

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING MINUTES
AUGUST 16, 2017

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

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

Absent:

None.

Staff:

Hilary Straus, General Manager
Susan Sohal, Administrative Services Manager
Chris Castruita, Management Services Supervisor/Chief Board Clerk
David Gordon, Operations Manager
Missy Pieri, Engineering Manager/District Engineer
Paul Dietrich, Project Manager
Rex Meurer, Water Efficiency Supervisor
Brian Hensley, Water Resources Supervisor

VISITORS:

Shellie Anderson, Bryce Consulting
Bobbi Bennett, Human Resources Advisor, Regional Government Services
Thomas Elson, Luhdorff & Scalmanini Consulting Engineers
Jeff Ott, Chief Operating Officer, Sophos Solutions, LLC

PLEDGE OF ALLEGIANCE:

Board President Caryl Sheehan led the Pledge of Allegiance.

PUBLIC COMMENT:

None.

CONSENT CALENDAR:

President Sheehan asked for consideration and/or approval of the Consent Calendar consisting of the following action or information items:

Minutes of the Regular Meeting – July 11, 2017.

ACH	JUNE 2017	Bank Fee	\$2,430.60
ACH	JUNE 2017 FD	Bank Fee	\$917.12
ACH	JUNE 2017 GASB68	PERS	\$26,741.84
ACH	JUNE 2017 PH	Bank Fee	\$261.55
ACH	JUNE 2017 VANCO	Contract Services-Other	\$114.28
ACH	JUNE 2017 WB	Bank Fee	\$5,042.50
ACH	PAYCHEX JUNE2017	Contract Services-Other	\$354.00
ACH	PERS 7/13/17	PERS	\$16,286.78
ACH	PERS 7/27/17	PERS	\$16,025.63
ACH	PERS6/29/17 PDAY	PERS	\$16,224.31
ACH	VALIC 6/29/17PD	Deferred Compensation	\$0.50
ACH	VALIC 6/29/17PDA	Deferred Compensation	\$3,542.00
ACH	VALIC 7/13/17 PD	Deferred Compensation	\$3,542.50
ACH	VALIC 7/27/17	Deferred Compensation	\$3,692.50
ACH	VOYA 6/29/17PDAY	Deferred Compensation	\$25.00
ACH	VOYA 7/13/17PDAY	Deferred Compensation	\$25.00
ACH	VOYA 7/17/201777	Deferred Compensation	\$25.00
ACH	JULY 2017INTEREST	COP Debt Service	\$44,865.84
Total			<u>\$170,163.53</u>
Grand Total			<u>\$411,827.24</u>

August Checks Approved at August Board Meeting

63816	SWRCB	Dues & Subscriptions	\$527.00
63817	ACWA/JPIA	Workers Comp Insurance	\$17,956.76
63818	CH&D Architects Inc	Contract Serv-Engineering	\$8,510.00
63819	CirclePoint	Contract Services- Conservation	\$15,636.58
63820	Domenichelli and Associates, Inc	Contract Services-Engineering	\$9,022.91
63821	Regional Water Authority	Dues & Subscriptions	\$67,944.00
63822	San Juan Water District	Purchased Water	\$624,331.13
63823	Sacramento Groundwater Authority	Dues & Subscriptions	\$34,263.00
63824	SMUD	Utilities	\$8,410.73
63825	US Bank I.M.P.A.C. Government Services	See August Agenda Item CC-9	\$14,799.04
63826	West Yost Associates	Contract Services-Engineering	\$10,382.07
			<u>\$811,783.22</u>

Employee Recognitions—Fifteen employees received recognition for attendance during June 2017, and seventeen were recognized for outstanding customer service and quality of work during the month of July 2017. Directors were provided with a list of the employees and items for which each received recognition.

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

Engineering Department Report

The Engineering and Capital Projects Department staff presented a report on the following activities during the month of August 2017.

Items of Interest	Department	Point of Contact	Date	To Board? If Yes, Date	Strategic Planning Item	Item Description	Update from Last Report
PROJECT 2030 Water Main Replacement Project	Engineering	Missy Pieri	On-going	Yes, 09/20/17 (Anticipated Award of Contract)	Yes	2017-2018 Masterplan for replacement of mains installed in 1960-1985.	Released RFP 04/07/17 - Mandatory Pre-proposal Meeting - 04/26/17 Proposals due May 26th. Interviews completed week of June 19th. Second interviews of top 3 firms scheduled for August 17th. Award of contract anticipated for September 20th Board Meeting.
CAPITAL IMPROVEMENT PROJECT Corporation Yard Improvements - Phase 1	Engineering	Paul Dietrich	On-going	TBD	Yes	2017 design and construction of Vacuum Spoils Disposal, Wash Station, Materials Storage, and Safety and Efficiency Upgrades.	Released Notice Inviting Bids 06/1/17. Pre-bid Meeting 06/14/17. Bid Opening 06/28/17. Board Award of Contract 7/24/17.
CAPITAL IMPROVEMENT PROJECT Space Needs Operations Building Remodel Design	Engineering	Paul Dietrich	On-going	TBD	Yes	2017 Masterplan for office space requirements through 2040.	Reviewing Needs Assessment draft. Preparing scalable options with cost estimates and lists of pros and cons for each option.
CAPITAL IMPROVEMENT PROJECT Highland Ave & Rosa Vista Ln 8" Water Mains	Engineering	Missy Pieri/ Tamar Dawson	On-going	Yes, 09/20/17, PS&E for approval to bid	Yes	2017 design and construction. Potholing complete.	Notice of Exemption posted on 05/31/17. Easement drafts complete. Preparing 90% plans.

Items of Interest	Department	Point of Contact	Date	To Board? If Yes, Date	Strategic Planning Item	Item Description	Update from Last Report
CAPITAL IMPROVEMENT PROJECT Graham Cir and Circuit Dr 8" Water Mains	Engineering	Tamar Dawson/ Paul Dietrich	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	60% sent to engineer with new comments and water main realignment on 07/31/17. Determining schedule for pot-hole work by Operations or creating an on-call pot-hole contract service.
CAPITAL IMPROVEMENT PROJECT Wind Way and Longwood Way 8" Water Mains	Engineering	Tamar Dawson/ Paul Dietrich	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	1st submittal of plans from Area West received 07/24/17. Plans under review.
PRIVATE DEVELOPMENT Northridge Grove - 5555 Mariposa Ave 47 Condominiums	Engineering	John Spinella	On-going	Yes, TBD	No	90% Complete.	Private developer's contractor has installed 47 of 48 water meter setters. Irrigation backflow, fire hydrants extension and concrete pads remain. Valve boxes will be completed during pavement placement.
PRIVATE DEVELOPMENT Commercial Building Remodel - 5414-50 Sunrise Blvd	Engineering	John Spinella	On-going	Yes, TBD	No	Pre-Con Meeting 12/01/16	Fire service back flow assembly installed 07/21/17. Tie-in #1 completed 07/26/17 (night work).
PRIVATE DEVELOPMENT Louis-Orlando Bus Transfer Point - Louis Ln at Orlando Ave	Engineering	John Spinella	On-going	Yes, TBD	No	Plans Signed 02/04/16	Water construction began 05/24/17. District crews replaced section of main. Waiting for pavement and valve box installation.

Items of Interest	Department	Point of Contact	Date	To Board? If Yes, Date	Strategic Planning Item	Item Description	Update from Last Report
PRIVATE DEVELOPMENT Meier Estates - North Sims Way 7 Lot Subdivision	Engineering	Missy Pieri/John Spinella	On-going	Yes, TBD	No	7 Lot Subdivision by developer. Water main contractor is Blackrock.	All fees paid. Received water submittals 07/24/17. Water work starting week of 07/24/17. Pre-Construction Meeting 07/25/17.
PRIVATE DEVELOPMENT Dignity Health Building - 7115 Greenback Ln	Engineering	Missy Pieri/John Spinella	On-going	Yes, TBD	No	Medical Office Building by developer. Plans Signed 06/08/16	Waiting on submittals. Building under construction. Utilities to begin in Aug/Sep after building is erected. Possible water work on Greenback & Fountain Square Drive sooner.
PRIVATE DEVELOPMENT 3 Lot Residential Subdivision - 5648-5696 San Juan Ave	Engineering	Missy Pieri	On-going	No	No	Plans Signed 11/14/16	
PRIVATE DEVELOPMENT 7940 Patton Ave - Replace Existing Home	Engineering	Missy Pieri	On-going	No	No	Plans Signed 01/11/17. Single Family Dwelling - Replace 1" water service to new home.	All fees paid. Project given to Operations for them to complete the water service replacement.
PRIVATE DEVELOPMENT 7311 Hickory Ave	Engineering	Missy Pieri	On-going	No	No	Single Family Dwelling - Install 1" water service with backflow to new home.	All fees paid. Project given to Operations for them to complete the water service/backflow installation.

Items of Interest	Department	Point of Contact	Date	To Board? If Yes, Date	Strategic Planning Item	Item Description	Update from Last Report
PRIVATE DEVELOPMENT Mitchell Farms - 7925 Arcadia Drive	Engineering	Missy Pieri/Tamar Dawson	On-going	Yes, TBD	No	200-300 unit development by Watt Communities.	2nd plan submittal received and reviewed on 05/31/17. City of Citrus Heights completing environmental process. Received draft agreement for Exchange of Real Property from BBK on 06/19/17 for review. Anticipate bringing to the Board in the coming months. EIR Scoping Mtg 07/25/17
PRIVATE DEVELOPMENT Mariposa Creek Subdivision - Antelope Road	Engineering	Tamar Dawson/Missy Pieri	On-going	No	No	15 lot subdivision located on Antelope Road.	Plans received 06/29/17, staff reviewing plans.
PRIVATE DEVELOPMENT Citrus Place Subdivision	Engineering	Tamar Dawson/Missy Pieri	On-going	No	No	7 lot subdivision located near Wachtel Way & Talbot Way	Plans received 06/06/17. Staff researched old plans from 2007. Staff preparing a Will Serve Letter.
CITY OF CITRUS HEIGHTS PROJECT City Drainage Project	Engineering	Tamar Dawson/Borey Swing	On-going	Yes, TBD	No	Highland Ave, Wonder St, Dana Butte Way, and Sunhill Dr Storm Drain Project.	Utility maps and as-built data sent 07/17/17. Received "B" Plans and Transmittal Letter on 08/02/17, under review.
CITY OF CITRUS HEIGHTS PROJECT Sunrise Blvd Complete Streets Phase 2A (C16-142)	Engineering	Missy Pieri/Tamar Dawson	On-going	Yes, TBD	No	Frontage Improvements along West Side of Sunrise from Sayonara to north and Storm Drain Improvements	Received updated plans on 06/27/17. Anticipate bid and start of construction in Spring 2018. City and CHWD to prepare a cost sharing agreement.
CITY OF CITRUS HEIGHTS PROJECT Mariposa Ave - Safe Routes to School Phase III	Engineering	Missy Pieri/Tamar Dawson	On-going	Yes, TBD	No	Frontage Improvements along East side of Mariposa Ave south of Limerick Dr.	Received plans on 06/02/17. District prepared cost spreadsheet. CHWD to prepare a cost sharing agreement.

Items of Interest	Department	Point of Contact	Date	To Board? If Yes, Date	Strategic Planning Item	Item Description	Update from Last Report
Annexation	Engineering	Missy Pieri/Tamar Dawson	On-going	Yes, TBD	No	Livoti Tract, Sacramento County, and Verne Tract Territory to SJWD.	Strategic Planning Objective for 2018.
Annexation	Engineering	Missy Pieri	On-going	Yes, TBD	No	7311 Hickory Avenue - Property owner annexing parcel into District to allow for water to be provided by CHWD	Annexation was approved at the LAFCo hearing on 04/05/17. Sent copies of signed Resolution to LAFCo and property owner 07/18/17. Update Inclusion/Exclusion Map.

Operations Department Report.

Operations Manager Gordon reported as follows:

A total of 65 work orders were performed during the month of July by field operations crews, administration field crews and contractors. The results of recent bacteriological testing, a total of 90 samples, have met all California Department of Drinking Water (DDW) requirements.

2017 Water Supply – Purchased and Produced.

The District’s total water use during the month of July 2017 (1,650.76 acre-feet) was 26.5% below that of July 2013 (2,059.21 acre-feet).

Surface Water Supply Reliability

As of midnight on August 1, 2017, storage in Folsom Lake (Lake) was at 879,552 acre-feet, 90 percent of the total capacity of 977,000 acre-feet. This represents a decrease in storage of 67,656 acre-feet in the past month.

The District’s total water use during the month of July 2017 (1,650.76 acre-feet) was 26.5 percent below that of July 2013 (1,816.73 acre-feet).

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, Mitchell Farms, Skycrest, and Sylvan, are operational and used on a rotational or as-needed basis.

Water Efficiency Program Update

Water Efficiency Supervisor Meurer provided the Water Efficiency program updates below.

ACTIVITIES AND PROGRESS REPORT

Water Efficiency Program activities during the month of June 2017 include:

- 12 ultra-low-flush toilet (ULFT) rebates were processed for the month of July. A total of 78 ULFT rebates have been processed for a total of \$5,850.00 year to date.
- For the period of January-July, 11 High Efficiency Clothes Washer (HECW) rebates were processed. Year-to-date, 11 HECW rebates were processed by the Sacramento Municipal Utility District (SMUD) for District customers.
- 58 water waste calls were received during the month of July. 5 reports of water waste were received through CHWD’s Drought Resources web page. An additional 8 service requests were generated in-house by staff. A total of 70 contacts (mostly visits to customers’ homes and phone calls) have been completed based on these reports.
- Staff completed and submitted the District’s 2016 California Urban Water Conservation Council (CUWCC) Best Management Practice (BMP) report. This report is an annual requirement by the United States Bureau of Reclamation (USBR). Once the report is submitted, it is reviewed for completeness by the USBR. Once the BMP report is approved, the District will fulfill USBR’s annual reporting requirements for 2016.
- An Ecolandscape class was held on Saturday, August 12 from 9:00 am-12:00 pm. The class, titled “Keeping Your Eco-Friendly Landscape Looking Great with Less Water, Less Work and Fewer Chemicals”. The class was held at the Citrus Heights Community Center located at 6300 Fountain Square Drive, Citrus Heights CA, 95621.
- The following table summarizes the Residential Gallons Per Capita Per Day (R-GPCD) values for CHWD to date:

Month	R-GPCD 2016	R-GPCD 2017	% CHANGE
January	80	75	-06%
February	77	72	-06%
March	77	80	04%
April	107	87	-19%
May	155	166	07%
June	213	213	0%
July	237		
August	242		
September	189		
October	123		
November	85		
December	76		

Below is a recap of the region's overall water saving in June 2017 as compared to 2013.

REDUCTION BY AGENCY (Data compared to 2013)		
Water Agency	June 2017 Reduction	June 2016 - June 2017 Reduction
Del Paso Manor Water District	24.7%	26.9%
City of Sacramento	24.5%	26.6%
Rio Linda/Elverta CWD	24.3%	24.8%
California American Water	24.2%	29.1%
San Juan Water District	22.5%	26.5%
Orange Vale Water Company	22.3%	31.7%
Citrus Heights Water District	22.2%	26.5%
City of Woodland	22.0%	26.5%
City of West Sacramento	20.4%	24.8%
Golden State Water Company	20.0%	21.8%
City of Yuba City	19.6%	23.8%
Carmichael Water District	19.3%	26.2%
City of Davis	19.3%	23.3%
Elk Grove Water District	18.4%	25.8%
Fair Oaks Water District	18.4%	27.5%
El Dorado Irrigation District	17.7%	22.6%
Rancho Murieta CSD	16.1%	23.8%
City of Roseville	14.2%	23.8%
City of Lincoln	13.2%	21.7%
Sacramento County Water Agency	12.8%	21.0%
Placer County Water Agency	12.1%	18.4%
Sacramento Suburban WD	11.5%	23.2%
City of Folsom	9.1%	12.7%
Average	18.6%	24.3%
Minimum	9.1%	12.7%
Maximum	24.7%	31.7%
REDUCTION BY AGENCY (Data compared to 2013)		
Del Paso Manor Water District	41.9%	27.2%
City of Woodland	36.8%	27.0%
Orange Vale Water Company	30.0%	32.9%
El Dorado Irrigation District	29.7%	23.2%
California American Water	29.3%	29.6%
Citrus Heights Water District	22.2%	26.5%

water quality issues and possible mechanical damage to the groundwater well.

In 2014, the well was mechanically brushed to remove encrustation. The pump and motor were also replaced at this time due to wear. Unfortunately, the maintenance and repair did not improve the pumping water level. The 2017 Strategic Plan identified that a needs assessment was required on the well in order to identify the issues with the pumping water level, and the well has been off-line.

Palm Ground Well (1991):

The Palm Well has experienced a lower groundwater production yield since early 2016. A service technician performed a performance test and identified that the pump and motor needed to be replaced due to wear. The replacement of the pump and motor was budgeted in the 2017 budget. A Variable Frequency Drive (VFD) for the well was also budgeted for purchase and installation in the 2017 budget. The 2017 Strategic Plan identified that a needs assessment was required on the well in order to identify the issues with the reduced groundwater production yield, and the well has been off-line.

LSCE Assessment:

In March of 2017, Citrus Heights Water District (the District) entered into an Agreement with LSCE to perform an assessment on the Sunrise and Palm Groundwater Wells. The evaluation of the wells was based on recent well performance tests, pump and well records, recent video and drift survey logs, regional water level data and site inspections. The findings from LSCE's assessment are that both wells exhibit significant degradation in their groundwater production yield since the wells were installed. LSCE recommends that both wells receive extensive rehabilitation, involving both a mechanical and chemical treatment of the well louvers. Further, LSCE recommends performing both rehabilitations under the same contract to realize cost savings for the economies of scale.

LSCE's findings will require well rehabilitation work that was not anticipated when the 2017 budget was developed. Therefore, as part of this Presentation item, Board consensus direction will be sought to authorize staff to release a Request for Proposals (RFP) to hire a contractor to complete the well rehabilitation work called for by LSCE, and at time of award of contract, a budget amendment will be requested. It is noteworthy that CHWD maintains a Water Supply Reserve that will be proposed as the funding source for the budget amendment when requested.

Additional Parts for Wells:

Moreover, on March 14, 2017, the Board approved the proposal by Kirby's Pump & Mechanical to remove and replace the Palm Well existing pump and motor with a water-lubricated vertical turbine and video imaging of the well for a needs assessment. LSCE reviewed the drift survey log of the Palm Well and discovered alignment issues that will require the use of a submersible pump in place of the planned water-lubricated vertical turbine. The change in motor-type will require a contract amendment with Kirby's Pump & Mechanical to cover the increase in cost for the submersible pump and motor.

District staff intends to present the contract amendment with Kirby's Pump & Mechanical to the Board after the rehabilitation of the well is complete.

Hensley requested that the Board to authorize staff by consensus direction to issue an RFP for the rehabilitation of Sunrise and Palm Wells. The Board directed staff to move forward with the RFP for the rehabilitation of Sunrise and Palm Wells.

Information Technology Program Update

Management Services Supervisor/Chief Clerk of the Board Castruita, Administrative Services Manager Sohal, Shellie Anderson of Bryce Consulting, and Jeff Ott of Sophos Solutions provided an overview of the CHWD technology program, including current professional services agreements and staffing levels. A PowerPoint presentation was used to guide the discussion.

The Citrus Heights Water District (CHWD) employs a variety of IT systems to support its operations and service to customers and staff. Employees have access to these systems both through Personal Computer (PC) workstations in CHWD's office and via mobile devices in the field. CHWD uses a variety of software for office productivity, information analysis, document management, customer support, network security and stability, and other purposes. The IT program, the support and upgrade of these systems and troubleshooting of problems when they occur, is essential to the successful operation of CHWD.

CHWD staff does not possess the knowledge or expertise to support these systems independently. CHWD instead contracts out with two firms for the operations and maintenance of its IT systems. J4 Systems has been under contract with CHWD to install, maintain and support CHWD's computer network, including computer servers and PC workstations, since 2012. Sophos Systems has provided CHWD with business application support, including the Finance Information system, Customer Information and Billing system, Mapping and Infrastructure system, and Maintenance Management system since 2010.

CHWD revised its IT services agreement with J4 Systems in January 2017 as part of its ongoing review of programs from a cost, quality of service, and operational efficiency perspective. This updated agreement relies on a time and materials-based billing approach, allowing CHWD to better understand the cost for providing IT services via contract.

The 2018 Strategic Plan has set out the objective of completing an IT Program Review as part of the "Organization-Wide Objectives" Goal. In advance of this, staff presented analysis and findings of the current IT program at the August 16, 2017 Board of Directors meeting, with the goal of hearing discussion and receiving input as to how to structure the CHWD budget so as to meet the goals of this review. Available options for the budget include:

1. Continue to contract for all IT Services;
2. Shift to a Blended Approach, Utilize both contract and in-house IT professionals; or
3. Implement a Shared Services Agreement for IT Services.

The Board provided consensus direction to amend Policy 4101.A1 and add an IT Classification Series. The Board also directed staff by consensus to include one Principal IT Analyst in the proposed 2018 Budget for consideration at the August 30, 2017 Board Meeting.

The Regular Meeting of the Board of Directors was adjourned to the Annual Meeting of the Citrus Heights Water District Financing Corporation at 7:59 p.m.

The Regular Meeting of the Board of Directors reconvened at 8:01 p.m.

BUSINESS:

Update of Cross-Connection and Backflow Regulations

Water Resources Supervisor Hensley presented an update of Cross-Connection and Backflow Regulations. Title 17 of the California Code of Regulations requires water suppliers to protect the public water supply from contamination by the implementation of a Cross-Connection Control Program. This program requires the installation of a backflow preventer at the customer's water service connection when a threat of contamination, actual or potential, has been identified. Resolution No. 10-2017, accompanying this staff report, revises and updates original Ordinance No. 3-88, adopted in 1988, regarding Citrus Heights Water District's (District) cross-connection and backflow policies. Updates include current Title 17 language and specification of current District cross-connection and backflow testing protocols. District General Counsel has reviewed and assisted in the preparation of the proposed Resolution.

Notable proposed changes include:

- Specifies that installation of a backflow prevention assembly as required shall be a condition of water service;
- Provides a defined period of time to comply with required installation of backflow prevention assembly;
- Specifies that all required testing shall be done by District authorized personnel;
- Adds a severability provision to protect the Resolution from being nullified if a section is deemed impermissible by a court.

Lastly, the following is an explanation as to why the updated Cross-Connection Control program originally adopted by Ordinance is being adopted by Resolution. Generally, prior enactments must be amended or repealed by the same action (i.e., ordinances by ordinances, resolutions by resolutions, motions by motions). This ensures that actions are amended or repealed following the same procedures as their adoption. However, Irrigation Districts such as CHWD do not have the general authority to adopt ordinances for many policy issues. Rather, they are empowered to adopt "rules and regulations," and Ordinance No. 3-88 adopted the rules and regulations applicable to cross-connection control. Based on this, moving forward, Resolution No. 10-2017 can be used to supersede Ordinance No. 3-88, and is a more appropriate legislative method to accomplish the goals set forth.

ACTION: Director Dains moved and Director Riehle seconded a motion to approve the Update of Cross-Connection and Backflow Regulations.

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

CONSULTANTS' AND LEGAL COUNSEL'S REPORTS:

None.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Regional Water Authority (Dains, Straus)

Board member Dains provided an update on the status of the Integrated Regional Water Plan that is in development.

Sacramento Groundwater Authority (Sheehan)

Board President Sheehan reported about recent changes to State reporting requirements, including a ruling that invalidates the State Department of Public Health's maximum contaminant levels (MCL) for Hexavalent Chromium and the State Water Board's recent adoption of MCLs for 1,2,3,- Trichloropropane. Water Resources Supervisor Hensley noted that the District already implemented testing that is in line with the new MCLs set by the Water Board in preparation for the potential adoption of these regulations.

San Juan Water District (All)

Board Member Dains and General Manager Straus reported on the passing of San Juan Water District Member Bob Walters. General Manager Straus noted that San Juan Water District will accept applications for the appointment to replace Board Member Walters through September 8, 2017.

Association of California Water Agencies (Dains)

No report.

ACWA Joint Powers Insurance Authority (Dains/Castruita)

No report.

Sacramento Local Agency Formation Commission (Riehle)

No report.

City of Citrus Heights (Pieri)

No report.

Chamber of Commerce Government Issues Committee (Gordon/Meurer)

Water Efficiency Supervisory Meurer reported that at the recent Chamber of Commerce Government Issues Committee meeting San Juan Water District General Manager Paul Heliker provided an update concerning legislation being considered by the State that could impact local water agencies.

RWA Lobbying Program Update (Gordon/Meurer)

Water Efficiency Supervisor Meurer provided updates on water use and conservation bills. David Gordon, Operations Manager provided updates on legislation requiring Lead testing at school facilities.

Other Reports:

GM Straus provided an update to the Board concerning the Groundwater Sustainability Agency

(GSA's) progress to develop a Groundwater Sustainability Plan (GSP). As part of the update, GM Straus informed the Board that CHWD staff is participating with a staff level GSA committee working on the development of the GSP. Board President Sheehan requested an update on the GSP development activities later this year.

MANAGEMENT SERVICES REPORT:

Customer Advisory Committee Update - Customer Engagement Component for the Project 2030 Water Main Replacement Program and District-wide Water Meter Replacement Program

Management Services Supervisor Castruita reported on the status of the creation of the Customer Advisory Committee (CAC). The CAC application launched on the District website on Monday, 08/14/17, and is available at chwd.org/customer-advisory-committee/.

Project 2030 Consultant Selection Process

Engineering Manager/District Engineer Pieri provide an update to the Board on the status of the Project 2030 Water Main Replacement Study consultant selection process.

Meter Replacement Study Update

Water Efficiency Supervisory Meurer and General Manager Straus provided an update to the Board on the status of the Meter Replacement Program Study Request for Proposals (RFP) and staff efforts to identify other water district partners who may wish to participate in the Meter Replacement Program Study with a potential goal of developing a multi-agency program.

Corporation Yard Safety Improvements Project Update

Project Manager Dietrich provided an update to the Board on the status of the Corporation Yard Safety Improvement Project.

Update on Scheduling of Board Meetings and Communications

Management Services Supervisor Castruita and General Manager Straus explained that in recent years, the District has initiated its Budget Development process by presenting the "building blocks" of the budget and highlighting how the proposed budget will fund the Board's strategic planning goals at a Special Board Meeting. The Board agreed by consensus to hold this meeting on August 30, 2017.

Management Services Supervisor Castruita also sought input on the schedule of the distribution of the FYI Report, a monthly update of programs and projects of interest to the Board. The Board agreed by consensus to move the date of release of the FYI Report to the first Thursday of the following month.

CORRESPONDENCE:

None.

CLOSED SESSION:

The meeting convened into Closed Session at 9:06 p.m. to discuss the following items as listed on the Closed Session Regular Meeting Agenda:

CL-1. Pursuant to Government Code Section 54957

Public Employee Performance Evaluation
Title: General Manager

No reportable action.

CL-2. Pursuant to Government Code Section 54957

Public Employee Performance Evaluation
Title: General Counsel

No reportable action.

The Board adjourned out of closed session at 9:58 p.m.


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 9:59 p.m.

APPROVED:



HILARY M. STRAUS
Secretary
Citrus Heights Water District



CARYL F. SHEEHAN, President
Board of Directors
Citrus Heights Water District

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING MINUTES
AUGUST 30, 2017

The Special Meeting of the Board of Directors was called to order at 6:10 p.m. by President Sheehan and roll was called. Present were:

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

Absent:

None.

Staff:

Hilary Straus, General Manager
Susan Sohal, Administrative Services Manager
Chris Castruita, Management Services Supervisor/Chief Board Clerk
David Gordon, Operations Manager
Missy Pieri, Engineering Manager/District Engineer
Paul Dietrich, Project Manager
Rex Meurer, Water Efficiency Supervisor
Alberto Preciado, Senior Accountant

VISITORS:

None.

PLEDGE OF ALLEGIANCE:

Board President Caryl Sheehan led the Pledge of Allegiance.

PUBLIC COMMENT:

None.

CONSENT CALENDAR:

None.

PRESENTATIONS:

None.

BUSINESS:

2018 Budget Workshop

General Manager Straus provided the Board with background concerning the proposed 2018 Budget and Rate Model. A PowerPoint presentation was used to guide the discussion. He then gave an overview of 2018 Budget and advised the Board that staff was seeking direction on the budget and rates for 2018.

The budget process was reviewed: The process began with an overview of the Board/Leadership Staff Strategic Planning Session, followed by a Rate Model Update and Budget Study Session (August), presentation of the proposed budget (September) and Board consideration/adoption of the budget and rate schedule for the following calendar year (November). District Key Issues for 2017 were discussed. Those include: Citrus Heights Water District Policy updates; a review of Easements and Annexations; the 2018 Election and Board Candidates Orientation; Expanded Public Information/Public Engagement programs; Long Term Planning including the New Rate Model, Project 2030 Study, and Meter Replacement Study; Organizational Development and Employee Training; Staffing Levels/Service Delivery including a Water Efficiency Technician and Principal Information Technology (IT) Analyst; Water Supply Agreement Update with San Juan Wholesale Water District; and Well Development Planning and Design. Administrative Services Manager Sohal then reviewed the Budget structure, including the Operating Fund, and Reserve funds.

As the Citrus Heights Water District plans for 2018, some of the key issues the budget addresses are as follows:

- **Addition of Water Efficiency Technician and Principal IT Analyst.** The proposed budget options reflects the addition of both a Water Efficiency Technician and a Principal IT Analyst to better staff the District's Water Efficiency Division and provide organization-wide IT support, respectively. Costs for the new positions are offset by the reduction of temporary hours for the Water Efficiency Division and contractor dollars budgeted for the District's IT services consultant.
- **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 to be reported on Financial Statements. Senior Accountant Preciado described the potential impacts these new Government Account Standards could have on the District and its financial position. The proposed budget would prefund OPEB over 20 years, rather than paying costs as they are incurred, thereby saving the District an estimated \$140,000 over the next 30 years. At the same time, the proposed budget would move the District to a 15-year Amortization Schedule for CalPERS Unfunded Accrued Liability, saving the District \$320,820 on its 2018 Unfunded Accrued Liability (UAL) Contribution, smoothing UAL contributions over the next 15 years, and saving the District \$1,201,244 over the next 30 years.
- **Well Development's Impact on other Capital Improvement Projects.** With the expected acceleration of the development of two wells prior to 2022, Operations Manager Gordon explained that staff expects well development projects to redirect the majority of Capital Improvement Program funds away from water main projects in the years that a well development project is scheduled to be constructed. This would have a negative impact on both schedule of replacing water mains and workload of Engineering staff. To resolve this issue the recommended budget

would propose transfers of \$1,150,000 annually into Water Supply Reserve to develop adequate reserve levels for use during the years that well development projects are scheduled.

After further discussion, the Board directed staff to return with a budget reflecting a 3% rate increase for consideration at the September 13 Board Meeting.

CONSULTANTS' AND LEGAL COUNSEL'S REPORTS:

None.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

None.

MANAGEMENT SERVICES REPORT:

None.

CORRESPONDENCE:

None.

CLOSED SESSION:

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 8:26 p.m.

APPROVED:



HILARY M. STRAUS
Secretary
Citrus Heights Water District



CARYL F. SHEEHAN, President
Board of Directors
Citrus Heights Water District