated from the volumetric usage charge. If there is a significant drop in per capita usage it would affect the District's budget. For example, in 2017 the volumetric usage charge made up \$4.75 million out of \$15.27 million in total revenue.*

Q8: What are some of the issues out of our control that have an impact on our budget and operations?

A: *Some issues that impact the District's budget and are outside of the District's control include: unfunded mandates, particularly state legislation and state regulatory action; water use; and weather conditions.*

CAC MEMBER COMMENTS

C1: The staff has done an amazing job in presenting all the information tonight.



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C2: When the District is informing residents about Project 2030, residential users will want to know the cost of doing nothing (letting the system go and having ruptures) versus the cost of proactively replacing mains. This will need to be communicated in very lay language (not engineering terms) that speak to the serious downsides (what will happen if we don't move forward with the Project) as well as the benefits to the average residential user so that they will care and be willing to make the investment in the Project.

C3: It would be interesting to see the specific breakdown of the salaries portion of the District budget.

District Response: Salaries and benefits (total employer costs) make up 21.53% of total district expenses. CHWD has taken measures to keep overhead costs down, such as maintaining a flat organizational structure and keeping pension costs down through the District's pension formula and employee contributions. CHWD is also implementing a Board-directed strategy of accelerating the pay-off of the District's Unfunded Actuarial Liability (UAL) of its pension and Other Post Employment Benefit (OPEB) programs. The accelerated pay-off strategy will result in over one million dollars in cost savings to CHWD. The District maintains a competitive salary and benefits program to recruit and retain quality staff. To do this, CHWD benchmarks its salaries against 18 other water districts and similarly situated agencies. In addition, CHWD maintains a Pay-for-Performance System. This means there are no automatic merit-based salary adjustments; salary adjustments are based on financial conditions and individual performance.

C4: We need to put out maps as to where leaks are; it will be important for people to be able to see the data.

District Response: This information is included in the Project 2030 Scope of Work, and will be addressed. District staff anticipates this data will be available no later than CAC Meeting 3 on December 11, 2018.



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CAC PROCESS AND LOGISTICS OVERVIEW

The CAC reviewed the upcoming CAC meeting schedule ([see meeting materials on the website for the schedule graphic](#)). The schedule for these after-dinner meetings and the high-level topics anticipated for each meeting are shown below.

Meeting #2: August 28, 2018, 6:30-9:15 pm, Citrus Heights Community Center

Main Replacement Basics
Introduction to Utility Benchmarking
Asset Inventory Results

Meeting #3: December 11, 2018, 6:30-9:15 pm, Citrus Heights Community Center

Main Replacement Findings and Costs
Funding Concepts Introduction
Selection of Main Replacement Options

Meeting #4: March 2019, 6:30-9:15 pm, Citrus Heights Community Center

Main Replacement Funding Analysis
Market Research Primer
Selection of two Main Replacement and Funding Packages for market research

Meeting #5 May 2019, 6:30-9:15 pm, Citrus Heights Community Center

Market Research Results
Develop Final Board Recommendation
Steps for Implementation Plan

Meeting #6: September 2019, 6:30-9:15 pm, Citrus Heights Community Center

Review Implementation



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ELECTION OF CAC CHAIR AND VICE CHAIR

The role of the CAC Chair and Vice Chair were reviewed:

Role of the CAC Chair

1. Call the CAC meetings to order.
2. Lead the Pledge of Allegiance.
3. Turn the meetings over to the facilitator for the agenda review and meeting facilitation.
4. Manage any voting processes during CAC meetings, as appropriate.
5. Manage the public comment portion of the CAC meetings.
6. Close the meetings.
7. Act as the official spokesperson for the CAC when presenting CAC Project 2030 updates at the CHWD Board meetings (at 30 percent and 60 percent through the Project 2030 study process).
8. Act as the official spokesperson for the CAC when presenting the CAC majority position on recommendations to the CHWD Board at the conclusion of the Project.

Role of the CAC Vice Chair

Act for the CAC Chair should that person be unable to serve.

Election Results

The four voting CAC members who had nominated themselves spoke to their interest in being considered for the position of a Chair and Vice Chair. After votes were tabulated, Jenna Moser was elected CAC Chair, and David Wheaton was elected CAC Vice Chair.

PREVIEW OF CAC MEETING #2

Laura Mason-Smith reviewed the key agenda topics for the CAC Meeting #2 scheduled for August 28, 2018, from 6:30-9:15 pm, at the Citrus Heights Community Center:

- Main Replacement Basics
- Introduction to Utility Benchmarking
- Asset Inventory Results



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PUBLIC COMMENTS

None.

CLOSE

CAC Chair Jenna Moser thanked the CAC members and District staff for their participation and adjourned the meeting at 9:02 p.m.

APPROVED:

CHRISTOPHER CASTRUITA
Deputy Secretary
Citrus Heights Water District

JENNA MOSER, Chair
Customer Advisory Committee
Citrus Heights Water District