

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING MINUTES
September 19, 2018

The Regular Meeting of the Board of Directors was called to order at 6:30 p.m. by President Riehle and roll was called. Present were:

Raymond A. Riehle, President
Caryl F. Sheehan, Vice President
Allen B. Dains, Director

Absent:

None.

Staff:

Hilary Straus, General Manager
Susan Sohal, Administrative Services Manager
David Gordon, Operations Manager
Missy Pieri, Engineering Manager
Chris Castruita, Management Services Supervisor/Chief Board Clerk
Rex Meurer, Water Efficiency Supervisor
Alberto Preciado, Senior Accountant
Jeff Ott, Principal Information Technology Analyst

VISITORS:

Laura Mason-Smith
Jenna Moser
David Wheaton

PLEDGE OF ALLEGIANCE:

Board President Raymond Riehle led the Pledge of Allegiance.

PUBLIC COMMENT:

None.

CONSENT CALENDAR:

President Riehle asked for consideration and/or approval of the Consent Calendar, and to pull items 19 and 20 for separate discussion.

Minutes of the Regular Meeting – August 15, 2018
Revenue Analysis Report for August 2018
Assessor/Collector's Roll Adjustment for August 2018
Treasurer's Report for August 2018
Treasurer's Report of Fund Balances for August 2018
Operations Budget Analysis for August 2018
Capital Projects Summary August 2018
Warrants for August 2018
CAL-Card Distributions for August 2018
Summary of 2018 Employees and Directors Training Courses, Seminars and Conferences
Employee Recognitions

Long Range Board Agenda (I)

Board Agenda Items Planned for upcoming Meetings.

Engineering Department Report (I)

Significant assignments and activities for the Engineering and Capital Projects Department are summarized.

Operations Department Report (I)

Monthly report on construction and maintenance activities.

2018 Water Supply – Purchased and Produced (I)

Report on annual water supply including comparison with prior years.

Water Supply Reliability (I)

Receive status report on surface water supplies available to the Citrus Heights Water District (District).

Water Efficiency and Safety Program Update (I)

Monthly report on Water Efficiency and Safety programs activities.

Discussion and Possible Action to Consider Acceptance of Completion of Graham Circle and Circuit Drive Water Main Replacement Project (A)

Consider adoption of Resolution 14-2018 accepting the Graham Circle and Circuit Drive Water Main Replacement Project, and authorize execution and recording of a Notice of Completion for the Project.

Discussion and Possible Action to Approve the American River Basin Integrated Regional Water Management Plan (A)

Consider approval of Resolution 15-2018 for the approval of the American River Basin Integrated Regional Water Management Plan.

Discussion and Possible Action to Approve a Professional Services Agreement for Information Technology Services (A)

Consider approval of an agreement with Glenn Wolfe for IT Services.

Discussion and Possible Action to Approve an Agreement to Prefund Other Post-Employment Benefits through the CalPERS California Employers' Retiree Benefit Trust Program (A)

1. Consider approval of an agreement with CalPERS to Prefund Other Post-Employment Benefits through CERBT;
2. Adopt Resolution 16-2018 delegating authority to request disbursements from the Trust; and
3. Authorize the General Manager to execute any necessary documents

with CalPERS to fund and maintain participation in the trust.

AUGUST 2018 WARRANTS			
<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
65985	ACWA/JPIA	Workers Comp Insurance	\$21,781.71
65986	B&M Builders	Contract Services-Engineering	\$20,239.38
65987	Robin Cope	Health Insurance	\$422.30
65988	Cybex	Equipment Rental-Office	\$158.16
65989	Ferguson Enterprises Inc #1423	Material	\$9,630.00
65990	Hanlees Chrysler Dodge	Fixed Assets	\$35,890.85
65991	MP Nexlevel of California, Inc	Contract Services-Miscellaneous	\$8,720.78
65992	San Juan Water District	Purchased Water	\$694,483.41
65993	SMUD	Utilities	\$16,323.43
65994	Sonitrol	Equipment Rental-Office	\$175.10
65995	AFLAC	Employee Paid Insurance	\$395.99
65996	The Lincoln National Life Insurance Company	Disability & Life Insurance	\$9,537.39
65997	United States Treasury	Health Insurance	\$72.56
65998	Richard E Farley	Customer Refund	\$140.79
65999	Raymond H Witt	Customer Refund	\$93.89
66000	Robert K/Jane Daly	Customer Refund	\$52.29
66001	Ronald O/Lou A Foltyn	Customer Refund	\$121.24
66002	Young M/Il Hui Lee	Customer Refund	\$111.47
66003	Vyacheslav Palko	Customer Refund	\$36.41
66004	James K/Lou E Hocutt	Customer Refund	\$146.81
66005	Lamar Elston	Customer Refund	\$90.75
66006	HomePointe Property Mgmt	Customer Refund	\$17.92
66007	Igor Gulegin	Customer Refund	\$96.31
66008	Judy B Edgar	Customer Refund	\$32.06
66009	Danny D/Melissa A Salazar	Customer Refund	\$26.99
66010	GH Perkins Family Trust	Customer Refund	\$94.26
66011	Keller Williams Realty	Customer Refund	\$171.02
66012	Michael B Walker	Customer Refund	\$68.34
66013	Brad J Squires	Customer Refund	\$239.40

66014	Qualls 2006 Trust	Customer Refund	\$233.97
66015	John L/Jacke Ridge	Customer Refund	\$23.43
66016	Larry W/Myra Kay Sinor	Customer Refund	\$156.21
66017	AP&H Inc., a CA NonProfit Corporation	Customer Refund	\$88.74
66018	Namale Investors LLC	Customer Refund	\$165.33
66019	Andrew Kortes	Customer Refund	\$18.56
66020	Deborah L Mello	Customer Refund	\$7.78
66021	Lawrence J Grace	Customer Refund	\$31.94
66022	Stix Development	Customer Refund	\$330.94
66023	Roman Vilde	Customer Refund	\$226.77
66024	Felicia M Martinez	Customer Refund	\$242.17
66025	Jessica L/Christopher J Beardslee	Customer Refund	\$15.19
66026	Marla J Kuresa	Customer Refund	\$25.00
66027	ABA DABA Rentals & Sales	Supplies-Field	\$126.88
66028	AIA Services, LLC/NDS	Conservation-Material/Supplies	\$184.48
66029	AM Conservation Group Inc	Conservation-Material/Supplies	\$183.18
66030	AnswerNet	Telephone-Answering Service	\$277.35
66031	AREA Restroom Solutions	Equipment Rental-Field	\$118.76
66032	Astral Communications Inc	Telephone-Wireless	\$274.00
66033	Brake Masters #220	Repair-Trucks	\$161.49
66034	Bryce Consulting, Inc	Legal & Audit	\$6,100.00
66035	BSK Associates	Water Analysis	\$1,812.00
66036	Caltronics Business System	Small Office Equipment	\$199.34
66037	Void	Void	\$0.00
66038	City of Citrus Heights	Permit Fees	\$2,762.10
66039	Consolidated	Telephone-Local/Long Distance	\$1,938.76
66040	Core & Main LP	Material	\$1,305.28
66041	Corelogic Information Solutions Inc	Dues & Subscriptions	\$200.00
66042	Corix Water Products, Inc	Material	\$1,178.79
66043	Dawson Oil Company	Gas & Oil	\$629.54
66044	Dr. Well Water Well Services Inc	Wells Maintenance	\$750.00
66045	Fast Action Pest Control	Contract Services-Miscellaneous	\$115.00
66046	Debby Figoni	Water Conservation-Other	\$1,036.00
66047	Gaynor Telesystems Incorporated	Contract Services-Other	\$175.00
66048	Grainger	Small Tools	\$85.21
66049	Ferguson Enterprises Inc #1423	Material	\$7,851.65

66050	Integrity Administrators Inc	Health Insurance	\$343.98
66051	KBA DOCUSYS	Equipment Rental-Office	\$23.20
66052	KBA Docusys Inc	Equipment Rental-Office	\$342.63
66053	Lowe's	Supplies-Field	\$46.91
66054	Miles Treaster & Associates	Office Expense	\$178.49
66055	Moonlight BPO	Contract Services-Bill Print/Mail	\$7,730.25
66056	One Print Source & Graphics	Printing	\$227.93
66057	Pace Supply Corp	Material	\$1,527.96
66058	Protection One Alarm Monitoring	Equipment Rental-Office	\$196.95
66059	Republic Services #922	Utilities	\$280.85
66060	Regional Government Services	Contract Services-Other	\$2,732.50
66061	River City Fire Equipment	Repair-Equipment/Hardware	\$38.50
66062	RW Trucking	Contract Services-Miscellaneous	\$2,252.50
66063	Les Schwab Tires	Repair-Trucks	\$5,375.86
66064	Staples Advantage	Office Expense	\$439.58
66065	Superior Equipment Repair	Repair-Trucks	\$774.51
66066	SureWest Directories	Telephone-Local/Long Distance	\$49.00
66067	State Water Resources Control Board	Dues & Subscriptions	\$60.00
66068	A. Teichert & Son, Inc.	Road Base	\$1,008.95
66069	Verizon Wireless	Telephone-Wireless	\$1,288.40
66070	Voyager Fleet Systems Inc	Gas & Oil	\$2,589.63
66071	WaterWise Consulting, Inc	Contract Services-Conservation	\$200.00
66072	City of Citrus Heights	Permit Fees	\$850.00
66073	City of Citrus Heights	Permit Fees	\$1,125.00
66074	Moonlight BPO	Contract Services-Bill Print/Mail	\$2,579.55
66075	Citrus Heights Police Department	Equipment Rental-Office	\$35.00
66076	Berg Trust	Customer Refund	\$42.64
66077	Steven R/Susan M Winkel	Customer Refund	\$407.69
66078	Benjamin/Lauren Scott	Customer Refund	\$113.12
66079	Carrington Mortgage Services LLC	Customer Refund	\$18.62
66080	Adobe Systems Incorporated	Maintenance Agreement-Software	\$1,845.36
66081	Alexander's Contract Services	Contract Services-Meter Read	\$1,770.94
66082	Avalon Custodial Care	Janitorial	\$695.00
66083	Axcient Holdings LLC	Maintenance Agreement-Software	\$444.30
66084	Best Best & Krieger	Legal & Audit	\$4,867.50
66085	Bryce Consulting, Inc	Legal & Audit	\$6,100.00

66086	BSK Associates	Water Analysis	\$322.00
66087	Corix Water Products, Inc	Material	\$387.90
66088	Sacramento County Utilities	Utilities	\$189.60
66089	Dawson Oil Company	Gas & Oil	\$1,326.76
66090	Express Office Products Inc	Office Expense	\$67.44
66091	Golden State Flow Measurement, Inc	Material	\$1,600.09
66092	Ferguson Enterprises Inc #1423	Material	\$1,414.92
66093	J4 Systems	Contract Services-Other	\$1,160.00
66094	Kaiser Foundation Health Plan, Inc	Health Insurance	\$23,567.37
66095	Liebert Cassidy Whitmore	Legal & Audit	\$74.00
66096	Pacific Gas & Electric	Utilities	\$8.76
66097	Regional Government Services	Contract Services-Other	\$3,640.48
66098	Les Schwab Tires	Repair-Trucks	\$786.99
66099	Sacramento Groundwater Authority	Dues & Subscriptions	\$750.00
66100	Sierra Office and Printing	Conservation-Material/Supplies	\$2,459.00
66101	Sutter Medical Foundation-Corporate	Contract Services-Other	\$250.43
66102	Verizon Wireless	Telephone-Wireless	\$1,399.53
66103	World Environment & Energy Inc	Contract Services-Miscellaneous	\$404.68
66104	William C Smith Living Trust	Customer Refund	\$121.84
66105	Evosevich Trust	Customer Refund	\$225.60
66106	Carl Stillwell	Customer Refund	\$202.64
66107	Falconi Family Trust	Customer Refund	\$23.41
66108	Gary Hannon	Customer Refund	\$73.31
66109	Parr 2006 Living Trust	Customer Refund	\$184.05
66110	Janet R Gulebian	Customer Refund	\$57.32
66111	Robert J/Sandra L Wyatt	Customer Refund	\$35.25
66112	Ardell D/Margaret Hurst	Customer Refund	\$100.02
66113	Marcus P/Amy M Adcock	Customer Refund	\$25.17
66114	George Austin Revocable Trust	Customer Refund	\$76.49
66115	Born Trust	Customer Refund	\$14.05
66116	Housing Group Fund, LLC	Customer Refund	\$57.38
66117	Cheyenne Gonzales	Customer Refund	\$57.23
66118	Frederick M/Carolyn Cardinal	Customer Refund	\$100.00
66119	Timothy/Debra/Adam B Holcomb	Customer Refund	\$210.22
66120	Lynn Rose/Vincent Lanuza	Customer Refund	\$57.51
66121	Lawrence J Moulton	Customer Refund	\$124.57

66122	Elvira L Pye	Customer Refund	\$83.61
66123	Alexander's Contract Services	Contract Services-Meter Read	\$5,116.46
66124	CA-NV AWWA	Dues & Subscriptions	\$80.00
66125	Bart/Riebes Auto Parts	Repair-Trucks	\$124.40
66126	Best Best & Krieger	Legal & Audit	\$7,920.00
66127	Brake Masters #220	Repair-Trucks	\$115.20
66128	City of Citrus Heights	Permit Fees	\$334.20
66129	Earl E or Sallie J Corley	Toilet Rebate Program	\$75.00
66130	Robert Dullanty	Toilet Rebate Program	\$75.00
66131	Express Office Products Inc	Office Expense	\$128.03
66132	Horacio Freitas	Material	\$1,300.00
66133	J4 Systems	Contract Services-Other	\$7,132.00
66134	Nancy Malinowski-Griffith	Toilet Rebate Program	\$75.00
66135	Anita Martin	Toilet Rebate Program	\$75.00
66136	One Print Source & Graphics	Printing	\$46.33
66137	Valeriy Pulber	Toilet Rebate Program	\$150.00
66138	Red Wing Shoe Store	Small Tools	\$444.70
66139	The Lincoln National Life Insurance Company	Disability & Life Insurance	\$7,577.42
66140	Titan Workforce LLC	Contract Services-Temporary Labor	\$4,675.86
66141	Frank Wang	Toilet Rebate Program	\$150.00
66142	Warren Consulting Engineers Inc	Contract Services-Engineering	\$4,350.00
TOTAL			<u>\$978,589.37</u>
ACH	8/23/18 PAYDAY	Deferred Compensation	\$25.00
ACH	8/6/18 PAYDAY VALIC	Deferred Compensation	\$2,904.50
ACH	8/6/18 PAYDAY VOYA	Deferred Compensation	\$25.00
ACH	GASB 68 8/20/18	PERS	\$49,965.00
ACH	GASB 68 FEES	PERS	\$1,050.00
ACH	JULY 2018	Bank Fee	\$1,992.44
ACH	JULY 2018 BOW	Bank Fee	\$1,567.35
ACH	JULY 2018 FD	Bank Fee	\$119.98
ACH	JULY 2018 PH	Bank Fee	\$117.98
ACH	JULY 2018 WB	Bank Fee	\$87.98
ACH	PAYCHEX 8/10/18	Contract Services-Other	\$430.50
ACH	PERS 7/12/18 PAYDAY	PERS	\$18,823.54

ACH	PERS 7/25/18 PAYDAY	PERS	\$18,586.86
ACH	PERS 8/23/18 PAYDAY	PERS	\$19,303.77
ACH	PERS 8/8/18 PAYDAY	PERS	\$18,965.45
ACH	SEPT 2018	Health Insurance	\$13,885.21
ACH	VALIC 8/23/18 PAYDAY	Deferred Compensation	\$2,904.50
ACH	VANCO JULY 2018	Contract Service-Other	\$0.84
ACH	1168-2018-7 INVOICE CLOUD	Bank Fee	\$4,176.75
TOTAL			<u>\$154,932.65</u>
GRAND TOTAL			<u><u>\$1,133,522.02</u></u>

September Payments Approved at September Board Meeting

ACH 2035-004 LUND	LUND CONSTRUCTION	Contract Services-Engineering	\$9,880.38
ACH 38415 HARRIS	HARRIS & ASSOCIATES	Contract Services-Engineering	\$15,904.93
ACH 38696 HARRIS	HARRIS & ASSOCIATES	Contract Services-Engineering	\$37,436.80
ACH AUGUST 2018	US BANK I.M.P.A.C. GOVERNMENT SERVICES	See September Agenda Item CC-8	\$11,123.19
ACH CORIX	CORIX WATER PRODUCTS	Material	\$8,869.78
66197	CIRCLEPOINT	Contract Services- Conservation	\$13,645.59
66198	J4 SYSTEMS	Contract Services-Other	\$38,790.57
66199	KIRBY'S PUMP AND MECHANICAL	Wells Maintenance	\$113,964.75
66200	SMUD	Utilities	\$43,827.22
			<u>\$293,443.21</u>

Employee Recognitions— Twenty-one employees received recognition for attendance during July 2018, and twenty were recognized for outstanding customer service and quality of work during the month of August 2018. Directors were provided with a list of the employees and items for which each received recognition.

The Long Range Board Agenda was provided showing Directors upcoming items scheduled for future Board Meetings.

Engineering Department Report

The Engineering and Capital Projects Department staff presented a report on the following activities during the month of August 2018:

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
PROJECT 2030 Water Main Replacement Project	Engineering	Engineering Manager and Project Manager	On-going	Yes, 09/19/18 (30% Completion Update)	Yes	2017-2018 Masterplan for replacement of mains installed in 1960-1985.	Asset Inventory and water demand projections in progress. CAC Workshop #2 was held on 08/28/18. 30% Presentation to the Board at the September Board Meeting.
CAPITAL IMPROVEMENT PROJECT Corporation Yard / Facilities Master Plan Buildout	Engineering	Engineering Manager and Project Manager	On-going	Yes, TBD	Yes	2017-18 Masterplan for office space requirements through 2040.	Staff continues to review Space Needs Assessment completed by consultant. Additional meetings scheduled with the goal of presenting to the Board in Q4 2018.
CAPITAL IMPROVEMENT PROJECT Highland Ave & Rosa Vista Ln 8" Water Mains	Engineering	Senior Construction Inspector and Project Manager	On-going	Yes, 06/20/18 (Notice of Completion) 10/17/18 (Easements)	Yes	2017 design and construction.	Award of Contract occurred at the 01/17/18 Board Meeting. Notice of Completion approved at 06/20/18 Board Meeting. Easements being prepared by District. Anticipate bringing to the Board at the October Board Meeting.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
CAPITAL IMPROVEMENT PROJECT Graham Cir and Circuit Dr 8" Water Mains	Engineering	Senior Construction Inspector and Project Manager	On-going	Yes, 04/18/18 (Award of Contract) Yes, 09/19/18 (Notice of Completion)	Yes	2017 design, 2018 construction.	Contract signed and work began on 05/21/18. 100% Complete. Notice of Completion will be brought to the Board at the September Board Meeting.
CAPITAL IMPROVEMENT PROJECT Wind Way and Longwood Way 8" Water Mains	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Received response from Division of Drinking Water on 07/30/18. Awaiting response from City of Citrus Heights. Finalizing plans.
CAPITAL IMPROVEMENT PROJECT Pleasant View Drive 8" Water Main	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Plans sent to Engineer on 05/01/18. Potholing to be scheduled for September 2018.
CAPITAL IMPROVEMENT PROJECT Michigan Drive 8" & 6" Water Mains	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Plans sent to Engineer on 05/02/18. Potholing completed. Preparing 90% plans. Staff to verify easements.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
CAPITAL IMPROVEMENT PROJECT 6230 Sylvan Road East Side Wall	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	No	Wall along the east side of District property.	We anticipate this project will be included in the 2019 Capital Improvement Program. Staff to begin communication with SJUSD during 2018.
PRIVATE DEVELOPMENT Northridge Grove - 5555 Mariposa Ave 47 Condominiums	Engineering	Senior Construction Inspector and Engineering Manager	On-going	Yes, TBD	No	Private development.	District met on 03/01/18. District sent cost-sharing agreement for system improvements made in conjunction with the project on 05/23/18. District to respond.
PRIVATE DEVELOPMENT Dignity Health Building - 7115 Greenback Ln	Engineering	Engineering Manager and Senior Construction Inspector	On-going	Yes, TBD	No	Medical office building by developer.	Project complete. Perform project closeout. District provided comments to the draft easement received from the City on 08/01/18. Awaiting response from the City.
PRIVATE DEVELOPMENT 3 lot Residential Subdivision - 5648-5696 San Juan Ave	Engineering	Senior Construction Inspector	On-going	No	No	3 lot subdivision.	Preconstruction meeting occurred on 03/12/18. Construction in progress. 75% Complete.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
PRIVATE DEVELOPMENT Mitchell Farms - 7925 Arcadia Drive	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, TBD	No	200-300 unit development by Watt Communities.	District submitted Conditions of Approval for the project on 05/07/18. Engineer preparing Improvement Plans for proposed land exchange.
PRIVATE DEVELOPMENT Mariposa Creek Subdivision - Antelope Road	Engineering	Senior Construction Inspector and Engineering Manager	On-going	No	No	15 lot subdivision located on Antelope Road.	Final plans received on 01/23/18. Developer grading site. Water preconstruction meeting occurred on 06/25/18. 75% Complete.
PRIVATE DEVELOPMENT Citrus Place Subdivision	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	7 lot subdivision located near Wachtel Way & Talbot Way.	Received updated plans from engineer on 04/30/18. District sent back comments on 05/22/18. Awaiting a resubmittal.
PRIVATE DEVELOPMENT 7581 Sycamore Dr - Parcel Split 1 - 3	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 3 for 3 home subdivision.	Engineer submitted revised plans on 03/22/18. Comments sent to engineer on 04/04/18. Resubmittal received on 05/02/18. Comments sent to engineer on 06/04/18.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
PRIVATE DEVELOPMENT 8053 Holly Dr - Parcel Split 1 - 3	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 3 for 3 home subdivision.	Final plans signed and fees received on 05/10/18. Awaiting final plans.
PRIVATE DEVELOPMENT 7601 Sunrise Blvd The Human Bean	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development.	District signed plans on 12/21/17. Awaiting construction.
PRIVATE DEVELOPMENT 6920 Auburn Blvd Stock Ranch Plaza - Parcel 11	Engineering	Senior Construction Inspector	On-going	No	No	Commercial Development.	Received easement information on 11/30/17. Signed plans on 02/26/18. Preconstruction meeting on 04/30/18. Awaiting easements for entire Stock Ranch area.
PRIVATE DEVELOPMENT 7030 Auburn Blvd Stock Ranch - Traffic Circulation	Engineering	Senior Construction Inspector	On-going	No	No	Commercial Development.	Plans signed on 02/26/18. Fees paid on 05/22/18. 95% Complete. Awaiting easements for entire Stock Ranch area.
PRIVATE DEVELOPMENT 7766 Auburn Blvd Quick Slice	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development.	Sent comments to City on 11/27/17. Awaiting final plans from developer for District review.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
PRIVATE DEVELOPMENT 6199 Sunrise Blvd US Bank Parcel Split	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development.	Sent Will Serve letter on 12/27/17. Awaiting to determine if developer/owner chooses to split the parcel.
PRIVATE DEVELOPMENT 8501 Auburn Blvd Big Lots	Engineering	Senior Construction Inspector and Engineering Manager	On-going	No	No	Commercial Development.	Plans signed on 08/23/18. Reviewing material submittals. Awaiting construction. Review easements for project.
PRIVATE DEVELOPMENT 8501 Auburn Blvd Studio Movie Grill	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development. Potential parcel split from one parcel to four parcels.	Sent Will Serve letter on 12/28/17. Awaiting plans from developer for District review. Review easements for project.
PRIVATE DEVELOPMENT 7312 Veterans Lane	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Single Family Home on a private street.	Sent review comments on 08/03/18. Awaiting revised plans and payment from customer.
PRIVATE DEVELOPMENT 103 Lazy Oak	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Single Family Home	Awaiting payment from customer.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
COMCAST	Engineering	Assistant Engineer and GIS Specialist	On-going	No	No	Various communications boring projects throughout the service area.	District has provided water utility maps for all requested projects. Awaiting resubmittal from Comcast Engineer. Awaiting as-builts on all completed projects.
CITY OF CITRUS HEIGHTS PROJECT City Drainage Project	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, TBD	Yes	Highland Ave, Wonder St, Dana Butte Way, and Sunhill Dr Storm Drain Project.	Anticipate bid and start of construction in Summer 2018. "B" Plans sent back 08/21/17 with comments. Coordinating utility conflicts and possible easement.
CITY OF CITRUS HEIGHTS PROJECT Bonita, Old Auburn Rd, & Mariposa Ave Storm Drain Improvements	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Bonita Way, Old Auburn Road, & Mariposa Ave Storm Drain Project.	Received 30% plans at the meeting with Dokken Engineering on 05/21/18. District sent engineer data on 08/03/18.
CITY OF CITRUS HEIGHTS PROJECT Baird Way Storm Drain Improvements	Engineering	Operations and Senior Construction Inspector	On-going	Yes, TBD	Yes	Baird Way Storm Drain Project.	Construction complete by City contractor. This item is complete. Awaiting as-builts from the City.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
CITY OF CITRUS HEIGHTS PROJECT Sunrise Blvd Complete Streets Phase 2A (C16-142)	Engineering	Operations and Senior Construction Inspector	On-going	Yes, TBD	Yes	Frontage improvements along west side of Sunrise from Sayonara to north and Storm Drain Improvements.	Attended preconstruction meeting on 03/14/18. Construction in progress by City contractor. CHWD 70% complete with water facility relocations. Need to coordinate valve raising with contractor.
CITY OF CITRUS HEIGHTS PROJECT Mariposa Ave - Safe Routes to School Phase III	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, TBD	Yes	Frontage improvements along west side of Mariposa Ave from Northridge to Eastgate.	Received signed Utility Agreement. Start of construction in Summer 2018. Received plans for review on 05/17/18. Pre-bid meeting on 06/05/18. District awaiting final plans.
CALIFORNIA DEPT OF TRANSPORTATION Weigh Station at I-80 & Antelope	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Weigh station and off-ramp Improvements.	Sent water facility maps and as-builts to Engineer on 11/20/17. Awaiting plans from CalTrans for District review.
Annexations	Engineering	Engineering Manager, Project Manager and Assistant Engineer	2018	Yes, TBD	Yes	Annex properties into the District to clarify and revise District boundaries.	Staff conducted an initial scoping meeting in April. Staff is now working on a draft RFP for consultant services. A follow-up meeting is scheduled for 10/24/18.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
Easements	Engineering	Engineering Manager, Project Manager and Assistant Engineer	2018	Yes, TBD	Yes	Research and review District facility locations and easements for potential additions/revisions.	Staff conducted an initial scoping meeting in April. Staff is now working on a draft RFP for consultant services. A follow-up meeting is scheduled for 09/24/18.

Operations Department Report

Operations Manager Gordon reported as follows:

A total of 156 work orders were performed during the month of August by field operations crews, administration field crews and contractors. The results of recent bacteriological testing, a total of 72 samples, have met all California Department of Drinking Water (DDW) requirements.

2018 Water Supply – Purchased and Produced

The District’s total water use during the month of August 2018 (1,583.78 acre-feet) was 17.7 percent below that of August 2013 (1, 924.28 acre-feet).

Surface Water Supply Reliability

As of September 1, 2018, storage in Folsom Lake (Lake) was at 505,200 acre-feet, 51 percent of the total capacity of 977,000 acre-feet. This represents an increase in storage of 125,700 acre-feet in the past month.

The District continues to assist with preserving surface water supplies in the Lake by operating its groundwater wells. The District’s groundwater production wells: Bonita, Skycrest, and Sylvan, are operational and used on a rotational or as-needed basis. Other District groundwater production wells: Mitchell Farms, Palm, and Sunrise are at various stages of repairs.

Water Efficiency Program Update

Water Efficiency, Safety and Meter Program activities during the month of August 2018 include:

- 16 Ultra-Low-Flush Toilet (ULFT) rebates were processed for the month of August. This compares to 33 rebates issued for the month of August 2017. The 5 year average (2013-2017) of June ULFT rebates is 15. A total of \$7,650.00 in rebates were issued year to date.

- A total of 7 High Efficiency Clothes Washer (HECW) rebates have been issued during the second quarter of 2018. This compares to 3 HECW rebates issued for the second quarter of 2017. To better align with SMUD's schedule for reporting monthly numbers, staff will report HECW rebates on a quarterly basis.
- 41 water waste calls were received during the month of August. There were no reports of water waste received through CHWD's Drought Resources web page. A total of 180 service calls were received year to date.
- The next WaterSmart class will be on Thursday, September 27 from 6:00 pm – 8:30pm. The class is titled "Pruning and Maintaining Your WaterSmart Landscape". Classes are held at the Citrus Heights Community Center located at 6300 Fountain Square Drive. This will be the final class in a series of 5 classes held by the District this year.
- CHWD began a telephone outreach campaign promoting the District's free Irrigation Efficiency Reviews. WaterWise Consulting is working with staff to contact many of CHWD's high water use customers. WaterWise has completed reaching out to CHWD's single-family customers. Staff has shifted the focus of the outreach campaign to multi-family customers. Due to this effort, a total of 1 multi-family Irrigation Efficiency Review was generated and completed for the month of August. For the customers who have completed an Irrigation Efficiency Review during this outreach campaign, staff will conduct a year-over-year comparison of their water usage. A presentation will be provided to the Board for a complete recap of the findings during the fourth quarter of 2018. A total of 85 Irrigation Efficiency Reviews have been completed since the outreach campaign began in December 2017. This compares to 44 Irrigation Efficiency Reviews completed for the same time in December 2016 thru August 2017.
- Staff completed a meter testing program for all meters 3 inches and larger. The testing is part of the Water Loss Program requirement contained in SB555. The meters were tested for accuracy during high, medium and low flow conditions. The testing program was completed on July 17. 80 meters fit within the testing parameters, and through the process of elimination, 67 meters were identified for testing. During testing, staff encountered issues at several sites that prohibited testing. A total of fifty-two 3 inch and larger meters were tested. Of the meters tested, 31 are within California standards (reference AWWA M6 Manual), 6 were very close to standards and 15 tested below standard and need to be repaired or replaced. Staff is currently analyzing the test results and determining a repair/replacement schedule for failing meters. The remaining 15 untested meters are being assessed for needed improvements to allow for future testing.
- On Thursday, August 9, staff completed the seventh presentation in the annual group participation safety program. The presentation topic was "CHPD's Problem Oriented Policing (POP) Unit". The presenters included Missy Pieri, John Spinella and Kelly Drake.
- The following table summarizes the Residential Gallons Per Capita Per Day (R-GPCD) values for

CHWD to date:

Month	R-GPCD 2017	R-GPCD 2018	% CHANGE
January	75	77	+3%
February	72	85	+18%
March	80	79	-.01%
April	87	100	+13%
May	166	156	-.06%
June	209	213	-.02%
July	241	253	+.05%
August	229	231	+.01%

- Since 2013, RWA has been providing the District with a recap of the region’s individual Agency R-GPCD for the current month/year, including a year to date comparison for 2013. RWA has reformatted the monthly update and will no longer be providing the regional water savings comparison.

Discussion and Possible Action to Approve the American River Basin Integrated Regional Water Management Plan

Staff requested that the Board consider approving Resolution 15-2018 for the approval of the American River Basin Integrated Regional Water management Plan. On July 12, 2018, the Regional Water Authority (RWA) Board, acting as the authorized Regional Water Management Group for the American River Basin (ARB), adopted a comprehensive update to the ARB Integrated Regional Water Management Plan (IRWMP). The update was prepared in response to new IRWMP guidelines released by the California Department of Water Resources (DWR) associated with Integrated Regional Water Management (IRWM) grant funds authorized through Proposition 1, which passed in 2014. The updated IRWMP is required for eligibility to pursue grant funds through Proposition 1. DWR expects to release a draft grant application package in October for public comment.

The ARB IRWMP was submitted to DWR and is currently under review. One of the key eligibility requirements for any project proponent interested in pursuing IRWM grant funding is that the proponent also adopt the ARB IRWMP. This applies to all agencies, even members of RWA who adopted the 2013 version of the ARB IRWMP.

Citrus Heights Water District (District) has submitted multiple grant applications to DWR through the IRWMP that aligns with IRWMP’s vision, principles, goals and objectives. Adoption of this Resolution is critical to the success of potentially receiving grant funds. Adoption of the ARB IRWMP does not assume responsibility for the plan’s implementation, but rather affirms the District’s commitment.

District-submitted grant applications (pending approval) include:

1. 42 Inch Transmission Water Main Creek Crossing

2. Carriage/Lauppe Transmission Main Project
3. Ella Way Groundwater Production Well Project
4. Highland Avenue Groundwater Production Well Project
5. Groundwater Production #9 Well Project

Director Riehle asked for clarification of the Integrated Regional Water Management Plan. Operations Manager used a PowerPoint presentation to provide an overview of the purpose of the Plan. He reiterated that the purpose of the resolution is to affirm the District's commitment to the underlying principles of the IRWMP.

Director Dains asked if there are similar plans in other regions of the state. General Manager Straus stated that he had no direct knowledge of other plans, but assumed there must be similar types of documents for other regions given that this is the mechanism through which the state will issue grant funding, such as Proposition 1 funding.

Discussion and Possible Action to Approve a Professional Services Agreement for Information Technology Services.

Staff requested that the Board consider approving an agreement with Glenn Wolfe for IT Services. The District has long maintained the practice of utilizing consultants to provide general information technology consulting services to support the District's various technology systems. The new Principal Information Technology Analyst (PITA) will be utilizing consultants to provide very specific technical services related to the support and maintenance of the District's systems and equipment. When the PITA position was created, as a division of one, it was anticipated that when required consultant assistance would be required to address vacation, sick, special projects and peak workload.

Glenn Wolf, of Wolf Consulting, has been providing services to the District through previous consulting firms engaged by the District to implement and maintain the District's various systems. Glenn was instrumental in the original implementation of the District's Geographic Information and Maintenance Management Systems. As such, the District would like to engage Wolf Consulting to provide services to support the District's Geographic Information and Maintenance Management Systems along with related database administration and network security. This current agreement was sole sourced from Wolf Consulting in accordance to District Policy 6500.16 for Single Source Purchases. Glenn Wolf has deep and exclusive knowledge of our network and systems which provides savings in future maintenance and support activities.

District staff will prepare task releases against the agreement that will be approved by the General Manager or designee in accordance with District purchasing limits.

Funding for activities provided in 2018 budget and requested in 2019 budget. Consultant may also be awarded task releases for specific project work related to District systems and equipment.

Director Riehle asked for clarification of the purpose of the professional services agreement. Principal Information Technology Analyst Ott stated that Glenn Wolfe would provide specialized IT knowledge for specific projects on the District's Geographic Information Systems maps and for security projects.

Discussion and Possible Action to Consider Acceptance of the Graham Circle and Circuit Drive Water Main Replacement Project

Staff requested that the Board consider adoption of Resolution 14-2018 accepting the Graham Circle and Circuit Drive Water Main Replacement Project, and authorize execution and recording of a Notice of Completion for the Project.

At the April 18, 2018 Board Meeting, a contract was approved with Lund Construction, Inc. for installing and connecting approximately 776 linear feet of 8-inch water main, 1,152 linear feet of 6-inch water main, five (5) 6-inch gate valves, four (4) steamer fire hydrants, one (1) 1-inch air/vacuum valve, two (2) 1-inch metered water services, and twenty five (25) 1-inch water services with curb stops along Graham Circle and Circuit Drive in the City of Citrus Heights.

The original construction contract amount was \$497,499.50 with a contingency fund in the amount of \$49,750.00 (10.0%). The final amount paid to the contractor is \$510,759.10 for material, labor and equipment. The final construction cost from the original bid amount includes variations between the bid item estimates and the actual totals measured, including different pipe material installed and additional paving. The variations total an additional cost of \$13,259.60 or 26.7% of the contingency fund.

The requested action is to approve the accompanying Notice of Completion (Attachment 1) and Resolution accepting the Graham Circle and Circuit Drive Water Main Replacement Project (Attachment 2) to complete this Capital Project.

Discussion and Possible Action to Approve an Agreement to Prefund Other Post-Employment Benefits through the CalPERS California Employers' Retiree Benefit Trust Program

Staff requested that the Board consider action to:

- Approve an agreement to prefund Other Post-Employment Benefits (OPEB) through the California Public Employers' Retirement System (CalPERS) California Employers' Retiree Benefit Trust (the CERBT) Program;
- Adopt resolution 16-2018 delegating authority to request disbursements from the CERBT; and
- Authorize the General Manager to execute any necessary documents with CalPERS to fund and maintain participation in the CERBT.

Pursuant to Citrus Heights Water District (the District) Policy No. 4831 *Insurance Benefits for Retirees Retiring After March 19, 1996*, the District provides reimbursement for the cost of health, dental, and vision insurance for qualified retired employees and qualified dependents based on length of service to the District.

At the Board of Directors' (the Board) Regular Meeting on June 13, 2017, John Bartel, President of Bartel & Associates presented the December 31, 2016 Actuarial Valuation of the District's Retiree Healthcare Plan. After the presentation, the Board directed staff to explore options to prefund the District's OPEB Unfunded Actuarial Accrued Liability (UAAL), and the Board subsequently approved a 15-year accelerated payoff of the OPEB UAAL, with annual payments of \$80,000 in addition to annual (Pay-As-You-Go) costs. The Board then approved an \$80,000 prefunding payment in the 2018 Budget.

Staff evaluated the programs of three OPEB Trust providers: the CERBT (managed by CalPERS), Public Agency Retirement Services (PARS), and MuniMET provided by Keenan. All three programs are compliant with the Internal Revenue Code Section 115. Evaluation criteria included administrative costs, historical investment returns, ease of implementation of GASB statements, and size of plans.

Staff presented the results of this evaluation to the Board at the August 15, 2018 meeting. Staff recommended the selection of the CERBT, and sought and received consensus direction from the Board to proceed with final evaluations of the CERBT.

Staff contacted local and similar agencies who are participants in the CERBT for references and feedback on their experiences with the program. Agencies contacted were the Sacramento Suburban Water District, the San Juan Water District, Carmichael Water District, and the El Dorado Irrigation District. The feedback received was positive, highlighting rapid response to emails and calls, low fees vs. good returns, and visits by CERBT staff to explain reports.

Staff therefore recommended joining the CERBT program. CERBT has over 500 participating agencies, of which 92 are water and irrigation districts. CERBT provides the lowest administration costs with competitive investment returns. Finally, the CERBT program provides additional resources, reporting, and services that would need to be performed by staff with PARS or Keenan.

Staff stated that if the Board approves the agreement to join the CERBT, the District would need to choose one of the CERBT's three investment strategies. The long-term expected rate of return for the three asset allocation strategies is as follows:

Asset Allocation Strategy	Long-Term Expected Rate of Return
Strategy 1	7.59%
Strategy 2	7.01%
Strategy 3	6.22%

Staff recommended that the District select Strategy 2, the moderate approach, which would provide lower risk than Strategy 1, but with potential for higher returns than Strategy 3.

ACTION: Director Dains moved and Director Sheehan seconded a motion to accept the Consent Calendar.

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

PRESENTATIONS:

None.

STUDY SESSIONS:

Project 2030 Water Main Replacement Study 30% Completion Update

The Project 2030 Leadership Team, including Customer Advisory Committee Chair Jenna Moser, Engineering Manager Missy Pieri, Harris & Associates Project Manager Roger Kohne, and Laura Mason-Smith of Mason-Smith Success Strategies, provided an update on the status of the

Project 2030 Water Main Replacement Study. This update highlighted previous activities and work completed, current status and next steps.

BUSINESS:

Discussion and Possible Action to Fill Vacancies on the Customer Advisory Committee

Management Services Supervisor Castruita requested that the Board consider appointing a replacement to a vacancy on the Customer Advisory Committee, appointing alternates to fill prospective vacancies, and confirming the appointment of Chair and Vice Chair. Resolution 04-2018 created a 23 seat Customer Advisory Committee made up of 19 voting members and four ex-officio members, including:

1. 16 seats for residential customers located throughout the CHWD service area;
2. Three seats representing commercial interests from the Citrus Heights Chamber of Commerce, the Sunrise MarketPlace, and the Auburn Boulevard Business Association, respectively; and
3. Four ex-officio seats for the San Juan Unified School District, the Sunrise Parks and Recreation District, Sylvan Cemetery District, and the City of Citrus Heights.

In the instance that a member resigns, the Resolution states that “CHWD shall take any steps necessary to fill the vacancy.” It also directs the CAC to nominate a Chairperson and Vice Chair “whose appointments to this office shall be ratified by the Board of Directors”.

At their May 29 Meeting, the Citrus Heights Water District (CHWD) Customer Advisory Committee (CAC) nominated CAC residential members Jenna Moser and David Wheaton as the CAC Chair and Vice Chair, respectively. Mr. Wheaton later submitted nomination papers for the CHWD Division Three Board seat to succeed Director Al Dains, and on August 31, 2018 the Sacramento County Voter Registration and Elections Office notified CHWD that Mr. Wheaton would be appointed in lieu of election to fill the Board seat for Division Three. As the Board of Directors has not designated a voting seat on the Committee for a Board Member, it follows that the seat occupied by incoming CHWD Board Member Wheaton would become vacant.

On August 27, 2018 CAC member Colleen Sloan, a residential member from Neighborhood Area 8, submitted a letter of resignation to staff, citing “personal reasons that [she] cannot control” leaving her unable to meet the responsibilities to perform on the CAC (see attachment 1).

With a vacancy from the resignation of Colleen Sloan, and a second vacancy projected in December, staff requests the appointment of two CAC member and two alternates. Attachment 2 contained the application materials for the 23 remaining residential applicants from the initial CAC application period as well as a map noting the general location of each applicant’s residence. Staff suggested Ray Bohlke and Deborah Cartwright fill the vacancies. In addition, staff recommends Ronald Calkins, Bren Martinez, Andrew Johnson, and/or David Kitts to serve as alternates. Staff based these recommendations upon a combination of factors including the applicant’s location in the District, professional backgrounds, and their application materials. General Manager Straus stated that he recommends that all candidates selected agree to view videos of the previous CAC meetings as a condition of appointment to the Committee.

Mr. Wheaton is scheduled to be seated as the new CHWD Division 3 Director at the December 19 Board Meeting. This would occur after the December 11 CAC Meeting. In order to reduce confusion during Mr. Wheaton's transition off the CAC, staff requests that the Board ratify the appointment of Chair, Vice Chair, and a successor to the Vice Chair's position upon his appointment to the Board of Directors. In particular, staff recommends the candidate who received the third highest number of votes for Chair at the May 29 CAC meeting, Mr. Richard Moses.

Director Riehle stated that he would request to have Mr. Wheaton step down from the CAC in advance of the December meeting so as to allow a new member to get up to speed as soon as feasible. Mr. Wheaton responded that he is comfortable with resigning prior to the December Board Meeting.

Board Member Dains stated that he would prefer that staff receive authorization to reach out to all of the people identified, as all seemed acceptable CAC members, and it would allow staff to make contact with and make sure they're still onboard. General Manager Straus stated that staff would also then have the ability to reach out to the individuals and get assurance that each will watch all the videos from the CAC meetings.

ACTION: Director Dains moved and Director Sheehan seconded a motion to appoint Ray Bohlke and Deborah Cartwright to vacancies on the Customer Advisory Committee, authorize staff to select alternates to fill prospective vacancies, and confirm the appointment of Jenna Moser as Chair and Richard Moses as Vice Chair to the Customer Advisory Committee.

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

Proposed 2019 Budgets and Water Rate Schedule

Administrative Services Manager Sohal requested that the board consider reviewing and discussing the draft Operating and Capital Improvement Budgets and proposed water rate schedule for 2019. As the Citrus Heights Water District plans for 2019, some of the key issues the budget addresses are as follows:

- **Economic activity.** The continued upswing in building and economic activity in the area has a spillover effect on workload in various areas of District operations. Increased building/development activity has resulted in significantly increased Underground Service Alert (USA) markings and field inspections to ensure proper installation and protection of new and existing District facilities. Also with building activity on the rise, the District has seen the effect of higher bids/unit costs for capital projects, as seen in the rising engineering cost index.
- **Water Supply Cost with San Juan Wholesale District.** In June 2018, the SJWD Board of Directors adopted a 9% Overall Wholesale Water Rate Adjustment. This increase, as well as increased projected water use, is anticipated to result in an 11.83% increase in cost for the District in purchased water from 2018.
- **Addition of Senior Management Services Specialist.** The proposed budget reflects the addition of a Senior Management Services Specialist to effectively staff the District as opposed to utilizing temporary/contract help and diverting current District staff time from other key operation areas.

- **Retirement Benefits including Pensions and Other Post-Employment Benefits (OPEB).** Changes to Government Accounting Standards require unfunded liabilities, including PERS pension costs and retiree healthcare benefits, be reported on Financial Statements. Staff described the potential impacts these new Government Account Standards have on the District's financial position. As a result, the Board approved in the 2018 Budget to implement a 15-year Amortization Schedule for CalPERS pension Unfunded Accrued Liability (UAL) Contribution, saving the District \$1,201,244 over the next 30 years. At the same time, the Board approved prefunding the District's OPEB Unfunded Accrued Liability (UAL) over 20 years, rather than paying costs as they are incurred. The result will save the District an estimated \$140,000 over the next 30 years.

Operating and Capital Budget Overview

The proposed 2019 expenditure plan represents a shift from the 2018 expenditure plan in the following ways:

- 1) There is a significant shift from Capital to non-personnel Operations and Maintenance. This proposed change is due to increased SJWD costs (wholesale water purchases and increased wholesale water rates) and CHWD's focus in 2019 on advanced planning for infrastructure and programs. For example, this portion of the budget includes funding for Project 2030, the Water Meter Replacement Program planning study, ASR feasibility, District-wide easements and annexations, and similar planning activities.
- 2) The Capital portion of the budget for 2019 is aligned to match project delivery with available resources (staffing and direct project costs). Also, two capital projects (Thunderhead Circle water main and Stock Ranch water services replacements) identified in 2018 were re-evaluated, have been value-engineered and reprioritized for project delivery in 2019. Moreover, key capital projects are highlighted below. These projects were identified through a planning process that began with a review of the 1999 Master Plan, and utilizes the five staff member Engineering Department to its full potential. Project capacity is leveraged by the use of consultants/contractors on a project-specific basis.
- 3) The transfers to designated Reserves portion of the budget has decreased from 2018 due to several factors, including: conservation messaging from the State and milder weather conditions, resulting in a decline in projected consumption from last year. The decline in consumption has contributed to a flattening out of revenue between 2018 and 2019. However, costs have increased as described in this staff report. Transfers to Reserves have been adjusted to reflect projected revenues based on a 5% rate adjustment for the coming year.

Key 2019 proposed expenditures for operating and capital improvements are summarized below.

Operating & Maintenance Budget: \$13.05 million, increase of 7.4%, or \$899,000 from the 2018 budget.

- \$364,341 or 11.83% total increase in cost of treated water from San Juan Water District. The growth in costs includes the wholesale water rate increase of 9% as described above and an increase of projected water use, estimated to be 12,500 AF as compared to 12,000

AF in 2018.

- \$1.89 million in Professional Services, including many Strategic Planning and Special Project items, including the Project 2030 Study, Water Meter Replacement Program, ASR Study, organizational development, District policy review/updates, rebuild of the financial model, review of easements, annexations, website redesign and water supply agreement.
- \$48,350 increase in Tools and Equipment for three jackhammers, a vibraplate, two electric pumps and a locator.
- \$356,652 increase in Salary and Benefits, which includes: Accelerated payoffs of the CalPERS pension Unfunded Actuarial Liability (UAL) and the OPEB UAL; 35% increase in the CalPERS employer contribution rate (due to factors such as the lowering of the assumed rate of return on CalPERS' portfolio); 25% increase in Health Insurance (due to factors such as increased plan costs (staff is currently researching provider and plan options)); 4.5%, for merit and cost of living adjustments; and, 1.35% increase is attributable to the addition of the proposed Senior Management Services Specialist position.

About \$550,000 in salary and benefit costs are allocated to the Capital Improvement Budget to account for staff time spent in the planning, design, construction and inspection of capital projects by District employees.

Capital Improvement Program Budget: A 2019 Capital Improvement Budget of \$3.0 million in 2019 projects, plus another \$1.38 million in projects carried over from prior years. The total 2019 Capital Improvement Budget is \$4.38 million.

Project highlights include:

- Replacement of aging customer water services budgeted at \$957,700 to include replacements within the Stock Ranch subdivision.
- Replacement, upgrades and new fire hydrants for \$159,150.
- Six water main replacements or installation projects, scheduled to start in 2019 projected cost of \$665,350 with completion targeted for 2020.
- Operations equipment replacements and new equipment totaling \$295,000.
- Groundwater Well continued property acquisition carryover allocating of \$460,000.

Designated Reserves Transfers:

The proposed 2019 budget meets all policy targets for fund balances in the District's designated reserves in addition to the reserve transfers noted below.

- \$66,000 transfer to complete the replenishment of the Rate Stabilization Reserve to bring

the fund back to its policy target of \$1million. \$366,000 was drawn down from the fund in 2015 due to the drought.

- \$400,000 transfer to the Water Supply Reserve based upon projected revenue.
- \$200,000 transfer to the Water Meter Replacement Reserves for accrual of funds toward Meter Replacements at the end of their useful life, projected to start in 2025.

Total Operating, Capital and designated Reserved Transfers Budgets for 2019:

Total Funding Requirements for 2019 Budgets:

Operating Budget	CIP Budget	Transfers to Reserves	Total
\$13.05 million	\$4.38 million	\$666,000	\$18.1 million

Water Rates and Charges Overview

The Board of Directors is considering a 5% rate adjustment for 2019 to support operation of the District and continued reinvestment in the District’s infrastructure.

Proposition 218 Notification

The District must provide written notification of proposed water rate adjustments to all property owners within the District in accordance with the requirements of Proposition 218. The notification must be received a minimum of 45 days in advance of the public hearing where the rate adjustments are to be considered. If the Board of Directors elects to consider an increase in water service charges or usage charges for 2019, the District must prepare and mail a Proposition 218 notification no later than October 21, 2018 in order to meet the notification requirement for a public hearing at the Board’s December 5, 2018 Special Meeting.

Miscellaneous charges and fees that apply to specific services provided by the District, such as plan check and inspection charges, service installation charges and capacity fees, are not subject to Proposition 218 notification requirements. The proposed fee schedule will be presented in the November 14 Board of Directors meeting for review, discussion and possible action at the December 5 Public Hearing.

Public Information and Public Engagement Program for the 2019 Budget

At the September 5 Budget Study Session, staff indicated it would continue with the a public information and public engagement plan to help inform customers concerning key issues facing the District (e.g., increasing costs from San Juan Water District, aging infrastructure that is in need of replacement, and the importance for the District to continue its groundwater well development program). This outreach effort is proposed to occur in conjunction with the budget and rate adoption process.

Key messages and themes include: 1) With the proposed rate increase, Citrus Heights Water District will maintain water rates over 9% below the average water rate for a family of four in the Sacramento region; 2) the rate increase is important to ensure that the District is able to replace aging infrastructure; 3) The ability to replace aging infrastructure, and to expand the District's access to groundwater by developing wells is vital to ensuring long term reliability of supply at relatively low cost to the customer; 4) The District maintains a low cost structure in terms of on-going operational expenses, and the rate increase will enable the District to replace infrastructure and expand its groundwater supply at lower cost in "today's" versus "tomorrow's" dollars; 5) The proposed rate increase, based on average consumption for a family of four in a single family home with a one-inch water meter, is about \$2.88 per month; 6) The District prides itself on operating in an open and transparent manner and will be available at multiple venues to discuss the rate increase; and 7) The rate increase will enable the District to continue to plan for the future, and prevent sliding into a "reactive mode" of operating and providing service to customers.

Key channels for educating and engaging customers include: the Proposition 218 Notice; a Hand-out/Mailer; new informational web; in-person meetings with stakeholder audiences; "road show" PowerPoint provided by key staff (General Manager, Engineering Manager, Operations Manager and Administrative Services Manager) to the City's neighborhood associations, service organizations (e.g., Rotary, Kiwanis & Soroptimist), the Orangevale CPAC; and use of the District's Facebook page. The District is also exploring other social media platforms.

These activities will take place in the time leading up to the Board's consideration of adopting the 2019 budget and rate increase on December 5, 2018.

The Board agreed by consensus the maximum water rate adjustment for 2019 that the Board will consider at its Public Hearing on December 5, 2018 is a five percent (5%) adjustment.

CONSULTANTS' AND LEGAL COUNSEL'S REPORTS:

None.

DIRECTORS' AND REPRESENTATIVES' REPORTS:

Regional Water Authority (Dains)
No report.

Sacramento Groundwater Authority (Sheehan)
Management Services Supervisor Castruita reminded the Board that the SGA 20 year anniversary luncheon will take place on Thursday, October 18, from 11:30 am to 1:30 pm at the North Ridge Country Club. Board Member Dains stated that he will be attending. Board Member Riehle stated that he would not be able to attend given that he will be out of town.

San Juan Water District (All)
No report.

Association of California Water Agencies (ACWA) (Dains)
No report.

ACWA Joint Powers Insurance Authority (JPIA) (Dains/Castruita)
No report.

City of Citrus Heights (Pieri)
Engineering Manager Pieri stated that the City recently hired a new Assistant Engineer.

Chamber of Commerce Government Issues Committee (Gordon/Meurer)
Water Efficiency Supervisor Meurer stated that the Committee heard a presentation from Republic Services about new standards that refuse companies are putting in place for collection of recyclable materials.

RWA Lobbying Program Update (Gordon/Meurer)
General Manager Straus stated that Operations Manager Gordon will be stepping away from legislative affairs and Management Services Supervisor Castruita will be taking on the responsibilities.

Customer Advisory Committee (Riehle/Pieri)
Engineering Manager Pieri reported that the Customer Advisory Committee Chair, Vice Chair, and future Board Member David Wheaton will take a tour of District facilities on Tuesday, October 9, 2018.

Other Reports

Operations Manager Gordon informed the Board that SGA is working to issue an RFQ for a feasibility study on Aquifer Recovery and Storage (ASR) technologies for use at well sites throughout the region, including within the CHWD service area. He also stated that SGA staff had initially intended to issue the RFQ earlier this year, but had to do the necessary leg work in order to confirm that multiple member agencies would be interested in using ASR for the creation of a regional water bank. Board Member Sheehan asked if the feasibility of using these technologies should be established before taking a recommendation to member agencies. Operations Manager Gordon clarified that SGA staff wanted to be sure that there was sufficient interest before SGA spent money to test the feasibility of such a plan.

MANAGEMENT SERVICES REPORT:

Meter Replacement Program Update

Staff updated the Board on CHWD's progress in working with several surrounding water districts to develop a multi-agency Water Meter Replacement and Operations Program. Operations Manager Gordon stated that staff released the Request for Proposal (RFP) of the Advanced Planning Study on August 30, 2018. The multi-agency consortium will hold a mandatory proposers meeting on September 25, 2018, and proposals are due October 25, 2018.

Water Supply Management Update

Staff updated the Board on regional water supply issues.

CORRESPONDENCE:

None.

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 9:06 pm.

APPROVED:



Christopher Castruita
Deputy Secretary
Citrus Heights Water District



RAYMOND A. RIEHLE, President
Board of Directors
Citrus Heights Water District