INTRODUCTION

Jenna Moser, Chair of the Customer Advisory Committee (CAC), called the meeting to order at 6:38 p.m. After welcoming the members of the 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. Public Comment

3. Approve minutes of February 5, 2019 CAC Meeting #4

4. Spending/Funding Alternatives Assessment:
   a. Background information and key considerations
   b. Working group assessment and identification of the initial top Spending/Funding Alternatives
   c. Final identification of the top Spending/Funding alternatives for further consideration at CAC Meeting #6 on March 19, 2019

5. Public Comment

6. Next Steps

7. Close

Laura reiterated that meeting materials are provided electronically to the CAC members in advance of and following their meetings and are posted on the CHWD website, Customer Advisory Committee Section. In addition, meeting summaries that provide an overview of each of the CAC meetings as well as a video of the meetings are posted to the website to be available to the CAC members and the general public.
Customer Advisory Committee Meeting #5 Summary
Tuesday, February 26, 2019, 6:30-9:15 pm

ATTENDEES

CAC Members:
- Kimberly Berg  Commercial Representative
- Julie Beyers  Residential Representative
- Ray Bohlke  Residential Representative
- Deborah Cartwright  Residential Representative
- Wes Ervin  Commercial Representative
- Michael Goble  Residential Representative
- Suzanne Guthrie  Residential Representative
- Doug MacTaggart  Residential Representative
- Bren Martinez  Residential Representative
- James Monteton  Residential Representative
- Richard Moore  Residential Representative
- Jenna Moser  Residential Representative and CAC Chair
- Mike Nishimura  Commercial Representative
- Cyndi Price  Institutional Representative
- Ray Riehle  CHWD Director
- Javed Siddiqui  Residential Representative

Unable to attend were:
- Patti Catalano  Residential Representative
- Katherine Cooley  Institutional Representative
- Andrew Johnson  Residential Alternate
- Dave Mitchell  Institutional Representative
- Richard Moses  Residential Representative and CAC Vice Chair
- David Paige  Residential Representative
- Aimee Pfaff  Residential Representative
- Peg Pinard  Residential Representative
- Chris Ralston  Institutional Representative
- Noe Villa  Institutional Representative

CHWD Staff:
- Chris Castruita  Management Services Supervisor/Chief Board Clerk
- Tamar Dawson  Assistant Engineer
- Paul Dietrich  Project Manager
- 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
- Andrew MacDonald  Harris & Associates
- Habib Isaac  Raftelis Financial Consultants, Inc.
- Andrea Boehling  Raftelis Financial Consultants, Inc.
- Laura Mason-Smith  Mason-Smith Success Strategies
PUBLIC COMMENT

There was no public comment.

APPROVAL OF FEBRUARY 5, 2019, CAC MEETING #4 MINUTES

The minutes of the February 5, 2019, CAC Meeting #4 were unanimously approved without comments or changes.

SPENDING AND FUNDING ALTERNATIVES ASSESSMENT

Background Information

Project 2030 Manager Missy Pieri reviewed the 2019 CAC Meeting Schedule, progress to date, and the topics for the upcoming CAC meetings (please see the CHWD Website section on Project 2030 CAC Meeting #5 for the slide presentation detail).

Funding Overview

Habib Isaac provided a recap of previously discussed funding concepts. He then reviewed key considerations to be considered when assessing each of the Spending/Funding Alternatives:

- Annual Average Revenue Increase
- Pre-Funding
- Debt

Assessment of the 21 Spending/Funding Alternatives

CAC members moved into three table groups to utilize both hard-copy and computer based information and analyses to assess each of the 21 Spending/Funding Alternatives. After extensive discussion, CAC members identified their initial individual Top 4 Alternatives, and able spokespeople then reported out on the results of their table-group discussions and assessments. Some of the considerations cited by the table group spokespeople included:

- Prefunding:
  - Starts building today’s dollars for the future
  - Provides compounding interest which can be used into the future
  - Eliminates or mitigates rate spikes
  - Is a more responsible approach
Customer Advisory Committee Meeting #5 Summary  
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- Debt:
  - Balances funding sources
  - Helps mitigate spikes
  - Is beneficial to spread costs between current and future generations of users

- General comments:
  - Alternatives 1, 2, and 3 do not make enough progress toward water main replacements and defer the issue to beyond 2080

Each CAC voting member then cast their votes for their final Top 4 Spending/Funding Alternatives, which resulted in five Alternatives moving on for further consideration at the March 19, 2019 CAC Meeting #6. At CAC Meeting #6, the CAC voting members will narrow down the Alternatives to their Top 2, and these two Alternatives will move forward for Market Research along with the District’s Current Baseline Spending/Funding level.

Spending/Funding Alternatives Moving Forward For Consideration at the March 19, 2019 CAC Meeting #6

<table>
<thead>
<tr>
<th>Alt #</th>
<th>Funding Description</th>
<th>Project Cost– 2018 $ Millions</th>
<th>Annual Spending 2018 $ Millions</th>
<th>% of System Replaced by 2080 (50 years starting in 2030)</th>
<th>Total Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.4</td>
<td>Prefunding, with Debt</td>
<td>320</td>
<td>6.4</td>
<td>59%</td>
<td>10</td>
</tr>
<tr>
<td>5.2</td>
<td>Prefunding, No Debt</td>
<td>390</td>
<td>7.8</td>
<td>72%</td>
<td>9</td>
</tr>
<tr>
<td>5.4</td>
<td>Prefunding, with Debt</td>
<td>390</td>
<td>7.8</td>
<td>72%</td>
<td>12</td>
</tr>
<tr>
<td>6.4</td>
<td>Prefunding, with Debt</td>
<td>480</td>
<td>9.6</td>
<td>89%</td>
<td>10</td>
</tr>
<tr>
<td>7.4</td>
<td>Prefunding, with Debt</td>
<td>510</td>
<td>10.2</td>
<td>94%</td>
<td>6</td>
</tr>
</tbody>
</table>
Customer Advisory Committee Meeting #5 Summary
Tuesday, February 26, 2019, 6:30-9:15 pm

CAC PROCESS AND LOGISTICS OVERVIEW

The CAC reviewed the updated schedule of 2019 CAC meetings (see the CAC Document Library on the website for the schedule graphic). These after-dinner meetings and the high-level topics anticipated for each of the meetings are shown below.

<table>
<thead>
<tr>
<th>Workshop #6: March 2019, 6:30-9:30 pm, Citrus Heights Community Center</th>
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</thead>
<tbody>
<tr>
<td>• Review the considerations related to the Top 5 Spending/Funding Alternatives</td>
</tr>
<tr>
<td>• Select the Top 2 Spending/Funding Alternatives for Market Research (along with the District's current Baseline Spending/Funding level)</td>
</tr>
<tr>
<td>• Market Research Primer</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Workshop #7: March 2019, 6:30-9:15 pm, Citrus Heights Community Center</th>
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<tbody>
<tr>
<td>• Market Research Results</td>
</tr>
<tr>
<td>• Develop Final Recommendation to the Board</td>
</tr>
<tr>
<td>• Steps for Implementation Plan</td>
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</tbody>
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<tr>
<th>Workshop #8: September 10, 2019, 6:30-9:15 pm, Citrus Heights Community Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Review Implementation</td>
</tr>
<tr>
<td>• Review Final Board Recommendation</td>
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</tbody>
</table>
CAC MEMBER CLOSING COMMENTS

The CAC members indicated what they were taking away from the Meeting as:
1. This was a very interesting process
2. Fabulous exercise; people were so prepared and had very thoughtful insights
3. Excellent collaboration
4. Enjoyed the group discussions
5. Very productive discussion, and interesting process
6. Even with such diverse small groups, our voting confirmed our shared priorities
7. Appreciated having the staff members and consultants assigned to each of the small tables; they really helped by answering questions and providing insights
8. Everyone was so eager to speak their mind and share their opinions
9. Everyone was actively involved, which is so important since it will take all of us to make the final recommendations
10. Very good discussion
11. Lots of material to digest, and all of it was very well done
12. I had doubts about how this would work, and it worked very well
13. We had lots of questions, and it was very helpful to have the staff and consultants available to each of our groups
14. It really helped to have all the visuals and be able to assess the Alternatives in hard copy and on the computers at each table
15. Having homework was very helpful
16. The open discussion and information provided caused me to reconsider my previous opinions
17. We really appreciate the extensive work the staff has done to make this process so effective
18. Voting with the dots was fascinating
19. This was a fascinating and fun process

PUBLIC COMMENTS

None

CLOSE

CAC Chair Jenna Moser thanked the CAC members, District staff, and consultants for their participation and adjourned the meeting at 8:42 p.m.
Customer Advisory Committee Meeting #5 Summary
Tuesday, February 26, 2019, 6:30-9:15 pm

APPROVED:

CHRISTOPHER CASTRUITA
Deputy Secretary
Citrus Heights Water District

RICHARD MOSES, Vice Chair
Customer Advisory Committee
Citrus Heights Water District