

**BOARD MEETING AGENDA
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
CITRUS HEIGHTS WATER DISTRICT (CHWD)
MAY 16, 2018 beginning at 6:00 PM**



**DISTRICT ADMINISTRATIVE OFFICE
6230 SYLVAN ROAD, CITRUS HEIGHTS, CA**

In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the General Manager at (916) 725-6873. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

CALL TO ORDER:

Upon request, agenda items may be moved to accommodate those in attendance wishing to address that item. Please inform the General Manager.

ROLL CALL OF DIRECTORS:

CLOSED SESSION:

CL-1. Pursuant to Section 54956.8:

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Property: Parcel Numbers 251-0150-006 and 216-0150-014-0000

Agency negotiators: Chris Castruita, David Gordon, Madeline Henry, Brian Hensley, Josh Nelson, Melissa Pieri, Hilary Straus, Susan Sohal, Mary Wilson

Negotiating parties: Gary and Nellie Tingler, Karen O'Dea

Under negotiation: Both Price and Terms of Payment

CL-2. Pursuant to Section 54956.8:

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Property: Parcel Numbers 211-0192-087-0000

Agency negotiators: Chris Castruita, David Gordon, Madeline Henry, Brian Hensley, Josh Nelson, Melissa Pieri, Hilary Straus, Susan Sohal

Negotiating parties: First Apostolic Church Incorporated of Citrus Heights

Under negotiation: Both Price and Terms of Payment

CL-3. Pursuant to Section 54956.8:

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Property: 12,098 acre-feet of water

Agency negotiators: Chris Castruita, David Gordon, Madeline Henry, Brian Hensley, Josh Nelson, Melissa Pieri, Hilary Straus, Susan Sohal

Negotiating parties: San Juan Water District

Under negotiation: Both Price and Terms of Payment

FUTURE CHWD BOARD OF DIRECTORS MEETING DATES:

June 20, 2018	6:30 PM	Regular Meeting
July 18, 2018	6:30 PM	Regular Meeting
August 15, 2018	6:30 PM	Regular Meeting
September 19, 2018	6:30 PM	Regular Meeting
October 17, 2018	6:30 PM	Regular Meeting

November 14, 2018 6:30 PM Special Meeting
December 19, 2018 6:30 PM Regular Meeting

ADJOURNMENT:

CERTIFICATION:

I do hereby declare and certify that this agenda for this Regular Meeting of the Board of Directors of the Citrus Heights Water District was posted in a location accessible to the public at the District Administrative Office Building, 6230 Sylvan Road, Citrus Heights, CA 95610 at least 24 hours prior to the special meeting in accordance with Government Code Section 54956.



Christopher Castruita, Management Services
Supervisor/Chief Board Clerk

Dated: May 10, 2018

**BOARD MEETING AGENDA
REGULAR MEETING OF THE BOARD OF DIRECTORS OF
CITRUS HEIGHTS WATER DISTRICT (CHWD)
MAY 16, 2018 beginning at 6:30 PM**



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CALL TO ORDER:

Upon request, agenda items may be moved to accommodate those in attendance wishing to address that item. Please inform the General Manager.

ROLL CALL OF DIRECTORS:

PLEDGE OF ALLEGIENCE:

VISITORS:

PUBLIC COMMENT:

The Public shall have the opportunity to directly address the Board on any item of interest to the public before or during the Board's consideration of that item pursuant to Government Code Section 54954.3. Public comment on items of interest within the jurisdiction of the Board is welcome. The Presiding Officer will limit comments to three (3) minutes per speaker.

(A) Action Item

(D) Discussion Item

(I) Information Item

CONSENT CALENDAR: (I/A)

All items under the Consent Calendar are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless a member of the Board, Audience, or Staff request a specific item be removed for separate discussion/action before the motion to approve the Consent Calendar.

- CC-1a. Minutes of the Special Meeting – April 21, 2018
- CC-1b. Minutes of the Regular Meeting – April 21, 2018
- CC-2. Revenue Analysis Report for April 2018
- CC-3. Assessor/Collector's Roll Adjustment for April 2018
- CC-4. Treasurer's Report for April 2018
- CC-5. Treasurer's Report of Fund Balances for April 2018
- CC-6. Operations Budget Analysis for April 2018
- CC-7. Capital Projects Summary April 2018
- CC-8. Warrants for April 2018
- CC-9. CAL-Card Distributions for April 2018
- CC-10. Summary of 2018 Employees and Directors Training Courses, Seminars and Conference
- CC-11. Employee Recognitions

- CC-12. Long Range Board Agenda (I)
Board Agenda Items Planned for Upcoming Meetings.
- CC-13. Engineering Department Report (I)
Significant assignments and activities for the Engineering Department are summarized.
- CC-14. Operations Department Report (I)
Monthly report on construction and maintenance activities.
- CC-15. 2018 Water Supply – Purchased and Produced (I)
Report on annual water supply including comparison with prior years.
- CC-16. Water Supply Reliability (I)
Receive status report on surface water supplies available to the Citrus Heights Water District (District).
- CC-17. Water Efficiency and Safety Program Update (I)
Monthly report on Water Efficiency and Safety programs activities.
- CC-18. Discussion and Possible Action to accept an easement at 5414-50 Sunrise Boulevard (A)
Consider adoption of Resolution 06-2018 for the acceptance of an easement at 5414-50 Sunrise Boulevard.

PRESENTATIONS:

- P-1. Water Awareness Poster Contest (I)
Present awards to the winners of this year's Water Conservation Poster Contest conducted by CHWD and the San Juan Family of Agencies.

STUDY SESSIONS:

- S-1. Review of Asset Management Systems (I/D)
Review and discussion of the InfoMaster Asset Management software system.

BUSINESS:

- B-1. Discussion and Possible Action to Purchase the Ella Way Property and Accept a City of Citrus Heights Owned Parcel (A)
1. Consider adopting Resolution 07-2018 to exercise the District's option to purchase the rear .55 acres of 8026 Patton Avenue, to approve the mitigated negative declaration for the Ella Way well site project, to adopt a mitigation monitoring and reporting program for the Project and to approve an addendum to this mitigated negative declaration.
 2. Consider adopting Resolution 08-2018 to authorize the General Manager to accept interests in real property on behalf of the District.

- B-2. Discussion and Possible Action to Accept an Audited Financial Report for Year Ending December 31, 2017(A)
 Consider a motion to accept and approve the following:
1. Audited Financial Statements of the Citrus Heights Water District for Year ending December 31, 2017 and related reports; and
 2. Memorandum on Internal Control and Required Communications for the Year ended December 31, 2017.
- B-3. Discussion and Possible Action to Call for a November 6, 2018 Election (A)
 Consider adoption of Resolutions 09-2018 (Sacramento County) and 10-2018 (Placer County) calling for a November 6, 2018 election of a Director for a regular 4-year term in Division Two and election of a Director for a regular 4-year term in Division Three.
- B-4. Discussion and Possible Action to Approve an Agreement with San Juan Water District for Groundwater Substitution Transfer (A)
 Review and consider an agreement with San Juan Water District (SJWD) for a Groundwater Substitution Transfer in 2018. Consider authorizing the General Manager to execute an agreement with San Juan Water District for this project.
- B-5. 2018 Strategic Plan Update (I/D)
 Receive an update on the 2018 Strategic Plan.

CONSULTANTS' AND LEGAL COUNSEL'S REPORTS (I):

None.

DIRECTOR'S AND REPRESENTATIVE'S REPORTS (I):

- D-1. Regional Water Authority (Dains).
- D-2. Sacramento Groundwater Authority (Sheehan).
- D-3. San Juan Water District (All).
- D-4. Association of California Water Agencies (Dains).
- D-5. ACWA Joint Powers Insurance Authority (Dains/Castruita).
- D-6. City of Citrus Heights (Pieri).
- D-7. Chamber of Commerce Government Issues Committee (Gordon/Meurer).
- D-8. RWA Lobbying Program Update (Gordon/Meurer).
- D-9. Other Reports.

MANAGEMENT SERVICES REPORTS (I):

- MS-1. Meter Replacement Program Update.

CORRESPONDENCE:

None.

CLOSED SESSION:

None.

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November 14, 2018	6:30 PM	Special Meeting
December 5, 2018	6:30 PM	Special Meeting
December 19, 2018	6:30 PM	Regular Meeting

ADJOURNMENT:

CERTIFICATION:

I do hereby declare and certify that this agenda for this Regular Meeting of the Board of Directors of the Citrus Heights Water District was posted in a location accessible to the public at the District Administrative Office Building, 6230 Sylvan Road, Citrus Heights, CA 95610 at least 72 hours prior to the regular meeting in accordance with Government Code Section 54954.2.

Christopher Castruita, Management Services
Supervisor/Chief Board Clerk

Dated: May 10, 2018

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS SPECIAL MEETING MINUTES
April 18, 2018

The Regular Meeting of the Board of Directors was called to order at 6:54 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
Joshua Nelson, Assistant General Counsel
Susan Sohal, Administrative Services Manager
Chris Castruita, Management Services Supervisor/Chief Board Clerk
Madeline Henry, Management Services Specialist/Deputy Board Clerk
David Gordon, Operations Manager
Brian Hensley, Water Resources Supervisor
Missy Pieri, Engineering Manager
Rex Meurer, Water Efficiency Supervisor

VISITORS:

Matt Underwood, Sacramento Suburban Water District
Todd Atrim, Sacramento Suburban Water District
Carl Wulff, Luhdorff & Scalmanini Consulting Engineers
Philip L'Amoreaux, Luhdorff & Scalmanini Consulting Engineers

BUSINESS:

Resolution 05-2018 Commending Robert "Rob" Roscoe for Outstanding Service to the Water Industry

General Manager Straus requested the Board consider approving Resolution 05-2018 commending Robert Roscoe for outstanding service in the Water Industry. He stated that Mr. Roscoe has helped shape the water industry in the region and state during his long tenure at Sacramento Suburban Water District.

ACTION: Director Sheehan moved and Director Dains seconded a motion to approve Resolution 05-2018 commending Rob Roscoe for his outstanding service to the water industry on the occasion of his retirement.

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

ADJOURNMENT:

There being no other business to come before the Board, the meeting was adjourned at 6:55 pm.

APPROVED:

CHRISTOPHER CASTRUITA
Deputy Secretary
Citrus Heights Water District

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

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING MINUTES
April 18, 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:

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Caryl F. Sheehan, Vice President
Allen B. Dains, Director

Absent:

None.

Staff: Hilary Straus, General Manager
Joshua Nelson, Assistant General Counsel
Susan Sohal, Administrative Services Manager
Chris Castruita, Management Services Supervisor/Chief Board Clerk
Madeline Henry, Management Services Specialist/Deputy Board Clerk
David Gordon, Operations Manager
Brian Hensley, Water Resources Supervisor
Missy Pieri, Engineering Manager
Rex Meurer, Water Efficiency Supervisor

VISITORS:

John Woodling, Regional Water Authority
Tony Barela, San Juan Water District
Matt Underwood, Sacramento Suburban Water District
Todd Atrim, Sacramento Suburban Water District
Chris Nelson, Carmichael Water District
Joe Duran, Orange Vale Water Company
Ben Voight, Fair Oaks Water District
Carl Wulff, Luhdorff & Scalmanini Consulting Engineers
Philip L'Amoreaux, Luhdorff & Scalmanini Consulting Engineers

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, consisting of the following action or information items:

- Minutes of the Regular Meeting – March 21, 2018.
- Revenue Analysis Report for March 2018.
- Assessor/Collector’s Roll Adjustment for March 2018.
- Treasurer’s Report for March 2018.
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- Warrants for March 2018.
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 - 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 Program Update (I)
 - Review and consider one amendment to District Fiscal Management Policy No. 6300, Investment of District Funds.

MARCH 2018 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
65048	James H/Mary E Kurtz	Customer Refund	\$200.60
65049	William H Soper	Customer Refund	\$37.17
65050	Ormsby Family Trust	Customer Refund	\$237.34
65051	Timothy J Dembeck	Customer Refund	\$233.91
65052	Bart S/Deborah Clark	Customer Refund	\$115.60
65053	Eunice M Powell Trust	Customer Refund	\$93.65
65054	Jason P Sowa	Customer Refund	\$12.81
65055	Margaret L Fair	Customer Refund	\$154.04

65056	Colston J Shuell	Customer Refund	\$11.22
65057	Robert C Gurd	Customer Refund	\$40.82
65058	Frank Hamusek	Customer Refund	\$12.34
65059	Anthony W/Kesley R Dixon	Customer Refund	\$22.63
65060	Dan/Daniela Carp	Customer Refund	\$109.65
65061	Christian S/Ana Siladie	Customer Refund	\$54.57
65062	Brent G Baader	Customer Refund	\$107.32
65063	Daniel J/Helen J DuMiller	Customer Refund	\$145.38
65064	Srilekha Dekka	Customer Refund	\$82.56
65065	ABA DABA Rentals & Sales	Supplies-Field	\$372.54
65066	Airgas USA, LLC	Supplies-Field	\$58.92
65067	AREA Restroom Solutions	Equipment Rental- Field	\$118.76
65068	Best Best & Krieger	Legal & Audit	\$7,791.06
65069	Core & Main LP	Material	\$142.23
65070	Corix Water Products, Inc	Material	\$6,216.12
65071	Robert K or Jane Daly	Toilet Rebate Program	\$150.00
65072	Kelly R Drake	Printing	\$21.73
65073	Express Office Products Inc	Office Expense	\$120.49
65074	Government Finance Officers Association	Dues & Subscriptions	\$160.00
65075	Grainger	Small Tools	\$311.61
65076	Ferguson Enterprises Inc #1423	Material	\$464.91
65077	Integrity Administrators Inc	Health Insurance	\$5,000.00
65078	Maxwell or Lindsey Jillie	Toilet Rebate Program	\$150.00
65079	Liebert Cassidy Whitmore	Legal & Audit	\$60.72
65080	MMANC	Dues & Subscriptions	\$75.00
65081	Moonlight BPO	Contract Services-Bill Print	\$3,415.91
65082	Pollardwater.com - East	Small Tools	\$1,231.39
65083	Alberto Preciado	Continued Education	\$387.32
65084	Randall J or Debra J Ritter	Customer Refund	\$150.00
65085	Sophos Solutions	Contract Services-Other	\$3,440.00
65086	Thomson Reuters	Dues & Subscriptions	\$88.89
65087	Verizon Wireless	Telephone-Wireless	\$1,227.07
65088	Voyager Fleet Systems Inc	Gas & Oil	\$1,854.51
65089	Azteca Systems Inc	Maintenance Agreement-Software	\$19,995.00
65090	Central Valley Engineering & Asphalt, Inc.	Contract Services- Paving	\$23,676.88
65091	City of Roseville	Contract Services- Miscellaneous	\$15,252.39

65092	Ferguson Enterprises Inc #1423	Material	\$28,266.72
65093	Luhdorff & Scalmanini	Contract Services- Wells	\$9,598.60
65094	PNP Construction, Inc	Contract Services- Engineering	\$249,495.00
65095	SMUD	Utilities	\$9,998.54
65096	US Bank I.M.P.A.C. Government Services	Continued Education	\$13,132.50
65097	CirclePoint	Contract Services- Water Conservation	\$19,202.39
65098	Carol A. Debose	Customer Refund	\$45.05
65099	AFLAC	Employee Paid Insurance	\$395.99
65100	Afman Supply	Small Tools	\$373.68
65101	Alexander's Contract Services	Contract Services- Meter Reading	\$2,385.73
65102	Aqua Sierra Controls	Wells Maintenance	\$809.04
65103	Avalon Custodial Care	Janitorial	\$375.00
65104	Bart/Riebes Auto Parts	Repair-Trucks	\$1,153.49
65105	Betty Ann Bertoglio	Contract Services- Miscellaneous	\$3,000.00
65106	Bryce Consulting, Inc	Legal & Audit	\$6,500.00
65107	California Landscape Associates Inc	Janitorial	\$200.00
65108	Citrus Heights Chamber of Commerce	Continued Education	\$695.00
65109	Robin Cope	Health Insurance	\$422.30
65110	Cybex	Equipment Rental-Office	\$158.16
65111	Dawson Oil Company	Gas & Oil	\$1,310.84
65112	Paul Dietrich	Continued Education	\$74.32
65113	Domenichelli and Associates, Inc	Contract Services- Engineering	\$5,407.50
65114	Indoor Environmental Services	Maintenance Agreement-Equipment	\$322.00
65115	Integrity Administrators Inc	Health Insurance	\$331.24
65116	J4 Systems	Contract Services-Other	\$743.75
65117	Kei Window Cleaning #12	Janitorial	\$94.00
65118	Moonlight BPO	Contract Services-Bill Print	\$3,522.18
65119	MSDSonline, Inc.	Small Tools	\$2,062.00
65120	Planning Partners Inc	Contract Services- Wells	\$5,898.43
65121	Protection One Alarm Monitoring	Equipment Rental-Office	\$303.85
65122	Republic Services #922	Utilities	\$58.04
65123	Les Schwab Tires	Repair-Trucks	\$680.56
65124	Sierra Safety	Small Tools	\$1,055.34
65125	Sonitrol	Equipment Rental-Office	\$343.66
65126	Superior Equipment Repair	Repair-Trucks	\$911.36
65127	TechnoFlo Systems	Repair-Equipment/Hardware	\$1,390.79

65128	The Lincoln National Life Insurance Company	Disability & Life Insurance	\$6,539.51
65129	Best Best & Krieger	Legal & Audit	\$7,922.45
65130	Loren P Turner	Customer Refund	\$41.40
65131	Thomas E/Kaye Madden	Customer Refund	\$15.01
65132	Gina M Pugliani	Customer Refund	\$78.95
65133	Anna May Dill	Customer Refund	\$102.99
65134	Manuel Duenas Jr	Customer Refund	\$75.00
65135	Christopher M Walker	Customer Refund	\$14.71
65136	Bobbe Living Trust	Customer Refund	\$31.68
65137	Bret/Gayle Satchwell	Customer Refund	\$12.42
65138	Vladislav Samborskiy	Customer Refund	\$170.20
65139	Thomas W Montgomery	Customer Refund	\$26.17
65140	KB Homes Sacramento Inc	Customer Refund	\$148.55
65141	Ermine Kadzhikyan	Customer Refund	\$225.93
65142	Terri Crippes	Customer Refund	\$54.24
65143	Lindon/Anna Lewis	Customer Refund	\$131.47
65144	MRO Investments, Inc	Customer Refund	\$49.69
65145	Daniel Navarrete	Customer Refund	\$7.51
65146	ABA DABA Rentals & Sales	Supplies-Field	\$339.63
65147	Alexander's Contract Services	Contract Services- Meter Reading	\$3,881.36
65148	AnswerNet	Telephone-Answering Service	\$277.35
65149	BSK Associates	Water Analysis	\$1,989.00
65150	Burketts	Office Expense	\$229.18
65151	California Society of Municipal Finance Officers	Dues & Subscriptions	\$110.00
65152	Caltronics Business System	Small Office Equipment	\$2,677.59
65153	Colantuono, Highsmith & Watley, PC	Legal & Audit	\$102.00
65154	Consolidated	Telephone-Local/Long Distance	\$1,747.77
65155	Dr. Well Water Well Services Inc	Wells Maintenance	\$750.00
65156	Express Office Products Inc	Office Expense	\$475.92
65157	Global Machinery West	Fixed Assets	\$146.69
65158	Ferguson Enterprises Inc #1423	Material	\$791.96
65159	J4 Systems	Contract Services-Other	\$3,888.75
65160	J4 Systems	Contract Services-Other	\$972.50
65161	KBA DOCUSYS	Equipment Rental-Office	\$23.20
65162	KBA Docusys Inc	Equipment Rental-Office	\$342.63
65163	L and D Landfill	Contract Services- Miscellaneous	\$113.52

65164	Lowe's	Supplies-Field	\$237.29
65165	Moonlight BPO	Contract Services-Bill Print	\$4,869.35
65166	Pace Supply Corp	Material	\$244.45
65167	Protective Life Insurance Company	Disability & Life Insurance	\$2,121.53
65168	RW Trucking	Contract Services- Miscellaneous	\$3,038.75
65169	Sac-Val Janitorial Supply	Supplies-Field	\$101.03
65170	Les Schwab Tires	Repair-Trucks	\$315.41
65171	SureWest Directories	Telephone-Local/Long Distance	\$49.00
65172	A. Teichert & Son, Inc.	Road Base	\$1,825.51
65173	Void	Void	\$0.00
65174	Petty Cash	Petty Cash	\$414.98
65175	Best Best & Krieger	Legal & Audit	\$7,087.46
65176	Douglas G Chilson	Customer Refund	\$79.91
65177	Nyberg Family Trust	Customer Refund	\$82.13
65178	Paul R/Elizabeth L Poulin Trust	Customer Refund	\$34.18
65179	Gabriela L Miller	Customer Refund	\$276.40
65180	Phil/Sharon Bluemel	Customer Refund	\$121.81
65181	Harvey R Salzberg	Customer Refund	\$166.11
65182	John R Gattrell	Customer Refund	\$1,219.02
65183	Colston J Shuell	Customer Refund	\$90.38
65184	Devney/Cheryl Kinzel	Customer Refund	\$116.68
65185	Kleven Construction	Customer Refund	\$661.28
65186	Afman Supply	Small Tools	\$252.22
65187	Alexander's Contract Services	Contract Services-Meter Reading	\$2,635.51
65188	AREA Restroom Solutions	Equipment Rental- Field	\$118.76
65189	Axcient Holdings LLC	Maintenance Agreement-Software	\$444.30
65190	BSK Associates	Water Analysis	\$392.00
65191	Corelogic Information Solutions Inc	Dues & Subscriptions	\$200.00
65192	Corix Water Products, Inc	Material	\$4,374.66
65193	Dawson Oil Company	Gas & Oil	\$1,195.37
65194	Golden State Flow Measurement, Inc	Material	\$130.66
65195	Ferguson Enterprises Inc #1423	Material	\$2,841.98
65196	Kaiser Foundation Health Plan, Inc	Health Insurance	\$23,896.72
65197	Luhdorff & Scalmanini	Contract Services- Wells	\$5,818.35
65198	Moonlight BPO	Contract Services-Bill Print	\$1,561.68
65199	Petty Cash	Petty Cash	\$392.18

65200	Pacific Gas & Electric	Utilities	\$114.66
65201	Rapid Information Destruction Services	Equip Rent-Office	\$40.00
65202	RDO Equipment	Repair-Trucks	\$88.48
65203	Les Schwab Tires	Repair-Trucks	\$189.70
65204	Superior Equipment Repair	Repair-Trucks	\$2,667.05
65205	Verizon Wireless	Telephone-Wireless	\$1,248.52
65206	Voyager Fleet Systems Inc	Gas & Oil	\$2,020.46
65207	WaterWise Consulting, Inc	Water Cons-Contract	\$2,100.00
65208	Annmarie Buchanan	Customer Refund	\$90.73
65209	Evan L/Valerie L Callaway	Customer Refund	\$7.35
65210	David L/Kristen L Fenocchio	Customer Refund	\$104.87
65211	Paul/Loretta Sax	Customer Refund	\$1,118.19
65212	Gillian J Baird	Customer Refund	\$173.90
65213	Jason/Tiffany Baker	Customer Refund	\$9.44
65214	Joshua D/Diane K Gross	Customer Refund	\$37.37
65215	Bruce Wilson	Customer Refund	\$83.66
65216	Katherine P/Ryan K Rodgers	Customer Refund	\$18.47
65217	Jay/Jennifer M Bryant	Customer Refund	\$99.69
65218	Kale J Goodman	Customer Refund	\$11.39
65219	Robert W McDonough Jr	Customer Refund	\$29.65
65220	Zorro Holdings LP	Customer Refund	\$127.58
65221	Anna K Okel	Customer Refund	\$27.64
65222	Airgas USA, LLC	Supplies-Field	\$116.60
65223	Alexander's Contract Services	Contract Services-Meter Reading	\$2,431.96
65224	Associated Sound	Contract Services-Other	\$1,288.30
65225	Avalon Custodial Care	Janitorial	\$695.00
65226	CA-NV AWWA	Dues & Subscriptions	\$180.00
65227	Best Best & Krieger	Legal & Audit	\$7,198.85
65228	CAPIO	Dues & Subscriptions	\$325.00
65229	California Surveying & Drafting Supply	Small Tools	\$25.00
65230	City of Citrus Heights	Permit Fees	\$2,040.00
65231	Corix Water Products, Inc	Material	\$45.26
65232	Dr. Well Water Well Services Inc	Wells Maintenance	\$750.00
65233	Ross Eichelberger	Toilet Rebate Program	\$75.00
65234	Ferguson Enterprises Inc #1423	Material	\$1,659.96
65235	William Hail	Toilet Rebate Program	\$75.00

65236	Carolyn Haneline	Toilet Rebate Program	\$75.00
65237	J4 Systems	Contract Services-Other	\$931.25
65238	Gloria Kalthoff	Toilet Rebate Program	\$75.00
65239	Norman Larson	Toilet Rebate Program	\$75.00
65240	Mars Company	Wells Maintenance	\$107.33
65241	Mitch's Certified Classes	Continued Education	\$600.00
65242	Moonlight BPO	Contract Services-Bill Print	\$2,374.33
65243	One Print Source & Graphics	Printing	\$46.33
65244	Petty Cash	Petty Cash	\$363.15
65245	Pirtek Power Inn	Repair-Trucks	\$307.40
65246	Red Wing Shoe Store	Small Tools	\$164.84
65247	Sac-Val Janitorial Supply	Supplies-Field	\$302.94
65248	Andrea Saunders	Toilet Rebate Program	\$75.00
65249	Sophos Solutions	Contract Services-Other	\$4,000.00
65250	TechnoFlo Systems	Repair-Equipment/Hardware	\$807.14
65251	A. Teichert & Son, Inc.	Road Base	\$1,818.61
65252	Neal Walden	Toilet Rebate Program	\$75.00
65253	Warren Consulting Engineers Inc	Contract Services- Engineering	\$6,855.00
65254	CA-NV AWWA	Dues & Subscriptions	\$80.00
65255	Void	Void	\$0.00
65256	Void	Void	\$0.00
65257	Void	Void	\$0.00
65258	Void	Void	\$0.00
65259	Void	Void	\$0.00
65260	Void	Void	\$0.00
65261	Void	Void	\$0.00
65262	Void	Void	\$0.00
65263	Void	Void	\$0.00
65264	Void	Void	\$0.00
65265	Void	Void	\$0.00
65266	Void	Void	\$0.00
65267	Void	Void	\$0.00
65268	Matthew Maxwell	Contract Services- Miscellaneous	\$1,300.00
Total			<u>\$613,984.14</u>
ACH	PERS 3/13/18 PAYDAY	PERS	\$17,771.28

ACH	APRIL 2018 HEALTH	Health Insurance	\$13,885.21
ACH	APRIL 2018 INTEREST	Bank Fee	\$30,072.95
ACH	FEB 2017	Bank Fee	\$1,772.05
ACH	FEB 2017 FEE	Bank Fee	\$2,061.99
ACH	FEB 2018	See March Agenda Item CC-9	\$13,132.50
ACH	FEB 2018 FD	Bank Fee	\$119.98
ACH	FEB 2018 IC	Bank Fee	\$3,782.00
ACH	FEB 2018 PH	Bank Fee	\$117.98
ACH	FEB 2018 WB	Bank Fee	\$88.95
ACH	FEBRUARY 2018	Bank Fee	\$1,863.61
ACH	MAR2018 GASB68	PERS	\$30,046.58
ACH	PAYCHEX SERVICE FEE	Contract Services-Other	\$551.00
ACH	PERS 3/8/18 PAYDAY	PERS	\$17,771.28
ACH	VALIC 3/23/18 PAYDAY	Deferred Compensation	\$2,954.50
ACH	VANCO FEB 2018	Contract Services-Other	\$30.28
ACH	VOYA 3/23/18 PAYDAY	Deferred Compensation	\$25.00
ACH	CORIX WATER PRODUCTS	Material	\$10,086.52
ACH	FERGUSON ENTERPIRSES	Material	\$18,856.25
ACH	US BANK I.M.P.A.C SERVICES	See April Agenda Item CC-9	\$21,363.41

Total			\$186,353.32
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Grand Total			\$800,337.46
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April Checks Approved at April Board Meeting

65309	CirclePoint	Water Conservation-Contract	\$10,586.01
65310	City of Citrus Heights	Permit Fees	\$17,274.99
65313	Harris & Associates	Contract Services- Engineering	\$8,797.50
65314	Lund Construction	Contract Services- Engineering	\$169,639.60
65315	Maze & Associates	Legal & Audit	\$9,458.00
65316	Planning Partners Inc	Contract Services- Wells	\$10,483.86
65317	PNP Construction, Inc	Contract Services- Engineering	\$57,682.00
65318	SMUD	Utilities	\$8,561.61
Total			\$292,483.57

Employee Recognitions— Eighteen employees received recognition for attendance during February 2018, and twenty-one were recognized for outstanding customer service and quality of work during the month of March 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 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 February 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, 10/18/17 (Award of Contract)	Yes	2017-2018 Masterplan for replacement of mains installed in 1960-1985.	Asset Inventory in progress. Customer Advisory Committee (CAC) Orientation occurred on 03/19/18. CAC Meeting #1 scheduled for 05/29/18.
CAPITAL IMPROVEMENT PROJECT Corporation Yard Safety Improvements Project	Engineering	Engineering Manager, Project Manager and Senior Construction Inspector	On-going	Yes, 05/16/18 (Anticipate Notice of Completion)	Yes	2017 design and construction of Vacuum Spoils Disposal, Wash Station, Materials Storage, and Safety and Efficiency Upgrades.	Board approved contract on 07/24/17. Substantial Completion Letter sent to Contractor on 04/05/18. 99% Complete.
CAPITAL IMPROVEMENT PROJECT Corporation Yard / Facilities Master Plan Buildout	Engineering	Engineering Manager and Project Manager	On-going	TBD	Yes	2017-18 Masterplan for office space requirements through 2040.	Restart Project. Engineering meeting completed 03/29/18. Next meeting scheduled for 04/17/18.

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 Highland Ave & Rosa Vista Ln 8" Water Mains	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, 01/17/18 (Award of Contract)	Yes	2017 design and construction.	Award of Contract occurred at the 01/17/18 Board Meeting. Contractor began construction on 02/26/18. 25% Complete.
CAPITAL IMPROVEMENT PROJECT Graham Cir and Circuit Dr 8" Water Mains	Engineering	Project Manager and Assistant Engineer	On-going	Yes, 04/18/18 (Anticipate Award of Contract)	Yes	2017 design, 2018 construction.	Project out to bid on 02/28/18. Bid opening occurred on 03/29/18. Anticipate Award of Contract at the 04/18/18 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.	75% Plans received from Engineer on 02/05/18. Potholing completed on 04/10/18.
CAPITAL IMPROVEMENT PROJECT Pleasant View Drive 8" Water Main	Engineering	Assistant Engineer and GIS Specialist	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Survey completed on 11/30/17. Potholing to be scheduled for April 2018.
CAPITAL IMPROVEMENT PROJECT Michigan Drive 8" & 6" Water Mains	Engineering	Assistant Engineer and GIS Specialist	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Survey completed on 11/03/17. Potholing to be scheduled for April 2018. Received Preliminary Plans from Engineer on 12/08/17.

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 CIP. Begin communication with SJUSD in 2018.
PRIVATE DEVELOPMENT Northridge Grove - 5555 Mariposa Ave 47 Condominiums	Engineering	Senior Construction Inspector	On-going	Yes, TBD	No	95% Complete.	District met on 03/01/18. District to follow-up with developer regarding a cost-sharing agreement for system improvements made in conjunction with the project.
PRIVATE DEVELOPMENT Commercial Building Remodel - 5414-50 Sunrise Blvd	Engineering	Senior Construction Inspector	On-going	Yes, TBD	No	Private development.	Project and punch list items complete except for easements.
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.	On-site and off-site water mains installed and tested. Portions of demolition of existing water facilities complete. Coordinate easement with engineer and City of Citrus Heights.
PRIVATE DEVELOPMENT 3 lot Residential Subdivision - 5648- 5696 San Juan Ave	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	3 lot subdivision.	Preconstruction meeting occurred on 03/12/18. District reviewing project submittals.

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.	Comments regarding draft Environmental Impact Report due 05/07/18. Engineer preparing Improvement Plans for proposed land exchange.
PRIVATE DEVELOPMENT Mariposa Creek Subdivision - Antelope Road	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	15 lot subdivision located on Antelope Road.	Final plans received on 01/23/18. Developer grading site. Water installation anticipated in May 2018.
PRIVATE DEVELOPMENT Citrus Place Subdivision	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	7 lot subdivision located near Wachtel Way & Talbot Way.	Sent Will Serve letter on 09/13/17. Responded to Engineer's questions on 11/02/17. Received revised plans from engineer on 04/03/18.
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.	Reviewed plans and provided comments 09/28/17. Fire flow analysis request submitted on 02/05/18. Engineer submitted revised plans on 03/22/18. Comments sent to engineer on 04/04/18. Awaiting resubmittal.

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 8027 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.	Sent 95% plans with comments to Engineer on 02/26/18. Awaiting resubmittal.
PRIVATE DEVELOPMENT Sunrise Blvd_5437-5439 - Sunrise Village Retail Center - parcel split	Engineering	Engineering Manager and Assistant Engineer	On-going	TBD	No	Parcel being split into 3 for individual sales that previously occurred.	Sent comments to City 09/13/17. Awaiting to determine if developer/owner chooses to split the parcel.
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	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development.	Received easement information on 11/30/17. Signed plans on 02/26/18. Awaiting construction.
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.
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 Studio Movie Grill	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development.	Sent Will Serve letter on 12/28/17. Awaiting 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
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 Spring 2018. "B" Plans sent back 08/21/17 with comments. Coordinating utility conflicts.
CITY OF CITRUS HEIGHTS PROJECT Sunrise Blvd Complete Streets Phase 2A (C16-142)	Engineering	Engineering Manager and Assistant Engineer	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. CHWD to begin any water facility relocations in April/May 2018.
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. Anticipate bid and start of construction in Spring 2018.
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	Strategic Planning Item.	Scoping meeting to be scheduled on 04/18/18.
Easements	Engineering	Engineering Manager, Project Manager and Assistant Engineer	2018	Yes, TBD	Yes	Strategic Planning Item.	Scoping meeting scheduled on 04/18/18.

Operations Department Report

Operations Manager Gordon reported as follows:

A total of 124 work orders were performed during the month of March 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 March 2018 (544.19 acre-feet) was 33.6 percent below that of March 2013 (819.55 acre-feet).

Surface Water Supply Reliability

As of March 1, 2018, storage in Folsom Lake (Lake) was at 816,800 acre-feet, 84 percent of the total capacity of 977,000 acre-feet. This represents an increase in storage of 291,500 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, 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, Safety and Meter Program activities during the month of March 2018 include:

- 7 ultra-low-flush toilet (ULFT) rebates were processed for the month of March. The 5 year average (2013-2017) of March ULFT rebates is 23. A total of \$3,525.00 in rebates were issued year to date.
- A total of 11 High Efficiency Clothes Washer (HECW) rebates have been issued during the first quarter of 2018. To better align with SMUD's schedule for reporting monthly numbers, staff will report HECW rebates on a quarterly basis.
- 22 water waste calls were received during the month of March. 1 report of water waste was received through CHWD's Drought Resources web page.
- Staff was trained in First Aid/CPR/AED & Bloodborne Pathogen safety. During the training, staff was certified as first responders for the next 2 years. Bloodborne Pathogen training was completed as required by the District's recently adopted Bloodborne Pathogen Exposure Control Plan. In order to accommodate the entire staff, training was held on two separate dates, March 21 & March 27, 2018.

- Operations staff received their annual Asbestos Cement Pipe Refresher training on March 22, 2018. The training and certification is required by the State. The certification allows the District to work, dispose of and temporarily store AC pipe.
- A WaterWise landscape class was held on Thursday, April 12, from 6:00 pm – 8:30 pm. The class was titled “Getting the Best Yard with the Least Water”. Class registration was at capacity and included over 45 sign-ups. This was the first class of a series of 5 classes to be held by the District this summer.
- Staff 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. They are currently reaching out to CHWD’s single-family customers. Due to this effort, a total of 11 additional Irrigation Efficiency Reviews were generated and completed for the month of March. This compares to 6 Irrigation Reviews completed during the same month in 2017. A total of 63 Irrigation Efficiency Reviews have been completed since the outreach campaign began in December 2017. This compares to 9 Irrigation Efficiency Reviews completed for the same time in December 2016 thru March 2017.
- 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%

- 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 agreement with Lund Construction for Graham Circle and Circuit Drive Water Main Replacement Project

At the January 17, 2018 Board Meeting, the Citrus Heights Water District (CHWD) Board of Directors approved the construction bid package for the Graham Circle and Circuit Drive Water Main Replacement Project (Project Number C15-132) and authorized staff to solicit bids. Bid packages were distributed to twenty-four contractors 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” 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 District received four (4) sealed proposals on March 29, 2018, at which time proposals were opened and read publicly. The apparent low bidder is Lund Construction of North Highlands, CA. Bids received are as follows:

1. Lund Construction Company	\$ 497,499.50
2. Martin General	\$ 505,000.00
3. C.E. Cox Engineering	\$ 586,152.00
4. Caggiano General Engineering, Inc.	Non-responsive

The District’s final engineering estimate for this Project was \$452,088, which is approximately 10% below the low bid.

The Board of Directors previously approved the following project budget for Project Number C15-132:

Design Budget (Approved in 2016, encumbered)	\$ 46,936
Construction Budget (Approved in 2017, encumbered)	<u>\$575,959</u>
Total Project Budget	\$622,895

Staff reviewed the bid items from the low bidder, Lund Construction, and determined the increase in cost from the District’s final engineering estimate is largely attributed to higher pipe and water service unit pricing.

Funding Plan:

In considering a budget amendment request in the amount of \$32,000, no undesignated reserves are required. This additional amount also allows for a 10% contingency, a standard percentage used on past projects which staff feels will provide an acceptable coverage for any potential changes that may arise.

Staff reviewed CHWD’s budget and has identified one funding source for the proposed budget amendment, Project Number C17-100 24-inch Reline Design - Oak Ave at C-Bar-C to Arcade Creek. The overall budget for the design was budgeted at \$100,000. The design for this project is expected to be further clarified once the Project 2030 Study is complete. Therefore, this project is not anticipated to occur in 2018, and these funds are available to be reprogrammed to the Graham Circle and Circuit Drive Project.

To meet the expenditure requirements outlined above, staff requested a budget amendment of \$32,000 within the 2018 CIP Budget. Below is a summary of the budget amendment request. Again, this budget amendment request would result in a zero sum (\$0) financial impact to CHWD’s 2018 Budget.

From		To	
Description	Amount	Description	Amount
C17-100 24-inch Reline Design - Oak Ave at C-Bar-C to Arcade Creek	\$32,000	C15-132 Graham Cir. and Circuit Dr.	\$32,000
TOTAL	\$32,000	TOTAL	\$32,000

Discussion and Possible Action to fill a vacant seat on the Customer Advisory Committee

On Monday, March 19, 2018 Customer Advisory Committee (CAC) member Carol Mortensen, a CAC residential member from Neighborhood Area 6, submitted a letter of resignation to staff. Based on past direction from the Board of Directors at the February 19, 2018 meeting for the replacement of another residential CAC member, staff reviewed the current applicant pool for a prospective CAC member who could replace Ms. Mortensen.

Staff recommended the appointment of Mr. Michael Goble, a resident of Citrus Heights Neighborhood Area 6. In considering the applicants, staff took into account the geographic distribution of CAC residential members, the application materials submitted by the remaining applicant pool, and contacted the individual to confirm their willingness to participate.

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.

Board President Riehle approved Management Services Supervisor Castruita's request to reorder the agenda in order to allow the assembled guests to hear item B-1: Memorandum of Understanding For Regional Water Meter Replacement Program prior to taking up item P-1: Sunrise and Palm Groundwater Well Rehabilitation Update.

BUSINESS:

Memorandum of Understanding for Regional Water Meter Replacement Program

Water Efficiency Supervisor Meurer requested the Board consider approving the Memorandum of Understanding (MOU) for the Regional Water Meter Replacement Program. Due to aging infrastructure, the District and other water providers in the area are examining how best to replace customer water meters. Staff of several local water agencies, who are also members of the Regional Water Authority (RWA), have determined that this process may present an opportunity for regional collaboration. In particular, a regional approach presents potential opportunities for economies of scale to reduce procurement and on-going operations and maintenance costs. A regional approach may also increase effectiveness in mutual aid and emergency situations if all staff are familiar with neighboring agencies' meter and related infrastructure. Moreover, a regional approach may present grant or other funding opportunities. Despite the benefits of a regional approach, staff recognizes the potential difficulties for meter program integration over the short term, especially that individual agencies may be looking to replace meters at different times, and may have made prior meter technology and vendor commitments. Therefore, the Consortium approach as proposed has a long-term time horizon, and is aimed at long-term program integration either fully or on a selected-basis.

To explore this possibility, the General Managers and leadership staff of the Carmichael Water District (CWD), Citrus Heights Water District (CHWD), Fair Oaks Water District (FOWD), Orange Vale Water Company (OVWC), Sacramento Suburban Water District (SSWD), San Juan Water District (SJWD)

and the Executive Director of RWA recommend that these agencies execute the accompanying MOU. This MOU provides a flexible framework for agencies to participate in the Regional Water Meter Replacement Program (Program). The focus of the MOU is an initial advanced planning study (Study) that will examine numerous parts of the Program, including: 1) an inventory and assessment of the current meter fleet; 2) an evaluation of potential replacement meter technology options and specifications; 3) a summary and assessment of current meter testing programs and options for optimizing performance; 4) an evaluation of potential meter replacement procurement programs and funding models; and 5) a public outreach program for the meter replacement process tailored for each participating agency.

Specifically, the MOU allows Consortium agencies to participate in the Study in three different levels of participation: (a) L1 Party where the agency participates in the Study by providing input and suggestions, but is not required to pay a share of consultant and related costs, (b) L2 Party where the agency shares in a portion of the cost of the Study, but otherwise participates as an L1 Party in the balance of the Study, and (c) L3 Party where the agency participates in the Study fully, including sharing all consultant and related costs. At this point, CHWD and SJWD anticipate participating as L3 Parties, and CWD, FOWD, OVWC, RWA and SSWD will participate as L1 Parties.

Costs of the Study will be shared between the L3 Parties based on their proportional share of total metered water customers for the L3 Parties. All formal decisions will be made by consensus of these parties. CHWD will contract directly with any consultants for the Study and will be reimbursed by SJWD for its share of the costs. If any L1 Party wishes to become an L2 or L3 Party, it may do so under procedures outlined in the MOU.

While the initial focus of the MOU is on the Advanced Planning Study, it will also allow the parties to collectively accomplish other parts of the Program. To add a Program component to the MOU, any party may notify the other parties. At that point, interested parties can opt-in and specify their level of participation (L1, L2 or L3 Party).

Program Organization

There are two working groups that have been formed to implement this Program: 1) **Administrative Group**—this group is comprised of the General Managers of all the participating agencies, including the Executive Director of RWA. This group is responsible for governance and management issues of the Meter Replacement Consortium; 2) **Technical Group**—this group is comprised of Meter Program staff, and will be working together to implement various portions of the Meter Replacement Partnership, including overseeing the completion of an Advanced Planning Study for the replacement of meters and the Study's implementation.

Fiscal Impact

There is no fiscal impact with this approval of the MOU. Costs associated with participating in the program will be identified at the time that each project or activity that has a cost is brought forward for Board consideration (e.g., Funding for CHWD's pro-rata participation in the meter planning study will be requested at the time of award of contract). It is anticipated that participation in this consortium will lower CHWD's meter replacement costs due to the economies of scale benefit.

Next Steps

The first project of the meter replacement consortium will be the completion of a meter replacement planning study. The consortium's Technical Group will complete the Request for Proposals for the planning study shortly.

ACTION: Director Sheehan moved and Director Dains seconded a motion to approve the Memorandum of Understanding for the Regional Water Meter Replacement Program.

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

Board President Riehle temporarily adjourned the meeting at 6:53 p.m., in order to go into the Special Meeting.

Board President Riehle reopened the meeting at 6:55 p.m.

PRESENTATIONS:

Sunrise and Palm Groundwater Wells Rehabilitation Update

Water Resources Supervisor Hensley introduced Carl Wulff and Philip L'Amoreaux of Luhdorff & Scalmanini Consulting Engineers, who provided an update on the Rehabilitation of Sunrise and Palm wells.

Sunrise Groundwater Well (1992):

In 2013, the Sunrise Groundwater Well began to experience a marked decline in the pumping water level. This decline created a situation where the water from the upper perforations was falling to the pumping water level, thus causing air entrainment. Air entrainment in the groundwater can lead to 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 Groundwater Well (1991):

The Palm Groundwater Well has experienced a lower groundwater production yield since early 2016. A performance test and a video log confirmed that the Palm Well was suffering from severe encrustation. 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 since June 2016.

LSCE Assessment:

At the August 16, 2017 Citrus Heights Water District (the District) Board of Directors Meeting LSCE presented the results of the assessments on the Sunrise and Palm Groundwater Wells. The findings from LSCE's assessment is that both wells have exhibit significant degradation in their groundwater

production yield since they were installed. LSCE recommended that both wells receive extensive rehabilitation, involving both a mechanical and chemical treatment of the well louvers.

Sunrise and Palm Groundwater Rehabilitation:

LSCE assisted the District with creating a Well Rehabilitation Plan and project oversight for the rehabilitation of the Sunrise and Palm Groundwater Wells. On October 18, 2017 the District Board of Directors approved the proposal by Well Industries, Inc. for the Sunrise and Palm Well Rehabilitation Project as well as the proposal by LSCE to provide project oversight.

LSCE presented a PowerPoint slideshow of the results of the Sunrise and Palm Well Rehabilitation Project, including the production yield, the specific capacity and recommended future maintenance schedules for the wells. Their analyses of Sunrise Well showed that performance test after the rehabilitation restored the well yield to 26.4 gpm/ft. which is close to the original yield of the well when it was constructed. Their analyses of Palm Well showed that due to “dog legs” occurring at 100 feet and 150 feet, a submersible pump will have to be installed.

BUSINESS (Continued):

Contract amendment with Kirby’s Pump and Mechanical, Inc. for Palm Well Pump and Motor Replacement

Water Resources Supervisor Hensley requested the Board consider amending the contract with Kirby’s Pump and Mechanical, Inc. in the amount of \$56,428.75 for the replacement of the pump and motor for Palm Well, and authorize the General Manager to sign any necessary paperwork to amend the contract. The Palm Groundwater Well has experienced a lower groundwater production yield since early 2016. In early 2017, a service technician conducted a performance test and identified that the pump and motor needed to be replaced because of wear, and additional observations by the technician identified that a more comprehensive assessment of the well was required.

On March 14, 2017, the District Board approved an agreement with Kirby’s Pump & Mechanical to remove the existing pump and motor prior to a needs assessment and to replace the Well’s existing pump and motor with a water-lubricated vertical turbine after the completion of the needs assessment. Additionally, the contract’s scope included video imaging of the Well for the needs assessment.

Moreover, as a follow-up to the technician’s recommendation to further assess the Well, in April 2017, the District hired Luhdorff and Scalmanini Consulting Engineers (LSCE) to perform a comprehensive needs assessment on the Sunrise and Palm Groundwater Wells. LSCE reviewed the drift survey log of the Palm Groundwater Well, as part of the assessment project, and discovered alignment issues that will require the use of a submersible pump in place of the planned water-lubricated vertical turbine. A pumping test was performed on the Palm Groundwater Well at the conclusion of the rehabilitation work to confirm the size of the pump and motor. 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.

The replacement of the pump and motor was budgeted in the 2017 Budget, and these funds have been encumbered. The 2017 Budget included \$115,000 for repairs and improvements to the Palm Groundwater Well. The original contract amount with Kirby’s Pump & Mechanical is for \$57,536.00.

The proposed amendment to the Contract would be for \$56,428.75. This amount is within the budgeted improvements for the Palm Groundwater Well in the 2017 Budget.

Description	Amount
2017 Budget – C17-020 Palm Well (Encumbered)	\$ 115,000.00
Proposed Amended Total Contract Amount	\$ 113,964.75
REMAINING BUDGET	\$ 1,035.25

Board President Riehle asked about the life expectancy of a replacement well. Water Resources Supervisor Hensley noted that the first well installed at the site has lasted 26 years, and given the runtime and maintenance time projected, one could assume a similar lifespan for the replacement well.

Board Member Dains asked if the new well being installed would be more energy efficient given newer technology available. Water Resources Supervisor Hensley stated that submersible motors are inherently less efficient than tower motors, and thus it would not be more efficient than the previous device. Board Member Dains followed up, asking if the Sunrise Well had high enough yield to justify the added cost. Water Resources Supervisor stated that the production on the well is comparable to Mitchell Well, which is in good repair. Given that the projected cost to develop a new well site is millions of dollars, he hopes to get as much production as he can out of current well sites.

ACTION: Director Sheehan moved and Director Dains seconded a motion to amend the contract with Kirby's Pump and Mechanical, Inc. in the amount of \$56,428.75 for the replacement of the pump and motor for Palm Well, and to authorize the General Manager to sign any necessary paperwork to amend the contract.

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

CONSULTANTS' AND LEGAL COUNSEL'S REPORTS:

None.

DIRECTORS' AND REPRESENTATIVES' REPORTS:

Regional Water Authority (Dains)
No report.

Sacramento Groundwater Authority (Sheehan)
Director Sheehan stated that at the most recent budget SGA meeting, budget development was discussed as noted in last month's meeting.

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 Mitchell Farms draft Environmental Impact report has been issued, and staff will be reviewing to provide comments. She also noted that the Dignity Health project is nearing completion, and an easement is being requested. They have to go to the Citrus Heights City Council before they can bring the item to the Board.

General Manager Straus informed the Board the Citrus Heights Sears location will be closing, which could impact local sales tax rolls. While this will not impact District finances directly, staff will monitor the situation.

Chamber of Commerce Government Issues Committee (Gordon/Meurer)

Water Efficiency Supervisor Meurer noted that new faces are appearing at Chamber meetings.

RWA Lobbying Program Update (Gordon/Meurer)

Operations Manager Gordon informed the Board that Adam Robin, Legislative Affairs Manager for RWA, will be leaving his position and moving on to the Northern California Water Association. General Manager Straus stated that this is an unfortunate setback for the program, given Adam's talent, but he expects that a replacement will be found promptly.

Other Reports

General Manager Straus stated that he and Board President Riehle gave a presentation to the Leadership Citrus Heights class. Board President Riehle thanked staff for their work on the presentation, which was easy to follow, easy to understand, and focused on critical issues for the District.

General Manager Straus informed the Board he would be out on vacation for three weeks in June through July. He will appoint each of the Department Managers to acting duties over one week of the time.

Water Efficiency Supervisor Meurer stated that CHWD held a Waterwise landscaping class on April 12, and had over 30 attendees.

General Manager Straus stated that he is doing a tour of the Citrus Heights Neighborhood Associations to update them on the District's current projects including the Project 2030 Water Main Replacement Study and the upcoming Board elections.

Water Resources Supervisor Hensley stated that an outdoor light will be installed at the northern end of the parking lot on April 27, 2018.

MANAGEMENT SERVICES REPORT:

Corporation Yard Update

Engineering Manager Pieri provided an update on the status of the Corporation Yard Safety Improvements Construction Project currently under construction by PnP Construction, Inc. Construction support throughout the project is being provided by CHWD's construction manager, Domenichelli and Associates. She informed the Board that the project is 99% complete, with final completion expected by April 20, 2018.

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 8:27 pm.

APPROVED:

CHRISTOPHER CASTRUITA
Deputy Secretary
Citrus Heights Water District

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

CITRUS HEIGHTS WATER DISTRICT

APRIL 2018

2018 REVENUE ANALYSIS

Outstanding Recievables

Aged Trial Balance					
Total	Current	31-90	91-150	>150	Unapplied Current
866,377	692,041	57,139	5,803	206,363	(94,969)

General Ledger Balance	Total
Outstanding A/R	955,844
Outstanding Liens	-
Unclaimed Funds	(8,621)
Outstanding Grants	1,247
Less Unapplied Payments	(96,049)
Total	\$ 852,421

**ASSESSOR/COLLECTOR'S ROLL ADJUSTMENTS FOR
April 30, 2018**

Board Of Directors
Citrus Heights Water District

Assessor/Collector Roll Adjustment		
April-18		
	Dollar	Count
DEFAULT		
One-Time Courtesy	\$ 100.73	21
New Owner	\$ 4.83	1
DEFAULT Total	\$ 105.56	22
3-DAY DOOR HANG		
One-Time Courtesy	\$ 23.00	1
Invoice Cloud Error	\$ 23.00	1
3-DAY DOOR HANG Total	\$ 46.00	2
Grand Total	\$ 151.56	24

Reason For Cancellation	Charge Type	Amount
Invoice Cloud Error	3-DAY DOOR HANG	23.00
One-Time Courtesy	3-DAY DOOR HANG	23.00
One-Time Courtesy	DEFAULT	4.36
One-Time Courtesy	DEFAULT	4.18
One-Time Courtesy	DEFAULT	2.83
One-Time Courtesy	DEFAULT	3.85
One-Time Courtesy	DEFAULT	4.11
One-Time Courtesy	DEFAULT	11.86
One-Time Courtesy	DEFAULT	4.12
One-Time Courtesy	DEFAULT	4.46
One-Time Courtesy	DEFAULT	4.18
One-Time Courtesy	DEFAULT	2.58
One-Time Courtesy	DEFAULT	10.26
One-Time Courtesy	DEFAULT	2.28
One-Time Courtesy	DEFAULT	4.85
One-Time Courtesy	DEFAULT	3.98
One-Time Courtesy	DEFAULT	2.63
One-Time Courtesy	DEFAULT	4.33
One-Time Courtesy	DEFAULT	4.28
One-Time Courtesy	DEFAULT	9.10
One-Time Courtesy	DEFAULT	3.88
One-Time Courtesy	DEFAULT	4.23
One-Time Courtesy	DEFAULT	4.38
New Owner	DEFAULT	4.83
		<u>\$ 151.56</u>

TREASURER'S REPORT TO THE BOARD OF DIRECTORS

CC-04

CITRUS HEIGHTS WATER DISTRICT

Month of April 2018

Bank of the West			
Beginning Balance			\$5,463,309
RECEIPTS:		888,911	
DISBURSEMENTS:			
Checks Issued / ACH Payments	574,480		
Payroll	309,669		
Returned Checks	2,691		
		<u>886,840</u>	<u>2,071</u>
Bank of the West			
Balance per Bank April 30, 2018			5,465,380
Outstanding Checks			(187,223)
Deposit in Transit			<u>73,102</u>
Balance Per Books April 30, 2018			\$5,351,259

RECONCILEMENT:			
Bank of the West			\$5,351,259
Local Agency Investment Fund			6,163,367
COP Reserve Account			536,075
Money Mkt Activity Account			<u>530,873</u>
TOTAL BALANCE			<u><u>\$12,581,574</u></u>


CASH & INVESTMENT SUMMARY:			
Bank of the West (General Account)			\$5,351,259
Local Agency Investment Fund			6,163,367
COP 2010 Reserve Account			536,075
Money Mkt Activity Account			<u>530,873</u>
Total			<u><u>\$12,581,574</u></u>

INSTITUTION	MATURITY DATE	INT RATE	DEPOSIT AMOUNT	DATE OF LAST TRANSACTION
Local Agency Investment Fund	Daily	1.51%	22,846.45	4/13/2018

I certify that this report accurately reflects all pooled investments and is in compliance with applicable State of California Government Codes and is in conformity with Investment of District Funds Policy 6300. As Treasurer of the Citrus Heights Water District, I hereby certify that sufficient investment liquidity and anticipated revenue are available to meet the next six months' estimated expenditures.



SUSAN K. SOHAL
 Treasurer



CHRISTOPHER J. CASTRUITA
 Deputy Secretary

Signed: 05/10/2018

TREASURER'S REPORT OF FUND BALANCES
April 30, 2018

	Beginning Balance 01/01/2018	Year to Date Transfers In / Collections	Year to Date Transfers Out	Current Month Transfers In / Collections	Current Month Transfers Out	Ending Balance 04/30/2018	2018 Target Balance per Policy
Operating Fund	\$ 3,634,963	\$ 3,516,808	\$ (3,491,522)	\$ 888,911	\$ (886,840)	\$ 3,662,320	\$ 2,334,017
Operating Reserve	\$ 2,975,286					\$ 2,975,286	N/A
Rate Stabilization Fund	\$ 834,000					\$ 834,000	\$ 1,000,000
Capital Improvement Reserve	\$ 2,654,025					\$ 2,654,025	\$ 2,644,621
Restricted for Debt Service	\$ 536,963					\$ 536,963	N/A
Water Supply Reserve	\$ 200,000					\$ 200,000	N/A
Water Efficiency Reserve	\$ 150,000					\$ 150,000	\$ 200,000
Water Meter Replacement Reserve	\$ 1,025,000					\$ 1,025,000	N/A
Fleet Equipment Reserve	\$ 350,069					\$ 350,069	\$ 318,559
Employment-Related Benefits Reserve	\$ 256,862					\$ 256,862	\$ 864,229
	\$ 12,617,167	\$ 3,516,808	\$ (3,491,522)	\$ 888,911	\$ (886,840)	\$ 12,644,524	


SUSAN K. SOHAL, Treasurer

TREASURER'S REPORT OF FUND BALANCES
April 30, 2018

Fund Transfers Summary:

The Operating Fund Transferred:	\$	888,911	from funds collected in April 2018 per Treasurer's Report
	\$	<u>(886,840)</u>	disbursements made in April 2018 per Treasurer's Report
	\$	2,071	

Citrus Heights Water District
Budget Performance Report
As of 4/30/2018

CC-06

	April Actual	Year-to-Date Actual	Year-to-Date Budget	YTD Variance Amount	YTD Variance Percent	Annual Budget
Revenues						
Metered Service Charges	\$739,117.54	\$2,976,605.47	\$2,806,596.00	\$170,009.47	6.06%	\$8,419,792.00
Metered Water Deliveries	252,548.30	890,096.78	1,135,674.00	(245,577.22)	-21.62%	6,532,500.00
Non-Metered Service Charges	10,543.56	33,190.81	46,668.00	(13,477.19)	-28.88%	140,000.00
Penalties	4,768.68	20,635.24	26,078.00	(5,442.76)	-20.87%	150,000.00
Interest	2,221.42	7,078.92	3,332.00	3,746.92	112.45%	10,000.00
Backflow Fees	4,643.83	17,276.12	38,668.00	(21,391.88)	-55.32%	116,000.00
Water Service Install & S&R	11,055.30	11,055.30	9,100.00	1,955.30	21.49%	27,300.00
Grant Funds		1,200.00		1,200.00	0.00%	
Miscellaneous *	16,538.34	64,222.11	43,332.00	20,890.11	48.21%	130,000.00
Cost Reimbursements		747.68		747.68	0.00%	
- Income - Wheeling Water		4,410.02	470.00	3,940.02	838.30%	2,700.00
Total Revenue	1,041,436.97	4,026,518.45	4,109,918.00	(83,399.55)	-2.03%	15,528,292.00
*includes Assessments, New Account, Back Charges & other Miscellaneous Revenue Sources						
Operating Expenses						
Cost of Water						
Purchased Water	636,082.54	1,152,608.54	1,028,435.36	124,173.18	12.07%	3,085,306.08
Ground Water	55,667.09	154,818.06	117,716.76	37,101.30	31.52%	341,195.95
	691,749.63	1,307,426.60	1,146,152.12	161,274.48	14.07%	3,426,502.03
Labor & Benefits						
Labor Regular	214,538.47	881,333.67	896,793.36	(15,459.69)	-1.72%	2,693,210.08
Labor Taxes	20,615.21	71,357.50	82,771.68	(11,414.18)	-13.79%	248,315.04
Labor Workers Comp			21,000.00	(21,000.00)	-100.00%	63,000.00
Labor External	14.72	3,639.53	30,233.36	(26,593.83)	-87.96%	90,700.08
Benefits Med/Den/Vis	28,538.09	146,168.59	158,514.96	(12,346.37)	-7.79%	475,544.88
Benefits LTD/Life/EAP	(70.02)	13,850.23	11,789.68	2,060.55	17.48%	35,369.04
Benefits CalPers	8,752.03	54,139.12	259,580.24	(205,441.12)	-79.14%	778,740.72
Benefits Other	4,112.64	9,742.81	10,000.00	(257.19)	-2.57%	30,000.00
Benefit Retiree Expenses	3,539.30	14,212.20	16,844.32	(2,632.12)	-15.63%	50,532.96
Benefit Unemployment	74.81	4,636.03	2,800.00	1,836.03	65.57%	8,400.00
Benefit GASB 68	30,046.58	120,186.32		120,186.32	0.00%	
Capitalized Labor & Benefit Contra	(50,920.70)	(167,780.86)		(167,780.86)	0.00%	
	259,241.13	1,151,485.14	1,490,327.60	(338,842.46)	-22.74%	4,473,812.80
General & Administrative						
Fees & Charges	11,076.55	33,543.08	30,156.31	3,386.77	11.23%	102,409.59
Regulatory Compliance/Permits	800.00	19,253.20	41,671.68	(22,418.48)	-53.80%	125,015.04
District Events & Recognition		4,009.69	8,943.36	(4,933.67)	-55.17%	26,830.08
Maintenance/Licensing	2,359.30	28,195.14	50,274.44	(22,079.30)	-43.92%	150,823.32
Equipment Maintenance	11,477.97	26,518.21	23,333.32	3,184.89	13.65%	69,999.96
Professional Development	1,502.06	21,876.32	34,330.00	(12,453.68)	-36.28%	94,533.50

Citrus Heights Water District
Budget Performance Report
As of 4/30/2018

CC-06

	April	Year-to-Date	Year-to-Date	YTD Variance		Annual
	Actual	Actual	Budget	Amount	Percent	Budget
Department Admin	2,736.32	16,243.69	18,208.28	(1,964.59)	-10.79%	54,624.84
Dues & Subscriptions	972.00	14,493.07	47,709.68	(33,216.61)	-69.62%	143,129.04
Fuel & Oil	4,100.31	16,025.90	17,000.00	(974.10)	-5.73%	51,000.00
General Supplies	1,215.42	9,454.44	12,366.68	(2,912.24)	-23.55%	37,100.04
Insurance - Auto/Prop/Liab		1,636.60	28,333.32	(26,696.72)	-94.22%	84,999.96
Leasing/Equipment Rental	1,291.68	6,263.86	10,127.32	(3,863.46)	-38.15%	30,381.96
Parts & Materials	23,450.19	137,443.08	18,333.36	119,109.72	649.69%	55,000.08
Postage/Shipping/Freight	10,996.73	43,531.39	40,980.69	2,550.70	6.22%	123,294.74
Rebates & Incentives		3,450.00	6,560.00	(3,110.00)	-47.41%	19,680.00
Telecom/Network	3,452.90	10,523.83	13,766.68	(3,242.85)	-23.56%	41,300.04
Tools & Equipment	2,467.47	15,643.88	20,566.68	(4,922.80)	-23.94%	61,700.04
Utilities	449.42	2,657.03	10,766.68	(8,109.65)	-75.32%	32,300.04
Write-Off Bad Debt Exp			1,666.68	(1,666.68)	-100.00%	5,000.04
Capitalized G&A Contra	(8,714.11)	(140,238.82)		(140,238.82)	0.00%	
Capitalized Equipment Contra	(47,857.65)	(80,394.59)		(80,394.59)	0.00%	
	<u>21,776.56</u>	<u>190,129.00</u>	<u>435,095.16</u>	<u>(244,966.16)</u>	<u>-56.30%</u>	<u>1,309,122.31</u>
Professional & Contract Services						
Support Services	54,878.77	240,564.58	575,891.68	(335,327.10)	-58.23%	1,727,675.04
Legal Services	26,422.76	55,780.81	108,666.68	(52,885.87)	-48.67%	326,000.04
Printing Services	10.00	864.14	13,400.00	(12,535.86)	-93.55%	38,515.00
	<u>81,311.53</u>	<u>297,209.53</u>	<u>697,958.36</u>	<u>(400,748.83)</u>	<u>-57.42%</u>	<u>2,092,190.08</u>
Reserves & Debt Services						
Interest Expense	1,427.05	23,231.20	245,312.00	(222,080.80)	-90.53%	735,936.00
Net Increase(Decrease) in Value of Investments		(11,671.29)		(11,671.29)	0.00%	
	<u>1,427.05</u>	<u>11,559.91</u>	<u>245,312.00</u>	<u>(233,752.09)</u>	<u>-95.29%</u>	<u>735,936.00</u>
Total Operating Expenses	<u>1,055,505.90</u>	<u>2,957,810.18</u>	<u>4,014,845.24</u>	<u>(1,057,035.06)</u>	<u>-26.33%</u>	<u>12,037,563.22</u>
Net Income / (Expense)	<u>(14,068.93)</u>	<u>1,068,708.27</u>	<u>95,072.76</u>	<u>973,635.51</u>	<u>1024.10%</u>	<u>3,490,728.78</u>

Citrus Heights Water District
 Capital Projects Summary
 Fiscal Period End as of 4/2018

Project Number	Project Name	BUDGET				COMMITMENTS	AMOUNTS PAID			PROJECTION
		Project Forecast Budget	Expenditures to 12/2017	Remaining Budget	2018 Budget	Open Commitments	Month to Date	Year to Date	Project to Date	2019 Forecast
C15-102	Corporation Yard Improvements	\$2,632,325	\$1,593,598	\$1,038,727	\$0	\$0	\$43,725	\$662,408	\$2,256,006	
C15-133	Higland Ave and Rosa Vista	\$396,487	\$35,334	\$361,153	\$0	\$0	\$277,820	\$325,049	\$360,383	
C15-137	C-Bar-C Pressure Control	\$550,000	\$0	\$550,000	\$250,000	\$0	\$0	\$0	\$0	
C16-131	Wind Way and Longwood Way	\$327,158	\$7,785	\$319,373	\$305,154	\$0	\$5,355	\$10,833	\$18,618	
C16-134	Auburn Blvd-Rusch Park Placer	\$166,357	\$0	\$166,357	\$157,880	\$0	\$0	\$0	\$0	
C16-142	Sunrise Bl Streetscape Ph 2	\$50,000	\$450	\$49,550		\$0	\$0	\$0	\$450	
C18-101	Stock Ranch Res. Svc Replcmnts	\$662,653	\$0	\$662,653	\$607,432	\$0	\$0	\$0	\$0	
Construction in Progress		\$4,784,980	\$1,637,167	\$3,147,813	\$1,320,466	\$0	\$326,901	\$998,290	\$2,635,457	
C18-010	Water Main Replacements	\$64,888	\$0	\$64,888	\$59,897	\$0	\$0	\$0	\$0	
C18-011	Water Valve Replacements	\$144,200	\$0	\$144,200	\$135,428	\$0	\$81	\$6,763	\$6,763	
C18-012	Water Service Connections	\$850,000	\$0	\$850,000	\$823,750	\$0	\$90,298	\$281,939	\$281,939	
C18-013	Water Meter Replacements	\$107,000	\$0	\$107,000	\$98,083	\$0	\$4,058	\$27,650	\$27,650	
C18-014	Fire Hydrants	\$154,500	\$0	\$154,500	\$150,787	\$0	\$6,734	\$37,553	\$37,553	
Annual Infrastructure		\$1,320,588	\$0	\$1,320,588	\$1,267,945	\$0	\$101,172	\$353,906	\$353,906	
C15-104B	Document Management System	\$250,000	\$5,361	\$244,639	\$120,000	\$0	\$0	\$0	\$5,361	
C17-003	Fleet/Field Operations Equip	\$287,500	\$218,364	\$69,136		\$0	\$0	\$0	\$218,364	
C17-003A	1/2 Ton Pickup Unit 14	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
C17-004	Technology Hardware/Software	\$0	\$15,290	(\$15,290)		\$0	\$0	\$0	\$15,290	
C17-004A	Server Upgrade	\$100,000	\$18,190	\$81,810		\$0	\$0	\$0	\$18,190	
C17-004B	Workstation Replacements	\$20,000	\$1,405	\$18,595		\$0	\$0	\$0	\$1,405	
C17-004C	Hydraulic Model	\$42,000	\$38,607	\$3,393		\$0	\$0	\$0	\$38,607	
C18-003	Fleet/Field Operations Equip	\$287,500	\$0	\$287,500	\$287,500	\$0	\$0	\$0	\$0	
C18-004	Technology Hardware/Software	\$35,000	\$0	\$35,000	\$32,308	\$0	\$0	\$6,852	\$6,852	
Fleet and Equipment		\$1,022,000	\$297,216	\$724,784	\$439,808	\$0	\$0	\$6,852	\$304,068	
C15-101	Fairway 12" & 8" Intertie	\$19,690	\$1,217	\$18,473	\$0	\$0	\$324	\$18,010	\$19,227	
C15-109	Blossom Hill Way 6" & 10" Inte	\$22,015	\$0	\$22,015		\$0	\$0	\$0	\$0	
C15-110	Crestmont Ave 6" Intertie	\$19,980	\$0	\$19,980		\$0	\$0	\$0	\$0	
C15-131	Baird Way 12in Main	\$360,337	\$316,772	\$43,565		\$0	\$0	\$0	\$316,772	
C15-132	Graham Cir and Circuit Dr	\$570,984	\$30,268	\$540,716	\$524,048	\$0	\$170	\$2,075	\$32,343	

Citrus Heights Water District
 Capital Projects Summary
 Fiscal Period End as of 4/2018

Project Number	Project Name	BUDGET				COMMITMENTS	AMOUNTS PAID			PROJECTION
		Project Forecast Budget	Expenditures to 12/2017	Remaining Budget	2018 Budget	Open Commitments	Month to Date	Year to Date	Project to Date	2019 Forecast
C17-100	24in Oak at C-Bar-C to Arcade	\$2,100,000	\$0	\$2,100,000	\$500,000	\$0	\$0	\$0	\$0	\$750,000
C17-101	Pleasant View Dr-Oak to Poppy	\$499,231	\$6,549	\$492,682	\$460,130	\$0	\$1,832	\$1,955	\$8,504	
C17-102	Michigan Dr - Sunrise to West	\$249,258	\$1,289	\$247,969	\$231,005	\$0	\$0	\$1,446	\$2,735	
C18-102	Thunderhead Cir 8in Main Rplc	\$665,842	\$0	\$665,842	\$292,049	\$0	\$0	\$0	\$0	\$349,456
C18-103	Cologne Way 6in Main Replace	\$242,384	\$0	\$242,384	\$116,345	\$0	\$0	\$0	\$0	\$116,343
C18-104	Quiet Oak Ln 8in Main Oak S	\$121,011	\$0	\$121,011	\$58,085	\$0	\$0	\$0	\$0	\$58,085
C18-105	Old Auburn Rd Dafodil Wooddale	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
Water Mains		\$4,870,732	\$356,095	\$4,514,637	\$2,181,662	\$0	\$2,327	\$23,486	\$379,581	\$1,273,884
C17-005	Facilities Improvements	\$75,000	\$42,621	\$32,379	\$0	\$0	\$5,568	\$5,568	\$48,189	
C17-103	Operations Building Remodel	\$1,475,000	\$19,010	\$1,455,990	\$1,300,000	\$0	\$0	\$0	\$19,010	
C18-005	Facilities Improvements	\$125,000	\$0	\$125,000	\$115,385	\$0	\$24,812	\$24,812	\$24,812	
C18-040	Other City Partnerships	\$300,000	\$0	\$300,000	\$300,000	\$0	\$0	\$0	\$0	
C18-041	Other Infrastructure Projects	\$103,000	\$0	\$103,000	\$103,000	\$0	\$0	\$0	\$0	
Miscellaneous Projects		\$2,178,000	\$61,631	\$2,116,369	\$1,818,385	\$0	\$30,380	\$30,380	\$92,011	
C17-020	Groundwater Well Improvements	\$165,500	\$2,884	\$162,616	\$0	\$0	\$76,725	\$78,382	\$81,266	
C17-020A	Groundwater Well Rehab Sunrise	\$50,500	\$0	\$50,500	\$23,146	\$0	\$0	\$0	\$0	
C17-104	Groundwater Well Property Acq	\$640,000	\$123,943	\$516,057	\$0	\$0	\$7,412	\$50,833	\$174,776	
C17-104A	Groundwater Well Prop Highland	\$250,000	\$0	\$250,000	\$0	\$0	\$292	\$292	\$292	\$0
C18-020	Groundwater Well Improvements	\$100,000	\$0	\$100,000	\$91,667	\$0	\$8,499	\$8,499	\$8,499	
C18-106	Groundwater Well #7	\$796,860	\$0	\$796,860	\$382,493	\$0	\$133	\$133	\$133	\$382,493
Wells		\$2,002,860	\$126,827	\$1,876,033	\$497,305	\$0	\$93,060	\$138,137	\$264,964	\$382,493
Grand Totals:		\$16,179,160	\$2,478,936	\$13,700,224	\$7,525,571	\$0	\$553,839	\$1,551,051	\$4,029,987	\$1,656,377

APRIL 2018 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
65269	Monica Gavia	Customer Refund	\$13.47
65270	James Day	Customer Refund	\$26.82
65271	Nicolas/Meryssa Tenthorey	Customer Refund	\$9.37
65272	ABA DABA Rentals & Sales	Supplies-Field	\$279.22
65273	ACWA/JPIA	Workers Comp Insurance	\$7,949.00
65274	AFLAC	Employee Paid Insurance	\$395.99
65275	AIA Services, LLC/NDS	Water Conservation-Material/Supplies	\$809.08
65276	Airgas USA, LLC	Supplies-Field	\$104.76
65277	American General Life Insurance Company	Disability & Life Insurance	\$3,100.00
65278	Best Best & Krieger	Legal Services	\$7,998.35
65279	Betty Ann Bertoglio	Contract Services-Miscellaneous	\$3,000.00
65280	Bryce Consulting, Inc	Support Services	\$2,560.00
65281	Califronia Electra-Kote LLC	Contract Services-Miscellaneous	\$650.00
65282	California Landscape Associates Inc	Janitorial	\$200.00
65283	Capio	Continued Education	\$225.00
65284	Robin Cope	Health Insurance	\$422.30
65285	Cybex	Equipment Rental-Office	\$158.16
65286	Dawson Oil Company	Gas & Oil	\$1,258.62
65287	Domenichelli and Associates, Inc	Contract Services-Engineering	\$7,134.75
65288	Holdcom	Telephone-Local/Long Distance	\$305.10
65289	Integrity Administrators Inc	Health Insurance	\$318.50
65290	J4 Systems	Contract Services-Other	\$2,110.00
65291	KBA Docusys Inc	Equipment Rental-Office	\$342.63
65292	Kei Window Cleaning #12	Janitorial	\$94.00
65293	Moonlight BPO	Contract Services-Bill Print/Mail	\$3,985.14
65294	Occu-Med	Office Miscellaneous	\$116.00
65295	One Print Source & Graphics	Printing	\$46.33
65296	USPS	Postage	\$250.00
65297	Protection One Alarm Monitoring	Equipment Rental-Office	\$258.56
65298	Republic Services #922	Utilities	\$212.71
65299	Rescue Training Institute Inc	Fixed Assets	\$2,320.00
65300	Regional Government Services	Contract Services-Other	\$3,168.50
65301	Sonitrol	Equipment Rental-Office	\$175.10
65302	Spot on Signs & Graphics	Contract Services-Office Repair/Maintenance	\$205.79
65303	Superior Equipment Repair	Repair-Trucks	\$2,100.93
65304	The Lincoln National Life Insurance Company	Disability & Life Insurance	\$7,198.42
65305	Warren Consulting Engineers Inc	Contract Services-Engineering	\$4,250.00
65306	Zane Dezig	Contract Services-Conservation	\$60.00
65307	Zee Medical Company	Supplies-Field	\$176.79
65308	Susan M Ryan	Customer Refund	\$10.96
65309	CirclePoint	Contract Services-Water Conservation	\$10,586.01
65310	City of Citrus Heights	Permit Fees	\$17,274.99
65311	Corix Water Products, Inc	Material	\$10,086.52
65312	Ferguson Enterprises Inc #1423	Material	\$18,856.25
65313	Harris & Associates	Contract Services-Engineering	\$8,797.50
65314	Lund Construction	Contract Services- Engineering	\$169,639.60
65315	Maze & Associates	Support Services	\$9,458.00
65316	Planning Partners Inc	Contract Services-Wells	\$10,483.86
65317	PNP Construction, Inc	Contract Services-Engineering	\$57,682.00
65318	SMUD	Utilities	\$8,561.61

APRIL 2018 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
65319	Esther A Posey Rev Liv Trust	Customer Refund	\$87.15
65320	Solon D/Jeanine M Kobza	Customer Refund	\$10.18
65321	Kolak Trust	Customer Refund	\$152.60
65322	Sherry A Deurloo	Customer Refund	\$18.57
65323	Magaret M Nossardi	Customer Refund	\$57.19
65324	Sandra J Scott	Customer Refund	\$94.50
65325	Brian/Kathleen S Rupe	Customer Refund	\$11.20
65326	Thomas H Kervin Family Trust	Customer Refund	\$107.63
65327	Glenn U Raney	Customer Refund	\$19.57
65328	Johnathan T Forbes- Peyton	Customer Refund	\$186.06
65329	Jennifer Mendez	Customer Refund	\$54.56
65330	Terra J Evans	Customer Refund	\$76.99
65331	A&A Stepping Stone Manufacturing	Supplies-Field	\$71.12
65332	FP Mailing Solutions	Equipment Rental-Office	\$181.76
65333	Grainger	Small Tools	\$4,300.22
65334	J4 Systems	Contract Services-Other	\$648.75
65335	RW Trucking	Contract Services-Miscellaneous	\$1,912.50
65336	Minarets LLC	Customer Refund	\$12.94
65337	William H/Linda L Halfhill	Customer Refund	\$47.20
65338	Kevin M/Ellen L Price	Customer Refund	\$97.34
65339	James R Baxter	Customer Refund	\$228.26
65340	Aaron R/Elaine C Montag	Customer Refund	\$75.81
65341	Mustafa/Ljiljana Vuk	Customer Refund	\$151.16
65342	Christopher W/Linda M Baker	Customer Refund	\$6.42
65343	Margaret Wilkin	Customer Refund	\$799.14
65344	PNP Construction Inc	Contract Services-Engineering	\$1,776.24
65345	Dustin Trevino	Customer Refund	\$101.47
65346	Christopher/Allyssa Eatough	Customer Refund	\$13.37
65347	Chun H Bernal	Customer Refund	\$82.79
65348	Lucas D/Samantha J Yetter	Customer Refund	\$7.21
65349	Mendocino Holdings, LLC	Customer Refund	\$9.94
65350	ABA DABA Rentals & Sales	Supplies-Field	\$185.24
65351	Airgas USA, LLC	Supplies-Field	\$525.79
65352	Alexander's Contract Services	Contract Services-Meter Reading	\$3,434.93
65353	AnswerNet	Telephone-Answering Service	\$278.14
65354	Axcient Holdings LLC	Maintenance Agreement-Software	\$444.30
65355	BSK Associates	Water Analysis	\$981.00
65356	California Surveying & Drafting Supply	Small Tools	\$10.00
65357	Citrus Heights Saw & Mower	Repair-Equipment/Hardware	\$21.15
65358	City of Citrus Heights	Permit Fees	\$1,460.00
65359	Consolidated	Telephone-Local/Long Distance	\$1,734.63
65360	Corelogic Information Solutions Inc	Dues & Subscriptions	\$200.00
65361	County of Sacramento Municipal Services	Field Miscellaneous	\$133.05
65362	Express Office Products Inc	Office Expense	\$70.20
65363	Future Ford	Repair-Trucks	\$1,478.38
65364	Grainger	Small Tools	\$137.72
65365	Ferguson Enterprises Inc #1423	Material	\$7,308.41
65366	J4 Systems	Contract Services-Other	\$772.50
65367	KBA DOCUSYS	Equipment Rental-Office	\$492.79
65368	Lowe's	Supplies-Field	\$1,537.87

APRIL 2018 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
65369	Luhdorff & Scalmanini	Contract Services-Wells	\$4,756.35
65370	Mars Company	Wells Maintenance	\$22.48
65371	Messenger Publishing Group	Publication Notices	\$555.00
65372	Moonlight BPO	Contract Services-Bill Print/Mail	\$4,184.11
65373	Stacie Morse	Contract Services-Miscellaneous	\$70.00
65374	Pacific Gas & Electric	Utilities	\$49.86
65375	Evangelina Rangel	Customer Refund	\$108.18
65376	Les Schwab Tires	Repair-Trucks	\$233.05
65377	S.I.C.H.	Office Miscellaneous	\$320.00
65378	Sunset Painting	Contract Services-Miscellaneous	\$6,470.00
65379	Superior Equipment Repair	Repair-Trucks	\$1,560.48
65380	SureWest Directories	Telephone-Local/Long Distance	\$49.00
65381	Voyager Fleet Systems Inc	Gas & Oil	\$1,851.82
65382	Warren Consulting Engineers Inc	Contract Services-Engineering	\$1,658.75
65383	Best Best & Krieger	Legal Services	\$7,261.54
65384	Adell J Stewart	Customer Refund	\$42.94
65385	Jeanette V Hayward- Wolffe	Customer Refund	\$97.14
65386	Rachel O Rincon	Customer Refund	\$23.94
65387	Phil/Christine Yorde	Customer Refund	\$33.99
65388	Yuris Remodeling Inc	Customer Refund	\$43.68
65389	Anita Anderson	Customer Refund	\$24.44
65390	Allgeier Family Trust	Customer Refund	\$225.53
65391	Richard A/Susan/James Bristow	Customer Refund	\$57.93
65392	John A Lafave	Customer Refund	\$56.03
65393	Eugene A/Ida E Volmer	Customer Refund	\$44.45
65394	April S Edsberg	Customer Refund	\$41.21
65395	Nicholas A/Adelaida T Hicks	Customer Refund	\$240.23
65396	Sam S/Patricia A Baio	Customer Refund	\$12.81
65397	Adam D/Jennifer A Quilici	Customer Refund	\$20.20
65398	George T Xenakis	Customer Refund	\$41.08
65399	Michael J McLaughlin	Customer Refund	\$179.90
65400	Kerry Kennedy	Customer Refund	\$11.79
65401	Nancy Lowinger Family Trust	Customer Refund	\$88.41
65402	Robert B Peters	Customer Refund	\$47.00
65403	Christina E Thomas	Customer Refund	\$7.39
65404	Lina Kravtson	Customer Refund	\$158.24
65405	Jon/Audrey Young	Customer Refund	\$12.68
65406	Robert R Carter	Customer Refund	\$11.11
65407	West Coast Property Dev LLC	Customer Refund	\$32.34
65408	Madison Luther Holdings, LLC	Customer Refund	\$12.22
65409	Afman Supply	Small Tools	\$672.62
65410	Alexander's Contract Services	Contract Services-Meter Reading	\$2,735.56
65411	AM Conservation Group Inc	Water Conservation-Materials/Supply	\$431.00
65412	AREA Restroom Solutions	Equipment Rental-Field	\$118.76
65413	Avalon Custodial Care	Janitorial	\$695.00
65414	Best Best & Krieger	Legal Services	\$7,422.83
65415	Bell Marine Co., Inc.	Supplies-Field	\$380.00
65416	Bryce Consulting, Inc	Support Services	\$1,200.00
65417	Corix Water Products, Inc	Material	\$1,569.66
65418	Dawson Oil Company	Gas & Oil	\$2,248.49

APRIL 2018 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
65419	Grainger	Small Tools	\$20.67
65420	Ariana Johnson	Water Conservation-Other	\$50.00
65421	Kaiser Foundation Health Plan, Inc	Health Insurance	\$17,853.35
65422	Kiwanis of Citrus Heights	Continued Education	\$452.00
65423	Moonlight BPO	Contract Services-Bill Print/Mail	\$2,718.06
65424	Christopher Nichols	Continued Education	\$42.03
65425	North State Electric & Pump	Wells Maintenance	\$3,687.90
65426	Occu-Med	Office Miscellaneous	\$116.00
65427	Regional Government Services	Contract Services-Other	\$1,492.50
65428	River City Fire Equipment	Repair-Equipment/Hardware	\$555.65
65429	Sophos Solutions	Contract Services-Other	\$3,760.00
65430	WaterWise Consulting, Inc	Contract Services-Water Conservation	\$1,925.00
65431	World Environment & Energy Inc	Contract Services-Miscellaneous	\$406.61
65432	Pace Supply Corp	Material	\$967.86
65433	Pace Supply Corp	Material	\$993.13
TOTAL			\$501,264.61

ACH	APRIL 2018 SERVICE FEE	PAYCHEX	\$397.20
ACH	APRIL 2018 GASB	PERS	\$30,046.58
ACH	APRIL 2018 POSTAGE	Equipment Rental-Office	\$1,000.00
ACH	CHASE MARCH 2018	Bank Fee	\$2,105.73
ACH	CORIX	Material	\$10,086.52
ACH	INVOICE CLOUD	Bank Fee	\$4,745.95
ACH	US Bank I.M.P.A.C Government Services	See April Agenda Item CC-9	\$21,363.41
ACH	MARCH 2018 FD	Bank Fee	\$119.98
ACH	MARCH 2018 S FEE	Bank Fee	\$2,200.83
ACH	MARCH 2018 WB	Bank Fee	\$90.81
ACH	MAY 2018 HEALTH	Health Insurance	\$13,885.21
ACH	PERS 3/22/18 PAYDAY	PERS	\$17,771.28
ACH	VALIC 4/19/18 PAY DAY	Deferred Compensation	\$2,804.50
ACH	VALIC 4/5/18 PAY DAY	Deferred Compensation	\$2,954.50
ACH	VANCO MARCH 2018	Contract Services-Other	\$30.28
ACH	VOYA 4/19/18 PAY DAY	Deferred Compensation	\$25.00
ACH	VOYA 4/5/18 PAY DAY	Deferred Compensation	\$25.00
ACH	MARCH 2018 PH	Bank Fee	\$117.98
TOTAL			\$109,770.76

GRAND TOTAL **\$611,035.37**

May Payments Approved At May Board Meeting

ACH	Groeniger/Ferguson	Material	\$18,856.25
ACH	Lund Construction	Contract Services- Engineering	\$139,836.77
ACH	Corix	Material	\$11,053.55
ACH	US Bank I.M.P.A.C Government Services	See May Agenda Item CC-9	\$11,209.56
65482	CirclePoint	Contract Services- Conservation	\$17,119.19
65483	J&S Asphalt	Contract Services-Paving/Concrete	\$10,740.00
65484	North State Drilling	Contract Services-Wells	\$76,725.00
65485	North State Electric & Pump	Wells Maintenance	\$16,997.56
65486	San Juan Water District	Purchased Water	\$569,907.54

APRIL 2018 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
65487	Zuke's Landscape	Contract Services-Concrete	\$24,812.00
			<u>\$897,257.42</u>

**US BANK - CAL-Card Distributions
April 2018**

Name	Dues & Subscriptions	Continued Education	Supplies	Tools	Repair - Truck	Meeting Accommodations	Capital Project (CIP)	Office - Miscellaneous	Office Misc. - District Event	Postage	Office - Expense	Water Cnsvr - Material / Supply	Maint. Agrmt. - Software	Prof. Contract Svcs - Other	Total Bill
Cutler				\$ 21.53			\$ 13.43								\$ 34.96
Gordon					\$ 105.99	\$ 23.90									\$ 129.89
Henry	\$ 329.90					\$ 20.98		\$ 96.98							\$ 447.86
Hensley							\$ 21.40	\$ 16.14							\$ 37.54
Shockley		\$ 2,109.50	\$ 654.99			\$ 311.70	\$ 2,149.44		\$ 342.59	\$ 83.55	\$ 1,161.40	\$ 101.71			\$ 6,914.88
Sohal							\$ 3,023.46						\$ 250.00	\$ 192.00	\$ 3,465.46
Spiers			\$ 150.98												\$ 150.98
Straus	\$ 12.99												\$ 15.00		\$ 27.99
Total Bill	\$ 342.89	\$ 2,109.50	\$ 805.97	\$ 21.53	\$ 105.99	\$ 356.58	\$ 5,207.73	\$ 113.12	\$ 342.59	\$ 83.55	\$ 1,161.40	\$ 101.71	\$ 265.00	\$ 192.00	\$ 11,209.56

Citrus Heights Water District
 2018 Director Training Courses/Seminars/Conferences
 as of 5/9/2018

Date	Days	Topic	Organizing Agency	Location	Attendee	Total Expenses	Registration	Hotel	Air/Travel	Car rental	Meals	Parking/Taxi/ phone
05/8/18-05/11/18	4	ACWA 2018 Spring Conference	ACWA	Sacramento, CA	Ray Riehle	699.00	699.00					
05/8/18-05/11/18	4	ACWA 2018 Spring Conference	ACWA	Sacramento, CA	Al Dains	699.00	699.00					
05/8/18-05/11/18	4	ACWA 2018 Spring Conference	ACWA	Sacramento, CA	Caryl Sheehan	699.00	699.00					
					Grand Total	2,097.00						

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 16, 2018 MEETING

SUBJECT : Employee Recognition
 STATUS : Information Item
 REPORT DATE : May 10, 2018
 PREPARED BY : Christopher Castruita, Management Services Supervisor/Chief Board Clerk

The following District employees were recognized for perfect attendance during March 2018, and outstanding customer service and quality of work during the month of April 2018.

Administrative Services & Water Efficiency Department

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Chris Castruita	Yes		
Brady Chambers			Worked on a Friday to do site visits to our large meter facilities.
Kelly Drake	Yes	Provided set-up and assistance for the April WaterSmart class.	Worked on a Friday to do site visits to our large meter facilities.
Madeline Henry	Yes	Presented a Safety Presentation at the weekly Safety Meetings. On short notice, assisted Water Efficiency with an Adobe Send&Track issue.	
Mersadez Hogan		Assisted a customer whose water had been disconnected with tact and diplomacy. Provided set-up and assistance for the April WaterSmart class.	
Dana Mellado		Assisted customer with a complex issue involving his account and helping him understand his account.	

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Rex Meurer		Presented a Safety Presentation at the weekly Safety Meetings.	
Alberto Preciado	Yes		Streamlined the spreadsheets for the processing of Calcard, a huge timesaver that makes the process go much smoother.
Beth Shockley		Provided set-up and assistance for the April WaterSmart class.	
Desiree Smith		Received recognition from a customer who was so appreciative of service provided that he recommended she get “a week off with pay”.	

Engineering Department

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Tamar Dawson	Yes		
Paul Dietrich	Yes		Worked during off-hours for a District project.
Neil Tamagni	Yes		Performed inspection during off-hours on the District’s capital improvement projects.

Operations Department

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Tim Cutler			Assisted and inspected the landscape improvement work performed on the District property on Friday, 04/27/18.
James Ferro	Yes	Presented a Safety Presentation at the weekly Safety Meetings.	

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Jarrett Flink	Yes		
Rick Jimenez			Assisted Standby with an emergency water service repair on Tuesday, 04/03/18.
Rickey Kelley	Yes		Assisted Standby with an emergency water service repair on Tuesday, 04/03/18. Assisted Standby with the investigation of a water leak. Investigation found that leak was coming from a private 4" fire service main on Saturday, 04/07/18.
Mike Mariedth	Yes		
Chris Nichols	Yes		
Jason Tupper	Yes		

**CITRUS HEIGHTS WATER DISTRICT
DISTRICT STAFF REPORT TO BOARD OF DIRECTORS
MAY 16, 2018 BOARD MEETING**

SUBJECT : LONG RANGE AGENDA
 STATUS : Consent/Information Item
 REPORT DATE : May 10, 2018
 PREPARED BY : Christopher Castruita, Management Services Supervisor/Chief Board Clerk
 Madeline Henry, Management Services Specialist/Deputy Board Clerk

OBJECTIVE:

Listed below is the current Long Range Agenda.

Legend	
S	Study Session
CC	Consent Calendar
P	Presentation
B	Business
PH	Public Hearing
CL	Closed Session

CITRUS HEIGHTS WATER DISTRICT LONG RANGE AGENDA					
MEETING DATE	MEETING TYPE	ITEM DESCRIPTION	ASSIGNED	AGENDA TYPE	AGENDA ITEM
June 4, 2018					
June 4, 2018	Special Board Meeting	Strategic Planning Session	Straus/Castruita/Henry	S	I/D
June 20, 2018					
June 20, 2018		Resolution to Accept Easements at 7115 Greenback Lane	Pieri	CC	A
June 20, 2018		Notice of Completion for Corporation Yard Safety Improvement Project	Pieri	CC	A
June 20, 2018		Notice of Completion for Rosa Vista/Highland Project	Pieri	CC	A
June 20, 2018		Resolution authorizing Secretary to accept and consent to real property	Nelson/Henry	CC	A
June 20, 2018		Update on Groundwater Sustainability Plan	Gordon (SGA)	P	I/D
June 20, 2018		Audit/CAFR Review	Preciado/Sohal	P	I/D
June 20, 2018		Agreement for Asset Management Software	Pieri	B	A
July 18, 2018					
July 18, 2018		Approval of Land Exchange Agreement	Pieri/Nelson	B	A
July 18, 2018	Finance Corporation Meeting	Confirm & Appoint Officers of the Finance Corp., Status of Finance Corp.	Sohal	B	A
July 18, 2018		Approval of 2019 Strategic Plan	Sohal/Henry	B	A
August 21, 2018					
August 21, 2018		Budget Rate Model Options Workshop	Sohal	P	I/D
August 21, 2018		Approval of Land Exchange Agreement	Pieri/Nelson	B	A
September 19, 2018					
September 19, 2018		Refined Budget Options/Prop 218 Direction	Sohal/Straus	B	A
October 17, 2018					
October 17, 2018		Misc. Charges and Fees - Proposed	Sohal	B	A
November 14, 2018					
November 14, 2018		Cost-of-Living Adjustment to Salary Schedule, Retiree Insurance Benefits, and Directors' Compensation	Castruita	B	A
November 14, 2018		Results of District Elections	Castruita	B	A

CITRUS HEIGHTS WATER DISTRICT LONG RANGE AGENDA					
MEETING DATE	MEETING TYPE	ITEM DESCRIPTION	ASSIGNED	AGENDA TYPE	AGENDA ITEM
December 5, 2018					
December 5, 2018	Special Board Meeting	Operating and Capital Budgets	Straus/Sohal/Pieri/Gordon	PH	A
December 5, 2018	Special Board Meeting	Water Rates, Charges & Fees	Straus/Sohal	PH	A
December 5, 2018	Special Board Meeting	Capacity Fees	Straus/Sohal	PH	A
December 19, 2018					
December 19, 2018		Recognition of Al Dains for Service to CHWD	Castruita	P	I/D
December 19, 2018		SGMA Implementation/GSA Development	Gordon/Anderson	P	I/D
December 19, 2018		Committee Assignments	Castruita	B	A
December 19, 2018		District Officers	Castruita	B	A
December 19, 2018		Selection of President and Vice President	Castruita	B	A

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 16, 2018 MEETING

SUBJECT : ENGINEERING DEPARTMENT REPORT
 STATUS : Consent/Information Item
 REPORT DATE : May 2, 2018
 PREPARED BY : Missy Pieri, Engineering Manager/District Engineer

Significant assignments and activities for the Project Management and Engineering Department are summarized below. I will be available at the meeting to answer questions and/or provide additional details.

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, 10/18/17 (Award of Contract)	Yes	2017-2018 Masterplan for replacement of mains installed in 1960-1985.	Asset Inventory and water demand projections in progress. Customer Advisory Committee (CAC) Orientation occurred on 03/19/18. CAC Meeting #1 scheduled for 05/29/18.

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 Corporation Yard Safety Improvements Project	Engineering	Engineering Manager, Project Manager and Senior Construction Inspector	On-going	Yes, 06/20/18 (Anticipated Notice of Completion)	Yes	2017 design and construction of Vacuum Spoils Disposal, Wash Station, Materials Storage, and Safety and Efficiency Upgrades.	Board approved contract on 07/24/17. Letter of Acceptance sent to Contractor on 04/05/18. 100% Complete. Awaiting lien releases and final warranty documents from the Contractor.
CAPITAL IMPROVEMENT PROJECT Corporation Yard / Facilities Master Plan Buildout	Engineering	Engineering Manager and Project Manager	On-going	TBD	Yes	2017-18 Masterplan for office space requirements through 2040.	Restart Project. Engineering meeting completed 03/29/18. Next meeting scheduled for 05/16/18.
CAPITAL IMPROVEMENT PROJECT Highland Ave & Rosa Vista Ln 8" Water Mains	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, 01/17/18 (Award of Contract)	Yes	2017 design and construction.	Award of Contract occurred at the 01/17/18 Board Meeting. Contractor began construction on 02/26/18. 95% Complete.

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	Project Manager and Assistant Engineer	On-going	Yes, 04/18/18 (Award of Contract)	Yes	2017 design, 2018 construction.	Award of Contract at the 04/18/18 Board Meeting. Awaiting documents from Contractor prior to executing agreement.
CAPITAL IMPROVEMENT PROJECT Wind Way and Longwood Way 8" Water Mains	Engineering	Project Manager and Assistance Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	75% Plans received from Engineer on 02/05/18. Potholing completed. Revised plans sent back to Engineer on 05/01/18.
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 May 2018.

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 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 to be scheduled for May 2018.
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 CIP. 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 to follow-up with developer regarding a cost-sharing agreement for system improvements made in conjunction with the project.

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 Commercial Building Remodel - 5414-50 Sunrise Blvd	Engineering	Senior Construction Inspector and Engineering Manager	On-going	Yes, 05/16/18 (Anticipated Approval of Resolution for Easement)	No	Private development.	Project and punch list items complete except for easements. Submitting easement and resolution to the Board on 05/16/18.
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.	Portions of demolition of existing water facilities complete. Coordinate easement with engineer and City of Citrus Heights.
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. 25% 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.	Comments regarding Draft Environmental Impact Report due 05/07/18. Engineer preparing Improvement Plans for proposed land exchange.
PRIVATE DEVELOPMENT Mariposa Creek Subdivision - Antelope Road	Engineering	Senior Construction Inspector	On-going	No	No	15 lot subdivision located on Antelope Road.	Final plans received on 01/23/18. Developer grading site. Water installation anticipated in May 2018.
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 revised plans from engineer on 04/03/18. Met with Engineer on 04/10/18. Received updated plans from engineer on 04/30/18.

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 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.	Reviewed plans and provided comments 09/28/17. Fire flow analysis request submitted on 02/05/18. Engineer submitted revised plans on 03/22/18. Comments sent to engineer on 04/04/18. Awaiting resubmittal.
PRIVATE DEVELOPMENT 8027 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.	Sent 95% plans with comments to Engineer on 02/26/18. Awaiting resubmittal.
PRIVATE DEVELOPMENT Sunrise Blvd_5437-5439 - Sunrise Village Retail Center - parcel split	Engineering	Engineering Manager and Assistant Engineer	On-going	TBD	No	Parcel being split into 3 for individual sales that previously occurred.	Sent comments to City 09/13/17. Awaiting to determine if developer/owner chooses to split the parcel.
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.

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 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.
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.
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 Studio Movie Grill	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development.	Sent Will Serve letter on 12/28/17. Awaiting 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
COMCAST	Engineering	Assistant Engineer and GIS Specialist	On-going	No	No	Various communications boring projects throughout the service area.	Received 13 utility requests as of 05/01/18. District has provided water utility maps for all projects. Received "B" plans on 5 projects as of 05/01/18 and provided comments. Awaiting resubmittal from Comcast Engineer.
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 Spring 2018. "B" Plans sent back 08/21/17 with comments. Coordinating utility conflicts.
CITY OF CITRUS HEIGHTS PROJECT City Baird Way Storm Drain Improvements	Engineering	Operations and Senior Construction Inspector	On-going	Yes, TBD	Yes	Baird Way Storm Drain Project.	Awaiting Preconstruction Meeting with the Contractor and 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. CHWD to begin any water facility relocations in May/June 2018.
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. Anticipate bid and start of construction in Spring 2018.
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.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
Annexations	Engineering	Engineering Manager, Project Manager and Assistant Engineer	2018	Yes, TBD	Yes	Strategic Planning Item.	Scoping meeting completed on 04/18/18. Preparing Draft Request for Proposal. Review of Draft Request for Proposal on 08/08/18.
Easements	Engineering	Engineering Manager, Project Manager and Assistant Engineer	2018	Yes, TBD	Yes	Strategic Planning Item.	Scoping meeting completed on 04/18/18. Preparing Draft Request for Proposal. Review of Draft Request for Proposal on 07/17/18.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 16, 2018 BOARD MEETING

SUBJECT : OPERATIONS DEPARTMENT REPORT
 STATUS : Consent/Information Item
 REPORT DATE : May 3, 2018
 PREPARED BY : David M. Gordon, Operations Manager
 Tim Cutler, Water Distribution Supervisor

Facilities Maintenance			CIP Projects		
	Completed WO's			Completed WO's	
	Current Mth	Year to Date		Current Mth	Year to Date
Backflow Maintenance	0	0	C18-010 Water Mainline	0	0
Blow Off Maintenance	0	0	C18-011 Water Valves	1	4
Hydrant Maintenance	28	114	C18-012 Water Services	40	117
Leak Investigation	0	2	C18-013 Water Meters	14	68
Mainline Repair/Maintenance	0	1	C18-014 Fire Hydrants	1	6
Meter Box Maintenance	3	16	TOTAL	56	195
Meter Register Replacement	13	71	Water Quality		
Meter Repair/Test/Maintenance	0	1	<i>Water Analysis Report: Bacteriological testing has met all California Department of Public Health requirements. 72 samples were collected with no positive results.</i>		
Pot Hole Work	1	1			
Water Service Repair/Locate	1	2			
Valve, Mainline Maintenance	41	186			
Valve Box Maintenance	0	1			
TOTAL	87	395			

**CITRUS HEIGHTS WATER DISTRICT
DISTRICT STAFF REPORT TO BOARD OF DIRECTORS
MAY 16, 2018 BOARD MEETING**

SUBJECT : 2018 WATER SUPPLY - PURCHASED & PRODUCED
 STATUS : Consent/Information Item
 REPORT DATE : May 7, 2018
 PREPARED BY : Brian M. Hensley, Water Resources Supervisor
 David M. Gordon, Operations Manager

OBJECTIVE:

Report on annual water supply including comparison with prior years and current 5 - 10% voluntary reduction policy.

Month	2013	2014	2015	2016	2017	2018				Year-to-Date Comparison to 2013	
	Total Water Monthly					Surface Water Purchased	Ground Water Produced	Total Water Monthly	Total Water Annual	acre feet	%
	acre feet					acre feet					
Jan	602.52	602.39	570.05	539.60	506.81	481.10	50.28	531.38	531.38	-71.14	-11.8%
Feb	606.36	450.96	511.52	484.53	443.99	477.82	47.91	525.73	1,057.11	-151.77	-12.6%
Mar	819.55	612.20	725.95	517.56	546.60	514.54	29.65	544.19	1,601.30	-427.13	-21.1%
Apr	1,029.73	737.30	761.02	677.81	575.52	647.63	17.73	665.36	2,266.66	-791.50	-25.9%
May	1,603.43	1,190.07	869.08	979.49	1,138.72						
Jun	1,816.73	1,548.66	1,065.10	1,343.76	1,412.94						
Jul	2,059.21	1,622.10	1,184.95	1,544.57	1,650.76						
Aug	1,924.28	1,477.49	1,188.18	1,579.80	1,570.80						
Sep	1,509.82	1,275.11	1,069.78	1,257.91	1,441.76						
Oct	1,297.42	1,030.74	918.67	840.80	1,128.97						
Nov	911.55	682.48	589.6	561.82	631.55						
Dec	700.94	563.15	519.57	518.62	574.43						
Total	14,881.54	11,792.65	9,973.47	10,846.27	11,622.85	2,121.09	145.57	2,266.66	2,266.66		
% of Total						93.58%	6.42%				

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 16, 2018 MEETING

SUBJECT : WATER SUPPLY RELIABILITY
STATUS : Consent/Information Item
REPORT DATE : May 7, 2018
PREPARED BY : David M. Gordon, Operations Manager
 Brian Hensley, Water Resources Supervisor

OBJECTIVE:

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

BACKGROUND AND ANALYSIS:

As of May 1, 2018, storage in Folsom Lake (Lake) was at 866,400 acre-feet, 89 percent of the total capacity of 977,000 acre-feet. This represents an increase in storage of 49,600 acre-feet in the past month.

The District's total water use during the month of April 2018 (665.36 acre-feet) was 35.4 percent below that of April 2013 (1029.73 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.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 16, 2018 REGULAR MEETING

SUBJECT : WATER EFFICIENCY & SAFETY PROGRAM UPDATE
 STATUS : Consent/Information Item
 REPORT DATE : May 02, 2018
 PREPARED BY : Rex W. Meurer, Water Efficiency Supervisor

Water Efficiency, Safety and Meter Program updates are summarized below.

ACTIVITIES AND PROGRESS REPORT

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

- 11 ultra-low-flush toilet (ULFT) rebates were processed for the month of April. The 5 year average (2013-2017) of April ULFT rebates is 21. A total of \$4,350.00 in rebates were issued year to date.
- A total of 11 High Efficiency Clothes Washer (HECW) rebates have been issued during the first quarter of 2018. To better align with SMUD's schedule for reporting monthly numbers, staff will report HECW rebates on a quarterly basis.
- 11 water waste calls were received during the month of April. No reports of water waste were received through CHWD's Drought Resources web page.
- Operations staff completed their annual respirator fit test and refresher training on April 5, 2018. The fit test ensures that an employee's mask will fit properly and provide a tight seal while the respirator is being used.
- Staff completed the annual fire extinguisher training and fire extinguisher recharging on April 12, 2018. The training included a hands on demonstration on how to use a fire extinguisher and which class of fire extinguisher is appropriate for use during certain types of fires.
- An Ecolandscape class will be held on Saturday, May 19th from 9:00 am – 12:00 pm. The class is titled "Designing Eco-Friendly Landscapes and Water-Wise Irrigation Systems". This is the second class in a series of 5 classes to be held by the District this year.
- Staff will be issuing a Professional Services Agreement (PSA) for assistance with the Validation of the 2017 AWWA Water Audit. Validation must be performed by a certified independent auditor who does not contribute to data collection. Validation must be complete and submitted to the Department of Water Resources (DWR), by October 1, 2018.
- Staff 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. They are currently reaching out to CHWD's single-family customers. Due to this effort, a total of 9 additional Irrigation Efficiency Reviews were generated and completed for the month of April. This compares to 2 Irrigation Reviews completed during the same month in 2017. A total of 72 Irrigation Efficiency Reviews have been completed since the outreach campaign began in December 2017. This compares to 11 Irrigation Efficiency Reviews completed for the same time in December 2016 thru March 2017.

- 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%

- 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.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 16, 2018 REGULAR MEETING

SUBJECT : 5414-50 SUNRISE BOULEVARD EASEMENT ACCEPTANCE
STATUS : Action Item – Consent Calendar
REPORT DATE : May 2, 2018
PREPARED BY : Missy Pieri, Engineering Manager/District Engineer

OBJECTIVE:

Consider adoption of Resolution 06-2018 for the acceptance of an easement from Alta Sunrise Devco, LLC on portions of Assessor’s Parcel Numbers 233-0044-005 and -008 located at 5414-50 Sunrise Boulevard, and authorize execution and recording of the easement.

BACKGROUND AND ANALYSIS:

Site improvements to the above property required the installation of new water distribution mains, water services and fire protection facilities to provide water service to the site. An easement for the water facilities was granted by Alta Sunrise Devco, LLC, at no cost to the District.

See accompanying a Grant of Easement, including Exhibit “A”, Legal Description, and Exhibit “B”, Plat Map and Resolution 06-2018.

RECOMMENDATION:

Adopt Resolutions 06-2018 for the acceptance of an easement from Alta Sunrise Devco, LLC on portions of Assessor’s Parcel Numbers 233-0044-005 and -008 located at 5414-50 Sunrise Boulevard, and authorize execution and recording of the easement.

ATTACHMENT:

- 1) Resolution 06-2018 accepting an easement from Alta Sunrise Devco, LLC.
- 2) Grant of Easement including Exhibit “A”, Legal Description and Exhibit “B”, Plat Map

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

ATTACHMENT 1

**Resolution 06-2018 for Accepting an Easement From
Alta Sunrise Devco, LLC**

CITRUS HEIGHTS WATER DISTRICT
RESOLUTION NO. 06-2018

RESOLUTION OF THE BOARD OF DIRECTORS
ACCEPTING AN EASEMENT FROM
ALTA SUNRISE DEVCO, LLC
FOR WATER DISTRIBUTION FACILITIES WITHIN
5414-50 SUNRISE BLVD (APN: 233-0044-005 AND -008)

WHEREAS ALTA SUNRISE DEVCO, LLC, a California limited liability company for a valuable consideration, receipt of which is hereby acknowledged, does hereby grant to CITRUS HEIGHTS WATER DISTRICT, a political subdivision of the State of California formed pursuant to Division 11 of the Water Code, a right-of-way and non-exclusive easement to construct, reconstruct, operate, maintain and/or repair water pipelines together with any and all appurtenances appertaining thereto; together with the perpetual right of ingress thereto and egress there from for the purpose of exercising and performing all of the rights and privileges granted herein; said pipelines and appurtenances to be of such size(s) and character as the grantee may determine, on, over, across and under all that certain real property, situate in the County of Sacramento, State of California particularly described as follows:

All that certain real property, being portions of parcels "A" and "B" as shown on that certain parcel map filed in book 40 of parcel maps at page 30, Sacramento County records, situated in the City of Citrus Heights, County of Sacramento, State of California, more particularly described as follows:

Parcel 1

COMMENCING at the Southwest corner of said parcel "A", thence along the South line of said parcel "A", North 88°33'43" East 5.00 feet to the Easterly line of Sunrise Boulevard and the POINT OF BEGINNING; thence along said Easterly line, North 01°32'25" West 266.54 feet to the beginning of a tangent curve; thence continuing along said Easterly line and along the arc of said tangent curve to the right, having a radius of 1945.00 feet, subtended by a chord bearing of North 00°27'12" West 73.79 feet to the beginning of a compound curve; thence continuing along said Easterly line and along the arc of said compound curve to the right, having a radius of 25.00 feet, subtended by a chord bearing of North 19°29'00" East 18.03 feet; thence leaving said Easterly line, south 86°35'29" East 14.90 feet; thence south 03°24'31" West 15.00 feet; thence North 86°35'29" West 15.00 feet to the beginning of a non-tangent curve; thence along the arc of said non-tangent curve to the left, having a radius of 1940.00 feet, subtended by a chord bearing of South 00°25'22" East 75.68 feet; thence along a line that is parallel with and 5.00 feet Easterly of said Easterly line of Sunrise Boulevard, measured at right angles, South 01°32'25" East 25.20 feet; thence North 88°27'35" East 17.00 feet; thence South 01°32'25" East 10.00 feet; thence South 88°27'35" West 17.00 feet; thence along a line that is parallel with and 5.00 feet Easterly of said Easterly line of sunrise boulevard, measured at right angles, south 01°32'25" East 231.35 feet to said South line of said parcel "A"; thence along said south line, South 88°33'43" West 5.00 feet to the point of beginning. Containing a total area of 2,158 square feet, more or less.

Parcel 2

Within a strip of land 10 feet in width, the centerline of which is described as follows:

COMMENCING at the Northeast corner of said parcel "B", thence along the East line of said parcel "B", South 01°30'06" East 30.00 feet to the Southerly line of Alta Sunrise Drive; thence along said Southerly line, South 88°29'51" West 55.52 feet to the point of beginning; thence leaving said Southerly line, South 01°30'09" East 27.00 feet. The sidelines of said strip of land shall be lengthened or shortened to terminate at the said southerly line of Alta Sunrise Drive. Containing a total area of 270 square feet, more or less.

NOW THEREFORE BE IT RESOLVED that CITRUS HEIGHTS WATER DISTRICT accepts said Grant of Easement and conveyance and that a certified copy of this Resolution be provided to the County of Sacramento to be attached to and recorded with said Grant of Easement in the Office of the County Recorder of Sacramento County.

ADOPTED this 16th day of May, 2018

AYES: Board Members-

NOES: Board Members-

ABSTAIN: Board Members-

ABSENT: Board Members-

RAYMOND RIEHLE, President
Board of Directors
Citrus Heights Water District

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 06-2018 adopted by the Board of Directors of Citrus Heights Water District at its regular meeting held May 16, 2018.

CHRISTOPHER CASTRUITA, Chief Board Clerk
Citrus Heights Water District

ATTACHMENT 2

**Grant of Easement from Alta Sunrise Devco, LLC
Including Exhibit “A” and Exhibit “B”**

RECORDED AT THE REQUEST OF
AND RETURN TO:

CITRUS HEIGHTS WATER DISTRICT
P.O. BOX 286
CITRUS HEIGHTS, CA 95611-0286

COUNTY APN: 233-0044-005 and 233-0044-008

LOCATION: Southeast Corner of Sunrise Blvd. & Alta Sunrise Dr.

EXEMPT FROM TRANSFER TAX
(Revenue and Taxation Code Section 11922)

Space above for Recorder's use only

NO FEE FOR RECORDING
(Government Code Section 27383)

GRANT OF EASEMENT
TO
CITRUS HEIGHTS WATER DISTRICT

ALTA SUNRISE DEVCO, LLC, a California limited liability company, for a valuable consideration, receipt of which is hereby acknowledged, does hereby grant to CITRUS HEIGHTS WATER DISTRICT, a political subdivision of the State of California formed pursuant to Division 11 of the Water Code (the "District"), a right-of-way and non-exclusive easement to construct, reconstruct, operate, maintain and/or repair water pipelines together with any and all appurtenances appertaining thereto; together with the perpetual right of reasonable ingress thereto and egress there from for the purpose of exercising and performing all of the rights and privileges granted herein for as long as the Grantee operates the water pipeline; said pipelines and appurtenances to be of such size(s) and character as the District may determine, on, over, across and under all that certain real property, situate in the County of Sacramento, State of California particularly described as follows:

See Exhibits "A" & "B"

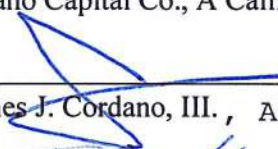
Use of this easement by the Grantor or by the Grantor's assignees or successors in interest, which is not compatible or interferes with the District's construction, reconstruction, operation, maintenance or repair of the water pipelines and appurtenances, shall not be allowed. The District acknowledges and agrees that Grantor and Grantor's assignees or successors in interest shall, at all times, be allowed to utilize the easement as a roadway, pedestrian walkway, parking area or outdoor open space, including any public or private disabled access, disabled access ramp, hardscaped or landscaped area monument signage, and shall be permitted to maintain these improvements in a manner compatible with such uses on the easement. Any other proposed use by the Grantor or by the Grantor's assignees or successors in interest shall be requested in writing and subject to written approval by the District prior to the proposed construction or use of the easement by the Grantor. The Grantor at the Grantor's sole expense shall remove in a timely manner any use not specified and acknowledged above or approved in writing by the District. Should the District


find it necessary to remove any part or all of the acknowledged or approved improvements of Grantor or Grantor's assignees or successors in interest for the purpose of constructing or maintaining its water pipelines and appurtenances at any time, pursuant to the District's rights granted herein, the District shall be liable for all costs of removal of any such roadways, parking areas or other improvements and shall be responsible for the timely repair and restoration of such areas in a good workman-like manner to the condition such areas were in prior to District's removal of any such improvements. District's warranty regarding the quality of such work shall be for one year from completion of the work. District expressly disclaims any responsibility for repairs or restorations after this time period.

In witness thereof, Grantors have hereunto subscribed their names this 12th day of April, 2018.

ALTA SUNRISE DEVCO, LLC, a California limited liability company,

By: Cordano Capital Co., A California corporation, Its Manager,

By: 
James J. Cordano, III., Asst. CEO

By: 
Mark A Cordano, Asst, CFO

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA §
 §
COUNTY OF Sacramento §

On April 12, 2018 before me, Lora B. Ward, Notary Public, personally appeared James R. Cordano, III + Mark A. Cordano who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Lora B. Ward (Seal)
Signature of Notary Public



EXHIBIT "A"
LEGAL DESCRIPTION

ALL THAT CERTAIN REAL PROPERTY, BEING PORTIONS OF PARCELS "A" AND "B" AS SHOWN ON THAT CERTAIN PARCEL MAP FILED IN BOOK 40 OF PARCEL MAPS AT PAGE 30, SACRAMENTO COUNTY RECORDS, SITUATED IN THE CITY OF CITRUS HEIGHTS, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1

COMMENCING AT THE SOUTHWEST CORNER OF SAID PARCEL "A", THENCE ALONG THE SOUTH LINE OF SAID PARCEL "A", NORTH 88°33'43" EAST 5.00 FEET TO THE EASTERLY LINE OF SUNRISE BOULEVARD AND THE **POINT OF BEGINNING**; THENCE ALONG SAID EASTERLY LINE, NORTH 01°32'25" WEST 266.54 FEET TO THE BEGINNING OF A TANGENT CURVE; THENCE CONTINUING ALONG SAID EASTERLY LINE AND ALONG THE ARC OF SAID TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 1945.00 FEET, SUBTENDED BY A CHORD BEARING OF NORTH 00°27'12" WEST 73.79 FEET TO THE BEGINNING OF A COMPOUND CURVE; THENCE CONTINUING ALONG SAID EASTERLY LINE AND ALONG THE ARC OF SAID COMPOUND CURVE TO THE RIGHT, HAVING A RADIUS OF 25.00 FEET, SUBTENDED BY A CHORD BEARING OF NORTH 19°29'00" EAST 18.03 FEET; THENCE LEAVING SAID EASTERLY LINE, SOUTH 86°35'29" EAST 14.90 FEET; THENCE SOUTH 03°24'31" WEST 15.00 FEET; THENCE NORTH 86°35'29" WEST 15.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE; THENCE ALONG THE ARC OF SAID NON-TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 1940.00 FEET, SUBTENDED BY A CHORD BEARING OF SOUTH 00°25'22" EAST 75.68 FEET; THENCE ALONG A LINE THAT IS PARALLEL WITH AND 5.00 FEET EASTERLY OF SAID EASTERLY LINE OF SUNRISE BOULEVARD, MEASURED AT RIGHT ANGLES, SOUTH 01°32'25" EAST 25.20 FEET; THENCE NORTH 88°27'35" EAST 17.00 FEET; THENCE SOUTH 01°32'25" EAST 10.00 FEET; THENCE SOUTH 88°27'35" WEST 17.00 FEET; THENCE ALONG A LINE THAT IS PARALLEL WITH AND 5.00 FEET EASTERLY OF SAID EASTERLY LINE OF SUNRISE BOULEVARD, MEASURED AT RIGHT ANGLES, SOUTH 01°32'25" EAST 231.35 FEET TO SAID SOUTH LINE OF SAID PARCEL "A"; THENCE ALONG SAID SOUTH LINE, SOUTH 88°33'43" WEST 5.00 FEET TO THE **POINT OF BEGINNING**.

CONTAINING A TOTAL AREA OF 2,158 SQUARE FEET, MORE OR LESS.

PARCEL 2

WITHIN A STRIP OF LAND 10 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID PARCEL "B", THENCE ALONG THE EAST LINE OF SAID PARCEL "B", SOUTH 01°30'06" EAST 30.00 FEET TO THE SOUTHERLY LINE OF ALTA SUNRISE DRIVE; THENCE ALONG SAID SOUTHERLY LINE, SOUTH 88°29'51" WEST 55.52 FEET TO THE **POINT OF BEGINNING**; THENCE LEAVING SAID SOUTHERLY LINE, SOUTH 01°30'09" EAST 27.00 FEET.

THE SIDELINES OF SAID STRIP OF LAND SHALL BE LENGTHENED OR SHORTENED TO TERMINATE AT THE SAID SOUTHERLY LINE OF ALTA SUNRISE DRIVE.

CONTAINING A TOTAL AREA OF 270 SQUARE FEET, MORE OR LESS.

THE ATTACHED PLAT ENTITLED "EXHIBIT B" IS MADE A PART OF THIS LEGAL DESCRIPTION.

END OF DESCRIPTION

THIS DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECTION PURSUANT TO THE REQUIREMENTS OF THE PROFESSIONAL LAND SURVEYOR'S ACT.



WRITTEN BY: JIM C. KOO, PLS 7829
EXP. DATE: DECEMBER 31, 2018
DATE PREPARED: APRIL 9, 2018



ALTA SUNRISE DRIVE

N19°29'00"E
CH=18.03'
R=25.00'

N00°27'12"W
CH=73.79'
R=1945.00'

SUNRISE BLVD

N01°32'25"W
266.54'

P.O.B.

P.O.C.
SW CORNER OF
PARCEL A
PER 40 P.M. 30
N88°33'43"E
5.00'

586°35'29"E
14.90'

503°24'31"W
15.00'

N86°35'29"W
15.00'

500°25'22"E
CH=75.68'
R=1940.00'

501°32'25"E
25.20'

N88°27'35"E
17.00'

501°32'25"E
10.00'

588°27'35"W
17.00'

501°32'25"E
231.35'

LEGEND

- NENORTHEAST
- P.M.PARCEL MAP
- P.O.C.POINT OF COMMENCEMENT
- P.O.B.POINT OF BEGINNING
- SWSOUTHWEST
- S.F.SQUARE FEET

P.O.C.
NE CORNER OF
PARCEL B
- PER 40 P.M. 30

WATERLINE EASEMENT
PARCEL 2
AREA=270± S.F.

501°30'09"E
27.00'

588°29'51"W
55.52'

PARCEL B
40 P.M. 30

WATERLINE EASEMENT
PARCEL 1
AREA=2,158± S.F.

PARCEL A
40 P.M. 30



B BURRELL CONSULTING GROUP, INC.
1001 Enterprise Way, Suite 100
Roseville, CA 95678 (916) 783-8898

EXHIBIT "B"
ALTA SUNRISE
5450 & 5414 SUNRISE BLVD.
WATER LINE EASEMENT

CITY OF CITRUS HEIGHTS

CALIFORNIA

DRAWN BY: DKL
CHECKED BY: JCK

DATE: 03/20/2018

SHEET 1 OF 1

JOB NO. 1908-00-1192

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 16, 2018 REGULAR MEETING

SUBJECT : WATER AWARENESS POSTER CONTEST
 STATUS : Presentation Item
 REPORT DATE : May 3, 2018
 PREPARED BY : Rex W. Meurer, Water Efficiency Supervisor

OBJECTIVE:

Present awards to the winners of this year's Water Efficiency Poster Contest conducted by Citrus Heights Water District (the District) and the San Juan Family of Agencies.

BACKGROUND AND ANALYSIS:

The District's water conservation staff, in conjunction with Orange Vale Water Company, Fair Oaks Water District and San Juan Water District sponsored the twenty-second annual Water Awareness Poster Contest. A total of 413, 4th, 5th and 6th grade students at five elementary schools within the District's service area submitted posters based on this year's theme, "Winter, Summer, Fall or Spring Water Conservation Is A Year Round Thing."

Each agency awards a first-place prize of \$100.00 and two runner-up prizes of \$50.00. In addition, each winning student's class receives an award of \$100.00 for the winning entry. The winning entries will also be featured in the 2018 Water Efficiency Calendar. The Grand Prize Winner is featured on the cover of the calendar and in the month of May, which represents Water Awareness Month. The Grand Prize Winner receives an additional \$100.00 check.

The winners for schools within the Citrus Heights Water District are:

First Place Winner: Annabelle Ng, 5th Grade, Skycrest Elementary School
 Teacher: Jinne Calvi

Runner-Up: Leila Gross, 6th Grade, Woodside School
 Teacher: Susanne Slayton

Runner-Up: Shelby Gibbs, 5th Grade, Trajan Elementary School
 Teacher: Sallee Weston

The contest entries in the Citrus Heights Water District service area were judged by Alison Bermudez from the City of Citrus Heights; Paul Buchanan representing the Citrus Heights Chamber of Commerce; and Lee Hollingsworth and Sharon Mueller from the Sunrise Recreation and Park District.

The winners and their families, teachers, and friends have been invited to the CHWD Board of Directors meeting on May 16, 2018 to receive their awards and recognition for their efforts.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 16, 2018 MEETING

SUBJECT : PROJECT 2030 – ASSET MANAGEMENT SOFTWARE PRESENTATION
STATUS : Presentation/Study Session
REPORT DATE : May 3, 2018
PREPARED BY : Missy Pieri, Engineering Manager/District Engineer

A presentation by Innovyze concerning the asset management software, InfoMaster, that is recommended to be used as part of the Project 2030 Study, will be provided to the CHWD Board.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS May 16, 2018 REGULAR MEETING

SUBJECT : DISCUSSION AND POSSIBLE ACTION TO PURCHASE THE ELLA WAY PROPERTY AND ACCEPT A CITY OF CITRUS HEIGHTS PARCEL

STATUS : Action Item

REPORT DATE : May 10, 2018

PREPARED BY : David Gordon, Operations Manager
Brian Hensley, Water Resources Supervisor
Josh Nelson, Assistant General Counsel

OBJECTIVE:

1. Consider adopting Resolution No. 07-2018 to exercise the option to purchase the rear .55 acres of 8026 Patton Avenue (“Property”), to approve the Mitigated Negative Declaration for the Ella Way well site project (Project), to adopt a Mitigation Monitoring and Reporting Program for the Project and to approve Additional Information to this Mitigated Negative Declaration.
2. Consider adopting Resolution No. 08-2018 to authorize the General Manager to accept interests in real property on behalf of the District.

BACKGROUND AND ANALYSIS:

The Citrus Heights Water District (the District) previously executed an Option to Purchase and Purchase and Sale Agreement for the Property (“PSA”). The PSA allowed the District to drill a test well on the Property to ensure that it had sufficient groundwater for the District’s purposes. This test well was drilled in November 2017, and subsequent tests confirmed that the Project will generate an estimated one thousand (1,000) gallons per minute (gpm). Based on this result, staff recommends that the Board of Directors exercise its option to purchase the Property. Assuming the Board does so, staff will send the owners of the Property notice and will open escrow. Escrow will close upon the City’s approval of a lot line adjustment (as explained below).

In addition, staff has coordinated with the City of Citrus Heights for the City to quitclaim a small, triangle-shaped parcel (“Triangle Parcel”) adjacent to the Property to the District. The City Council quitclaimed the Triangle Parcel to the District on May 10th. The second resolution in this item will authorize the General Manager to accept the Triangle Parcel and future interests in property on behalf of the District. Once the Triangle Parcel is officially accepted, the District will apply to move the boundaries of the Triangle Parcel to the edge of the Property. Upon approval of this lot line adjustment by the City, the acquisition of property for the Project will be complete.

The District is required to comply with the California Environmental Quality Act (CEQA) when purchasing property and approving the Project. Planning Partners was retained by the District to assist the District in complying with CEQA. For the Ella Way Well project, the District acts as Lead Agency for CEQA compliance. Other permitting agencies such as the State Board’s Division of Drinking Water (DDW) are required to use the District’s CEQA documents in their processing of future permits related to the Project. As Lead Agency, the District will consider the entirety of information resulting from environmental review activities, and act as the primary decision-maker for the project.

Environmental review of the Project is required because CEQA establishes a duty for public agencies to avoid or minimize environmental damage where feasible. As Lead Agency, the District is responsible to comply with CEQA and the CEQA Guidelines in determining the potential impacts on the environment from constructing and operating the Project. Once the CEQA document is approved by the District, the

Board may determine whether the Project should be approved. In considering the Project approval, the District also has the obligation to balance a variety of public objectives in making that decision, including economic, environmental, and social factors. CEQA:

- Provides the framework to inform decision-making bodies and the public about the potential environmental impacts of a proposed project;
- Identifies mitigation measures to avoid or reduce significant environmental impacts; and
- Discloses to the public the reasons why an agency approves a project.

Some projects implemented by the District or other public agencies may be determined to be exempt from CEQA. However, the preliminary review of the proposed Project confirmed the need to complete additional environmental analysis and documentation. The proposed Project does not qualify for a Categorical Exemption because it could not meet the criteria established in the CEQA Guidelines since implementation of the proposed project would result in a physical change in the environment. An Initial Study was prepared, and several potential environmental impacts were identified, including those to air quality, biological and cultural resources, groundwater quality, and construction and operational noise. However, after mitigation for each of these effects, there was no substantial evidence that the proposed project in any of its aspects could cause a significant effect on the environment. For this reason, a Mitigated Negative Declaration was chosen as the appropriate CEQA document for the Project; an Environmental Impact Report is not required.

The scope of the work included analysis of all 19 CEQA-required environmental topic areas. Analysis showed that implementation of the Project would have a less-than-significant effect for the majority of the environmental topics, except for those discussed above.

The analysis of the suitability of the site for additional municipal water access was supported by a Phase I Environmental Site Assessment (ESA) and preliminary Drinking Water Source Assessment (DWSA). The ESA did not identify any recognized environmental conditions associated with the property for purchase.

The preliminary DWSA was prepared for the site using an anticipated pumping rate of 1,000 gpm and the likely construction details of the proposed well. A preliminary evaluation of the vulnerability ranking for the Property was completed. Based on the evaluation, the well site is most vulnerable to the following activities: automobile gas stations (auto repair), dry cleaners, historical gas stations, and underground storage tanks – confirmed leaking tanks. Seal placement will exceed 100 feet in depth and the proposed ground water use of approximately four days per month will minimize the potentially contaminating activities impacts to the aquifer. Based on preliminary DWSA information and confined ground water conditions, the proposed well would have a high physical barrier effectiveness against potentially contaminating activities. Physical barrier effectiveness and vulnerability assessment updates will be finalized for the well permit.

Two other environmental areas were determined to require additional analysis over and above the original scope of work. They are the use of the well for Aquifer Storage and Recovery (ASR), and Tribal Cultural Resources (TCR).

A. **Aquifer Storage and Recovery:** Constructing the Project as an ASR well would allow the District to use the well both as a production well to withdraw water, and as an injection well to recharge the aquifer during periods of abundant surface water supplies. Operating the Project as an ASR well would be consistent with District obligations under the Water Forum Agreement, and consistent with the policies established through the Sacramento Groundwater Authority.

The concept of using the Project as an ASR facility was not originally contemplated for the project, and hence was outside of the original scope of Planning Partners work. To assess the potential environmental effects of using the Ella Way Well for ASR purposes, the consultant team modified the draft environmental analysis to include additional information regarding State requirements, potential effects to groundwater quality, and the development of additional mitigation to ensure the maintenance of groundwater quality during ASR operations. This additional work was completed within the original project schedule to allow the District to maintain its aggressive schedule for the purchase, engineering, and development of the Project.

B. Tribal Cultural Resources: Effective July 1, 2015, Assembly Bill 52 (AB 52) amended CEQA to require that: 1) a lead agency provide notice to any California Native American tribes that have requested notice of projects proposed by the lead agency; and 2) for any tribe that responded to the notice within 30 days of receipt with a request for consultation, the lead agency must consult with the tribe. Shortly prior to the public and agency circulation of the draft Initial Study/Mitigated Negative Declaration (IS/MND), the District identified several Native American tribes that had registered with the District to receive notices of offers of consultation.

Because the notice of consultation must have been received by all registered tribes prior to circulation of the draft IS/MND, Planning Partners guided the District through the AB 52 process, thereby maintaining the Project's schedule. The District sent letters prepared by Planning Partners offering consultation to the three tribes that had requested notice of proposed projects. A single response that was received from the United Auburn Indian Community (UAIC) requested consultation. The other two tribes did not respond to the District's offer. The UAIC response requested additional information and copies of reports prepared on the Project, and also requested that the UAIC be informed should new information come to light on existing or newly-discovered cultural resources within the Project area.

Planning Partners assisted the District in its consultation activities, including the drafting of a response to the UAIC, the production of the requested reports and information, and an offer to meet with UAIC representatives to discuss the project and continue consultation at a May 7, 2018 meeting. There has been no further communication from the UAIC, and no tribal representatives attended the May 7, 2018 meeting. The District has concluded its consultation with the UAIC, having complied with all requirements of AB 52.

In summary, environmental review showed that the Project has the potential to adversely impact air quality (construction dust), biological resources (migratory birds, protected trees), undiscovered cultural resources, groundwater quality (from ASR operations) and noise (construction and operations). However, with the implementation of mitigation measures identified in IS/MND, all potential impacts would be reduced to a less-than-significant level. No significant or potentially significant impacts would remain.

Because the tribal consultation process was completed after circulation of the draft IS/MND, Planning Partners has prepared Additional Information to the Mitigated Negative Declaration to document the conclusions and findings of tribal consultation.

Public participation is an essential part of the CEQA process. In addition to offering the consultation process to Native American tribes, the environmental review process includes specific requirements for public review. The IS/MND was filed with the State Clearinghouse on March 30, SCH #2018032075. It was publicly noticed by the District through publication in the Carmichael Times on March 30, 2018. The document was available, both on line and in hard copy at the District Office, for the entirety of the 30-day review period that began on March 30, 2018 and concluded on April 30, 2018.

No written comments were received from the general public on the draft document. Agency comments were received from Sacramento Municipal Utility District (SMUD), the State Office of Planning and Research (OPR), and the Central Valley Regional Water Quality Control Board (CVRWQCB). Although CEQA does not require that the District formally respond to comments received on the draft IS/MND, it does require that the Board consider each comment prior to certifying the IS/MND and taking action on the Project. To assist the Board in its consideration of the comments, we provide the following summary and conclusions.

- CVRWQCB - The letter provides a list of potential permits under the CVRWQCB's jurisdiction for a generic well project. Impacts to water quality, including necessary permits, were evaluated in Section IX, *Hydrology and Water Quality*, of the IS/MND. The comments from the CVRWQCB raise no issues regarding the environmental information or conclusions presented in the IS/MND for the Project. Since no environmental issue was raised by the comment that was not previously evaluated in the IS/MND, no modification of the IS/MND is necessary.
- SMUD - The comments from SMUD discuss a number of construction details and requirements to avoid existing SMUD facilities, and to construct any needed new facilities to meet SMUD standards. The comments from SMUD raise no issues regarding the environmental information or conclusions presented in the IS/MND for the Project. Since no environmental issue was raised by the comment that was not previously evaluated in the IS/MND, no modification of the IS/MND is necessary.
- OPR – This letter transmits a copy of the CVRWQCB's comments noted above. The comments from OPR raise no issues regarding the environmental information or conclusions presented in the IS/MND for the Project. Since no environmental issue was raised by the comment that was not previously evaluated in the IS/MND, no modification of the IS/MND is necessary.

RECOMMENDATION:

1. Adopt Resolution No. 07-2018 to exercise the District's option to purchase the Property, to approve the Mitigated Negative Declaration for the Project, to adopt a Mitigation Monitoring and Reporting Program for the Project and to approve Additional Information to this Mitigated Negative Declaration.
2. Adopt Resolution No. 08-2018 to authorize the General Manager to accept interests in real property on behalf of the District.

ATTACHMENT:

- 1) Proposed Resolution 07-2018, Authorizing the Purchase of Real Property: Adopting a Mitigated Negative Declaration, Additional Information to the Mitigated Negative Declaration, and a Mitigation Monitoring and Reporting Program for the Ella Way Well Site Project.
 - a. Exhibit A – Mitigated Negative Declaration and Additional Information to the Mitigated Negative Declaration
 - b. Exhibit B – Mitigation Monitoring and Reporting Program
- 2) Proposed Resolution 08-2018, Authorizing the General Manager to Accept Interests in Real Property on Behalf of the District
- 3) Executed Option to Purchase and Purchase and Sale Agreement dated October 3, 2018

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

ATTACHMENT 1

**Proposed Resolution 07-2018
Authorizing the Purchase of Real Property:
Adopting a Mitigated Negative Declaration and
Additional Information to the Mitigated Negative
Declaration (“Exhibit A”) and a Mitigation Monitoring
and Reporting Program (“Exhibit B”) for the Ella Way
Well Site Project.**

RESOLUTION NO. 07-2018

A RESOLUTION OF THE CITRUS HEIGHTS WATER DISTRICT AUTHORIZING THE PURCHASE OF REAL PROPERTY; ADOPTING A MITIGATED NEGATIVE DECLARATION, ADDITIONAL INFORMATION TO THE MITIGATED NEGATIVE DECLARATION AND A MITIGATION MONITORING AND REPORTING PROGRAM FOR THE ELLA WAY WELL SITE PROJECT

WHEREAS, the Citrus Heights Water District (“District”) executed that certain Option to Purchase and Purchase and Sale Agreement dated October 3, 2017 and incorporated by this reference (“Agreement”). The Agreement authorizes the District to purchase a portion of the real property located at 8026 Patton Avenue (“Property”) its option. By adoption of this Resolution, the District wishes to execute its option to purchase the Property; and

WHEREAS, the District wishes to develop a new groundwater well and associated project on the Property and an adjacent parcel identified as Assessor’s Parcel Number 216-0150-014-0000 (collectively, the “Project”); and

WHEREAS, pursuant to the California Public Resources Code section 21067 and the State CEQA Guidelines (Cal. Code Regs, tit. 14 § 15000 et seq.) section 15051, the District is the lead agency for the proposed Project; and

WHEREAS, the Board of Directors is the decision-making body for the Project, and the Board of Directors is being asked to review and approve the Project’s environmental documentation (State CEQA Guidelines, § 15025(b)(2)); and

WHEREAS, District staff reviewed the Project and prepared an Initial Study pursuant to State CEQA Guidelines section 15063; and

WHEREAS, on the basis of the Initial Study, which concluded that the Project would have potentially significant impacts but that those impacts could be reduced to less than significant levels with implementation of the proposed mitigation measures, the District determined that a Mitigated Negative Declaration (“MND”) should be prepared for the Project, and an MND, bearing the State Clearinghouse Number 2018032075, was prepared pursuant to Public Resources Code sections 21064.5 and 21080, subdivision (c), and the State CEQA Guidelines section 15070 et seq.; and

WHEREAS, the District distributed a Notice to Intent to Adopt a Mitigated Negative Declaration to responsible and trustee agencies, interested members of the public, and individuals who had previously requested to receive notice of CEQA documents on March 30, 2018, pursuant to State CEQA Guidelines section 15072; and

WHEREAS, the thirty-day public review and comment period began on March 30, 2018 and ended on April 30, 2018, pursuant to Public Resources Code section 21091(b); and

WHEREAS, the District also provided copies of the draft MND and Initial Study to the

State Clearinghouse for a thirty-day state agency review and comment period beginning on March 30, 2018 and ending on April 30, 2018; and

WHEREAS, the District received three written comment letters during the public and state agency review periods; and

WHEREAS, the District has prepared written responses to the comment letters received during the public and state agency public review periods. The District's written responses to the comment letters received are compiled in the final MND; and

WHEREAS, the District has initiated consultation with the three Native American tribes regarding tribal cultural resources who have registered with the District pursuant to Public Resources Code section 21080.3.1. Two of the notified tribes failed to request consultation within the 30-day period established by Public Resources Code section 21082.3(d)(3). The remaining notified tribe requested consultation, but has failed to engage in the consultation process pursuant to Public Resources Code section 21082.3(d)(2). Under these circumstances, Public Resources Code section 21082.3(d) permits the District to adopt the Mitigated Negative Declaration; and,

WHEREAS, the District has modified the content of the final MND to provide additional information regarding tribal cultural resources and the District's compliance with Public Resources Code sections 21080.3.1, 21080.2 and 21082.3. The additional information provided merely clarifies the District's compliance with tribal cultural resources consultation requirements. State CEQA Guidelines section 15073.5(c)(4) exempts the addition of clarifying information to a circulated Negative Declaration from recirculation; and

WHEREAS, pursuant to Public Resources Code section 21081.6 and State CEQA Guidelines section 15074(d), the District has prepared a program for reporting on or monitoring the changes which it has either required in the project or made a condition of approval to mitigate or avoid significant environmental effects (the "Mitigation Monitoring and Reporting Program"); and

WHEREAS, as contained herein, the District has endeavored in good faith to set forth the basis for its decision on the proposed Project; and

WHEREAS, the District has endeavored to take all steps and impose all conditions necessary to ensure that impacts to the environment would not be significant; and

WHEREAS, all of the findings and conclusions made by the Board of Directors pursuant to this Resolution are based upon the oral and written evidence before it as a whole; and

WHEREAS, the Board of Directors has reviewed the MND, Initial Study, and all other relevant information contained in the record regarding the Project; and

WHEREAS, on May 16, 2018, at its regularly-scheduled meeting, the public was afforded an opportunity to comment on the Project and the MND and the Initial Study, and the Board of Directors discussed and considered the Project and the MND and the Initial Study; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred;

NOW THEREFORE, the Board of Directors does hereby resolve as follows:

SECTION 1. Purchase of the Property. The Board of Directors hereby exercises its option to purchase the Property at the purchase price and subject to the other terms and conditions as set forth in the Agreement. The General Manager shall send any notices or take any actions necessary to complete the purchase of the Property as set forth in the Agreement or otherwise necessary.

SECTION 2. Compliance with the California Environmental Quality Act. As the decision-making body for the Project, the Board of Directors has reviewed and considered the information contained in the MND, Initial Study, Additional Information, and administrative record, on file with the District and available for review at 6230 Sylvan Road Citrus Heights, California. The Board of Directors finds that the MND, Initial Study, and Additional Information have been completed in compliance with the California Environmental Quality Act (Pub. Res. Code § 21000 et seq.: “CEQA”) and the State CEQA Guidelines.

SECTION 3. Findings on Environmental Impacts. In the District’s role as the lead agency under CEQA, the Board of Directors finds that the MND, Initial Study, and Additional Information contain a complete and accurate reporting of the environmental impacts associated with the Project. The Board of Directors further finds that the documents have been completed in compliance with CEQA and the State CEQA Guidelines. The District further finds that all environmental impacts of the Project are either insignificant or can be mitigated to a less than significant level pursuant to the mitigation measures outlined in the MND, Initial Study, Additional Information, and the Mitigation Monitoring and Reporting Program. The Board of Directors further finds that there is no substantial evidence in the record supporting a fair argument that the Project may result in significant environmental impacts, and that any comments received regarding the Project have been examined and determined to not modify the conclusions of the MND. The Board of Directors finds that the MND, Initial Study, and Additional Information contain a complete, objective, and accurate reporting of the environmental impacts associated with the Project and reflects the independent judgment of the Board of Directors.

SECTION 4. Adoption of Mitigated Negative Declaration and Additional Information. The Board of Directors hereby approves and adopts the MND and Additional Information prepared for the Project.

SECTION 5. Adoption of the Mitigation Monitoring and Reporting Program. The Board of Directors hereby approves and adopts the Mitigation Monitoring and Reporting Program prepared for the Project, attached hereto as Exhibit “A”.

SECTION 6. Custodian of Records. The documents and materials that constitute the record of proceedings on which these findings are based are located at 6230 Sylvan Road Citrus Heights, California. The General Manager is the custodian of the record of proceedings.

SECTION 7. Notice of Determination. Staff is directed to file a Notice of Determination with the County of Sacramento and the State Clearinghouse within five (5) working days of approval of the Project.

SECTION 8. Execution of Resolution. The President of Board of Directors shall sign this Resolution and the Board Secretary shall attest and certify to the passage and adoption thereof.

PASSED, APPROVED, AND ADOPTED this 16th day of May, 2018.

AYES:

NOES:

ABSENT:

ABSTAINED:

Raymond Riehle, President

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 07-2018 adopted by the Board of Directors of Citrus Heights Water District at its regular meeting held May 16, 2018.

Christopher Castruita, Chief Board Clerk

EXHIBIT “A”

Mitigated Negative Declaration and Additional Information to the Mitigated Negative Declaration.

**INITIAL STUDY
AND MITIGATED NEGATIVE DECLARATION
FOR THE
CITRUS HEIGHTS WATER DISTRICT
ELLA WAY WELL PROJECT**



CITRUS HEIGHTS WATER DISTRICT

6230 Sylvan Road
Citrus Heights, CA 95610

Prepared with the Technical Assistance of:



3110 Gold Canal Drive, Suite D
Rancho Cordova, CA 95670

March 2018

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ENVIRONMENTAL DETERMINATION

On the basis of this initial evaluation:

I find that the proposed project could not have a significant effect on the environment, and a Negative Declaration will be prepared.

I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described within the attached Initial Study have been added to the project. A Mitigated Negative Declaration will be prepared.

I find that the proposed project may have a significant effect on the environment, and an Environmental Impact Report is required.

I find that the proposed project may have a significant effect(s) on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets, if the effect is a "potentially significant impact" or "potentially significant unless mitigated." An Environmental Impact Report is required, but it must analyze only the effects that remain to be addressed.

The Citrus Heights Water District has determined that the subject project, further defined and discussed in the attached Environmental Checklist/Initial Study will not have any residual significant effects on the environment. As a result thereof, the preparation of an environmental impact report pursuant to the California Environmental Quality Act (Division 13 of the Public Resource Code of the State of California) is not required.

The attached Environmental Checklist/Initial Study has been prepared by the Citrus Heights Water District in support of this Mitigated Negative Declaration. Further information including the project file and supporting reports and studies may be reviewed at the Citrus Heights Water District, 6230 Sylvan Road, Citrus Heights, California 95610.

MITIGATION MEASURES: Mitigation measures have been identified for the project.

Brian Hensley
Signature

3/27/18
Date

Brian Hensley
Printed Name

Citrus Heights Water District
For

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TABLE OF CONTENTS

1. Description of Project 1

2. Required Approvals 10

3. Environmental Setting and Evaluation of Potential Impacts..... 11

 I. Aesthetics 12

 II. Agricultural and Forestry Resources..... 14

 III. Air Quality 15

 IV. Biological Resources..... 24

 V. Cultural Resources..... 29

 VI. Geology and Soils 31

 VII. Greenhouse Gas Emissions..... 33

 VIII. Hazards and Hazardous Materials 38

 IX. Hydrology and Water Quality..... 41

 X. Land Use and Planning..... 51

 XI. Mineral Resources..... 52

 XII. Noise..... 53

 XIII. Population and Housing..... 58

 IVX. Public Services..... 59

 XV. Recreation 60

 XVI. Transportation / Traffic..... 61

 XVII. Tribal Cultural Resources 63

 XVIII. Utilities and Service Systems..... 65

 XIV. Mandatory Findings of Significance 67

4. Preparers of the Initial Study/Mitigated Negative Declaration 70

5. References..... 71

LIST OF TABLES

Table 1 Federal and California Ambient Air Quality Standards and Attainment Status 16

Table 2 Summary of Annual Air Quality Data for Citrus Heights Area Air Quality Monitoring Stations 18

Table 3 Adopted SMAQMD Thresholds of Significance 20

Table 4 Typical Noise Levels During Construction..... 55

LIST OF FIGURES

Figure 1 Regional Location..... 3

Figure 2 Project Location..... 4

Figure 3a Before Lot Line..... 5

Figure 3b After Lot Line Adjustment..... 5

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INITIAL STUDY AND ENVIRONMENTAL EVALUATION

Project Title: Ella Way Well

Necessary Entitlements: Obligation of public funds; Construction Contracting; Lot Line Adjustment

Lead Agency Name and Address: Citrus Heights Water District
P.O. Box 286
6230 Sylvan Road
Citrus Heights, California 95611-0286

Contact Person and Phone Number: Mr. Brian Hensley
(916) 735-7730

General Plan Designation: Very Low Density Residential (City of Citrus Heights)

Zoning Designation: Very Low Density Residential (RD-2) (City of Citrus Heights)

The project that is the subject of this Initial Study is consistent with the City of Citrus Heights General Plan and water supply plans adopted by the Citrus Heights Water District (CHWD), and with the applicable City of Citrus Heights General Plan land use and zoning district designations on this project site. This Initial Study focuses on whether the proposed project may cause significant effects on the environment. In particular, consistent with Section 21083.3 of the Public Resources Code, this Initial Study is intended to assess any effects on the environment, which are peculiar to the proposed project or to the parcel on which the project would be located. The Initial Study is also intended to assess whether any environmental effects of the project are susceptible to substantial reduction or avoidance by the choice of specific revisions in the project, by the imposition of conditions, or by other means [Section 15152(b)(2) of the Guidelines for the California Environmental Quality Act (CEQA)]. If such revisions, conditions or other means are identified, they will be imposed as mitigation measures.

This initial study relies on CEQA Guidelines §15064 in its determination of the significance of environmental effects. According to §15064, the finding as to whether a project may have one or more significant effects shall be based on substantial evidence in the record, and that controversy alone, without substantial evidence of a significant effect, does not trigger the need for an EIR.

1. DESCRIPTION OF PROJECT

The project under evaluation in this Initial Study/Mitigated Negative Declaration is the construction and operation of a new water well within the CHWD service area. As described below, the objectives provide information on the purpose of the project, location refers to the area of the City of Citrus Heights and the site where the Ella Way Well would be constructed; the project characteristics are the specific facilities and elements of the proposed Ella Way Well; project phasing refers to the schedule for project construction and operation; and project approvals refer to actions that must be taken by the CHWD in order to approve the Ella Way Well project.

OBJECTIVES

The proposed project consists of the construction and operation of a municipal water supply well and pump station within the service area of the CHWD. The proposed Ella Way Well is intended to provide the CHWD directly, and the region indirectly, with additional water resources for typical municipal and industrial uses, or other purposes as determined by the CHWD to:

- Supplement surface water entitlements in the event of a long- or short-term drought or surface water curtailment.
- Operate and maintain the underlying groundwater basin under a regional conjunctive use program.
- Enhance the reliability and redundancy of water supplies that are available to serve the CHWD's customers.
- Serve as a source of water supply in the event of a water infrastructure or water supply emergency.
- Serve as source of water supply to help meet the CHWD's maximum day and peak hour water supply needs.
- Provide price stability in anticipation of projected price increases for water purchases.
- Provide additional resources for fire flow requirements.

POLICY FRAMEWORK

The proposed project is consistent with and implements the CHWD's responsibilities and obligations under the Sacramento Water Forum Agreement as a San Juan Water District consortium member (April 2000, updated October 2015), the Regional Water Authority's (RWA) American River Basin Integrated Regional Water Management Plan (June 2006, updated 2013), and the Sacramento Groundwater Authority's (SGA) Groundwater Management Plan (December 2008, revised December 2014). The facilities constructed under the proposed project would directly serve to operate and maintain the groundwater basin for use in drought years through conjunctive use, and water efficiency/conservation programs as provided by the regional water plans cited above.

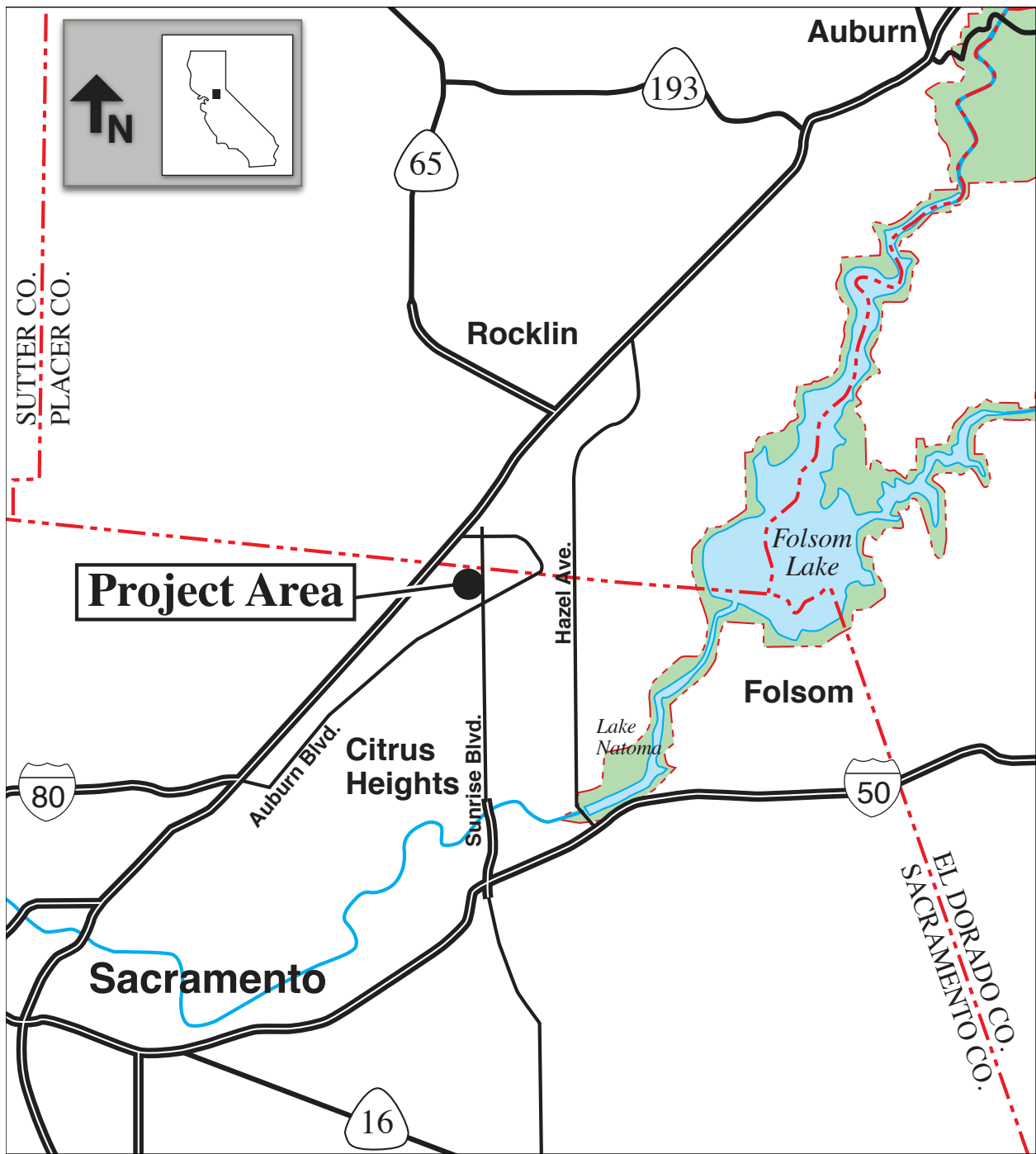
LOCATION

The proposed project would be constructed on a 0.55-acre portion of an existing 1.55-acre parcel, Assessor's Parcel Number (APN) 251-0150-006. The parcel is addressed at 8026 Patton Avenue in Citrus Heights (see Figures 1 and 2). As a result of a proposed Lot Line Adjustment, the east boundary of this parcel would be moved approximately 220 feet to the west. The proposed project would be constructed on the parcel that would extend from that boundary to the existing eastern boundary. The southernmost point of Ella Way intersects the parcel at its north boundary.

EXISTING CONDITIONS

The project site is currently undeveloped. The main area of the project site is non-irrigated turf, and several native and ornamental trees are located within the project site.

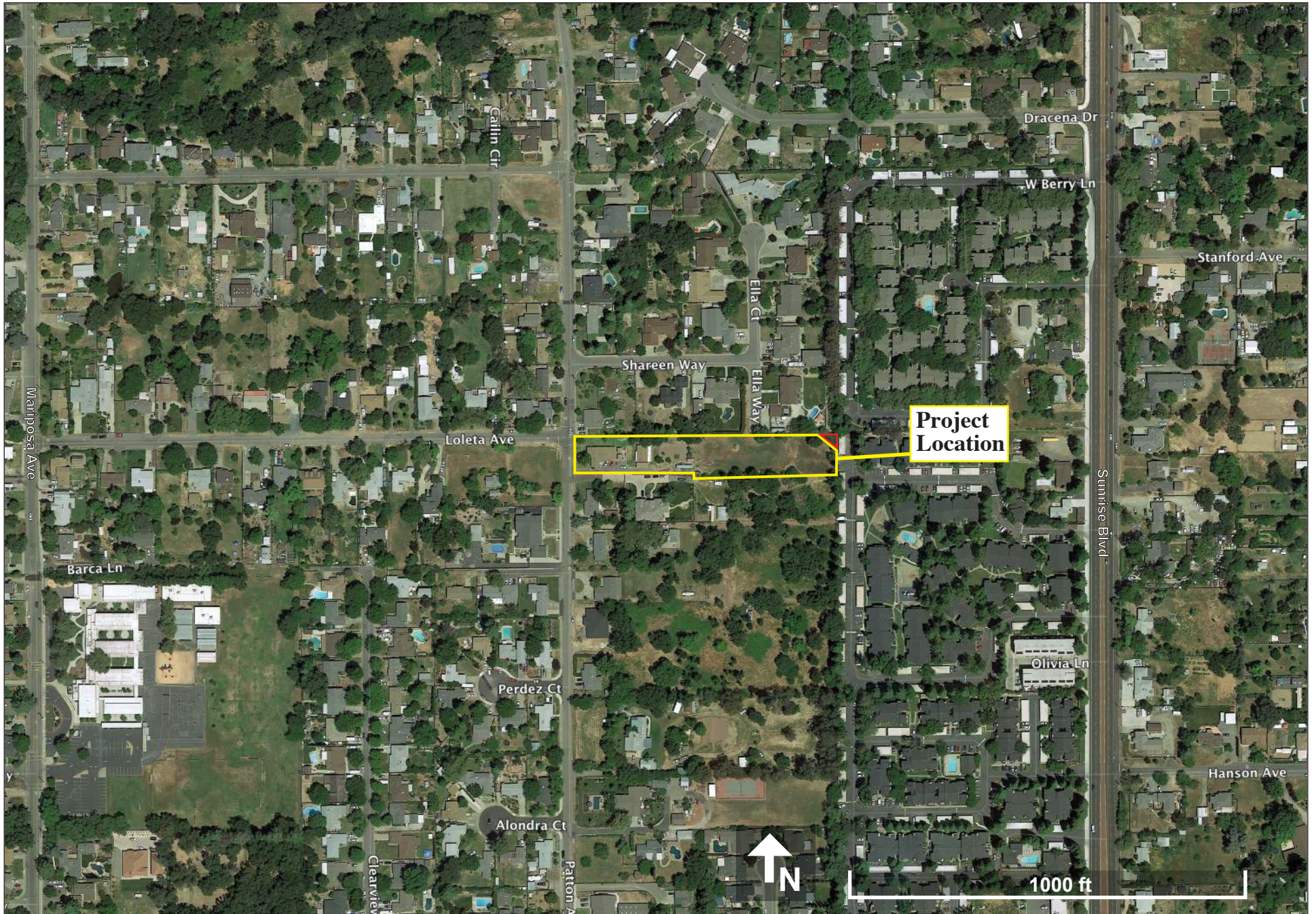
The property is bounded on the north, west, and south by existing single-family residential development; the parcel to the south is largely undeveloped. The Sunrise Commons Apartments, a large multi-family housing development, lies to the east of the project site.



SOURCE: Planning Partners, 2018.

CHWD Ella Way Well Project

Figure 1
Regional Location



SOURCE: Google Earth, 2018; Planning Partners, 2018.

CHWD Ella Way Well Project
Figure 2
Project Location

PROPOSED PROJECT

PROJECT PARCEL

As stated above, the proposed project would be constructed on a 0.55-acre portion of an existing 1.55-acre parcel, Assessor's Parcel Number (APN) 251-0150-006. Adjacent to that parcel, at the northeast corner, is a small, triangular parcel, APN 216-0150-014. A proposed Lot Line Adjustment would move the easterly boundary of APN 251-0150-006 approximately 220 feet to the west, reducing that larger parcel to approximately one acre. The smaller parcel, APN 216-0150-014, would be expanded to approximately 0.55 acres. The proposed project would be constructed on the newly expanded parcel APN 216-0150-014 (see Figures 3a and 3b).

Parcel	Existing Assessor's Parcel Number (APN)	Parcel Acreage following LLA approval
Parcel "A" at 8026 Patton Ave.	251-0150-006	1.00 acre
Parcel "B"	216-0150-014	0.55 acres



Figure 3a: Before Lot Line Adjustment



Figure 3b: After Lot Line Adjustment

The CHWD would offer an Irrevocable Offer of Dedication (IOD) to the City of Citrus Heights for a potential future southerly extension of Ella Way along the newly established west boundary of Parcel B. This portion of the project site would remain available to the City of Citrus Heights for future use as a thoroughfare should the City of Citrus Heights request access to benefit future urban development to the south of the project site. Until such time, the area would be owned and maintained by the CHWD.

The property to the south is slightly higher in elevation; the project site would be filled and graded to match surrounding grade. Access to the project site would be from Ella Way. A six-foot cyclone fence would be installed at the end of Ella Way,

with a gate to provide access from Ella Way to the site for CHWD vehicles, emergency vehicles, and the owner of Parcel A. The access driveway would be paved and interior gates within the parcel would control access to the neighboring parcel and to the secured well site. The north, east, and southern boundaries of Parcel B would be enclosed within an 8-foot masonry wall.

Utility connections existing at the southern end of Ella Way include a water main, electrical service, sewer (although the proposed project is not anticipated to need sewer service), and storm drainage. Additional water and storm drain connections are located near the eastern project boundary within the Sunrise Commons apartment complex. New drop inlets would be constructed on the project site to collect storm drainage, which would be piped to the existing connection within Ella Way.

SITE PLAN

Facilities on the proposed project site would include the well, a well pump station, perimeter and interior fencing, and a new access drive and gate. The pump station would house the well, pumping equipment, disinfection facilities, motor control center (including instrumentation and controls) and station piping.

The proposed pump station building would be located approximately in the center of the project site, but closer to the southern boundary to lessen any potential noise effect to the neighboring residents to the north. The interior of the site would be graded and surfaced as part of the project's construction to install the drainage system, building foundation and pad, and construct the perimeter and/or interior fencing.

A pole-mounted site light fixture would be installed to the interior of the site to be used in the event that illumination would be needed for operations and maintenance activities. The site light fixture would be equipped with shields to limit the amount of light visible off site. Similarly, area lights would be mounted to the sides of the building, including adjacent to the building entrances. The pole-mounted light fixture and area lights would be manually controlled as necessary when CHWD representatives are at the site. The pole containing the site light would also contain a directional antenna for supervisory control and data acquisition (SCADA) and a security camera directed at the site.

PROPOSED OPERATIONS

Water Source

The proposed groundwater well site is located in the southeastern portion of the Sacramento River Valley. The groundwater resources of the area have been extensively investigated as summarized in the California Department of Water Resources (DWR) Bulletin 118-3 (1974). The water-bearing local geology is dominated by alluvial interbedded sand and clay sediments deposits. Groundwater is found in unconfined and confined aquifer systems. The unconfined aquifer system is composed of the Riverbank and Laguna Formations; and the semi-confined aquifer system is composed of the Mehrten Formation. Water bearing sand deposits within the Mehrten Formation are the source of ground water supply in the region. These sands yield groundwater of quality and quantity that is sustainable for municipal use. Thick, saline, silt and claystone deposits of the Valley Spring and Ione Formations are typically encountered below the Mehrten Formation. Based on the DWR Bulletin 118-3, saline ground water is typically encountered at a depth of approximately 500 feet below ground surface (bgs) in the area.

In October 2017, a site investigation was undertaken by ABC Liovin Drilling, Inc. A test hole was drilled at the proposed Ella Way project site, at a ground surface elevation of approximately 160 above mean sea level (msl). An initial exploratory boring was completed to a depth of 500 feet bgs, however, based on lithology encountered during drilling, the test hole was ultimately drilled to a total depth of 540 bgs. Based on geophysical logs and lithologic samples collected during drilling, three

discrete depth intervals were selected for zone sampling: 510-530 bgs, 250-270 bgs, and 145-165 bgs. Based on other CHWD well information and the findings of the exploratory boring, it was determined that targeting the aquifer material between 235 and 320 bgs would yield approximately 1,000 gpm while meeting current water quality standards.

Water Treatment

Prior to entering the CHWD's potable water system, the well water would be disinfected with calcium hypochlorite. The calcium hypochlorite would be stored in solid form on site. No other treatment of the groundwater is required or anticipated at this time. No on-site storage of the treated groundwater would occur.

Well Construction and Testing

Construction of the water supply well would consist of installing and sealing both outer temporary and permanent conductor casings. Well construction would begin by drilling a 48-inch hole to a depth of approximately 75 feet. Once sealed, the conductor casing string would provide the primary sanitary protection of the well in accordance with State and County regulations. An 8-inch pilot borehole beneath the conductor casing then would be drilled to a depth of approximately 340 feet. The borehole logging and geophysical results would be used to assess target sand zones for water quality isolation zone testing. After the water quality testing is completed, the production well design would be finalized. The borehole would be then be reamed to a diameter of up to 30 inches, and the well casing installed. The casing assembly likely would consist of a 16-inch blank steel well casing coupled with stainless-steel well screens within the preferred sand deposits (water bearing strata) within the borehole. A gravel envelope installed around the well screens would serve to retain any unconsolidated aquifer materials (sand and gravel) and allow sand-free water production from the aquifer system. Post-drilling efforts would include swabbing and airlift development followed by pumping for well development and testing. Short- and long-term pump tests would be used to assess well performance, specific capacity, and the adequacy of the pump design. The duration of this phase of construction activities is expected to be approximately 45 days.

Water for the well drilling and construction operations would be obtained by installing a connection to an exiting 8-inch water main on Ella Way. During development, pump testing of the well, and during routine pump maintenance, all discharge water would be disposed of in such a manner as to cause the least impact to the site and vicinity as discussed below. Clean water produced during well development and testing would be discharged to a municipal storm drain manhole located approximately 10 feet to the northwest of Parcel A. Development water containing solids, including sand and silts, would be contained in settling tank(s) or by other means onsite before being discharged into the storm drain. Only "clear water" would be discharged into the storm drain system in compliance with National Pollutant Discharge Elimination System (NPDES) discharge requirements. All other waters would be contained and disposed of offsite at an appropriate facility in compliance with State law.

Pump Station and Site Development

The second phase of the project would commence upon completion of the well as described above. This would include the construction of a well pump station, perimeter and interior fencing, and the new access drive and gate. The duration of these construction activities is expected to last approximately 180 days.

Work to be completed during this phase of development would include clearing and grading the area around the new pump station building. All of the existing trees within and adjacent to the proposed property boundaries would be retained unless removal is recommended by a certified arborist. This work would be accomplished prior to construction of the building and all underground facilities.

The pump station building would be approximately 22-feet by 33-feet, and approximately 14-feet high. The building would house the well, pumping equipment, disinfection facilities, motor control center (including instrumentation and controls) and station piping. The building would be located as distant from existing residences as possible, and constructed with concrete masonry walls and metal roofing. The building would also have a removable roof section for well and pump access. Additional features would include construction of foundations, slabs, and structures for the pump pedestal, motor control center, and electric utility pad.

The pump station would be equipped with an electrically driven submersible pump or an above-ground vertical turbine line-shaft pump, station piping to include valves, flanges, gauges and meters, a disinfection system utilizing calcium hypochlorite, air conditioning if necessary, and all other related appurtenances to connect to existing drinking water distribution piping in Ella Way and in the northwest corner of the adjacent Sunrise Commons apartments to the east of the site. An overflow structure and pipeline would be installed to convey waste pumpage to an existing storm water system in order to prevent and moderate surges into the distribution system and permit routine controlled testing and rehabilitation of the well. An electrical service, including underground primary and secondary conduits and conductors from the transformer pad to the motor control center, would be installed to provide power for the pump and operation of associated machinery.

The project site would be secured with perimeter and interior fencing. An eight-foot high masonry wall would be used to reduce noise impacts along the north, south, and eastern boundaries, adjacent to residential parcels. A six-foot cyclone fence with slats would be installed at the end of Ella Way, and along the western boundary of the parcel. Wrought iron fencing would enclose the facility within the parcel along the right of way extension of Ella Way.

Vehicular access from Ella Way would be provided by an iron/steel gate, complete with gate operator, loop detectors, keyed actuators, obstruction detection device, Fire District access and commercial turnaround, and operating transmitters. All fencing and the access gate would be designed in such a manner as to not detract from the residential character of the site and neighborhood. All parking and driveway areas would be graded and paved with asphalt concrete paving.

Standby Power

Emergency power would be provided by a portable diesel generator that would be brought to the site for testing and in the event of a sustained power outage. CHWD does not plan to install a stationary or portable diesel backup power system at the Ella Way Well site. Rather, CHWD intends to use rental equipment in the case of an emergency or prolonged power outage. The CHWD may periodically test borrowed equipment at the Ella Way Well site to maintain connections in good working order and/or to train CHWD personnel in the operation of the generator.

Construction

In coordination with the City of Citrus Heights, all construction activities would implement stormwater pollution prevention Best Management Practices (BMP) designed to reduce potential impacts to water quality during construction of the project and in accordance with the guidelines of the Sacramento Stormwater Management Program as follows:

- Complying with the requirements of the “General Permit for Stormwater Discharges Associated with Construction Activity”,
- Preserving all existing vegetation onsite where possible,
- Scheduling as much project work as possible during the dry season,
- Stabilizing the construction access route,
- Protecting storm drain inlets,
- Using other Best Management Practices as necessary, including applying rainy season erosion controls, managing stockpiles, disposing of well development water properly, and correctly managing and disposing of construction wastes,
- Maintaining all Best Management Practices, and
- Stabilizing the site after construction is complete.

All work would be performed between the hours of 7 a.m. and 8 p.m. Monday through Friday. The only exception to the designated work hours would be made for the purpose of drilling the well. For this operation, continuous work (up to 24 hours per day) would be necessary in order to protect the integrity of the well structure. It is expected that this phase of work would take three to six days to complete. Temporary sound walls and appropriate muffler devices would be used to mitigate the noise impacts of the drilling operation on the surrounding residential area. In addition, the use of impact wrenches would be prohibited between the hours of 8 p.m. and 7 a.m. The CHWD may provide alternate nighttime accommodations if needed to mitigate noise impacts during drilling.

Aquifer Storage and Recovery

The CHWD is considering whether to operate the Ella Way Well solely as a water supply well, or as a dual-purpose well that would also include an Aquifer Storage and Recovery (ASR) component. Generally speaking, in California, ASR is the enhancement of natural groundwater supplies from a source of treated drinking water. The purpose of ASR is to increase underground water supplies by injecting water into an aquifer in times of abundant supply, and later extracting water when it is needed.

As may be proposed by the CHWD, the Ella Way ASR project would obtain treated surface water that meets drinking water standards produced by the San Juan Water District in an existing water treatment plant, and then pump the water to the Ella Way Well via the existing drinking water distribution system. During periods of injection, both water users and the injection well system would receive water from the treatment plant. Water would be later extracted from the aquifer as needed, and conveyed to water users in the same distribution system. This type of ASR project poses a low threat to the beneficial uses of the aquifer, because the water that will be stored in the aquifer will meet all drinking water standards

To streamline the permitting process and to ensure consistent requirements, the State Water Resources Control Board (State Board) adopted general waste discharge requirements for ASR

projects that inject treated drinking water into aquifers. The general waste discharge requirements require that water injected into an aquifer meet drinking water standards, and not cause groundwater to violate any water quality objectives in any applicable Water Quality Control Plan (Basin Plan).

PROJECT PHASING

The project would be constructed in two phases. Phase 1 would consist of the drilling, construction, development, testing and completion of the water supply well. Phase 1, including all temporary site work to accommodate the drilling operations, would last for a total of approximately 45 days, with construction beginning as early as mid-2019.

Phase 2 would include permanent site modifications, including: construction of the pump station building approximately 22-feet by 33-feet in size, and security fencing; installation of a submersible or above-ground vertical turbine electric pump, controls, and disinfection equipment; and connection to the CHWD water system. Construction of the facilities under Phase 2 would take approximately 180 days.

2. REQUIRED APPROVALS

City of Citrus Heights

Lot Line Adjustment. The Subdivision Map Act allows minor adjustments of property lines between contiguous parcels, so long as the LLA does not create a greater number of parcels than originally existed. To create the parcel for the proposed project (see Figure 3a/3b, Parcel “B”, the Citrus Heights Water District would be required to make application to the Engineering Division of the City of Citrus Heights, and submit the required application, supporting documents, and fee.

General Plan Consistency Determination. The acquisition of property for the construction and operation of municipal water well requires a determination by the City of Citrus Heights Planning Commission that the proposed acquisition and facility are determined to be in conformance with the City of Citrus Heights General Plan. Consistent with the requirements of Government Code Section 54402(c), the CHWD will submit a request to the City of Citrus Heights to make this determination.

Citrus Heights Water District

Certification of the Environmental Document. The Citrus Heights Water District would act as the Lead Agency as defined by CEQA, and would have authority to determine if the Initial Study is adequate under CEQA.

Project Approval. The Board of Directors of the City of Citrus Heights would approve the project and direct staff to request bids for completion of the project.

Irrevocable Offer of Dedication. The Citrus Heights Water District would make an Irrevocable Offer of Dedication (IOD) to the City of Citrus Heights for the portion of Parcel “B” that would extend Ella Way to the south within Parcel “B”. The designated area would remain undeveloped and available for the City of Citrus Heights’ potential future use as a thoroughfare.

3. ENVIRONMENTAL SETTING AND EVALUATION OF POTENTIAL IMPACTS

PURPOSE AND LEGAL BASIS FOR THE INITIAL STUDY

As a public disclosure document, this Initial Study also provides local decision makers and the public with information regarding the environmental impacts associated with the proposed project. According to Section 15063 of the CEQA Guidelines, the purpose of an Initial Study is to:

1. Provide the Lead Agency with information to use as the basis for deciding whether to prepare an EIR or a Negative Declaration.
2. Enable an applicant or Lead Agency to modify a project, mitigating adverse impacts before an EIR is prepared, thereby enabling the project to qualify for a Negative Declaration.
3. Assist in the preparation of an EIR, if one is required by:
 - a. Focusing the EIR on the effects determined to be significant,
 - b. Identifying the effects determined not to be significant,
 - c. Explaining the reasons for determining that potentially significant effects would not be significant, and
 - d. Identifying whether a program EIR, tiering, or another appropriate process can be used for analysis of the project's environmental effects.
4. Facilitate environmental assessment early in the design of a project.
5. Provide documentation of the factual basis for the finding in a Negative Declaration that a project will not have a significant effect on the environment.
6. Eliminate unnecessary EIRs.
7. Determine whether a previously prepared EIR could be used with the project.

INITIAL ENVIRONMENTAL CHECKLIST

Following each major category in the Initial Study, there are four determinations by which to judge the project's impact. These categories and their meanings are shown below:

“No Impact” means that it is anticipated that the project will not affect the physical environment on or around the project area. It therefore does not warrant mitigation measures.

“Less-than-Significant Impact” means the project is anticipated to affect the physical environment on and around the project area, however to a less-than-significant degree, and therefore not warranting mitigation measures.

“Less than Significant with Mitigation Incorporated” applies to impacts where the incorporation of mitigation measures into a project has reduced an effect from “Potentially Significant” to “Less Than Significant”. In such cases, and with such projects, mitigation measures will be provided including a brief explanation of how they reduce the effect to a less-than-significant level.

“Potentially Significant Impact” means there is substantial evidence that an effect is significant, and no mitigation is possible.

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED

The environmental factors checked below would be potentially affected by this project, including several impacts that are “Less than Significant with Mitigation Incorporated” as indicated by the checklist on the following pages.

Aesthetics	Agriculture and Forestry Resources	<input checked="" type="checkbox"/> Air Quality
<input checked="" type="checkbox"/> Biological Resources	<input checked="" type="checkbox"/> Cultural Resources	Geology / Soils
Greenhouse Gas Emissions	Hazards & Hazardous Materials	Hydrology / Water Quality
Land Use / Planning	Mineral Resources	<input checked="" type="checkbox"/> Noise
Population and Housing	Public Services	Recreation
Transportation / Traffic	Tribal Cultural Resources	Utilities / Service Systems
<input checked="" type="checkbox"/> Mandatory Findings of Significance		

EVALUATION OF POTENTIAL IMPACTS

Responses to the following questions and related discussion indicate if the proposed project would have or would potentially have a significant adverse impact on the environment, either directly or indirectly, or individually or cumulatively with other projects. All phases of project planning, implementation, and operation are considered. Mandatory Findings of Significance are located in Section XIV below.

	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
I. AESTHETICS – Would the project:				
a) Have a substantial adverse effect on a scenic vista?			X	
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?				X
c) Substantially degrade the existing visual character or quality of the site and its surroundings?			X	
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?			X	

The proposed Ella Way Well project would be located in the City of Citrus Heights at the south end of Ella Way. The project site is situated in an existing neighborhood characterized by single-family and multi-family development, and planned surrounding land uses would continue to be residential in nature.

The proposed project site would be composed of a single parcel (see Figure 3b, Parcel B) of approximately 0.55 acres. The project site is currently undeveloped, and is surrounded by privately owned residential parcels (see Figure 2). The site is vegetated with both native and introduced tree species. Thirteen native trees grow along the northern, eastern, and southern boundaries of the well parcel.

The project site and surrounding region are flat, with little variation in topography. Because of this, views to and from the site beyond existing fences are limited to the short-range. Medium- and long-range views are blocked by intervening vegetation and developed uses. Additionally, the proposed pump station building and fencing would be approximately 22-feet by 33-feet, and 14-feet high, and constructed with a scale and character that would be appropriate within a residential neighborhood to nearby residents.

The proposed pump station building to contain the well and appurtenances would be situated near the center of the site. The interior of the site would be graded and surfaced as part of the project's construction to install the drainage system, building foundation and pad. An eight-foot high masonry block or concrete panel wall would be installed along the east and south site boundaries. A masonry block or concrete panel wall would enclose much of the north boundary, and welded steel fencing would be installed at the access driveway adjacent to the southernmost point of Ella Way. An interior welded steel fence would serve to separate the graded site from the western portion of the site that is subject to the IOD to the City of Citrus Heights. The planned structure would be similar to that constructed by the CHWD at the Skycrest Well site, and would be designed to not detract from the residential character of the site and neighborhood.

Access is proposed from Ella Way to the north. Gates for vehicular access would be installed within the fencing at the southern end of Ella Way.

No designated scenic resources or scenic highways are located in the project vicinity, nor are such resources visible to or from the site (Caltrans 2011; Sacramento County 2011).

ENVIRONMENTAL ANALYSIS

Questions Ia and Ic: Less-than-significant Impact. Implementation of the proposed Ella Way Well project would result in a change in the scenic character of the site, converting an undeveloped parcel to a well and pump station. Because no scenic vistas are within the viewshed of the project, and the project is not within a scenic view, implementation of the proposed project would not interfere with scenic vistas or adversely effect visual character or quality. This would be a less than significant impact, and no mitigation would be needed.

Question Ib: No Impact. There are no state or locally designated scenic highways in the vicinity of the proposed project. Thus, implementation of the project would not adversely affect scenic resources within a designated scenic highway. There would be no impact, and no mitigation would be necessary.

Question Id: Less-than-significant Impact. Street lighting is provided on Ella Way. Although there is no night lighting on the project site, urban residential levels of night lighting occur in the vicinity of the site. Additionally, parking lot lighting for the multi-family development to the east provides additional sources of residential night lighting.

Lighting proposed for the project would include temporary lights employed during the continuous work associated with well drilling. The temporary lighting would consist of hazard lights and a lighted drilling platform. Lighting during the construction period would be temporary in nature, and the brightest lighting would be confined to a period of several days during the drilling of the well.

A pole-mounted site light fixture would be installed to the interior of the site to be used in the event that illumination is needed for operations and maintenance activities. The site light fixture would be equipped with shields to limit the amount of light going off site. Similarly, area lights would be mounted to the sides of the building, including adjacent to the building entrances. The pole-mounted light fixture and area lights would be manually operated as necessary only when CHWD personnel are at the site. The pole containing the site light would also contain a directional antenna for supervisory control and data acquisition (SCADA) and a security camera directed at the site.

Therefore, the lighting associated with the project would not introduce a substantial, permanent change from the urban light levels already experienced in the area, no significant impact would occur, and no mitigation would be required. Temporary sound walls would be employed during the period of continuous well drilling and these walls would serve to attenuate impacts from the lights employed, as well as the noise generated during this period.

	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
II. AGRICULTURE AND FORESTRY RESOURCES – Would the project:				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?				X
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?				X
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined in Public Resources Code section 4526), or timberland zoned Timberland Production (as defined in Public Resources Code section 51104(g))?				X
d) Result in the loss of forest land or conversion of forest land to non-forest use?				X
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?				X

The proposed project site is located in a low-density residential neighborhood within the urbanized City of Citrus Heights. The Department of Conservation (DOC) Farmland Mapping and Monitoring Program designates the project site as Urban and Built-Up Land (DOC 2016). No portion of the project site is identified as prime farmland, unique farmland, or farmlands of statewide importance. The project site is not zoned for agricultural use, nor is it subject to a Williamson Act contract (Citrus Heights 2011, Lloyd, J.D. et al 1986). The site of the proposed project is not in an area zoned as forest land or timberland production.

ENVIRONMENTAL ANALYSIS

Questions IIa and IIb: No Impact. The project site is designated as Urban and Built-Up Land, and is not subject to a Williamson Act contract. Because the proposed project would not convert designated farmland to a non-agricultural use, and because it would not conflict with agricultural zoning or a Williamson Act contract, there would be no impact. No mitigation would be required.

Questions IIc through IIe: No Impact. The proposed project site is not zoned for forest lands or timberland production, and no such lands exist on the project site or in the vicinity. Because the proposed project would not conflict with any existing forest land or timberland productions zoning, and no changes associated with the project are proposed that would result in the conversion of existing forest land or timber lands, no impact would occur. No mitigation would be required.

	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
III. AIR QUALITY – Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:				
a) Conflict with or obstruct implementation of the applicable air quality plan?			X	
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?		X		
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors?)			X	
d) Expose sensitive receptors to substantial pollutant concentrations?		X		
e) Create objectionable odors affecting a substantial number of people?			X	

ENVIRONMENTAL SETTING

The U.S. Environmental Protection Agency (EPA) has set National Ambient Air Quality Standards (NAAQS) for ozone, nitrogen dioxide, carbon monoxide, sulfur dioxide, respirable particulate matter (PM₁₀), and airborne lead. Similarly, the California Air Resources Board (ARB) has established State Ambient Air Quality Standards (SAAQS) to protect public health and welfare. The ARB is responsible for control program oversight activities, while regional Air Pollution Control Districts and Air Quality Management Districts are responsible for air quality planning and enforcement. The ARB is also responsible for assigning air basin attainment and non-attainment designations for state criteria pollutants.

The Ella Way Well site lies within the Sacramento Valley Air Basin (SVAB) in northeastern Sacramento County. The Sacramento Metropolitan Air Quality Management District (SMAQMD) is responsible for implementing emissions standards and other requirements of federal and state laws in the project area.

Ambient air quality is described in terms of compliance with state and national standards, and the levels of air pollutant concentrations considered safe to protect the public health and welfare. These standards are designed to protect people most sensitive to respiratory distress, such as asthmatics, the elderly, very young children, people already weakened by other disease or illness, and persons engaged in strenuous work or exercise. The U.S. Environmental Protection Agency (EPA) established national ambient air quality standards (NAAQS) in 1971 for six air pollution constituents. States have the option to add other pollutants, to require more stringent compliance, or to include different exposure periods. California ambient air quality standards (CAAQS) and NAAQS are listed in Table 1.

Table 1 Federal and California Ambient Air Quality Standards and Attainment Status			
Pollutant	Averaging Time	California Standards Concentration	Federal Primary Standards Concentration
Ozone (O ₃)	8-hour	0.07 ppm (137 µg/m ³)	0.070 ppm (137 µg/m ³) ^a
	1-hour	0.09 ppm (180 µg/m ³)	--- ^b
Respirable Particulate Matter (PM ₁₀)	24-hour	50 µg/m ³	150 µg/m ³
	Annual Arithmetic Mean	20 µg/m ³	---
Fine Particulate Matter (PM _{2.5})	24-hour	---	35 µg/m ³
	Annual Average	12 µg/m ³	12 µg/m ³
Carbon Monoxide	8-hour	9.0 ppm (10 mg/m ³)	9 ppm (10 mg/m ³)
	1-hour	20 ppm (23 mg/m ³)	35 ppm (40 mg/m ³)
Nitrogen Dioxide	Annual Average	0.03 ppm (57 µg/m ³)	0.053 ppm (100 µg/m ³)
	1-hour	0.18 ppm (339 µg/m ³)	0.100 ppm (188 µg/m ³)
Lead	30 day Average	1.5 µg/m ³	---
	Rolling 3-Month Average	---	0.15 µg/m ³
	Quarterly Average	---	1.5 µg/m ³
Sulfur Dioxide	24-hour	0.04 ppm (105 µg/m ³)	0.14 ppm (for certain areas)
	3-hour	---	---
	1-hour	0.25 ppm (655 µg/m ³)	0.075 ppm (196 µg/m ³)
Sulfates	24-hour	25 µg/m ³	No Federal Standard
Hydrogen Sulfide	1-hour	0.03 ppm (42 µg/m ³)	No Federal Standard
Vinyl Chloride	24-hour	0.01 ppm (26 µg/m ³)	No Federal Standard

Notes: ppm = parts per million; mg/m³ = milligrams per cubic meter; µg/m³ = micrograms per cubic meter

Shaded areas indicate that Sacramento County is in non-attainment for that air pollutant standard

a On October 1, 2015, the national 8-hour ozone primary and secondary standards were lowered from 0.075 to 0.070 ppm.

b 1-Hour ozone standard revoked effective June 15, 2005, although some areas have continuing obligations under that standard (“anti-backsliding”).

Source: ARB 2016, EPA 2016, EPA 2017a.

State and national air quality standards consist of two parts: an allowable concentration of a pollutant, and an averaging time over which the concentration is to be measured. Allowable concentrations are based on the results of studies on the effects of the pollutants on human health, crops and vegetation, and, in some cases, damage to paint and other materials. The averaging times are based on whether the damage caused by the pollutant is more likely to occur during exposures to a high concentration for a short time (i.e., one hour), or to a relatively lower average concentration over a longer period (i.e., eight hours, 24 hours, or one month). For some pollutants, there is more than one air quality standard, reflecting both its short-term and long-term effects.

The ARB is required to designate areas of the state as attainment, non-attainment, or unclassified for any state standard. An “attainment” designation for an area signifies that pollutant concentrations do not violate the standard for that pollutant in that area. A “non-attainment” designation indicates that a pollutant concentration violated the standard at least once, excluding those occasions when a violation was caused by an exceptional event, as defined in the criteria. An “unclassified” designation signifies that data does not support either an attainment or non-attainment status. An area where the standard for a pollutant is exceeded is considered in non-attainment and is subject to planning and pollution control requirements that are more stringent than normal requirements. The California Clean Air Act (CCAA) divides districts into moderate, serious, and severe air pollution categories, with increasingly stringent control requirements mandated for each category. Table 1 summarizes the attainment status of Sacramento County. Of the criteria pollutants, the project area is in non-attainment for federal and state ozone, state PM₁₀, and federal PM_{2.5} standards.

Ozone is not emitted directly into the environment, but is generated from complex chemical reactions between ROG, or non-methane hydrocarbons, and NO_x that occur in the presence of sunlight. ROG and NO_x generators in Sacramento County include motor vehicles, recreational boats, other transportation sources, and industrial processes.

PM₁₀, or inhalable particulate matter, is a complex mixture of primary or directly emitted particles, and secondary particles or aerosol droplets formed in the atmosphere by precursor chemicals. The main sources of fugitive dust are unpaved roads, paved roads, and construction. Additional sources of PM₁₀ include fires, industrial processes, mobile sources, fuel combustion, agriculture, miscellaneous sources, and solvents.

PM_{2.5} is atmospheric particulate matter having a particle size less than 2.5 microns (µm) in diameter. These particles are so small they can be detected only with an electron microscope. Sources of fine particles include all types of combustion, including motor vehicles, power plants, residential wood burning, forest fires, agricultural burning, and some industrial processes.

Air Quality Monitoring

The area’s air quality monitoring network provides information on ambient concentrations of air pollutants in the SVAB. SMAQMD operates a monitoring station in Folsom, near the project area, where air quality data for ozone was obtained. Data for PM₁₀ and PM_{2.5} was obtained from another site in Sacramento County. Table 2 compares a five-year summary of the highest annual criteria air pollutant emissions collected at these monitoring stations with applicable SAAQS, which are more stringent than the corresponding NAAQS. Due to the regional nature of these pollutants, O₃, PM_{2.5}, and PM₁₀ are expected to be fairly representative of the project site.

As indicated in Table 2, ozone and PM₁₀ standards have been exceeded over the past 5 years.

Table 2 Ambient Air Quality Monitoring Data Measured at the Citrus Heights Area Monitoring Stations

Pollutant Standards	2012	2013	2014	2015	2016
1-Hour Ozone (Folsom - Natoma Street)					
Maximum 1-hour concentration (ppm)	<u>0.122</u>	<u>0.114</u>	<u>0.100</u>	<u>0.114</u>	<u>0.111</u>
Days Exceeding ^a CAAQS 1-hour (>0.09 ppm)	19	5	7	3	6
8-Hour Ozone (Folsom - Natoma Street)					
National maximum 8-hour concentration (ppm)	<u>0.105</u>	<u>0.087</u>	<u>0.084</u>	<u>0.093</u>	<u>0.094</u>
State maximum 8-hour concentration (ppm)	<u>0.106</u>	<u>0.087</u>	<u>0.085</u>	<u>0.093</u>	<u>0.095</u>
Days Exceeding ^a NAAQS 8-hour (>0.075 ppm)	38	6	14	5	13
Days Exceeding ^a CAAQS 8-hour (>0.070 ppm)	53	16	34	11	23
Particulate Matter (PM₁₀) (Del Paso Manor)					
National max. 24-hour concentration (µg/m ³)	41.0	56.0	40.0	42.0	31.0
State maximum 24-hour concentration (µg/m ³)	43.0	<u>63.5</u>	42.8	<u>51.4</u>	42.2
State max. 3-year average concentration (µg/m ³)	<u>21</u>	<u>23</u>	<u>23</u>	<u>23</u>	19
State annual average concentration (µg/m ³)	15.8	<u>23.2</u>	18.8	18.0	17.6
Days Exceeding ^a NAAQS 24-hour (>150 µg/m ³)	0	0	0	0	0
Days Exceeding ^a CAAQS 24-hour (>50 µg/m ³)	0	12.3	0	0	0
Particulate Matter (PM_{2.5}) (Del Paso Manor)					
National max. 24-hour concentration (µg/m ³)	35.3	<u>53.8</u>	32.0	<u>54.4</u>	<u>46.8</u>
State maximum 24-hour concentration (µg/m ³)	45.7	59.5	39.5	54.5	57.5
State annual average concentration (µg/m ³) ^c	9.2	11.5	8.8	10.4	9.8
Days Exceeding ^a NAAQS 24-hour (>35 µg/m ³)	0.0	13.0	0.0	8.7	3.3

Notes: Underlined Values in excess of applicable standard. ppm = parts per million / µg/m³ = micrograms per cubic meter.

CAAQS = California ambient air quality standards. NAAQS = national ambient air quality standards.

“-“ = insufficient data available to determine the value.

2016 is the latest year of data available as of preparation of this section (March 2018)

a. An exceedance is not necessarily a violation.

Sources: California Air Resources Board 2018. Air Quality Trend Summaries. Accessed at <www.arb.ca.gov/adam>.

SMAQMD Rules and Regulations

All projects are subject to SMAQMD rules in effect at the time of construction. A complete listing of current rules is available at www.airquality.org or by calling 916.874.4800. Specific rules that may relate to construction activities or building design may include, but are not limited to:

- Rule 201: General Permit Requirements. Any project that includes the use of equipment capable of releasing emissions to the atmosphere may require permit(s) from SMAQMD prior to equipment operation. The applicant, developer, or operator of a project that includes an emergency generator, boiler, or heater should contact the SMAQMD early to determine if a permit is required, and to begin the permit application process. Other general

types of uses that require a permit include, but are not limited to, dry cleaners, gasoline stations, spray booths, and operations that generate airborne particulate emissions.

Portable construction equipment (e.g. generators, compressors, pile drivers, lighting equipment, etc.) with an internal combustion engine over 50 horsepower is required to have a SMAQMD permit or a California Air Resources Board portable equipment registration (PERP) (see Other Regulations below).

- Rule 402: Nuisance. The developer or contractor is required to prevent dust or any emissions from onsite activities from causing injury, nuisance, or annoyance to the public.
- Rule 403: Fugitive Dust. The developer or contractor is required to control dust emissions from earth moving activities, storage or any other construction activity to prevent airborne dust from leaving the project site.
- Rule 442: Architectural Coatings. The developer or contractor is required to use coatings that comply with the volatile organic compound content limits specified in the rule.
- Rule 453: Cutback and Emulsified Asphalt Paving Materials. This rule prohibits the use of certain types of cut back or emulsified asphalt for paving, road construction or road maintenance activities.
- Rule 460: Adhesives and Sealants. The developer or contractor is required to use adhesives and sealants that comply with the volatile organic compound content limits specified in the rule.

Other Regulations (California Code of Regulations (CCR))

- 17 CCR, Division 3, Chapter 1, Subchapter 7.5, §93105 Naturally Occurring Asbestos: The developer or contractor is required to notify SMAQMD of earth moving projects, greater than 1 acre in size in areas “Moderately Likely to Contain Asbestos” within eastern Sacramento County. The developer or contractor is required to comply with specific requirements for surveying, notification, and handling soil that contains naturally occurring asbestos.
- 13 CCR, Division 3, Chapter 9, Article 5, Portable Equipment Registration Program: The developer or contractor is required to comply with all registration and operational requirements of the portable equipment registration program such as recordkeeping and notification.
- 13 CCR, Division 3, Chapter 9, Article 4.8, §2449(d)(2) and 13 CCR, Division 3, Chapter 10, Article 1, §2485 regarding Anti-Idling: Minimize idling time either by shutting equipment off when not in use or reducing the time of idling to 5 minutes. These apply to diesel powered off-road equipment and on- road vehicles, respectively.

Significance Thresholds

The SMAQMD has published thresholds of significance for new projects (SMAQMD 2017), which are used to determine whether the potential air quality impacts of a proposed project are significant. The SMAQMD procedure is to quantify pollutant emissions from a project and compare the results to the significance threshold. Table 3 summarizes applicable thresholds of significance for criteria pollutants.

Pollutant	Construction Phase	Operational Phase
ROGs	NONE	65 pounds per day
NOx	85 pounds per day	65 pounds per day
PM ₁₀	Zero (0). If all feasible BACT/BMPs are applied, then 80 pounds/day and 14.6 tons/year	
PM _{2.5}	Zero (0). If all feasible BACT/BMPs are applied, then 82 pounds/day and 15 tons/year	

Source: Sacramento Metropolitan Air Quality Management District 2017.

Additionally, the SMAQMD requires that emissions concentrations from all phases of project activities not exceed the applicable CAAQS. A project is considered to contribute substantially to an existing or projected violation of a CAAQS if it emits pollutants at a level equal to or greater than five percent of the applicable CAAQS.

ENVIRONMENTAL ANALYSIS

Potential air quality impacts are assessed for both construction and operational phases of the Ella Way Well project:

- Construction – well drilling, site grading, and building of structures and roadways
- Operations – employee trips

Questions IIIa and IIIc - Construction NOx Emissions: Less-than-significant Impact. The SMAQMD has developed a screening process to assist in determining if NOx emissions from constructing a project in Sacramento County would exceed the District’s construction significance threshold for NOx. Construction of a project that does not exceed the screening level and meets all the screening parameters will be considered to have a less-than-significant impact on air quality. However, all construction projects regardless of the screening level are required to implement the District’s Basic Construction Emission Control Practices. (SMAQMD 2017)

Projects that are 35 acres or less in size generally will not exceed the District’s construction NOx threshold of significance. This screening level was developed using default construction inputs in the California Emissions Estimator Model (CalEEMod). This screening level cannot be used to determine if a project’s construction emissions will have a less-than significant impact on air quality unless all of the following parameters are met. The project *does not*:

- Include buildings more than 4 stories tall;
- Include demolition activities;
- Include major trenching activities;
- Have a construction schedule that is unusually compact, fast-paced, or involves more than 2 phases (i.e., grading, paving, building construction, and architectural coatings) occurring simultaneously;
- Involve cut-and-fill operations (moving earth with haul trucks and/or flattening or terracing hills); and
- Require import or export of soil materials that will require a considerable amount of haul truck activity (SMAQMD 2017).

In the case of the proposed Ella Way Well, the project site is 0.55 acres. While there would be some grading and fill to bring the site up to grade to match the adjacent residential sites, because of the small size of the site and relatively minimal amount of fill and associated truck trips required, the project would meet SMAQMD screening criteria. Thus, implementation of the project would not result in construction NOx emissions in excess of SMAQMD significance criteria. This would be a less-than-significant impact.

Questions IIIb and IIIc - Construction PM₁₀ and PM_{2.5} Emissions: Less-than-significant Impact with Mitigation. During typical construction projects the majority of particulate matter emissions (i.e., PM₁₀ and PM_{2.5}) are generated in the form of fugitive dust during ground disturbance activities, most of which is generated during the grading phase. PM emissions are also generated in the form of equipment exhaust and re-entrained road dust from vehicle travel on paved and unpaved surfaces.

The SMAQMD uses the same screening level as the NOx emission screening level to assist a lead agency in determining if PM emissions from constructing a project in Sacramento County will exceed the District's construction significance thresholds for PM₁₀ and PM_{2.5}. Construction of a project that does not exceed the screening level, meets all the screening parameters, and implements the SMAQMD's Basic Construction Emission Control Practices (also known as BMPs) would be considered to have a less-than-significant impact on air quality. (SMAQMD 2017)

In the case of the proposed Ella Way Well, the project meets the SMAQMD screening parameters as set forth above. However, to meet SMAQMD requirements, CHWD must implement all of the District's Basic Construction Emission Control Practices. Implementation of the following mitigation measure would ensure that SMAQMD Practices would be implemented during project construction, and this impact would be less than significant after mitigation.

Mitigation Measure 1

All projects are subject to SMAQMD rules in effect at the time of construction. Control of fugitive dust is required by District Rule 403 and enforced by SMAQMD staff. CHWD shall implement, or require its contractors to implement, all of the following measures as identified by SMAQMD:

Basic Construction Emission Control Practices

- Water all exposed surfaces two times daily. Exposed surfaces include, but are not limited to soil piles, graded areas, unpaved parking areas, staging areas, and access roads.
- Cover or maintain at least two feet of free board space on haul trucks transporting soil, sand, or other loose material on the site. Any haul trucks that would be traveling along freeways or major roadways should be covered.
- Use wet power vacuum street sweepers to remove any visible trackout mud or dirt onto adjacent public roads at least once a day. Use of dry power sweeping is prohibited.
- Limit vehicle speeds on unpaved roads to 15 miles per hour (mph).
- All roadways, driveways, sidewalks, parking lots to be paved should be completed as soon as possible. In addition, building pads should be laid as soon as possible after grading unless seeding or soil binders are used.

- Minimize idling time either by shutting equipment off when not in use or reducing the time of idling to 5 minutes [required by California Code of Regulations, Title 13, sections 2449(d)(3) and 2485]. Provide clear signage that posts this requirement for workers at the entrances to the site.
- Maintain all construction equipment in proper working condition according to manufacturer's specifications. The equipment must be checked by a certified mechanic and determine to be running in proper condition before it is operated.

Questions IIIa through III d - Ozone and Particulate Operational Emissions: Less-than-

significant Impact. In order to support the use of the SMAQMD's non-zero thresholds of significance for operational PM emissions, the SMAQMD provides guidance on Best Management Practices (BMPs) to reduce operational PM emissions from land use development projects. Since operational emissions would result only from six employee trips per month, none of the operational BMPs would apply.

The District has developed screening levels to help lead agencies analyze operational ROG, NO_x, and PM₁₀, and PM_{2.5} emissions from projects in Sacramento County. As provided by the District, the screening levels shall not be used to evaluate operational emissions from projects that have one or more of the following characteristics:

- The project will include wood stoves or wood-burning appliances;
- The project does not include BMPs for PM emissions;
- Project trip generation rates are expected to be greater than the default trip rates in CalEEMod. The default trip rates in CalEEMod, which can be viewed in the Operational-Mobile Vehicle Trips tab, are based on standard rates from the Institute of Transportation Engineers (ITE) Trip Generation Manual;
- The vehicle fleet mix for the project is expected to be substantially different from the average vehicle fleet mix for Sacramento County. For example, the fleet mix associated with an industrial land use project will likely consist of a high portion of heavy-duty trucks;
- The project will include mixed-use development; or
- The project will include any industrial land use types (possibly including stationary sources of emissions).

Except for vehicle fleet mix, the Ella Way Well project would not include any of the disqualifying characteristics cited above. While the vehicle fleet mix would be substantially different from the average fleet mix for Sacramento County, since larger trucks would be used by employees, the proposed Ella Way Well would generate only six (6) employee trips per month, and the pump and associated facilities would be powered by electricity. Emissions for a similar well project proposed by CHWD assessed in 2006 determined that emissions from the well and site maintenance activities would be approximately 2.5 percent or less of the applicable SMAQMD significance criteria in effect at the time for ROG, NO_x, and PM₁₀. Thus, implementation of the project would not result in operational emissions in excess of SMAQMD significance criteria. This would be a less-than-significant impact, and no mitigation would be necessary.

Questions IIIb, d: CO Emissions: Less-than-significant Impact. The SMAQMD has developed a screening process to assist in determining if CO emissions from operations of a project in Sacramento County would exceed the District's operational significance threshold for CO.

Operation of a project that does not exceed the screening level and meets all the screening parameters will be considered to have a less-than-significant impact on air quality.

The proposed project will result in a less-than-significant impact to air quality for local CO if:

- Traffic generated by the proposed project will not result in deterioration of intersection level of service (LOS) to LOS E or F; and
- The project will not contribute additional traffic to an intersection that already operates at LOS of E or F. (SMAQMD 2017)

The project site of the proposed Ella Way project is located in a residential neighborhood. The proposed well would be unstaffed except for infrequent visits by maintenance or operations personnel, and no nearby intersections would be affected by the proposed project. Thus, according to SMAQMD screening criteria, the project would be expected to result in less-than-significant CO emissions. This would be a less-than-significant impact, and no mitigation would be necessary.

Question III d - Diesel Engines: Less-than-significant Impact. Emergency power would be provided by a portable diesel generator that would be brought to the site for testing and in the event of a sustained power outage. CHWD does not plan to install a stationary or portable diesel backup power system at the Ella Way Well site. Rather, CHWD intends to use rental equipment in the case of an emergency or prolonged power outage. The CHWD may periodically test borrowed equipment at the Ella Way Well site to maintain connections in good working order and/or to train CHWD personnel in the operation of the generator.

Diesel particulate matter (PM) was identified by the ARB as a toxic air contaminant in 1998. To reduce public exposure to diesel PM, the ARB adopted control measures to reduce diesel PM. Airborne Toxic Control Measures (ATCM) have been adopted to reduce emissions of diesel PM from numerous sources, including portable diesel engines, such as the project's backup generator. However, ARB permits portable engines used for emergency purposes only, including appropriate maintenance and testing, to meet reduced permitting and reporting standards. Such engines are required to meet stringent emissions standards, including limitations on permitted fuels, allowable types of equipment based on emissions, and retirement of non-compliant engines (ARB 2011).

Engines meeting the definition of portable equipment may choose to participate in ARB's Portable Equipment Registration Program rather than obtaining permits from local air pollution control agencies throughout the state. A portable engine operating in Sacramento County must be registered pursuant to ARB's Portable Equipment Registration Program or have a valid Permit to Operate from the SMAQMD (SMAQMD 2017b).

Implementation of the proposed project would include the intermittent use of a portable diesel backup generator in the event of an emergency or sustained power outage. While the portable diesel backup generator is considered a source of toxic air contaminants, CHWD will be required to comply with SMAQMD regulations, ARB's Diesel ATCM regulations, and State Health and Safety codes. This would be a less-than significant impact, and no mitigation would be required.

Naturally Occurring Asbestos

Naturally occurring asbestos is not a potential concern in the project area. For more information and analysis, see Section VIII, *Hazards and Hazardous Materials*.

Question IIIe – Odors: Less-than-significant Impact. During operation, the project would consist of the operation of an electrically powered pump. No odors would be generated by this use. Potential odor effects would be less than significant, and no mitigation would be necessary.

Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
	X		
		X	
		X	
	X		
	X		
			X

IV. BIOLOGICAL RESOURCES – Would the project:

- a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or the U.S. Fish and Wildlife Service?
- b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, and regulations or by the California Department of Fish and Wildlife or the U.S. Fish and Wildlife Service?
- c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?
- d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery site?
- e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?
- f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?

REGULATORY FRAMEWORK

Federal Endangered Species Act

The United States Fish and Wildlife Service (USFWS) has jurisdiction over projects that may result in take of a species listed as threatened or endangered under the federal Endangered Species Act (ESA). Under the ESA (Title 16 of U.S. Code, Section 153 et seq. [16 USC 153 et seq.]), the definition of “take” is to “harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, or collect, or to attempt to engage in any such conduct.” USFWS has also interpreted the definition of “harm” to include significant habitat modification that could result in take.

Migratory Bird Treaty Act

The Migratory Bird Treaty Act (MBTA) (16 USC 703–711) prohibits the killing, possessing, or trading of migratory birds except in accordance with regulations prescribed by the U.S. Secretary of the Interior. Most native bird species fall under the jurisdiction of this act.

Section 404 of the Clean Water Act

Section 404 of the Clean Water Act (33 USC 1252–1376) requires a project applicant to obtain a permit before engaging in any activity that involves any discharge of dredged or fill material into waters of the United States, including wetlands. Waters of the United States include navigable waters of the United States, interstate waters, all other waters where the use or degradation or destruction of the waters could affect interstate or foreign commerce, tributaries to any of these waters, and wetlands that meet any of these criteria or that are adjacent to any of these waters or their tributaries.

California Endangered Species Act

The California Endangered Species Act (CESA) (California Fish and Game Code Section 2050 et seq.) is the state policy to conserve, protect, restore, and enhance endangered or threatened species and their habitats. CESA mandates that state agencies should not approve projects that would jeopardize the continued existence of endangered or threatened species if reasonable and prudent alternatives are available that would avoid jeopardy. Definitions of endangered and threatened species in the CESA parallel those defined in the ESA. Take authorizations from California Department of Fish and Wildlife (CDFW) are required for any unavoidable impact on state-listed species resulting from proposed projects.

Native Plant Protection Act

California's Native Plant Protection Act (Fish and Game Code Sections 1900–1913) requires all state agencies to establish criteria for determining whether a species, subspecies, or variety of native plant is endangered or rare. Provisions of this act prohibit the taking of listed plants from the wild and require that CDFW be notified at least 10 days in advance about any change in land use that would adversely affect listed plants. This requirement allows CDFW to salvage listed plant species that would otherwise be destroyed.

Protection of Bird Nests and Raptors

The California Fish and Game Code (Section 3503) states that it is unlawful to take, possess, or needlessly destroy the nest or eggs of any bird. The Code specifically mentions that it is unlawful to take, possess, or destroy any raptors (i.e., hawks, owls, eagles, and falcons), including their nests or eggs. Examples of code violations include destruction of active nests resulting from removal of vegetation in which the nests are located. Violation of Section 3503.5 could also include failure of active raptor nests resulting from disturbance of nesting pairs by nearby project construction.

Tree Preservation and Protection Ordinance

Chapter 106.39 of the Citrus Heights Zoning Code provides regulations for the protection, preservation, and maintenance of protected trees in the City of Citrus Heights. The ordinance protects native oak trees, oak woodlands, trees of historic or cultural significance, groves and stands of mature trees, and mature trees associated with development proposals.

No Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan has been approved for the City of Citrus Heights.

ENVIRONMENTAL SETTING

The project site is bounded on the north, south, and west by existing single-family residential development. To the east, the site is bordered by multi-family residential uses.

The proposed project would be constructed on a 0.55-acre parcel that is the currently undeveloped rear portion of an existing 1.55-acre existing parcel. This front portion of the existing large parcel adjacent to Patton Avenue is developed with residential and home occupation uses. A number of native and ornamental trees are located along the north, east, and west boundaries of the 0.55-acre project site. Thirteen native trees are located on the site, including 10 oaks and three live oaks. Of these, three oaks are potentially protected by the City of Citrus Heights tree preservation and protection ordinance. The majority of the site is non-irrigated turf.

No surface water features are located within the boundary of the project site. Review of aerial photographs of the project area from 1938 through 2012 indicates that an ephemeral drainage had previously been located on the project site. However, at some time between 1972 and 1984 this channel was converted to uplands. Annual mowing and cultivation activities for property maintenance and weed control, as well as a past fire, also have adversely affected native biological resources on the project site.

ENVIRONMENTAL ANALYSIS

Research completed to determine the biological resources associated with the proposed project included: (1) a query of the California Natural Diversity Database (CNDDDB) to identify occurrences of special-status species within the Citrus Heights 7.5-Minute Topographic Quadrangles (CNDDDB 2018); (2) a query of federally listed Threatened and Endangered species from the U.S. Fish and Wildlife Service (USFWS) and the California Native Plant Society's (CNPS) Electronic Inventory; and (3) a review of the USFWS National Wetland Inventory (NWI) map to identify the presence of wetlands within the project area. The results of the database search and location analysis were used to determine if any sensitive resources had been previously reported within or in the immediate local vicinity of the project site.

This special-status species evaluation considers those species identified as having relative scarcity and/or declining populations by the USFWS or CDFW. Special-status species include those formally listed as threatened or endangered, those proposed for formal listing, candidates for federal listing, and those classified as species of special concern by CDFW. Also included are those plant species considered to be rare, threatened, or endangered in California by the CNPS, and those plant and animal taxa meeting the criteria for listing under Section 15380 of the State CEQA Guidelines.

According to the USFWS records search, one reptile, two amphibians, one fish, one insect, and one crustacean species have been documented in the nine-quadrangle area surrounding the project site. Most of these species are associated with water features such as vernal pools, ponds, marshes, and streams. No vernal pool habitat or other appropriate water features are present on or adjacent to the project site.

The results of the CNDDDB records search show that no sensitive biological resources have been identified on or adjacent to the project site. Two insects, one fish, three birds, one crustacean, and

two plant species have been recorded in the vicinity of the project site. Given the ongoing disturbance of the project site, its location within a predominantly urban area, and the lack of water features on or adjacent to the site, it is unlikely that any of these species would be found on the project site, with the exception of several of the bird species.

Sensitive natural habitats are those that are considered rare within the region, support sensitive plant or wildlife species, or function as corridors for wildlife movement. No sensitive natural habitats were identified by the CNDDDB and CNPS lists for the proposed project area. A review of the USFWS National Wetland Inventory Map was completed to identify the presence of wetlands within the vicinity of the project. No potentially jurisdictional wetlands or wetlands of the United States were identified on or near the project site, and the site would not support jurisdictional wetlands or wetlands of the United States.

Questions IVa and IVd: Less-than-significant Impact with Mitigation. The biological habitat on the site of the proposed well has been disturbed historically by grading and mowing. While there is some drainage associated with the topography of the site, no riparian or other sensitive habitats exist on, or adjacent to the project site. No permanent or open water habitat is present on the site. In general, the on-site habitat is not identified as important to migratory species. However, native trees on the project site may provide nesting habitat for special status bird species, or species protected by the Migratory Bird Treaty Act. If construction occurred during the nesting season, nesting birds could be disturbed leading to nest abandonment.

No special status species or habitats were found to be present or have potential to be present in the project area. Implementation of the proposed project would remove a minimal amount of non-native grassland habitat for common urban species. The project as proposed would avoid all trees present on the site, and construction disturbance would only occur in areas that are currently vegetated with introduced grasses. No construction or paving would occur within the dripline of any existing tree. Because no important biological resources exist on the project site, and site construction would disturb only non-native grasses, implementation of the Ella Way Well project would have minimal impact on sensitive biological resources. Implementation of the project could, however, have an adverse impact on nesting birds. Therefore, development of the project would have a significant impact on biological resources. Implementation of Mitigation Measure 2, would ensure that nesting birds would be identified prior to the start of construction, and that appropriate mitigation would be implemented to avoid disturbance.

Mitigation Measure 2

The CHWD or the construction contractor shall schedule vegetation removal and ground-clearing activities prior to the initiation of nesting activity (March) or after fledging (August). If the CHWD determines that it is infeasible to avoid construction during the nesting season, the CHWD or the construction contractor shall conduct pre-construction surveys between March 1 and August 15 in potential nesting habitat to identify nest sites. If an active raptor nest is observed within 500 feet of the project site, CHWD shall contact CDFW for guidance and/or establish a 500-foot buffer around the nest tree. If a passerine bird nest is observed during surveys, a 100-foot buffer around the nest shall be established or consultation with CDFW shall be conducted for a reduced buffer zone based on nesting phenology, site conditions, and recommendation(s) of a biological monitor. Construction activities in the buffer zone shall be prohibited until the young have fledged.

With implementation of Mitigation Measure 2, impacts to protected bird species would be reduced to a less-than-significant level.

Question IVb and IVc: Less-than-significant Impact. Implementation of the proposed project would not have an adverse affect on any riparian habitat or sensitive natural community, since no such resources are located within the project area. There would be no substantial adverse effect on wetlands, as no wetlands occur on the project site.

Because no riparian habitat, sensitive natural communities, or wetlands exist on site, impacts to riparian habitat, sensitive natural communities, and wetlands would be considered less than significant with implementation of the proposed project, and no mitigation would be necessary.

Question IVe: Less-than-significant Impact with Mitigation. The City of Citrus Heights has established a Tree Protection Ordinance (Chapter 106.39 of the Citrus Heights Municipal Code). According to the City of Citrus Heights, “native oak trees and other mature trees six inches or greater in diameter are protected and require a permit for removal. The following native oak trees are protected and require a tree permit: valley oak, interior live oak, blue oak, or oracle oak. The following tree types are exempt from any permit process - willow, fruit, eucalyptus, alder, cottonwood, pine, catalpa, fruitless mulberry, or palm.” (Citrus Heights undated)

Thirteen native trees are located on the site, including 10 oaks and three live oaks. Of these, three oaks are potentially protected by the City of Citrus Heights Tree Preservation and Protection Ordinance. Because no formal site plans have been prepared as of the date of this Initial Study, it is unknown if implementation of the Ella Way Well project would adversely affect any jurisdictional tree on the project site. Because project implementation could result in the loss of protected trees or construction could occur within the driplines of trees to be retained, this would be a significant impact. Implementation of the Mitigation Measure 3 would ensure that qualifying trees on the project site would be protected, or that loss or disturbance of protected trees would be compensated as required by the City of Citrus Heights.

Mitigation Measure 3

During project design and construction, CHWD shall avoid jurisdictional trees, including their protected zones as defined by Chapter 106.39 of the Citrus Heights Municipal Code. The CHWD or its contractor shall implement the standard policies and procedures set forth in Section 106.39.050 of the Citrus Heights Municipal Code during the design and construction of proposed improvements. In the event that a jurisdictional tree and its protected zone cannot be avoided, CHWD or its contractor shall obtain a Tree Permit from the City of Citrus Heights, and implement all requirements of the permit.

With implementation of the above measures, protected trees would not be harmed, or if loss or disturbance of a tree were to occur, compensation as required by the City of Citrus Heights would be required. As mitigated, the project would not conflict with any local ordinances or plans. A less-than-significant impact would result, and no additional mitigation would be necessary.

Question IVf: No Impact. There are no approved or adopted Natural Community Conservation Plans or Habitat Conservation Plans (NCCP/HCP) for the project site or its vicinity. This would be a less-than-significant impact; no mitigation would be required.

V. CULTURAL RESOURCES – Would the project:

- a) Cause a substantial adverse change in the significance of a historical resource as defined in § 15064.5?
- b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to § 15064.5?
- c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?
- d) Disturb any human remains, including those interred outside of formal cemeteries?

Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
	X		
	X		
		X	
	X		

Records of the known cultural resources found in Sacramento County are included in the files of the Office of Historic Preservation, California Historical Resources Information System. The Northern California Information Center (NCIC), housed at California State University, Sacramento, locally administers these records. A cultural resources records search was conducted at the NCIC for the project site and surrounding area to determine its historic and cultural sensitivity (NCIC 2018). Non-privileged portions of the records search may be inspected at the Citrus Heights Water District, 6230 Sylvan Road, Citrus Heights, California, Monday through Friday during standard business hours.

REGULATORY FRAMEWORK

State and Federal legislation requires the protection of historical and cultural resources. In 1971, the President’s Executive Order No. 11593 required that all federal agencies initiate procedures to preserve and maintain cultural resources by nomination and inclusion on the National Register of Historic Places. In 1980, the Governor’s Executive Order No. B-64-80 required that State agencies inventory all “significant historic and cultural site, structures, and objects under their jurisdiction which are over 50 years of age and which may qualify for listing on the National Register of Historic Places.” Likewise, Section 15064.5(b) of the CEQA Guidelines specifies that “projects that cause the physical demolition, destruction, relocation, or alteration of a historical resource or its immediate surroundings such that the significance of the historic resource would be materially impaired” shall be found to have a significant impact on the environment.

According to agency definitions, implementation of the proposed Ella Way Well project would constitute an “undertaking.” CEQA requires the evaluation of the potential effects to cultural resources (i.e., historic and archaeological) that may be caused by a particular “undertaking.”

ENVIRONMENTAL SETTING

The NCIC Records Search reported that the specific project area has not been subject to previous cultural resources investigations. There are no prehistoric or historic archaeological resources on the project site or in its vicinity that have been reported to the NCIC. The location of the proposed project site is deemed to be moderately sensitive for cultural resources.

According to the USGS National Geologic Map Database, the uppermost geologic formation underlying the soils in the area of the proposed project is the Plio-Pleistocene and Pliocene loosely consolidated deposits formation. The project site is not located in an area of known paleontological resources.

ENVIRONMENTAL ANALYSIS

Questions Va, Vb, and Vd: Less-than-significant Impact with Mitigation. Results of the records search conducted by the NCIC show no recorded prehistoric or historic archaeological resources or historic building or structures on the project site or within a ¼ mile radius of the site. According to the Background Report prepared for the City of Citrus Heights General Plan, the nearest historic structure is located approximately 0.4 miles to the northeast of the project site. The Dekay/Sunrise Ranch Home was originally constructed in 1868, but it is not eligible for listing in the California Register of Historical Resources or the National Register of Historic Places due to a lack of historical integrity. (Citrus Heights 2010a) Further, the Ella Way Well project would have no impact on the Dekay/Sunrise Ranch Home.

However, project construction could result in the destruction or degradation of unknown cultural or historic resources. This would be a potentially significant impact.

The following existing regulatory requirements acting as a mitigation measure would facilitate actions to reduce potential impacts to unknown prehistoric and historic resources to a less-than-significant level.

Mitigation Measure 4

Prior to initiation of construction on the project site, CHWD shall require that any construction or improvement plans contain a notation requiring that if any archaeological, cultural, historical resources, artifacts or other features are discovered during the course of construction anywhere on the project site, work shall be suspended in that location until a qualified professional archaeologist assesses the significance of the discovery and provides consultation with CHWD staff. Appropriate mitigation for curation or protection of the resources, as recommended by the archaeologist, shall be implemented upon approval by CHWD. Further grading or site work within the area of discovery shall not be allowed until the preceding steps have been taken.

In addition, pursuant to §5097.98 of the State Public Resources Code, and Section 7050.5 of the State Health and Safety Code, in the event of the discovery of any human remains, all work is to stop and the County Coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains.

Thus, with implementation of the above mitigation measure, no additional effects to cultural resources are expected to occur, and no additional mitigation would be necessary.

Question Vc: Less-than-significant Impact. Since the proposed project site is not located in an area of known paleontological resources, and there are no unique geological features present within the area, no adverse effects to these resources would occur. This would be a less than significant impact, and no mitigation would be necessary.

Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
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VI. GEOLOGY AND SOILS – Would the project:

a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:			
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.		X	
ii) Strong seismic ground shaking?		X	
iii) Seismic-related ground failure, including liquefaction?		X	
iv) Landslides?		X	
b) Result in substantial soil erosion or the loss of topsoil?		X	
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?		X	
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?		X	
e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?			X

Soils on the site of the proposed project are classified by the United States Department of Agriculture, Natural Resources Conservation Service Web Soil Survey as Fiddyment-Orangevale-Urban land complex, 2 to 8 percent slopes (NRCS 2018). This soil type is rated as moderate for erosion hazards, and moderate for shrink-swell potential (Citrus Heights 2010b).

ENVIRONMENTAL ANALYSIS

Questions VIa and VIc: Less-than-significant Impact. The Ella Way Well project is located at the eastern margin of the Sacramento Valley, an area with low seismic activity. The City of Citrus Heights General Plan Background Report, Chapter 10, Safety states that there are no known faults within the Citrus Heights area, nor is the area within an Alquist-Priolo Special Studies Zone. The primary site hazard associated with seismic activity would involve minor ground shaking from more distant faults (Citrus Heights 2010b). The proposed project would employ standard construction practices and comply with CHWD standards, consistent with California Building Code requirements for the State of California. Standard design, construction and safety procedures would limit seismic hazards to levels deemed acceptable in the state and region. This would be a less-than-significant impact and no additional mitigation is required beyond compliance with adopted building standards.

Soil liquefaction is a phenomenon in which saturated soil loses shear strength and deforms from ground shaking during an earthquake. The Citrus Heights General Plan Background Report

indicates that the potential for soil liquefaction affecting the Citrus Heights area is low. The project site would not be located in an area with soil or saturation conditions subject to liquefaction as they generally do not exist in the project area (Citrus Heights 2010b). The project site and vicinity have nearly level topography that would not be subject to landslide hazards. A less-than-significant impact would occur, and no mitigation would be required.

Subsidence is the settling or sinking of parts of the earth's surface layer due to removal of subsurface support. Given the proper subsurface geology, the excessive pumping of groundwater could result in subsidence. However, the project site is not located within an area of any known instances of subsidence according to the City of Citrus Heights General Plan Background Report (Citrus Heights 2010b). Additionally, two long-term hydrographs within the project area indicate that groundwater elevations have not varied greatly over time. Groundwater elevations measured in the far eastern area of the CHWD have varied no more than two feet from October 1998 through 2012. (SGA 2014) Given the subsurface geology of this area of northern Sacramento County, the proposed well project would not result in a substantial increase in groundwater withdrawal that could result in localized subsidence in the project area. Thus, potential impacts from subsidence would be less than significant, and no mitigation would be required. (For additional information regarding groundwater, see Section IX, *Hydrology and Water Quality*, of this Initial Study.

Question VIb: Less-than-significant Impact. Construction of the proposed Ella Way Well project would disturb less than one acre of relatively level topography, with on-site grading to create suitable pads for the wellhead and pump building. A portion of the project site would be paved to allow access for operations and maintenance of the well, pumps, and ancillary equipment, and for construction of the wellhead and pump building. On-site soils, Fiddymment-Orangevale-Urban land complex, 2 to 8 percent slopes, exhibit slight to moderate hazards of water erosion (NRCS 2018).

In coordination with the City of Citrus Heights, all construction activities would implement stormwater pollution prevention Best Management Practices (BMP) designed to reduce potential impacts to water quality during construction of the project, and in accordance with the guidelines of the Sacramento Stormwater Management Program as follows:

- Complying with the requirements of the State Water Resources Control Board's "General Permit for Stormwater Discharges Associated with Construction Activity"¹,
- Preserving all existing vegetation on site where possible,
- Scheduling as much project work as possible during the dry season,
- Stabilizing the construction access route,
- Protecting storm drain inlets,
- Using other Best Management Practices as necessary, including applying rainy season erosion controls, managing stockpiles, disposing of well development water properly, and correctly managing and disposing of construction wastes,
- Maintaining all Best Management Practices, and
- Stabilizing the site after construction is complete.

¹ Because the project site totals 0.55 acres, the CHWD would be exempt from Submitting a Notice of Intent to the State Water Resources Control Board to comply with the General Permit for Stormwater Discharges Associated with Construction Activity due to the small size of the project. Nonetheless, the CHWD has voluntarily agreed to comply with the substantive requirements of the General Permit.

Due to the relatively flat topography, construction techniques (including the BMPs cited above), finished final surfaces, and engineered drainage systems, the project would not result in impacts to soil erosion or loss of topsoil. This would be a less-than-significant impact and no mitigation would be required.

Question VIId: Less-than-significant Impact. Shrink/swell potential refers to the soils ability to expand and contract. Shrinking and swelling of soil can damage roads, dams, building foundations, and other structures. The soil on the project site is identified as Fiddymment-Orangevale-Urban land complex, 2 to 8 percent slopes, which exhibits low to high shrink/swell characteristics. Typically, common engineering solutions can remedy potential shrink/swell hazards. For the Ella Way Well, no building structures intended for human use or occupancy would be constructed, and no unusual pad engineering conditions would be expected to affect performance or safety. This would be a less-than-significant impact and no mitigation would be necessary.

Question VIe: No Impact. Operation of facilities would not require on-site wastewater treatment or disposal. No impacts from or to soil and groundwater from septic systems would occur.

Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
		X	
		X	

VII. GREENHOUSE GAS EMISSIONS – Would the project:

- a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?
- b) Conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing the emissions of greenhouse gases.

Global Warming is a public health and environmental concern around the world. As global concentrations of atmospheric greenhouse gases increase, global temperatures increase, weather extremes increase, and air pollution concentrations increase. Global warming and climate change has been observed to contribute to poor air quality, rising sea levels, melting glaciers, stronger storms, more intense and longer droughts, more frequent heat waves, increases in the number of wildfires and their intensity, and other threats to human health (IPCC 2013). With the exception of 1998, the 10 warmest years in the 137-year record of global temperatures all have occurred since 2000, with 2016 ranking as the warmest year on record (NOAA 2016). Hotter days facilitate the formation of ozone, increases in smog emissions, and increases in public health impacts (e.g., premature deaths, hospital admissions, asthma attacks, and respiratory conditions) (EPA 2016a). Averaged global combined land and ocean surface temperatures have risen by roughly 0.85°C from 1880 to 2012 (IPCC 2013). Because oceans tend to warm and cool more slowly than land areas, continents have warmed the most. If greenhouse gas emissions continue to increase, climate models predict that the average temperature at the Earth’s surface is likely to increase by over 1.5°C by the year 2100 relative to the period from 1850 to 1900 (IPCC 2013).

The Greenhouse Effect (Natural and Anthropogenic)

The Earth naturally absorbs and reflects incoming solar radiation and emits longer wavelength terrestrial (thermal) radiation back into space. On average, the absorbed solar radiation is balanced by the outgoing terrestrial radiation emitted to space. A portion of this terrestrial radiation, though, is itself absorbed by gases in the atmosphere. The energy from this absorbed terrestrial radiation warms the Earth's surface and atmosphere, creating what is known as the "natural greenhouse effect." Without the natural heat-trapping properties of these atmospheric gases, the average surface temperature of the Earth would be below the freezing point of water (IPCC 2007). Although the Earth's atmosphere consists mainly of oxygen and nitrogen, neither plays a significant role in this greenhouse effect because both are essentially transparent to terrestrial radiation. The greenhouse effect is primarily a function of the concentration of water vapor, carbon dioxide, methane, nitrous oxide, ozone, and other trace gases in the atmosphere that absorb the terrestrial radiation leaving the surface of the Earth (IPCC 2007). Changes in the atmospheric concentrations of these greenhouse gases can alter the balance of energy transfers between the atmosphere, space, land, and the oceans. Radiative forcing is a simple measure for both quantifying and ranking the many different influences on climate change; it provides a limited measure of climate change as it does not attempt to represent the overall climate response (IPCC 2007). Holding everything else constant, increases in greenhouse gas concentrations in the atmosphere will likely contribute to an increase in global average temperature and related climate changes (EPA 2016a).

Greenhouse Gases

Naturally occurring greenhouse gases include water vapor, carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and ozone (O₃). Several classes of halogenated substances that contain fluorine, chlorine, or bromine are also greenhouse gases, but they are, for the most part, emitted solely by human activities. There are also several gases that, although they do not have a direct radiative forcing effect, do influence the formation and destruction of ozone, which does have such a terrestrial radiation absorbing effect. These gases, referred to here as ozone precursors, include carbon monoxide (CO), oxides of nitrogen (NO_x), and non-methane volatile organic compounds (NMVOC). Aerosols (extremely small particles or liquid droplets emitted directly or produced as a result of atmospheric reactions) can also affect the absorptive characteristics of the atmosphere.

Carbon is stored in nature within the atmosphere, soil organic matter, ocean, marine sediments and sedimentary rocks, terrestrial plants, and fossil fuel deposits. Carbon is constantly changing form on the planet through the a number of processes referred to as the carbon cycle, which includes but is not limited to degradation and burning, photosynthesis and respiration, decay, and dissolution. When the carbon cycle transfers more carbon to the atmosphere this can lead to global warming. Over the last 300 years atmospheric levels of carbon have increased by more than 30 percent, of which approximately 65 percent is attributable to fossil fuel combustions and 35 percent is attributed to deforestation and the conversion of natural ecosystems to agricultural use (Pidwirny 2006). Carbon stored in plants and rocks is referred to as being sequestered. Within the United States, forest sequestration of carbon offset approximately 13 percent of the fossil fuel GHG emissions in 2011, and from 10 to 20 percent of U.S. emissions each year (USDA 2018).

REGULATORY FRAMEWORK

The U. S. EPA is the federal agency responsible for implementing the CAA. The U.S. Supreme Court ruled on April 2, 2007 that CO₂ is an air pollutant as defined under the CAA, and that EPA has the authority to regulate emissions of GHGs. However, there are no federal regulations or

policies regarding GHG emissions thresholds applicable to the proposed project at the time of this Initial Study.

The ARB is the agency responsible for coordination and oversight of state and local air pollution control programs in California, and for implementing the CCAA. Various statewide and local initiatives to reduce the state's contribution to GHG emissions have raised awareness that, even though the various contributors to and consequences of global climate change are not yet fully understood, global climate change is under way, and there is a real potential for severe adverse environmental, social, and economic effects in the long-term. Because every nation emits GHGs, and therefore makes an incremental cumulative contribution to global climate change, cooperation on a global scale will be required to reduce the rate of GHG emissions to a level that can help to slow or stop the human-caused increase in average global temperatures and associated changes in climatic conditions.

In September 2006, then-Governor Schwarzenegger signed AB 32, the California Climate Solutions Act of 2006. AB 32 established regulatory, reporting, and market mechanisms to achieve quantifiable reductions in GHG emissions and a cap on statewide GHG emissions. AB 32 requires that statewide GHG emissions be reduced to 1990 levels by 2020. In 2011, the ARB adopted the cap-and-trade regulation. The cap-and-trade program covers major sources of GHG emissions in the State such as refineries, power plants, industrial facilities, and transportation fuels. The cap-and-trade program includes an enforceable emissions cap that will decline over time. The State will distribute allowances, which are tradable permits, equal to the emissions allowed under the cap.

The initial main strategies and roadmap for meeting the 1990 emission level reductions are outlined in a Scoping Plan approved in December 2008 and updated every five years (the Scoping Plan was updated in May 2014). The Scoping Plan includes regulations and alternative compliance mechanisms, such as monetary and non-monetary incentives, voluntary actions, and market-based mechanisms, such as a cap-and-trade program. The Climate Change Scoping Plan also includes a breakdown of the amount of GHG reductions the ARB recommends for each emissions sector of the state's GHG inventory (ARB 2014). In January 2017, ARB issued the proposed 2017 Climate Change Scoping Plan Update to reflect the 2030 target set by Executive Order B-30-15.

As the sequel to AB 32, Senate Bill (SB) 32 was approved by the Governor on September 8, 2016. SB 32 would require the state board to ensure that statewide greenhouse gas emissions are reduced to 40 percent below the 1990 level by 2030. The 2030 target acts as an interim goal on the way to achieving reductions of 80 percent below 1990 levels by 2050, a goal set by former Governor Schwarzenegger in 2005 with Executive Order S-3-05.

City of Citrus Heights Greenhouse Gas Reduction Plan. The City of Citrus Heights adopted a Greenhouse Gas Reduction Plan (GGRP) in August 2011. As set forth in the Plan, GHG reduction measures in this plan are grouped within seven strategy areas –community leadership and engagement, land use and community design, transportation and connectivity, energy efficiency and conservation, water efficiency and conservation, waste reduction, green infrastructure, and public health and safety. The GHG reduction measures were developed by (a) evaluating existing community conditions, (b) identifying emissions reduction opportunities within the City of Citrus Heights, (c) reviewing best practices from other jurisdictions and organizations, and (d) incorporating state and regional laws, guidelines, and recommendations. The recommended GGRP

measures are grounded in actions directly influenced by the City of Citrus Heights and rely on community participation. (Citrus Heights 2011a)

The GGRP includes two types of measures: *primary* and *supporting* measures. *Primary* measures generate directly attributable GHG reductions based on current technology, empirical studies and available data. The GGRP recommends 19 *primary* measures that collectively meet the City of Citrus Heights' target of 10 to 15 percent below 2005 levels. A number of *supporting* measures have also been included. These measures were not quantified at the time of GGRP approval, but they facilitate and support the reduction potential of the *primary* measures. (Citrus Heights 2011a)

Although CHWD and its activities are not directly regulated by the City of Citrus Heights, the following measures of the GGRP may be appropriate to the proposed Ella Way Well project:

5-1.A - Work with the water agencies to develop plans to implement SB 7 to achieve a 20% reduction in urban water demand by 2020. (*Water consumption within the CHWD service area has decreased 21.9 percent during the period from 2013 to 2016. According to the CHWD Urban Water Master Plan [SB X7-7 Table 5], per capita water use had declined to 137 gallons per day in 2015*)

7-1.A - Enhance the City's urban forest and other green infrastructure to reduce building energy use, improve comfort, augment neighborhood aesthetics, improve stormwater quality, and maximize carbon capture and storage. (*For the proposed Ella Way Well project all of the existing native trees within and adjacent to the proposed property boundaries would be retained unless removal is recommended by a certified arborist and permitted by the City of Citrus Heights. See Section IV, Biological Resources, of this Initial Study for more information*)

Question VIIa: Less-than-significant Impact. Greenhouse gas emissions would be generated from the proposed Ella Way Well during construction and operation. Temporary GHG emissions would occur during construction activities, predominantly from vehicle and equipment exhaust. Because minimal construction (grading and paving of ~0.55 acres, construction of a well and a well storage building) is associated with the proposed project, construction related GHG emissions would be minimal, and a less-than-significant impact would result. Operational GHG emissions would occur from maintenance vehicles accessing the site and from secondary emissions associated with the well pump's electrical use. In accordance with adopted regional water management plans, the well would be used to:

- Supplement surface water entitlements in the event of a long- or short-term drought or surface water curtailment.
- Operate and maintain the underlying groundwater basin under a regional conjunctive use program.
- Enhance the reliability and redundancy of water supplies that are available to serve the CHWD's customers.
- Serve as a source of water supply in the event of a water infrastructure or water supply emergency.
- Serve as source of water supply to help meet the CHWD's maximum day and peak hour water supply needs.
- Provide price stability in anticipation of projected price increases for water purchases.
- Provide additional resources for fire flow requirements.

Because of the low-level of electricity use and the low-level of traffic associated with the project (infrequent maintenance trips), greenhouse gas emissions would not be expected to be significant, and the project would not be expected to make a substantial contribution to the cumulatively significant impact of global warming. No significant impact would result and no mitigation would be necessary.

Question VIIb: Less-than-significant Impact. The City of Citrus Heights has adopted a Climate Action Plan (the GGRP) and greenhouse gas reductions measures. The City of Citrus Heights also enforces the provisions of the Green Building Standards Code and the Energy Code adopted by the City of Citrus Heights.

Though the CHWD is not bound by the provisions of the City of Citrus Heights' GGRP, the Ella Way Well is located within the boundaries of the City of Citrus Heights and the CHWD wishes to cooperate with the City of Citrus Heights whenever possible. For this reason, the CHWD chooses to evaluate its proposed well project within the context of the City of Citrus Heights' GGRP. Under the GGRP, the Ella Way Well project would comply with the two GGRP measures identified above. Because the proposed project would be consistent with the adopted Citrus Heights GGRP, this would be a less-than-significant impact, and no mitigation would be necessary.

Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
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VIII. HAZARDS AND HAZARDOUS MATERIALS – Would the project:

a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?			X	
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?			X	
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?			X	
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?				X
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?				X
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?				X
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?				X
h) Expose people or structures to a significant risk of loss, injury, or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?				X

Construction of the proposed project would include the use of oil, diesel fuel, paints, solvents, and other hazardous materials. During operations, well water would be disinfected with calcium hypochlorite, which would be stored on site in the pump station building.

Queries of the State Water Resources Control Board Geotracker and California Department of Toxic Substances Control Envirostor hazardous materials sites indicate that the proposed project is not located on a known hazardous materials site (CA SWRCB 2017; CA DTSC 2017). A Phase I Environmental Site Audit was completed for the proposed project site. This evaluation did not identify any hazardous materials spills or sites on or adjacent to the proposed site of the Ella Way Well. (NV5 2018)

The only school within one-quarter mile of the proposed project is the Mariposa Avenue Elementary School. The site of the proposed well is located ¼ mile from the nearest property corner

of the school site; the nearest instructional building is located 0.28 miles from the proposed well site. The proposed project is not located within an Airport Land Use Plan, and the nearest airport, Sacramento McClellan Airport, is located approximately seven miles southwest of the site. (Google 2018) There is no adopted Emergency Response Plan or Emergency Evacuation Plan for the proposed project area (Citrus Heights 2018b). The threat of wildfire hazard in the project area is determined unlikely. Should such a hazard occur, the magnitude and severity is determined to be negligible (Sacramento County 2016).

ENVIRONMENTAL ANALYSIS

Questions VIIIa: Less-than-significant Impact. Water treatment at the site would consist of disinfection of the well water using calcium hypochlorite; it would be stored and secured in solid form within the pump house building. The building would be constructed of concrete masonry block and metal roofing, and secured with perimeter fencing and/or interior fencing. Both the building and the fence would be locked, except during access by CHWD maintenance or operations personnel.

Although implementation of the proposed Ella Way Well project would result in the storage and use of calcium hypochlorite, its presence would not result in a hazard under normal operating conditions. The potential adverse effects of calcium hypochlorite are limited to skin and eye exposure during contact with the product. Because the product is secured in a fenced and locked building, inadvertent contact would be highly unlikely. Therefore, this would be a less than significant impact, and no mitigation would be necessary.

Naturally occurring asbestos has been discovered in the eastern area of Sacramento County; however, this project site is not in an area identified by the Sacramento Metropolitan Air Quality Management District as having soils that are likely to contain naturally occurring asbestos (CGS 2006). Therefore, no naturally occurring asbestos is expected in on-site soils that might be disturbed during construction. These impacts would be less than significant, and no mitigation would be required.

Question VIIIb: Less-than-significant Impact. Standard construction techniques would be used to construct the proposed groundwater production well, building pads, associated facilities and perimeter fencing. During construction, oil, diesel fuel, paints, solvents, and other hazardous materials would be used at the site. If spilled, these substances could pose a localized risk to the environment and to human health. However, all construction activities must comply with the California OSHA regulations that would protect construction workers and the environment for potential spills or releases.

Proposed operations include the storage and use of calcium hypochlorite, which would be stored in solid form in the pump building. This use is also regulated by CalOSHA.

Additionally, if the CHWD stores more than 55 gallons or 500 pounds of calcium hypochlorite at the Ella Way Well site, the District would be required to obtain a Hazardous Materials Business Plan from the Sacramento County Environmental Management Department, and comply with the requirements of the permit to avoid and control potential hazards. (Sacramento County EMD 2018). Compliance with CalOSHA and County requirements would reduce the risk of hazards related to the routine transport, use, or disposal of hazardous materials to a less-than-significant

level. The risk of hazards to the public or to environmental conditions related to accident conditions would also be reduced to a less-than-significant level. No migration would be required.

Question VIIIc: Less-than-significant Impact. Implementation of the proposed project would include a portable backup diesel generator, which would only be brought to the site for testing or in the event of a sustained power failure. This generator could be a source of diesel particulate matter (PM), which is identified by the ARB as a toxic air contaminant. Although the Mariposa Elementary School property boundary is located ¼ mile southwest of the proposed well site, the nearest area that would be occupied by students would be located 0.28 miles from the well pump station building. As noted above, implementation of the proposed Ella Way Well project would result in the storage and use of calcium hypochlorite. Under normal operating conditions its presence would not result in a hazard. The potential adverse effects of calcium hypochlorite are limited to skin and eye exposure during contact with the product. Because the product is secured in a fenced and locked building, inadvertent contact would be highly unlikely. Because of the distance from the proposed pump station building and the measures to be taken to securely store calcium hypochlorite, this would be less-than-significant impact. No mitigation would be required.

Question VIII d: No Impact. According to queries of the GeoTracker and Envirostor Data Management Systems, the project would not be located on a site identified on a list of hazardous materials sites compiled pursuant to California Government Code Section 65962.5. As a result, implementation of the project would not create a significant hazard to the public or the environment. No impact would result, and no mitigation would be required.

Questions VIII e and VIII f: No Impact. There are no existing airports within two miles of the proposed project site, and the site is not located in the vicinity of a private airstrip. The site facility may experience infrequent over-flights from airplanes traveling to or from regional airports; however, the project does not require or attract people to the site and does not include facilities or processes that create hazards to aircraft. The project facilities and personnel would not be exposed to or contribute to safety hazards. No impact would occur and no mitigation would be required.

Question VIII g: No Impact. Other than the construction of an access driveway from Ella Way, the project would have no effect on any roadway. Additionally, the proposed well would be unstaffed except for infrequent visits by maintenance or operations personnel. Thus, the project would not result in the modification or blockage of any evacuation route, or result in an increased concentration of large numbers of persons in an at-risk location. The facility would not impact emergency response or evacuation plans. No impact would result, and no mitigation would be required.

Question VIII h: No Impact. The project site is located in an existing low-density residential neighborhood within the City of Citrus Heights; the threat of wildland fire was determined to be unlikely (Sacramento County 2016). The proposed project site would not be located in a critical fire danger zone or adjacent to wildlands subject to wildfires. Urban levels of fire protection would be provided to the project area. The construction and operation of the project would not increase the risk of or hazards from wildland fire as no wildlands exist in the project vicinity. No impact would occur and no mitigation would be required.

Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
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IX. HYDROLOGY AND WATER QUALITY -
Would the project:

a) Violate any water quality standards or waste discharge requirements?			X	
b) Substantially deplete groundwater supplies or interfere with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?			X	
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?			X	
d) Substantially alter the existing drainage pattern of the site or area, including through alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?			X	
e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?			X	
f) Otherwise substantially degrade water quality?			X	
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?				X
h) Place within a 100-year flood hazard area structures which would impede or redirect flood flows?				X
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?				X
j) Inundation by seiche, tsunami, or mudflow?				X

ENVIRONMENTAL SETTING

As proposed, the project site consists of a 0.55-acre undeveloped parcel that does not contain any developed storm drainage features or natural channels. A 36-inch stormwater trunk line is located along the site’s northern boundary. No natural water features are located on the project site. The main area of the project site consists of non-irrigated turf.

Existing utility connections at the southern end of Ella Way include community storm drainage collection and transmission facilities. Additional water and storm drain connections are located near the eastern project boundary within the Sunrise Commons apartment complex. Collected stormwater from the project vicinity flows to a stormwater pipeline in Ella Way, thence to a

stormwater trunk line in Patton Avenue for eventual discharge to Cripple Creek. (Citrus Heights 2012)

The project site is not located within 100-year or 500-year flood plains as identified by the Federal Emergency Management Agency (FEMA). According to FEMA, the project site is located in an area of “minimal flood hazard.” (FEMA 2012) As documented in the Sacramento County Hazard Mitigation Plan Update, inundation of the project site as a result of a dam or levee failure would be unlikely, and of low significance (Sacramento County 2016).

The CHWD obtains water to serve its customers from both surface water and groundwater resources. Treated surface water is provided to the CHWD by the San Juan Water District. CHWD supplements its surface water supply with groundwater for readiness-to-serve purposes and to meet peaking, pressure, shortage, and emergency demands. (CHWD 2016)

The CHWD maintains six operating wells with a projected total yield of approximately 5,000 acre feet per year (AFY) based on approximately seven months operation during the dry season. Well production rates vary from 800 to 2,100 gallons per minute. CHWD cycles its wells weekly to maintain operational readiness-to-serve capabilities and to supplement the surface water supply. Over the last five years, this “maintenance” groundwater production has averaged approximately 957 AFY. Past groundwater usage from 2011- 2015 has ranged from 465 AFY in 2013 to 1,930 AFY in 2014. According to the CHWD Urban Water Master Plan, there have been no issues that affect groundwater supply pumping over the last five years. (CHWD 2016)

The CHWD plans to construct an additional two wells through 2022, including the current project, to provide additional dry-year supplies. The District plans to maintain groundwater supply equivalent of 5,000 AFY from its well system. Although CHWD has no plans to increase groundwater withdrawals beyond the average 957 AFY, production could increase up to the full well capacities in successive dry year scenarios to supplement available surface water supplies consistent with the District’s responsibilities under the Water Forum Agreement and other regional water management plans. (CHWD 2016)

The groundwater basin underlying the CHWD is the North American sub-basin, part of the larger Sacramento Valley groundwater basin. Groundwater-bearing formations in the project area include an upper aquifer system consisting of the Riverbank, Turlock Lake, and Laguna formations, and a lower aquifer system consisting primarily of the Mehrten Formation. The formations are typically composed of lenses of interbedded sand, silt, and clay, interlaced with coarse-grained stream channel deposits. (CHWD 2016) Groundwater in the project area moves from sources of recharge to areas of discharge. Most recharge to the local aquifer system occurs along active stream channels where extensive sand and gravel deposits exist. As a result, the highest groundwater elevations occur near the American and Sacramento rivers.

The eastern portion of the North American Sub-basin extends roughly east of San Juan Avenue to the American River, which is the eastern edge of the basin. Historically, this area has relied primarily on surface water. Groundwater levels within the eastern portion of the sub-basin range from 10 feet below to 110 feet above mean sea level (msl) from west to east. Two long-term hydrographs within this area indicate that groundwater elevations have not varied greatly over time. Groundwater elevations measured in the far eastern area of the CHWD have varied no more than two feet from October 1998 through 2012. (SGA 2014) The California Department of Water Resources does not identify the North American Sub-basin as subject to critical conditions of overdraft. (DWR 2016)

Regional water quality analyses of the aquifers underlying the project area have shown that groundwater found in the upper aquifer system is generally of higher quality than that found in the lower aquifer system. Water from the upper aquifer (specifically the Laguna Formation) generally does not require treatment (unless high arsenic levels are encountered), other than disinfection for public drinking water systems. In contrast, the lower aquifer system (specifically the Mehrten Formation) generally contains higher concentrations of iron and manganese. The lower aquifer system also has higher concentrations of total dissolved solids (TDS), although this aquifer also typically meets water quality standards as a potable water source. (CHWD 2016)

Site-specific water quality testing was completed in fall 2017 with the drilling of a test well at the project site. According to water quality testing completed at that time, concentrations of the groundwater constituents analyzed met current drinking water standards at the well depth to be used for the proposed project. (LSCE 2017)

The larger groundwater basin in the vicinity of the CHWD contains three significant major groundwater contamination areas. The United Pacific Railroad plume located northwest of the CHWD in Roseville and the McClellan Air Force Base plume located west of the District. Both plumes are down gradient of the CHWD and are not expected to impact the District's groundwater quality. A third groundwater contamination plume attributed to Aerojet's historic operations was first detected in groundwater south of the American River in 1979. Since that time, Aerojet has installed groundwater treatment facilities and has conducted other efforts to treat and control the plume migration. However, the plume was detected north of the American River near Fair Oaks in 2000 and another plume was detected north of the American River in 2005 near Ancil Hoffman Park in Carmichael. Additional monitoring wells and pump-and-treat facilities have been installed to monitor and treat the plumes attributed to Aerojet. (CHWD 2016)

REGULATORY FRAMEWORK

Construction

Construction Stormwater Control: The City of Citrus Heights is a signatory to the Sacramento County-wide NPDES permit for the control of pollutants in urban stormwater. Since 1990, the City of Citrus Heights, along with the County of Sacramento and the Cities of Sacramento, Elk Grove, Folsom, Galt, Rancho Cordova, and Roseville, has been a partner in the Sacramento Stormwater Quality Partnership (SSQP). These agencies are implementing a comprehensive program involving public outreach, construction and industrial control best management practices, water quality monitoring, and other activities designed to protect area creeks and rivers. If approved, the proposed project would be required to implement all appropriate program requirements, as specified in the Stormwater Quality Manual for the Sacramento Region (SSQP 2014).

Well Permitting and Construction: The Sacramento County Environmental Management department is responsible for oversight of the construction, modification, repair, inactivation and destruction of wells in Sacramento County, through the Department's Wells Program pursuant to Chapter 6.28 of the Sacramento County Code and Section 13801 of the California Water Code. The Wells Program regulates Water Supply Wells, Monitoring Wells, Exploratory Soil Borings, Geothermal Heat Exchange Wells, Cathodic Protection Wells, and other special use wells. Any well constructed in Sacramento County must have a permit from the Environmental Management Department prior to the start of construction unless it is specifically exempted in the Code.

Operation

Water Forum: The CHWD is a member of the Water Forum Agreement (WFA), a regional agreement between government agencies, water purveyors, the business community, and environmental groups with the co-equal objectives of providing a reliable water supply for planned development to the year 2030; and to preserve the lower American River. The WFA provides the following seven major elements that guide water resources management.

1. Increased surface water diversions.
2. Actions to meet customers needs while reducing diversion impacts in drier years.
3. An improved pattern of fishery flow releases from Folsom Reservoir.
4. Lower American River Habitat Management Element, which also addresses recreation on the lower American River.
5. Water conservation.
6. Groundwater management.
7. Water Forum Successor Effort (WFSE).

The CHWD is a signatory to the WFA and participates in the WFSE and conjunctive use planning efforts through the Regional Water Authority (RWA) and the Sacramento Groundwater Authority (SGA) in efforts to implement the seven major elements of the WFA. The District's agreement with WFA contains requirements for implementing water conservation programs. The District continues to implement the required programs and files annual progress reports to the Water Forum.

Regional Water Authority - American River Basin Integrated Regional Water Management Plan (IRWMP): The District is a member and an active participant in the Regional Water Authority. The RWA consists of most of the region's water agencies and focuses efforts on regional supply planning and representation efforts regarding statewide water issues. The proposed Ella Way Well project would be consistent with the 2013 IRWMP's goal of increased groundwater production capacity as outlined in its *Strategy WR2*.

Sacramento Groundwater Authority: The District is a member and an active participant in the Sacramento Groundwater Authority. The SGA focuses primarily on the area's groundwater basin and helps support proactive management and monitoring of the basin to maintain sustainability. SGA's core management responsibilities include:

- To maintain the long-term sustainable yield of the North American Sub-basin, which was estimated to be 131,000 acre-feet in the WFA.
- To manage the use of groundwater in the North American sub-basin and facilitate implementation of an appropriate conjunctive use program by water purveyors.
- To devise and implement strategies to safeguard groundwater quality.

State Water Resources Control Board: The State Water Resources Control Board (State Board) has issued a General Order (Water Quality Order 2012-0010) to regulate Aquifer Storage and Recovery (ASR) projects that involve injection of treated drinking water into an aquifer via an injection well. All injection and extraction wells (or joint wells) are required by the General Order to be constructed in accordance with the California Well Standards by a licensed well driller under the supervision of a California licensed engineer or geologist. The well construction details and lithologic log are required to be known and the well construction (well screen, filter pack, annular seal) designed to limit the

injection to specific aquifer target zones at the injection wells. Water injected into an aquifer must be drinking water that has been treated to comply with the requirements of a State Board Drinking Water Program (DWP) domestic water supply permit. Projects would not be eligible for coverage under the General Order if the discharge would violate State Water Board Resolution 68-16 (the Antidegradation Policy) or would negatively impact a groundwater cleanup project.

As required by the General Order, any activity that results in the degradation of the quality of waters of the state must employ best practicable treatment or control of the discharge necessary to assure that pollution or nuisance will not occur, and the highest quality of water will be maintained consistent with maximum benefit to the people of the state.

The proposed General Order establishes terms and conditions of discharge to ensure that the discharge does not unreasonably affect present and anticipated beneficial uses of groundwater and surface water. The General Order requires that ASR projects not:

- Cause groundwater to exceed any water quality objective;
- Unreasonably affect beneficial uses; or
- Cause a condition of pollution or nuisance.

The General Order requires implementation of best practicable treatment or control (BPTC). BPTC measures may include, but are not limited to:

- Injection of potable water produced in compliance with a DWP domestic water supply permit.
- Adequate characterization of source water quality. If source water quality is variable through the year, the project will be operated to optimize use of better quality water during injection cycles.
- Design and operation of an ASR project to minimize adverse aquifer conditions and geochemistry.
- Additional treatment when necessary to fully protect all beneficial uses.
- Reduction of dissolved oxygen in water prior to injection (if oxygen reduction treatment will not create additional water quality issues).
- Groundwater monitoring of the injection/extraction wells and groundwater monitoring wells to evaluate the potential for groundwater quality changes.
- Design of groundwater monitoring networks to address the frequent changes in groundwater flow direction that can be caused by operation of an ASR project.
- Regular evaluation of changing Maximum Contaminant Level (MCLs), Water Quality Objectives, and emerging constituents of concern and their impact on the ASR project.
- An Operation & Maintenance (O&M) Plan.
- Trained ASR project personnel.

The General Order requires that each applicant demonstrate that the water to be injected will be treated to meet drinking water standards by submitting a copy of the DWP domestic water supply permit for the injectate source water. The details of BPTC strategies will be based on project-specific conditions (e.g., supply water characteristics, aquifer water quality, soils and geology, etc.). Applications for coverage under the General Order are required to include an analysis of the

potential for groundwater quality to be impacted as a result of the ASR project. If a pilot test will be performed, the available information may be limited until the pilot test is completed. In such cases, the General Order will allow a limited duration pilot test to acquire the information needed and the potential for degradation will be initially estimated by calculation and/or numeric modeling based on the available data.

ENVIRONMENTAL ANALYSIS

Questions IXa and IXf: Less-than-significant Impact. Potential impacts to groundwater and surface water quality could occur both during the construction phase of well development and during operation.

Temporary increases in the erosion of exposed soils during construction of the facility could result in minor on-or-off-site water quality impacts, particularly if rainfall events occur during an active construction phase. Additionally, chemicals used in construction (fuels, lubricants, paints, coatings) could be released to the environment if spilled. However, CHWD has identified a number of requirements and stormwater management practices that would be instituted during the construction phase, as identified in the Project Description set forth in Section 2 of this Initial Study. The CHWD would implement the following standards and requirements.

In coordination with the City of Citrus Heights, all construction activities would implement stormwater pollution prevention Best Management Practices (BMP) designed to reduce potential impacts to water quality during construction of the project and in accordance with the guidelines of the Sacramento Stormwater Management Program as follows:

- Complying with the requirements of the State Water Resources Control Board's "General Permit for Stormwater Discharges Associated with Construction Activity"²,
- Protecting adjacent properties and storm drainage facilities from the discharge of sediment or other contaminants from the construction site,
- Preserving all existing vegetation onsite where possible,
- Scheduling as much project work as possible during the dry season,
- Stabilizing the construction access route,
- Protecting storm drain inlets,
- Using other Best Management Practices as necessary, including applying rainy season erosion controls, managing stockpiles, disposing of well development water properly, and correctly managing and disposing of construction wastes,
- Maintaining all Best Management Practices, and
- Stabilizing the site after construction is complete.

During construction and operation of the proposed Ella Way Well, there would be occasions when untreated (non-chlorinated) water would be discharged to an adjacent storm drain: 1) during construction, with the discharge of water used in the well construction process and during development of the water well; and 2) pump to waste discharge on an intermittent basis to maintain

² Because the project site totals 0.55 acres, the CHWD would be exempt from Submitting a Notice of Intent to the State Water Resources Control Board to comply with the General Permit for Stormwater Discharges Associated with Construction Activity due to the small size of the project. Nonetheless, the CHWD has voluntarily agreed to comply with the substantive requirements of the General Permit.

the well. During development, pump testing of the well, and during routine pump maintenance, all discharge water would be disposed of in such a manner as to cause the least impact to the site and vicinity as discussed below.

Clean water produced during well development and testing would be discharged to a municipal storm drain located in Ella Way. Development water containing solids, including sand and silts, would be contained in settling tank(s) or by other means onsite before being discharged into the storm drain. Only “clear water” would be discharged into the storm drain system in compliance with National Pollutant Discharge Elimination System (NPDES) MS-4 discharge requirements. All other waters would be contained and disposed of offsite at an appropriate facility in compliance with State law.

With respect to construction period water quality, due to the gentle site topography, the planned drainage system, the implementation of BMPs and construction requirements as set forth above, NPDES permit requirements, and County and State well construction requirements, this would be a less than significant impact. No additional mitigation would be necessary beyond required well construction standards, identified BMPs, and NPDES requirements.

During operation, implementation of the project could adversely affect groundwater or surface water. Effects to groundwater could occur if the well represented a preferred pathway for pollutant migration to groundwater. Wells that do not meet current well standards of construction may act as conduits for pollutant migration to the subsurface. However, construction and operation of the proposed well would be consistent with legally adopted standards and programs to protect the quality of groundwater in the subterranean aquifers underlying the site, as well as surface waters that may be impacted by the well facility discharges. The Ella Way Well project would consist of groundwater extracted at the project site and the use of a calcium hypochlorite disinfection system to treat the raw groundwater. After disinfection, treated water would be pumped into the 8-inch water main located on the on Ella Way.

ASR projects may impact groundwater quality by causing degradation with disinfection by-products, salinity, metals, pesticides, pharmaceuticals and personal care products. With the exception of disinfection by-products and certain metals that may become dissolved in the aquifer through geochemical reactions, these constituents of concern, if present, would be the result of storm water runoff and wastewater discharged into the water source upstream of the water supply intake system.

As mitigation for potential groundwater quality degradation that does not exceed water quality objectives, applicants seeking coverage under the proposed General Order are required to demonstrate that:

- Injected water complies with State Board Drinking Water Program drinking water standards;
- Certain minimum treatment or control measures will be implemented; and
- The project will not cause exceedance of any applicable water quality objectives.

In summary, construction and operation of the Ella Way Well as a source of drinking water would not violate any water quality standards or discharge requirements. Because the CHWD has not decided whether to also operate the Ella Way Well as an ASR facility, it has not completed any studies of the constituents of the source of water to be injected, determined what PBTC measures are necessary to ensure that groundwater quality is not adversely affected, or defined the timing and

quantity of injection. For these reasons, the potential impact of the Ella Way Well ASR component is potentially significant. Implementation of the following measures would ensure that implementation of the ASR component would not adversely affect groundwater quality.

Mitigation Measure 5

Prior to the operation of an ASR component to the Ella Way Well, the CHWD will:

Submit a Notice of Intent for coverage under Water Quality Order 2012-0010 to the Central Valley Regional Water Control Board together with all information required under Section D of the Order, and obtain a Notice of Acceptance.

Mitigation Measure 6

Operation of the Ella Way Well ASR component shall meet the following standards:

1. Injected water shall be of a quality that will not result in exceedance of a water quality objective in compliance with the requirements of the Antidegradation Policy.
2. The Ella Way Well ASR project shall not negatively impact a groundwater cleanup project.
3. Injected water shall be treated and delivered to the injection well consistent with the requirements of all applicable San Juan Water District and CHWD domestic water supply permits.
4. At a minimum, the following treatment and control measures shall be required:
 - a. Treatment (typically flocculation, filtration, and disinfection to remove suspended solids and pathogenic microorganisms) so that all injected water is potable.
 - b. Adequate characterization of source water quality. If source water quality is variable through the year, operate the ASR project to optimize use of better quality water during injection cycles.
 - c. Design and operation of the Ella Way Well ASR component to minimize adverse aquifer conditions and geochemistry.
 - d. Additional treatment when necessary to fully protect all beneficial uses.
 - e. Perform groundwater monitoring of the injection/extraction well and any groundwater monitoring wells to evaluate the potential for groundwater quality changes.
 - f. Implementation of an Operation & Maintenance (O&M) Plan.
5. The CHWD shall identify and implement any additional treatment and control measures necessary to comply with the requirements of the Antidegradation Policy.

Implementation of the foregoing measures would ensure that implementation of the Ella Way Well ASR component would not adversely affect groundwater quality or beneficial uses of groundwater, including as a source of drinking water. As mitigated, this impact would be less than significant, and no additional mitigation would be necessary.

Question IXb: Less-than-significant Impact. The majority of water used in the District comes from surface water through a contract with the San Juan Water District. The CHWD Urban Water Master Plan (2016) states that during drought years, water demand will need to be met through a conjunctive approach utilizing both surface and groundwater supplies. The Ella Way Well would extract untreated groundwater, which would then be disinfected onsite and pumped into the

District's existing distribution system to augment existing surface water allotments and to provide for water emergency and fire flow purposes.

The proposed Ella Way Well project would be consistent with and implement the CHWD's responsibilities and obligations under the Sacramento Water Forum Agreement as a San Juan Water District consortium member (April 2000), the Regional Water Authority's (RWA) Integrated Regional Water Management Plan (July 2013), and the Sacramento Groundwater Authority's Groundwater Management Plan (December 2014). The facilities constructed under the proposed project would directly serve to operate and maintain the groundwater basin for use in drought years through conjunctive use and water efficiency/conservation programs as provided by the regional water plans cited above.

The Ella Way Well project site is located on the east side of the Sacramento River Valley, north of the American River within the North American sub-basin, part of the larger Sacramento Valley groundwater basin. Groundwater-bearing formations in the project area include an upper aquifer system consisting of the Riverbank, Turlock Lake, and Laguna formations, and a lower aquifer system consisting primarily of the Mehrten Formation.

The eastern portion of the North American Sub-basin (within which the CHWD is located) extends roughly east of San Juan Avenue to the American River, which is the eastern edge of the basin. Historically, this area has relied primarily on surface water. Groundwater levels within the eastern portion of the sub-basin range from 10 feet below to 110 feet above msl from west to east. Two long-term hydrographs within this area indicate that groundwater elevations have not varied greatly over time. Groundwater elevations measured in the far eastern area of the CHWD have varied no more than two feet from October 1998 through 2012.

CHWD maintains six operating wells with a projected total yield of approximately 5,000 acre feet per year (AFY) based on approximately seven months operation during the dry season. Past groundwater usage from 2011- 2015 has ranged from 465 AFY in 2013 to 1,930 AFY in 2014. Even with construction of the proposed Ella Way well, the District plans to maintain groundwater supply equivalent of 5,000 AFY from its well system. Although CHWD has no plans to increase groundwater withdrawals beyond the average 957 AFY, production could increase up to the full well capacities in successive dry year scenarios to supplement available surface water supplies, consistent with the dry-year conjunctive use standards of the SGA, RGA, and Water Forum Agreement.

Groundwater extraction from the eastern portion of the North American sub-basin under a conjunctive use program as proposed by the CHWD is not expected to adversely affect the local groundwater supplies. Because of the small area of new impervious surface and the location of the project site distant from important areas of aquifer recharge, development of the Ella Way Well site would not adversely affect groundwater recharge to the production aquifers. The Ella Way Well project would facilitate implementation of the approved CHWD Urban Water Master Plan (2016) and the regional groundwater management plans cited above. Implementation of the proposed well project would not result in an increase in water demand beyond that anticipated by the Citrus Heights General Plan, nor would it provide a significant increase in available water supplies to serve unplanned growth. There would be a less-than-significant impact, and no mitigation would be necessary.

Questions IXc through IXe: Less-than-significant Impact. The project site consists of a 0.55-acre undeveloped parcel that does not contain any developed storm drainage features or natural channels. No natural water features are located on the project site. No proposed aspect of constructing or operating the Ella Way Well project would interfere with an existing channel, result in erosion of the existing banks, or result in the discharge of sediment laden water into the creek.

Existing utility connections at the southern end of Ella Way include community storm drainage collection and transmission facilities. Additional storm drainage connections are located near the eastern project boundary within the Sunrise Commons apartment complex. Collected stormwater from the project vicinity flows to stormwater collection facilities in Ella Way, thence to a trunk line in Patton Avenue, for eventual discharge to Cripple Creek.

The Ella Way Well project would create small areas of additional impervious surfaces on the well site. Implementation of the proposed project would act to replace the existing overland flow drainage pattern with surface and subsurface stormwater collection and routing. Stormwater generated on-site would be directed to existing municipal storm drain facilities. The project site drainage facilities and existing off-site municipal stormwater drainage system are designed with capacity to accommodate the increase in runoff volumes and peak flows from the project. No uncontrolled runoff would discharge from the site that could result in erosion and siltation along adjacent surface drainageways.

Added impervious surfaces on the Ella Way Well site would be small in area (~24,000 square feet maximum), but could increase the volume and peak flow of runoff generated on-site. The small acreage and the location of the proposed project site would reduce the potential for a substantial influence on flood volumes or routing. In addition, the project site drainage facilities and the existing off-site stormwater drainage system are designed to address existing and anticipated drainage and flooding. Thus, no adverse effects from increased runoff would occur to drainage facilities or capacity, no significant impact would result and no mitigation would be necessary.

Questions IXg through IXi: No Impact. The project site would not include any residential housing. Therefore, no impact from the placement of housing within a 100-year floodplain would occur.

The project site would not be located within the FEMA designated 100-year or 500-year floodplains. Because the project site would not be sited within a floodway, implementation of the proposed well project would not act to impede or redirect flood flows. The exposure of the project site and facilities to inundation as a result of a dam or levee failure would be unlikely, and of low significance. Thus, no adverse effects from flooding would occur, no impacts would result, and no mitigation would be necessary.

Question IXj: No Impact. Because the project area is located distant from the sea or any large reservoir, the project would not be located in an area subject to inundation hazards from seiche, tsunami, or mudflow. No impacts from such phenomena would occur, and no mitigation would be necessary.

X. LAND USE AND PLANNING – Would the project:

	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a) Physically divide an established community?				X
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?			X	
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?			X	

The City of Citrus Heights General Plan Land Use Designation for the location of the proposed project is Very Low Density Residential. The Zoning Designation is Very Low Density Residential (RD-2) (Citrus Heights 2018). The City of Citrus Heights does not contain any parcels that are protected by Williamson Act contracts (Citrus Heights 2018a).

ENVIRONMENTAL ANALYSIS

Question Xa: No Impact. The proposed Ella Way Well project would be located in the City of Citrus Heights in an existing neighborhood characterized by very low- to low-density residential development. Multi-family apartments are located east of the project site. Existing and planned surrounding land uses would continue to be residential in nature. The proposed project site would be an approximately 0.55 acre parcel that is currently undeveloped (see Figure 2). The property is bounded on all sides by existing low- to high-density residential development.

Additionally, the proposed project would be of a scale and appearance consistent with its residential environs, and would not divide an established community. No impact would occur, and no mitigation would be necessary.

Question Xb: Less-than-significant Impact. The approximately 0.55-acre project site would be formed as a result of a Lot Line Adjustment approved by the City of Citrus Heights Engineering Division. The LLA would lessen the privately owned Parcel “A” as shown on Figures 3a/3b, and thereby increase Parcel “B” to 0.55 acres. The General Plan Very-Low Residential land use designation and the Zoning Code Very-Low Residential (RD-2) designation would remain unchanged for the adjusted parcels.

The RD-2 zoning designation is applied to areas appropriate for detached single dwellings, public and quasi-public uses, and similar and compatible uses. The RD-2 zoning designation is consistent with and implements the Very Low Density Residential land use designation of the General Plan (City of Citrus Heights 2011b). A Utility Facility is an allowed use within this Land Use designation of the General Plan. Utility facilities are also an allowed use in the Zoning Code (City of Citrus Heights 2018b).

Because proposed project activities would be consistent with the project site’s General Plan land use and Zoning Code designations, a less-than-significant impact would occur and no mitigation would be required.

Question Xc: Less-than-significant Impact. As noted above in Section IV, *Biological Resources*, there are no approved or adopted Natural Community Conservation Plans or Habitat Conservation Plans (NCCP/HCP) for the project site or its vicinity. Therefore, the project would not conflict with any such plans. No impact would result, and no mitigation would be necessary.

	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
<p>XI. MINERAL RESOURCES – Would the project:</p> <p>a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?</p>				X
<p>b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?</p>				X

The Ella Way Well project area is not located in a zone of known mineral or aggregate resources. The California Surface Mining and Reclamation Act Mineral Land Classification for the area is Mineral Resource Zone-1, which is defined as “Areas containing mineral deposits the significance of which cannot be evaluated from available data... the likelihood for occurrence of significant mineral deposits is nil or slight.” (Citrus Heights 2011c)

ENVIRONMENTAL ANALYSIS

Questions XIa and XIb: No Impact. No active mining operations are present in, or near, the project area. Implementation of the proposed project would not interfere with the extraction of any known mineral resource. Thus, no significant impacts would result, and no mitigation would be necessary.

XII. NOISE – Would the project result in:

	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?			X	
b) Exposure of persons to or generation of excessive ground-borne vibration or ground-borne noise levels?			X	
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?		X		
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?			X	
e) For a project located within an airport land use plan, or where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?				X
f) For a project in the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?				X

The Ella Way Well project would be located in an area that currently experiences urban noise sources. One major roadway, Sunrise Boulevard, is located approximately 0.15 mile from the project site. Traffic noise from this roadway during peak hours may be noticeable in the project area, averaging over 60 dB Ldn under both existing and forecast 2035 conditions (Citrus Heights 2011b). Other than traffic noise, the predominant noise sources at the proposed project site are characterized as low-intensity residential uses, consisting of noise from activities at surrounding residences.

Noise impacts from a project can be categorized as those resulting from either construction or operational activities. Construction noise would have a short-term effect (intermittently for three to seven weeks during the well construction phase and for approximately six months during the pump station construction phase), while operational noise would continue periodically throughout the project life. Implementation of the proposed project would temporarily increase noise levels during construction and intermittently during operations. Since there are residences adjacent to the proposed well site that may be affected, the following discussion considers these noise sources in more depth.

Environmental noise usually is measured in A-weighted decibels (dBA). An A-weighted decibel is a decibel corrected for the variation in frequency response of the typical human ear at commonly encountered noise levels.

Environmental noise typically fluctuates over time, and different types of noise descriptors are used to account for this variability. Typical noise descriptors include the energy-equivalent noise level

(Leq) and the day-night average noise level (Ldn).³ The Ldn is commonly used in establishing noise exposure guidelines for specific land uses. In areas where noise is dominated by traffic, the Leq during the peak-hour is generally equivalent to the Ldn at that location.

Generally, a three-dBA increase in ambient noise levels represents the threshold at which most people can detect a change in the noise environment; an increase of 10 dBA is perceived as a doubling of loudness. In areas where existing noise levels are dominated by traffic, a doubling in the volume of vehicular traffic would cause ambient noise levels to increase by three dBA.

The noise level experienced at a receptor depends on the distance between the source and the receptor, presence or absence of noise barriers and other shielding devices, and the amount of noise attenuation (lessening) provided by the intervening terrain. For line sources, such as motor or vehicular traffic, noise decreases by about 3.0 to 4.5 dBA for every doubling of the distance from the roadway. For point or stationary noise sources, such as electric motors, a noise reduction of 6.0 to 9.0 dBA is experienced for each doubling of the distance from the source.

Construction noise would have a short-term effect; operational noise, primarily from the production well motor, would continue intermittently when the well is operating throughout the lifetime of the project. A project would have a significant adverse impact on the environment if it substantially increased the ambient noise levels for adjoining areas, unless the area under consideration were already noise-impacted. For the purposes of this Initial Study, a 5 dBA increase in Ldn or Leq, or more, or a change from one noise compatibility standard category to the next higher category in the Noise Element (e.g., from “normally acceptable” to “conditionally acceptable”) would be considered to be a significant impact.

CONSTRUCTION NOISE

Questions XIIa, XIIb, and XIIc: Less-than-significant Impact. Construction of the proposed Ella Way Well would temporarily increase noise levels in the vicinity of construction activities intermittently over the construction periods that encompass both the well and pump station construction phases of the project. Currently, there are noise sensitive land uses (low- and high-density residences) located in the immediate vicinity, which could be subjected to noise from construction activities associated with the proposed project.

Construction activities would be considered an intermittent noise impact throughout the construction of the project, and would vary in their effects on sensitive receptors depending on the presence of intervening barriers or other insulating materials. All work would be performed between the hours of 7 a.m. and 8 p.m. Monday through Friday. The only exception to the designated work hours would be made for the purpose of drilling the well. For this operation, continuous work (up to 24 hours per day) would be necessary in order to protect the integrity of the well structure. It is expected that this phase of work would take three to six days to complete. Temporary 20 foot high sound walls and appropriate muffler devices would be used to mitigate the noise impacts of the drilling operation on the surrounding residential area. In addition, the use of impact wrenches would be prohibited between the hours of 8 p.m. and 7 a.m.

³ Leq, the energy equivalent noise level (or "average" noise level), is the equivalent steady-state continuous noise level which, in a stated period of time, contains the same acoustic energy as the time-varying sound level actually measured during the same period. Ldn, the day-night average noise level, is a weighted 24-hour average noise level. With the Ldn descriptor, noise levels between 10:00 p.m. and 7:00 a.m. are adjusted upward by ten dBA to take into account the greater annoyance of nighttime noise as compared to daytime noise.

Although construction activities would for the most part occur only during daytime hours, uncontrolled construction noise could still be considered disruptive to local residents adjacent to the proposed project. Typical composite noise levels for construction activities, and distances of various noise contours from construction site, are presented in Table 4.

		Approximate Distance (ft.) to Reduce Noise to Given Level (dBA, Leq) /b/		
Construction Activity	Noise Level at 50 feet (dBA, Leq) /a/	60	65	70
Ground Clearing	84	790	450	250
Excavation	89	1,400	800	450
Well drilling (driver)	80	430	235	150
Foundations	78	400	220	130
Erection	85	890	500	280
Finishing (exterior)	89	1,400	800	450

/a/ U.S. Environmental Protection Agency, Noise from Construction Equipment and Operations, Building Equipment, and Home Appliances, December 1971; U.S. Department of Transportation, Federal Highway Administration, Office of Planning, Environment, and Realty, Roadway Construction Noise Model (RCNM), June 28, 2017.

/b/ Calculations assume a 6 dBA reduction for each doubling of distance from the noise source.

In order to regulate such noise, the City of Citrus Heights has established standards for noise levels from activities, including construction. Construction noise levels may be higher than Section 34-86 of the City of Citrus Heights Municipal Code would allow at a point at least one foot inside the property line of an affected residential property (50-55 dBA). However, Section 34-88(5) of the City of Citrus Heights Municipal Code provides the following exemption from Section 34-86 (50-55 dBA) for construction activities, such as those necessary to implement all phases of work for the proposed Ella Way Well project:

Noise sources associated with construction, repair, remodeling, demolition, paving or grading of any real property, provided the activities do not take place between the hours of 8:00 p.m. and 6:00 a.m. on weekdays and Friday commencing at 8:00 p.m. through and including 7:00 a.m. on Saturday, Saturdays commencing at 8:00 p.m. through and including 7:00 a.m. on the next following Sunday, and on each Sunday after the hour of 8:00 p.m. However, when an unforeseen or unavoidable condition occurs during a construction project and the nature of the project necessitates that work in process be continued until a specific phase is completed, the contractor or owner shall be allowed to continue work after 8:00 p.m. and to operate machinery and equipment necessary until completion of the specific work in progress can be brought to conclusion under conditions which will not jeopardize inspection acceptance or create undue financial hardships for the contractor or owner.

All work necessary to implement the project would be performed between the hours of 7 a.m. and 8 p.m. Monday through Friday, consistent with City of Citrus Heights noise standards. However, an exception to the designated work hours would be made for the purpose of drilling and constructing the well. For these operations, continuous work (up to 24 hours per day) would be necessary in order to protect the integrity of the well structure. It is expected that this phase of work would take three to six days to complete.

Although no final plans regarding the precise location of the well have been developed by CHWD, the preliminary layout of the project site suggests that the well would be located approximately 60 feet from the property line of the nearest residence (to the north), and 130 feet from the nearest façade of this home. At this distance between the well and the nearest residence, noise levels during drilling would range from 70-75 dB leq. Because well drilling and construction would occur outside of the times permitted by the City of Citrus Heights, and noise levels temporarily would exceed those established by Section 34-86 of the City of Citrus Heights Municipal Code, this would be a significant impact and mitigation would be required.

Mitigation Measure 7

To reduce the effects of construction noise on affected residents, the CHWD shall implement the following measures:

- Except for drilling and constructing the well, all work necessary to implement the project would be performed between the hours of 7 a.m. and 8 p.m. Monday through Friday
- Temporary sound walls (minimum 16 feet high) will be installed around the work area to reduce noise impacts during drilling and construction operations.
- All equipment will be equipped with appropriate muffler devices to reduce the noise impacts of the drilling operations.
- The use of impact wrenches would be prohibited between the hours of 8 p.m. and 7 a.m.
- The CHWD may provide alternate nighttime accommodations if needed to mitigate noise impacts during drilling.

Based on industry standards, installation of temporary sound walls would be expected to reduce sound levels by 15 dB, thereby reducing sound levels at the nearest residence to 60 dB leq. Closed windows and walls of the residence would provide at least 25 dB of additional noise reduction. It is reasonable to assume that nearby residents would close windows during drilling operations. Thus, with windows closed, sound levels within the home would approximate 35 dB leq.

To add a margin of error to reflect varying sensitivities to noise, this analysis assumes that noise levels within the nearest residence would be less than 45 dB leq at night. Section 34-87 of the City of Citrus Heights Municipal Code regulates interior noise levels during nighttime hours and establishes an interior noise level of 45 dBA as an acceptable noise level for nighttime noise. Nighttime is defined in this section of the Municipal Code as lasting from 10:00 p.m. to 7:00 a.m. Though technically this section of the Municipal Code pertains to noise generated in a neighboring residential unit, it does establish the City of Citrus Heights' standard for appropriate levels of nighttime noise within a residence.

As set forth above, with implementation of Mitigation Measure 7, well drilling and construction operations would meet this standard. Because all work necessary to implement the project would be performed between the hours of 7 a.m. and 8 p.m. Monday through Friday, noise attenuation measures such as temporary walls and mufflers on equipment would be required, and alternate nighttime accommodations would be available, the project as proposed would conform to the requirements of the City of Citrus Heights' Noise Ordinance. Therefore, no significant impact would occur and no mitigation would be required.

OPERATIONAL NOISE

Question XIIc: Less-than-significant Impact with Mitigation. Implementation of the project would only nominally increase the number of vehicle trips to and from the project area. A doubling of traffic volumes would be necessary to increase ambient noise levels by three dBA. However, since traffic generated by the project would be limited to infrequent visits to the pump site by CHWD maintenance and operations staff, traffic increases for project operations would not occur at levels that would noticeably affect the ambient noise environment.

On-site facilities and processes that could result in operational noise include the electric well motor, air conditioning to maintain optimal operational temperatures within the pump building, and a backup diesel generator when on site. Operation of the vertical turbine pump motor would generate a constant noise level of 70 dBA measured at five feet. The well, pump and associated facilities would be enclosed in a masonry block building to attenuate the operational noises. The installation of a submersible pump and motor generates less noise than an above-grade and enclosed vertical turbine pump motor. No adverse levels of vibration would be generated during project operations.

The nearest single-family residence would be located approximately 125 feet north of the proposed well and pump station. The nearest apartment is located nearly 175 feet to the east of the pump station building.

For simple tone noise such as that produced by the well pump motor, performance standards are generally reduced by five dBA to account for the greater annoyance of simple tones versus more complex noises such as traffic. Citrus Heights Municipal Code Section 34-91(a) requires that all stationary mechanical equipment, such as the well pump and air conditioning unit, not exceed 60 dBA at any point at least one foot inside the property line of the nearest affected residential property at three to five feet above ground level. Since the simple tone pump noise is relatively constant, the applicable performance noise standard would be approximately 55 dBA at any point at least one foot inside the property line of the affected residential property, 36 inches above the ground based on the above standard for single family residential uses. However, Municipal Code Section 34-86 establishes a standard of 50 dBA for noises emitted from 10:00 p.m. to 7:00 a.m. at a distance of 1 foot within the property line for residential uses. Since the pump and air conditioning may operate at any time during the day or night, this 50-dBA standard will be used in this analysis.

Given the distance from sensitive receivers to the pump station and well and the nature of the noise source, this would be a potentially significant impact. Implementation of the following measure would ensure that adverse noise levels would be reduced to below a level of significance. No residual impacts would remain, and no additional mitigation would be necessary.

Mitigation Measure 8

The noise levels of pump station motors and other facilities at the Ella Way Well shall not exceed 50 dBA at the property lines. (This would ensure that Citrus Heights Municipal Noise Ordinance standards were met for adjacent existing residential uses.) At the time of well and equipment installation, adequate noise attenuation measures shall be provided to reduce noise levels to the 50-dBA standard. Motors and other noise producing equipment shall be shielded or enclosed to meet this standard. Compliance with this standard shall be demonstrated with pre- and post-construction noise measurements taken during test operations of project facilities. The implementation of noise attenuation measures shall be to the satisfaction of the CHWD.

Questions XIIe and XIIf: No Impact. Since the proposed project site would be located more than 2 miles from the nearest public or private airport, and noise levels from airport operations do not exceed County General Plan standards at the project site, workers at the proposed Ella Way Well site would not be exposed to adverse levels of aircraft noise. No impact would result and no mitigation would be necessary.

XIII. POPULATION AND HOUSING – Would the project:

- a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?
- b) Displace substantial numbers of existing housing units, necessitating the construction of replacement housing elsewhere?
- c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?

Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
		X	
			X
			X

Question XIIIa: Less-than-significant Impact. Because the objective of constructing and operating the well facility is to provide the CHWD with additional water resources to supplement surface water entitlements in the event of a drought or water emergency, and to provide additional resources for fire flow requirements, implementation of the well project would assist in the provision of planned housing and other urban uses. This would be a less than significant impact and no mitigation would be necessary.

The proposed project would not provide any housing units. Implementation of the project would create short-term employment opportunities. While construction employment would be created during the project construction phase, the necessary employees could be expected to be provided by the local labor pool, without the importation of significant amounts of new labor given that there were 27,400 unemployed workers within Sacramento County in December 2017 (EDD 2018). Given the small number of new employees required for the project construction phase, all new employees could be accommodated by the local labor pool.

The proposed project would provide an additional source of potable water for the Citrus Heights Water District’s service area. The water provided by the proposed project would be used to augment or supplant existing water entitlements in the event of a drought or water emergency, to operate and maintain the groundwater basin under a regional conjunctive use program and for those other purposes as noted in the introductory Project Description of this Initial Study. However, since the project is for intermittent use only, and no increased water supply during normal conditions would result, no direct or indirect population growth beyond that currently anticipated by the City of Citrus Heights is expected to result from project completion. Thus, no significant impacts to population or housing would occur with the implementation of the Ella Way Well project, and no mitigation would be required.

Questions XIIIb and XIIIc: No Impact. The proposed project would be situated on a parcel approximately 0.55 acres in size. There are no housing units or any other developed uses on the project site. Because the site is undeveloped and has no existing housing units, there would be no displacement of housing units or substantial numbers of people; replacement housing would not be required. There would be no impact, and no mitigation would be required.

Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
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XIV. PUBLIC SERVICES

- a) Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives of any of the public services:

Fire protection?				X
Police protection?				X
Schools?				X
Parks?				X
Other public facilities?				X

Public services provided to the project site and vicinity include police, fire, school, library, and park services.

The closest fire station is Sacramento Metropolitan Fire District Station 27, approximately one mile west of the project site. The Citrus Heights Police Department, located at 6315 Fountain Square Drive in Citrus Heights, supports 4 lieutenants, 10 sergeants, and 52 officers. The San Juan Unified School District includes some elementary schools, 8 K-8 schools, 8 middle schools, and 9 high schools, plus an additional number of alternative schools, early childhood centers, and adult education centers. The Sunrise Recreation and Park District has 25 park facilities in the Citrus Heights area; Madera Park is less than one-half mile to the east of the project site. The City of Citrus Heights partners with the Sacramento Public Library to enhance service levels at the Sylvan Oaks Library, located at 6700 Auburn Boulevard. (Citrus Heights 2018b)

ENVIRONMENTAL ANALYSIS

Question XIVA: No Impact. Because the proposed project does not include any housing units, there would be no increase in population or the need for public services that would require the provision of new or physically altered governmental facilities. There would be no impact and no mitigation would be required.

	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
a) Would the project increase the use of existing neighborhood or regional parks or other recreational facilities such that substantial deterioration of the facility would occur or be accelerated?				X
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?				X

XV. RECREATION:

The Sunrise Recreation and Park District (SRPD) manages 493 acres within an area of 27 square miles and administers programs for families and businesses that include classes, adult sports leagues, senior activities, and youth sports programs. The SRPD maintains 42 parks, 3 community centers, 2 aquatic facilities, and other programs that serve the residents of Antelope, Citrus Heights, and Foothill Farms. The SRPD has 25 park facilities in the Citrus Heights area; Madera Park is less than one-half mile to the east of the project site.

ENVIRONMENTAL ANALYSIS

Questions XVa and XVb: No Impact. The proposed project does not directly involve construction of housing or facilities that could increase the demand for neighborhood or regional parks, or other recreational facilities. Development of the Ella Way Well would not involve the creation of new recreation facilities, or adversely affect existing facilities. Thus, no significant adverse impacts to recreation would occur with implementation of the proposed Ella Way Well project and no mitigation would be required.

Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
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XVI. TRANSPORTATION/TRAFFIC - Would the project:

a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit.			X	
b) Conflict with an applicable congestion management program, including, but not limited to, level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?			X	
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that result in substantial safety risks?				X
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?			X	
e) Result in inadequate emergency access?			X	
f) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?				X

ENVIRONMENTAL SETTING

Roadways in the project vicinity are programmed by the City of Citrus Heights General Plan, and maintained by the City of Citrus Heights in order to adequately handle traffic generated by urban uses within the City of Citrus Heights, including traffic generated by the Ella Way Well project. There are no other congestion management plans, or adopted policies, plans, or programs supporting alternative transportation in the City of Citrus Heights.

Access to the project site would be from Ella Way via an on-site driveway. Regional access would be provided via Interstate 80, Sunrise Boulevard, Auburn Boulevard, and Old Auburn Road. Other than pedestrian sidewalks on Ella Way and adjacent streets, there are no provisions for other modes of transportation in the project area. No bikeways or transit routes are located or planned in the vicinity of the project. (Citrus Heights 2015, SRT 2018)

During the active construction period, up to twenty construction worker trips and deliveries of construction supplies or equipment could occur on weekdays. The actual number of construction trips on any given day would be irregular, and would depend upon the construction phase and the need for project supply or equipment deliveries.

During project operation, there would be no regular on-site employees, or deliveries provided to the project site. Under normal operations, approximately six trips per month would be generated with implementation of the proposed project, all entering and exiting the site at Ella Way. In a dry year or

during monthly testing, the project would generate one to two daily visits when the well is running, depending on the level of production required by the CHWD.

Access to the site would be via an onsite driveway from Ella Way. Other than installation of the project driveway, no other transportation facilities would be modified or constructed. The CHWD would offer an Irrevocable Offer of Dedication (IOD) to the City of Citrus Heights for a potential future southerly extension of Ella Way along the newly established west boundary of Parcel B. This portion of the project site would remain available to the City of Citrus Heights for future use as a thoroughfare should the City of Citrus Heights request access to benefit future urban development to the south of the project site. Until such time, the area would be owned and maintained by the CHWD.

ENVIRONMENTAL ANALYSIS

Questions XVIa and XVIb: Less-than-significant Impact. As noted above, up to twenty daily construction trips could occur during the construction phase of the project, although the number of trips on a given weekday would be irregular. Depending upon the construction phase, vehicle trips could be substantially less than twenty. Given the existing low traffic volumes on Ella Way, Shareen Way, and Patton Avenue, the addition of construction traffic would not be substantial, and would not decrease the level of service on any of these roadways.

During project operations, there would be no regular on-site employees, or deliveries provided to the project site. Under normal operations, approximately six trips per month would be generated with implementation of the proposed project. When the well is running, that number would increase to one to two daily trips. Implementation of the project would include modifications to the project's frontage on Ella Way, but no other transportation facilities would be modified or constructed. Implementation of the project would not conflict with applicable plans, policies, or programs related to transportation. The proposed project would not have an adverse effect on traffic operations or roadway safety. This would be a less than significant impact, and no mitigation would be required.

Question XVIc: No Impact. The proposed project would not result in any changes in air traffic patterns. The nearest airport, Sacramento McClellan Airport, is located approximately seven miles southwest of the site. The project includes no features such as bright lighting, tall structures, or activities that attract substantial numbers of birds that would adversely affect aircraft operations. No impact would result, and no mitigation would be required.

Question XVIId: Less-than-significant Impact. Access to the site would be provided by a paved driveway from Ella Way. Implementation of the proposed project would not result in any changes to local roadways. There would be no increase to hazards due to a design feature or incompatible uses. A less-than-significant impact would result, and no mitigation would be required.

Question XVIe: Less-than-significant Impact. No designated emergency access routes are located in the vicinity of the project, thus no modification of such facilities would occur. As noted above, implementation of the project would not adversely affect any transportation facility. This would be a less than significant impact, and no mitigation would be necessary.

Question XVIIf: No Impact. No pedestrian, bike or transit facilities or services are located in the vicinity of the project. Thus no conflict with any such facilities would occur. As noted above, implementation of the project would not adversely affect any transportation facility. This would be a less than significant impact, and no mitigation would be necessary.

Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
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XVII. TRIBAL CULTURAL RESOURCES - Would the project:

Cause a substantial adverse change in the significance of a tribal cultural resource, defined in Public Resources Code section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is:

- a) Listed or eligible for listing in the California Register of Historic Resources, or in a local register of historical resources as defined in Public Resources Code section 5020.1(k), or
- b) A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1. In applying the criteria set forth in subdivision (c) of Public Resources Code Section 5024.1, the lead agency shall consider the significance of the resource to a California Native American tribe.

		X	
		X	

ENVIRONMENTAL SETTING

A Tribal Sacred Lands search request was filed with the Native American Heritage Commission (NAHC). The search was completed with the conclusion that no tribal cultural resources are located on or in the vicinity of the proposed project site (NAHC 2018).

Records of the known cultural resources found in Sacramento County are included in the files of the Office of Historic Preservation, California Historical Resources Information System. The Northern California Information Center (NCIC), housed at California State University, Sacramento, locally administers these records. A cultural resources records search was conducted at the NCIC for the project site and surrounding area to determine its historic and cultural sensitivity (NCIC 2018). Based on the records search, there are no known prehistoric or historic archaeological resources on the project site or in its vicinity that have been reported to the NCIC.

REGULATORY SETTING

Effective July 1, 2015, Assembly Bill 52 (AB 52) amended CEQA to require that: 1) a lead agency provide notice to any California Native American tribes that have requested notice of projects proposed by the lead agency; and 2) for any tribe that responded to the notice within 30 days of receipt with a request for consultation, the lead agency must consult with the tribe. Topics that may be addressed during consultation include Tribal Cultural Resources (TCR), the potential significance of project impacts, type of environmental document that should be prepared, and possible mitigation measures and project alternatives.

Section 21074(a) of the Public Resource Code (PRC) defines TCRs for the purpose of CEQA as sites, features, places, cultural landscapes (geographically defined in terms of the size and scope),

sacred places, and objects with cultural value to a California Native American tribe that are either of the following:

- a. included or determined to be eligible for inclusion in the California Register of Historical Resources; and/or
- b. included in a local register of historical resources as defined in subdivision (k) of Section 5020.1; and/or
- c. a resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Section 5024.1. In applying the criteria set forth in subdivision (c) of Section 5024.1 for the purposes of this paragraph, the lead agency shall consider the significance of the resource to a California Native American tribe.

“Substantial evidence” is defined in Section 21080 of the Public Resources Code as “fact, a reasonable assumption predicated upon fact, or expert opinion supported by fact.”

The criteria for inclusion in the California Register of Historical Resources (CRHR) are as follows [CCR Title 14, Section 4852(b)]:

1. It is associated with events that have made a significant contribution to the broad patterns of local or regional history, or the cultural heritage of California or the United States; and/or
2. It is associated with the lives of persons important to local, California, or national history; and/or
3. It embodies the distinctive characteristics of a type, period, region, or method of construction, or represents the work of a master or possesses high artistic values; and/or
4. It has yielded, or has the potential to yield, information important to the prehistory or history of the local area, California, or the nation.

In addition, the resource must retain integrity, which is evaluated with regard to the retention of location, design, setting, materials, workmanship, feeling, and association [CCR Title 14, Section 4852(c)].

Summary of Tribal Consultation

Consistent with the requirements of PRC Section 21080.3.1(b), the CHWD has received written requests to be notified of projects in which the CHWD is the Lead Agency under CEQA from the Wilton Rancheria, United Auburn Indian Community, and the Buena Vista Rancheria of Me Wuk Indians. Therefore, on March 22, 2018, the CHWD sent letters offering project consultation to these tribes. The letters provided a brief description of the proposed project and its location, the lead agency contact information, and a notification that each tribe has 30 days from receipt of the CHWD’s letter to request consultation. The 30-day response period concludes on April 24, 2018.

Should one or more of the tribes request consultation on the project, a summary report of the consultation process shall be made an addendum to this Initial Study/Mitigated Negative Declaration for review by the CHWD Board of Directors prior to their consideration of the project.

ENVIRONMENTAL ANALYSIS

Question a, b: Less-than-significant Impact. The search for Tribal Sacred Lands resources conducted by the NAHC yielded negative results. Additionally, a NCIC Records Search for cultural resources found no prehistoric archaeological resources on the project site or in its vicinity that have been reported to the NCIC. In making an offer of consultation to registered tribes pursuant to PRC Section 21080.3.1, the CHWD has met the initial requirements of AB 52. Because the CHWD has initiated consultation with registered tribes, and no known tribal cultural resources or other prehistoric cultural resources were identified that are listed or eligible for listing in a register of historic resources, a less-than-significant impact would result. No mitigation would be required.

	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
XVIII. UTILITIES AND SERVICE SYSTEMS -				
Would the project:				
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?			X	
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			X	
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			X	
d) Have sufficient water supplies available to serve the project from existing water entitlements and resources, or are new or expanded entitlements needed?			X	
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?			X	
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?			X	
g) Comply with federal, state, and local statutes and regulations related to solid waste?			X	

Urban utilities available in the project vicinity include a 36-inch stormwater collection trunk that runs along the north boundary of the project site and within Ella Way, and treated water distribution and wastewater collection piping in Ella Way stubbed to the project site. Commercial solid waste collection services in Citrus Heights are provided by a number of waste haulers, who in turn dispose of solid waste in up to 18 landfills in the surrounding region.

ENVIRONMENTAL ANALYSIS

Questions XVIIIa and XVIIIe: Less-than-significant Impact. The Ella Way Well would include an electric motor-driven pump, a disinfection system, and associated facilities to pump, treat, and transport water into the CHWD potable water distribution system. The proposed project would not generate new wastewater as a result of the disinfection system or pumping process. No new wastewater treatment plant capacity would be necessary to service the project. Implementation of the proposed Ella Way Well would result in a less-than-significant impact, and no mitigation would be necessary.

Question XVIIIc: Less-than-significant Impact. The proposed Ella Way Well would create some impervious surfaces. Stormwater facilities on the site would be connected to an existing municipal 36-inch stormwater transmission main in Ella Way. The existing 36-inch main is of sufficient size to account for any increased runoff. Therefore, expansion or creation of stormwater facilities would not be necessary for the proposed projects, no significant impact would occur, and no mitigation would be necessary. (For additional discussion of stormwater generation and management, see Section IX, *Hydrology and Water Quality*, of this Initial Study.)

Questions XVIIIb and XVIIId: Less-than-significant Impact. The proposed Ella Way Well project would be consistent with and implement the CHWD's responsibilities and obligations under the Sacramento Water Forum Agreement as a San Juan Water District consortium member (April 2000), the Regional Water Authority's (RWA) Integrated Regional Water Management Plan (July 2013), and the Sacramento Groundwater Authority's Groundwater Management Plan (December 2014). The facilities constructed under the proposed project would directly serve to operate and maintain the groundwater basin for use in drought years through conjunctive use and water efficiency / conservation programs as provided by the regional water plans cited above. Implementation of the project would not result in an increase in water demand beyond that anticipated by the City of Citrus Heights General Plan, nor would it provide a significant increase in available water supplies to serve unplanned growth. Therefore, no significant impact would occur, and no mitigation would be necessary. (For additional discussion of water supply, see Section IX of this Initial Study.)

Questions XVIIIf and XVIIIg: Less-than-significant Impact. The proposed project consists of the construction and operation of a production well and associated facilities, which are not anticipated to generate substantial amounts of solid waste beyond that currently generated by CHWD operations. No solid waste collection services would be provided to the project site. Solid waste generated during well operations would be transferred to the District's corporation yard for collection as part of the District's standard waste stream. Therefore, no significant impact would occur, and no mitigation would be necessary.

Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
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XIX. MANDATORY FINDINGS OF SIGNIFICANCE

a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	X		
b) Does the project have impacts that are individually limited, but cumulatively considerable? (“Cumulatively considerable” means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)		X	
c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?		X	

Question XIXa. As discussed above, the project has the potential to adversely impact air quality (construction dust), biological resources (migratory birds, protected trees), undiscovered cultural resources, and noise (operations). With the implementation of mitigation measures identified in this Initial Study (see below), all potential impacts would be reduced to a less-than-significant level. No significant or potentially significant impacts would remain.

Question XIXb. The projects would accommodate CHWD, City of Citrus Heights, regional, and statewide environmental goals to provide for adequate sources of water. While the project would indirectly contribute to cumulative impacts associated with increased urban development in the Citrus Heights Water District service area and the City of Citrus Heights, these impacts have previously been evaluated by the City of Citrus Heights and considered in the City of Citrus Heights’ approval of the City of Citrus Heights General Plan. The proposed Ella Way Well project would not make a cumulatively considerable contribution to these cumulative effects, this would be a less-than-significant impact, and no mitigation would be required.

Question XIXc. Because of existing regulation and monitoring of many potential environmental impacts, and with the implementation of mitigation measures identified in this report, the project would not have the potential to cause substantial adverse effects on human beings. This would be a less-than-significant impact, and no mitigation would be required.

MITIGATION MEASURES:

Mitigation Measure 1

All projects are subject to SMAQMD rules in effect at the time of construction. Control of fugitive dust is required by District Rule 403 and enforced by SMAQMD staff. CHWD shall implement, or require its contractors to implement, all of the following measures as identified by SMAQMD:

Basic Construction Emission Control Practices

- Water all exposed surfaces two times daily. Exposed surfaces include, but are not limited to soil piles, graded areas, unpaved parking areas, staging areas, and access roads.
- Cover or maintain at least two feet of free board space on haul trucks transporting soil, sand, or other loose material on the site. Any haul trucks that would be traveling along freeways or major roadways should be covered.
- Use wet power vacuum street sweepers to remove any visible trackout mud or dirt onto adjacent public roads at least once a day. Use of dry power sweeping is prohibited.
- Limit vehicle speeds on unpaved roads to 15 miles per hour (mph).
- All roadways, driveways, sidewalks, parking lots to be paved should be completed as soon as possible. In addition, building pads should be laid as soon as possible after grading unless seeding or soil binders are used.
- Minimize idling time either by shutting equipment off when not in use or reducing the time of idling to 5 minutes [required by California Code of Regulations, Title 13, sections 2449(d)(3) and 2485]. Provide clear signage that posts this requirement for workers at the entrances to the site.
- Maintain all construction equipment in proper working condition according to manufacturer's specifications. The equipment must be checked by a certified mechanic and determine to be running in proper condition before it is operated.

Mitigation Measure 2

The CHWD or the construction contractor shall schedule vegetation removal and ground-clearing activities prior to the initiation of nesting activity (March) or after fledging (August). If the CHWD determines that it is infeasible to avoid construction during the nesting season, the CHWD or the construction contractor shall conduct pre-construction surveys between March 1 and August 15 in potential nesting habitat to identify nest sites. If an active raptor nest is observed within 500 feet of the project site, CHWD shall contact CDFW for guidance and/or establish a 500-foot buffer around the nest tree. If a passerine bird nest is observed during surveys, a 100-foot buffer around the nest shall be established or consultation with CDFW shall be conducted for a reduced buffer zone based on nesting phenology, site conditions, and recommendation(s) of a biological monitor. Construction activities in the buffer zone shall be prohibited until the young have fledged.

Mitigation Measure 3

During project design and construction, CHWD shall avoid jurisdictional trees, including their protected zones as defined by Chapter 106.39 of the Citrus Heights Municipal Code. The CHWD or its contractor shall implement the standard policies and procedures set forth in Section 106.39.050 of the Citrus Heights Municipal Code during the design and construction of proposed improvements. In the event that a jurisdictional tree and its protected zone cannot be avoided, CHWD or its contractor shall obtain a Tree Permit from the City of Citrus Heights, and implement all requirements of the permit.

Mitigation Measure 4

Prior to initiation of construction on the project site, CHWD shall require that any construction or improvement plans contain a notation requiring that if any archaeological, cultural, historical resources, artifacts or other features are discovered during the course of construction anywhere on the project site, work shall be suspended in that location until a qualified professional archaeologist

assesses the significance of the discovery and provides consultation with CHWD staff. Appropriate mitigation for curation or protection of the resources, as recommended by the archaeologist, shall be implemented upon approval by CHWD. Further grading or site work within the area of discovery shall not be allowed until the preceding steps have been taken.

In addition, pursuant to §5097.98 of the State Public Resources Code, and Section 7050.5 of the State Health and Safety Code, in the event of the discovery of any human remains, all work is to stop and the County Coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains.

Mitigation Measure 5

Prior to the operation of an ASR component to the Ella Way Well, the CHWD will:

Submit a Notice of Intent for coverage under Water Quality Order 2012-0010 to the Central Valley Regional Water Control Board together with all information required under Section D of the Order, and obtain a Notice of Acceptance.

Mitigation Measure 6

Operation of the Ella Way Well ASR component shall meet the following standards:

1. Injected water shall be of a quality that will not result in exceedance of a water quality objective in compliance with the requirements of the Antidegradation Policy.
2. The Ella Way Well ASR project shall not negatively impact a groundwater cleanup project.
3. Injected water shall be treated and delivered to the injection well consistent with the requirements of all applicable San Juan Water District and CHWD domestic water supply permits.
4. At a minimum, the following treatment and control measures shall be required:
 - g. Treatment (typically flocculation, filtration, and disinfection to remove suspended solids and pathogenic microorganisms) so that all injected water is potable.
 - h. Adequate characterization of source water quality. If source water quality is variable through the year, operate the ASR project to optimize use of better quality water during injection cycles.
 - i. Design and operation of the Ella Way Well ASR component to minimize adverse aquifer conditions and geochemistry.
 - j. Additional treatment when necessary to fully protect all beneficial uses.
 - k. Perform groundwater monitoring of the injection/extraction well and any groundwater monitoring wells to evaluate the potential for groundwater quality changes.
 - l. Implementation of an Operation & Maintenance (O&M) Plan.
5. The CHWD shall identify and implement any additional treatment and control measures necessary to comply with the requirements of the Antidegradation Policy.

Mitigation Measure 7

To reduce the effects of construction noise on affected residents, the CHWD shall implement the following measures:

-
- Except for drilling and constructing the well, all work necessary to implement the project would be performed between the hours of 7 a.m. and 8 p.m. Monday through Friday
 - Temporary sound walls (minimum 16 feet high) will be installed around the work area to reduce noise impacts during drilling and construction operations.
 - All equipment will be equipped with appropriate muffler devices to reduce the noise impacts of the drilling operations.
 - The use of impact wrenches would be prohibited between the hours of 8 p.m. and 7 a.m.
 - The CHWD may provide alternate nighttime accommodations if needed to mitigate noise impacts during drilling.

Mitigation Measure 8

The noise levels of pump station motors and other facilities at the Ella Way Well shall not exceed 50 dBA at the property lines. (This would ensure that Citrus Heights Municipal Noise Ordinance standards were met for adjacent existing residential uses.) At the time of well and equipment installation, adequate noise attenuation measures shall be provided to reduce noise levels to the 50-dBA standard. Motors and other noise producing equipment shall be shielded or enclosed to meet this standard. Compliance with this standard shall be demonstrated with pre- and post-construction noise measurements taken during test operations of project facilities. The implementation of noise attenuation measures shall be to the satisfaction of the CHWD.

4. PREPARERS OF THE INITIAL STUDY / NEGATIVE DECLARATION

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**ELLA WAY WELL
CITRUS HEIGHTS WATER DISTRICT**

**ADDITIONAL INFORMATION ADDED TO THE
TRIBAL CULTURAL RESOURCES EVALUATION OF
THE MITIGATED NEGATIVE DECLARATION
PREPARED BY THE LEAD AGENCY –
CITRUS HEIGHTS WATER DISTRICT**

MAY 8, 2018

This document is prepared pursuant to the California Environmental Quality Act (CEQA) (Public Resources Code 21000 *et seq.*) as Additional Information added to the March 2018 Mitigated Negative Declaration for the Ella Way Well project circulated by the Citrus Heights Water District (District), as lead agency, on March 30, 2018. The District is providing this Additional Information as the appropriate CEQA document to amend the discussion of tribal cultural resources because this additional information entails minor technical changes that do not constitute the conditions identified in CEQA Guidelines §15073.5 that could require recirculation of the Mitigated Negative Declaration.

CEQA Guidelines (§15073.5) allow a lead agency to modify a previously circulated Negative Declaration to add additional information if none of the following conditions are true:

A lead agency is required to recirculate a negative declaration when the document must be substantially revised after public notice of its availability has previously been given pursuant to Section 15072, but prior to its adoption. **A “substantial revision” of the negative declaration shall mean:**

- a. A new, avoidable significant effect is identified and mitigation measures or project **revisions must be added** in order to reduce the effect to insignificance, or
- b. The lead agency determines that the proposed mitigation measures or project revisions will not reduce potential effects to less than significance and new measures or revisions must be required.

Recirculation is not required under the following circumstances:

1. Mitigation measures are replaced with equal or more effective measures pursuant to **Section 15074.1.**
2. New project revisions are added in response to written or verbal comments on the project’s effects identified in the proposed negative declaration which are not new avoidable significant effects.
3. Measures or conditions of project approval are added after circulation of the negative declaration which are not required by CEQA, which do not create new significant environmental effects and are not necessary to mitigate an avoidable significant effect.
4. New information is added to the negative declaration which merely clarifies, amplifies, or makes insignificant modifications to the negative declaration.

The Mitigated Negative Declaration prepared for the Ella Way Well project addressed the potential environmental effects associated with development of a water supply well and ancillary structures. Subsequent to circulation of the Mitigated Negative Declaration, the District completed consultation with Native Americans as required by Section 21073 of the Public Resources Code (AB 52). Therefore, the District is amending the Negative Declaration to present the findings of the completed Native American consultation presented in the Mitigated Negative Declaration.

Following is the District’s updated evaluation of the Ella Way Well project’s effects on tribal cultural resources set forth in the Mitigated Negative Declaration pursuant to §15073.5 of the CEQA Guidelines.

Changes to the Text of the Initial Study / Mitigated Negative Declaration¹

	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant Impact	No Impact
XVII. TRIBAL CULTURAL RESOURCES - Would the project:				
Cause a substantial adverse change in the significance of a tribal cultural resource, defined in Public Resources Code section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is:			X	
a) Listed or eligible for listing in the California Register of Historic Resources, or in a local register of historical resources as defined in Public Resources Code section 5020.1(k), or				
b) A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1. In applying the criteria set forth in subdivision (c) of Public Resources Code Section 5024.1, the lead agency shall consider the significance of the resource to a California Native American tribe.			X	

ENVIRONMENTAL SETTING

A Tribal Sacred Lands search request was filed with the Native American Heritage Commission (NAHC). The search was completed with the conclusion that no tribal cultural resources are located on or in the vicinity of the proposed project site (NAHC 2018).

Records of the known cultural resources found in Sacramento County are included in the files of the Office of Historic Preservation, California Historical Resources Information System. The Northern California Information Center (NCIC), housed at California State University, Sacramento, locally administers these records. A cultural resources records search was conducted at the NCIC for the project site and surrounding area to determine its historic and cultural sensitivity (NCIC 2018).

¹ Changes to the text of the circulated Mitigated Negative Declaration are denoted by underline for added text and strikeout for deleted text.

Based on the records search, there are no known prehistoric or historic archaeological resources on the project site or in its vicinity that have been reported to the NCIC.

REGULATORY SETTING

Effective July 1, 2015, Assembly Bill 52² (AB 52) amended CEQA to require that: 1) a lead agency provide notice to any California Native American tribes that have requested notice of projects proposed by the lead agency; and 2) for any tribe that responded to the notice within 30 days of receipt with a request for consultation, the lead agency must consult with the tribe. Topics that may be addressed during consultation include Tribal Cultural Resources (TCR), the potential significance of project impacts, type of environmental document that should be prepared, and possible mitigation measures and project alternatives.

Pursuant to AB 52, Section 21073 of the Public Resources Code defines California Native American tribes as “a Native American tribe located in California that is on the contact list maintained by the NAHC for the purposes of Chapter 905 of the Statutes of 2004.” This includes both federally and non-federally recognized tribes.

Section 21074(a) of the Public Resource Code (PRC) defines TCRs for the purpose of CEQA as sites, features, places, cultural landscapes (geographically defined in terms of the size and scope), sacred places, and objects with cultural value to a California Native American tribe that are either of the following:

- a. included or determined to be eligible for inclusion in the California Register of Historical Resources; and/or
- b. included in a local register of historical resources as defined in subdivision (k) of Section 5020.1; and/or
- c. a resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Section 5024.1. In applying the criteria set forth in subdivision (c) of Section 5024.1 for the purposes of this paragraph, the lead agency shall consider the significance of the resource to a California Native American tribe.

“Substantial evidence” is defined in Section 21080 of the Public Resources Code as “fact, a reasonable assumption predicated upon fact, or expert opinion supported by fact.”

The criteria for inclusion in the California Register of Historical Resources (CRHR) are as follows [CCR Title 14, Section 4852(b)]:

1. It is associated with events that have made a significant contribution to the broad patterns of local or regional history, or the cultural heritage of California or the United States; and/or
2. It is associated with the lives of persons important to local, California, or national history; and/or
3. It embodies the distinctive characteristics of a type, period, region, or method of construction, or represents the work of a master or possesses high artistic values; and/or
4. It has yielded, or has the potential to yield, information important to the prehistory or history of the local area, California, or the nation.

² Codified as Sections 21080.3.1, 21080.3.2, and 21082.3.

In addition, the resource must retain integrity, which is evaluated with regard to the retention of location, design, setting, materials, workmanship, feeling, and association [CCR Title 14, Section 4852(c)].

Recognizing that California tribes are experts in their TCRs and heritage, AB 52 requires that CEQA lead agencies initiate consultation with tribes at the commencement of the CEQA process to identify TCRs. Furthermore, because a significant effect on a TCR is considered a significant impact on the environment under CEQA, consultation is required to develop appropriate avoidance, impact minimization, and mitigation measures.

Summary of Tribal Consultation

Consistent with the requirements of PRC Section 21080.3.1(b), the CHWD has received written requests to be notified of projects in which the CHWD is the Lead Agency under CEQA from the Wilton Rancheria, United Auburn Indian Community (UAIC), and the Buena Vista Rancheria of Me Wuk Indians. Therefore, on March 22, 2018, the CHWD sent letters offering project consultation to these tribes. The letters provided a brief description of the proposed project and its location, the lead agency contact information, and a notification that each tribe had 30 days from receipt of the CHWD's letter to request consultation. The 30-day response period concluded on April 24, 2018.

~~Should one or more of the tribes request consultation on the project, a summary report of the consultation process shall be made an addendum to this Initial Study/Mitigated Negative Declaration for review by the CHWD Board of Directors prior to their consideration of the project.~~

No response was received from Wilton Rancheria or the Buena Vista Rancheria of Me Wuk Indians within that timeframe. Therefore, pursuant to Public Resources Code section 21082.3(d)(3), no tribal consultation with the Wilton Rancheria or the Buena Vista Rancheria of Me Wuk Indians was carried out for this project.

On March 30, 2018, the UAIC requested consultation on the Ella Way Well project. The tribe additionally requested copies of any archaeological reports prepared for the Ella Way Well project, as well as copies of future environmental documents. The UAIC also requested that they be advised of any Native American cultural resources within the project area, and notification in the event that such resources are found during project construction.

On April 23, 2018, the District formally initiated consultation with the tribe and provided all requested information. The District additionally invited the tribe to a meeting on May 7, 2018 to discuss the project further and to continue consultation with the UAIC. There has been no further communication from the UAIC since their letter of March 30, 2018, and no tribal representatives attended the May 7, 2018 meeting. Therefore, pursuant to Public Resources Code section 21082.3(d)(2), the District has concluded its consultation with the UAIC, having complied with all requirements of AB 52.

ENVIRONMENTAL ANALYSIS

Question a, b: Less-than-significant Impact. The search for Tribal Sacred Lands resources conducted by the NAHC yielded negative results. Additionally, a NCIC Records Search for cultural resources found no prehistoric archaeological resources on the project site or in its vicinity that have been reported to the NCIC. In making an offer of consultation to registered tribes pursuant to PRC

Section 21080.3.1, the CHWD has met the initial requirements of AB 52. Offers of consultation were sent via registered mail to representatives of the three tribes who have registered with the District. Two of the tribes did not respond to the initial request, and thus, consultation was terminated. One tribe, the UAIC, requested additional information, but declined to continue consultation once information was provided. Therefore, pursuant to the requirements of PRC §21073, the District has terminated consultation with this tribe also. Because the CHWD has initiated and offered consultation with registered tribes and consultation has been terminated, and no known tribal cultural resources or other prehistoric cultural resources were identified that are listed or eligible for listing in a register of historic resources, a less-than-significant impact would result. No mitigation would be required.

All other environmental conditions within the project area are the same as those previously evaluated in the Initial Study / Mitigated Negative Declaration. Since the environmental conclusions with respect to tribal cultural resources are the same as those evaluated in the District's circulated Mitigated Negative Declaration and no other changes are proposed, no significant impacts not previously identified in the Negative Declaration would result and no additional mitigation not previously identified would be necessary. Thus, the proposed change would not trigger the requirements of criteria 'a' and 'b' set forth above and the CEQA requirements for recirculation would not be triggered.

Characterization of Information Added to the Mitigated Negative Declaration – The information added to the Mitigated Negative Declaration regarding tribal cultural resources documents that the District completed all required actions necessary to comply with AB 52, and confirms the environmental conclusions of the circulated Mitigated Negative Declaration. Therefore, the information added to the document merely clarifies, amplifies, or makes insignificant modifications to the Mitigated Negative Declaration. This meets the requirements of criterion 4 as cited above, thereby avoiding the requirement to recirculate the document.

Comment Letters - No written comments were received from the general public on the draft document. Agency comments were received from SMUD, the State Office of Planning and Research (OPR), and the Central Valley Regional Water Quality Control Board (CVRWQCB). Although CEQA does not require that the District formally respond to comments received on the draft Initial Study/Mitigated Negative Declaration, it does require that the Board consider each comment prior to certifying the Initial Study/Mitigated Negative Declaration and taking action on the Project. Following is a summary of comments received, and our conclusions.

- CVRWQCB - The letter provides a list of potential permits under the CVRWQCB's jurisdiction for a generic well project. Impacts to water quality, including necessary permits, were evaluated in Section IX, *Hydrology and Water Quality*, of the IS/MND. The comments from the CVRWQCB raise no issues regarding the environmental information or conclusions presented in the IS/MND for the Ella Way Well Project. Since no environmental issue was raised by the comment that was not previously evaluated in the IS/MND, no modification of the IS/MND is necessary.
- SMUD - The comments from SMUD discuss a number of construction details and requirements to avoid existing SMUD facilities, and to construct any needed new facilities to meet SMUD standards. The comments from SMUD raise no issues regarding the

environmental information or conclusions presented in the IS/MND for the Ella Way Well Project. Since no environmental issue was raised by the comment that was not previously evaluated in the IS/MND, no modification of the IS/MND is necessary.

- OPR – This letter transmits a copy of the CVRWQCB’s comments noted above. The comments from OPR raise no issues regarding the environmental information or conclusions presented in the IS/MND for the Ella Way Well Project. Since no environmental issue was raised by the comment that was not previously evaluated in the IS/MND, no modification of the IS/MND is necessary.

Conclusion – As set forth above, none of the conditions set forth in CEQA Guidelines §15073.5(a) and (b) (set forth as criteria ‘a’ and ‘b’ above) exist that would require the recirculation of the Mitigated Negative Declaration. The information added qualifies as an insignificant modification consistent with the provisions of §15073.5(c) (set forth as criterion 4 above). Thus, the modification of the Mitigated Negative Declaration set forth in this document is exempt from recirculation. Therefore, the addition of information to the Mitigated Negative Declaration contained in this document is sufficient to permit the District to consider the Ella Way Well project, and to meet the requirements of CEQA consistent with §15073.5 and 15074 of the State CEQA Guidelines. The Citrus Heights Water District will consider the results of this additional information, together with the Ella Way Well project Mitigated Negative Declaration, prior to taking action on the proposed the project.

EXHIBIT “B”

MITIGATION MONITORING & REPORTING PROGRAM

**MITIGATION MONITORING
AND REPORTING PROGRAM
FOR THE
ELLA WAY WELL PROJECT**



CITRUS HEIGHTS WATER DISTRICT

Prepared with the Technical Assistance of:
Environmental Planning Partners, Inc.



3110 Gold Canal Drive, Suite D
Rancho Cordova, CA 95670

MAY 2018

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1.1 PURPOSE OF THE MITIGATION MONITORING PROGRAM

Section 21081.6 of the California Public Resources Code requires that:

A public agency shall adopt a reporting or monitoring program for the changes to the project which it has adopted or made a condition of project approval in order to mitigate or avoid significant effects on the environment. This mitigation monitoring program applies to mitigation measures adopted as part of EIRs or negative declarations.

The purpose of the Mitigation Monitoring and Reporting Program is to ensure that the mitigation measures included in the Initial Study/Mitigated Negative Declaration (IS/MND) for the Ella Way Well project are implemented.

1.2 DESCRIPTION OF PROJECT

The project under evaluation in this Initial Study/Mitigated Negative Declaration is the construction and operation of a new municipal water well within the Citrus Heights Water District (CHWD) service area. The proposed project would be constructed on a 0.55-acre portion of an existing 1.55-acre parcel, Assessor's Parcel Number (APN) 251-0150-006. The parcel is addressed at 8026 Patton Avenue in Citrus Heights. As a result of a proposed Lot Line Adjustment, the east boundary of this parcel would be moved approximately 220 feet to the west. The proposed project would be constructed on the parcel that would extend from that boundary to the existing eastern boundary. The southernmost point of Ella Way intersects the parcel at its north boundary.

The proposed project is consistent with the City of Citrus Heights General Plan, with water supply plans adopted by the CHWD, and with the applicable City of Citrus Heights General Plan land use and zoning district designations on this project site.

1.3 ORGANIZATION AND FORMAT

This program describes the requirements and procedures to be followed to ensure that all mitigation measures adopted as part of this project will be implemented as described in the IS/MND, and adopted by the Citrus Heights Water District Board of Directors.

This Mitigation Monitoring and Reporting Program contains the following chapters:

- **Chapter 2 - Inventory of Mitigation Measures.** This section contains a list of all mitigation measures included in the IS/MND as adopted by the Citrus Heights Water District Board of Directors in numerical order.
- **Chapter 3 - Implementation Schedule and Monitoring Checklist.** This section contains a summary description of the required mitigation measures in checklist format. The timing of implementation of mitigation measures is indicated, in addition to implementation and monitoring responsibility.

1.4 IMPLEMENTATION OF THE MITIGATION MONITORING AND REPORTING PROGRAM

The Citrus Heights Water District shall assign staff to manage the Ella Way Well project Mitigation Monitoring and Reporting Program under the CHWD's responsibility.

Responsible staff shall have overall responsibility for ensuring implementation of measures under their jurisdiction and verification of such measures. Responsible staff may delegate duties and responsibilities to other CHWD staff, state regulatory agencies, consultants, the project sponsor, or other authorities as necessary and appropriate.

1.5 IMPLEMENTATION SCHEDULE AND MONITORING CHECKLIST

Chapter 3 contains a mitigation measure implementation schedule and monitoring checklist. Responsible CHWD staff may use the checklist as a summary of the measures to be implemented and the entities responsible for mitigation implementation and monitoring and to check off mitigation implementation as it is completed.

The monitoring checklist should be maintained for all mitigation measures by the entity responsible for monitoring the mitigation (e.g., CHWD, delegated authority, hired consultant). The monitoring checklist should be prepared and reviewed periodically, as directed by responsible staff. Copies of the monitoring checklist should be submitted to the responsible staff and filed in the project file available for public review.

Responsible staff should ensure that the monitoring checklist is filed on a timely basis and, when identified, that mitigation monitoring plan violations are reported to the General Manager of the CHWD. The General Manager and responsible staff should initiate any appropriate action necessary to correct the deficiency, including, but not necessarily limited to, requesting legal, City, or regulatory agency action.

2 INVENTORY OF MITIGATION MEASURES

Mitigation Measure 1

All projects are subject to SMAQMD rules in effect at the time of construction. Control of fugitive dust is required by District Rule 403 and enforced by SMAQMD staff. CHWD shall implement, or require its contractors to implement, all of the following measures as identified by SMAQMD:

Basic Construction Emission Control Practices

- Water all exposed surfaces two times daily. Exposed surfaces include, but are not limited to soil piles, graded areas, unpaved parking areas, staging areas, and access roads.
- Cover or maintain at least two feet of free board space on haul trucks transporting soil, sand, or other loose material on the site. Any haul trucks that would be traveling along freeways or major roadways should be covered.
- Use wet power vacuum street sweepers to remove any visible trackout mud or dirt onto adjacent public roads at least once a day. Use of dry power sweeping is prohibited.
- Limit vehicle speeds on unpaved roads to 15 miles per hour (mph).
- All roadways, driveways, sidewalks, parking lots to be paved should be completed as soon as possible. In addition, building pads should be laid as soon as possible after grading unless seeding or soil binders are used.
- Minimize idling time either by shutting equipment off when not in use or reducing the time of idling to 5 minutes [required by California Code of Regulations, Title 13, sections 2449(d)(3) and 2485]. Provide clear signage that posts this requirement for workers at the entrances to the site.
- Maintain all construction equipment in proper working condition according to manufacturer's specifications. The equipment must be checked by a certified mechanic and determine to be running in proper condition before it is operated.

Mitigation Measure 2

The CHWD or the construction contractor shall schedule vegetation removal and ground-clearing activities prior to the initiation of nesting activity (March) or after fledging (August). If the CHWD determines that it is infeasible to avoid construction during the nesting season, the CHWD or the construction contractor shall conduct pre-construction surveys between March 1 and August 15 in potential nesting habitat to identify nest sites. If an active raptor nest is observed within 500 feet of the project site, CHWD shall contact CDFW for guidance and/or establish a 500-foot buffer around the nest tree. If a passerine bird nest is observed during surveys, a 100-foot buffer around the nest shall be established or consultation with CDFW shall be conducted for a reduced buffer zone based on nesting phenology, site conditions, and recommendation(s) of a biological monitor. Construction activities in the buffer zone shall be prohibited until the young have fledged.

Mitigation Measure 3

During project design and construction, CHWD shall avoid jurisdictional trees, including their protected zones as defined by Chapter 106.39 of the Citrus Heights Municipal Code. The CHWD or its contractor shall implement the standard policies and procedures set forth in Section 106.39.050 of the Citrus Heights Municipal Code during the design and construction of proposed improvements. In the event that a jurisdictional tree and its protected zone cannot be avoided,

CHWD or its contractor shall obtain a Tree Permit from the City of Citrus Heights, and implement all requirements of the permit.

Mitigation Measure 4

Prior to initiation of construction on the project site, CHWD shall require that any construction or improvement plans contain a notation requiring that if any archaeological, cultural, historical resources, artifacts or other features are discovered during the course of construction anywhere on the project site, work shall be suspended in that location until a qualified professional archaeologist assesses the significance of the discovery and provides consultation with CHWD staff. Appropriate mitigation for curation or protection of the resources, as recommended by the archaeologist, shall be implemented upon approval by CHWD. Further grading or site work within the area of discovery shall not be allowed until the preceding steps have been taken.

In addition, pursuant to §5097.98 of the State Public Resources Code, and Section 7050.5 of the State Health and Safety Code, in the event of the discovery of any human remains, all work is to stop and the County Coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains.

Mitigation Measure 5

Prior to the operation of an ASR component to the Ella Way Well, the CHWD will:

Submit a Notice of Intent for coverage under Water Quality Order 2012-0010 to the Central Valley Regional Water Control Board together with all information required under Section D of the Order, and obtain a Notice of Acceptance.

Mitigation Measure 6

Operation of the Ella Way Well ASR component shall meet the following standards:

1. Injected water shall be of a quality that will not result in exceedance of a water quality objective in compliance with the requirements of the Antidegradation Policy.
2. The Ella Way Well ASR project shall not negatively impact a groundwater cleanup project.
3. Injected water shall be treated and delivered to the injection well consistent with the requirements of all applicable San Juan Water District and CHWD domestic water supply permits.
4. At a minimum, the following treatment and control measures shall be required:
 - a. Treatment (typically flocculation, filtration, and disinfection to remove suspended solids and pathogenic microorganisms) so that all injected water is potable.
 - b. Adequate characterization of source water quality. If source water quality is variable through the year, operate the ASR project to optimize use of better quality water during injection cycles.
 - c. Design and operation of the Ella Way Well ASR component to minimize adverse aquifer conditions and geochemistry.
 - d. Additional treatment when necessary to fully protect all beneficial uses.
 - e. Perform groundwater monitoring of the injection/extraction well and any groundwater monitoring wells to evaluate the potential for groundwater quality changes.
 - f. Implementation of an Operation & Maintenance (O&M) Plan.

5. The CHWD shall identify and implement any additional treatment and control measures necessary to comply with the requirements of the Antidegradation Policy.

Mitigation Measure 7

To reduce the effects of construction noise on affected residents, the CHWD shall implement the following measures:

- Except for drilling and constructing the well, all work necessary to implement the project would be performed between the hours of 7 a.m. and 8 p.m. Monday through Friday
- Temporary sound walls (minimum 16 feet high) will be installed around the work area to reduce noise impacts during drilling and construction operations.
- All equipment will be equipped with appropriate muffler devices to reduce the noise impacts of the drilling operations.
- The use of impact wrenches would be prohibited between the hours of 8 p.m. and 7 a.m.
- The CHWD may provide alternate nighttime accommodations if needed to mitigate noise impacts during drilling.

Mitigation Measure 8

The noise levels of pump station motors and other facilities at the Ella Way Well shall not exceed 50 dBA at the property lines. (This would ensure that Citrus Heights Municipal Noise Ordinance standards were met for adjacent existing residential uses.) At the time of well and equipment installation, adequate noise attenuation measures shall be provided to reduce noise levels to the 50-dBA standard. Motors and other noise producing equipment shall be shielded or enclosed to meet this standard. Compliance with this standard shall be demonstrated with pre- and post-construction noise measurements taken during test operations of project facilities. The implementation of noise attenuation measures shall be to the satisfaction of the CHWD.

3 IMPLEMENTATION SCHEDULE AND CHECKLIST

This section contains an abbreviated description of each mitigation measure presented in tabular, checklist format. A complete description of each measure is contained in the preceding Chapter 2, *Inventory of Mitigation Measures*, contained within this document.

The mitigation measures to be implemented by the project applicant(s) and successors in interest are separated into the following phases:

1. Prior to Construction
2. During Construction
3. During Project Operations.

The checklist is presented below. Some measures have components that are to be implemented during several project phases. These measures are noted in each category.

Ella Way Well Project Mitigation Measure Implementation Schedule and Monitoring Checklist

Timing of Verification (To occur prior to the following actions)	Measure Complete? (check)	Mitigation Measures	Responsibility - Implementation	Responsibility - Monitoring
During Construction		Mitigation Measure 1: Implement all SMAQMD measures to control fugitive dust, utilizing Best Construction Emission Control Practices.	CHWD or construction contractor	CHWD
Prior to and During Construction		Mitigation Measure 2: Schedule vegetation removal and ground-clearing activities prior to the initiation of nesting activity (March) or after fledging (August). If that is not feasible, conduct pre-construction surveys in potential nesting habitat to identify nest sites. Follow CDFW guidance on any observed nests; construction activities within an established buffer zone will be prohibited until the young have fledged.	CHWD or construction contractor	CHWD
Prior to and During Construction		Mitigation Measure 3: During design and construction, avoid jurisdictional trees and their protected zones as defined in the Citrus Heights Municipal Code. In the event that a jurisdictional tree cannot be avoided, obtain a Tree Permit from the City of Citrus Heights and implement all permit requirements.	CHWD or construction contractor	CHWD
Prior to and During Construction		Mitigation Measure 4: Construction plans shall contain a notation that if any archaeological, cultural, historical resources, artifacts, or other features are discovered, work shall be suspended until a qualified archaeologist assesses the discovery and provides consultation with appropriate agencies. Appropriate mitigation shall be implemented as advised. In the event of the discovery of any human remains, all work shall stop and the County Coroner shall be immediately notified. Follow NAHC Guidelines as to treatment and disposition of the remains if they are of Native American origin.	CHWD or construction contractor	CHWD
During Operations		Mitigation Measure 5: Prior to operation of an ASR component to the well, submit a Notice of Intent for coverage under Water Quality Order 2012-0010 to the CVRWQCB, including all information required under Section D, and obtain a Notice of Acceptance.	CHWD	CHWD, CVRWQCB
During Operations		Mitigation Measure 6: Operation of the ASR component to the well shall meet all required water quality standards, and comply with the requirements of the Antidegradation Policy	CHWD	CHWD
During Construction		Mitigation Measure 7: Implement all required measures to reduce the effects of construction noise on affected residents.	CHWD or construction contractor	CHWD

Ella Way Well Project Mitigation Measure Implementation Schedule and Monitoring Checklist

Timing of Verification (To occur prior to the following actions)	Measure Complete? (check)	Mitigation Measures	Responsibility - Implementation	Responsibility - Monitoring
Prior to and During Construction, During Operations		Mitigation Measure 8: Adequate noise attenuation measures shall be provided to reduce and maintain noise levels to the 50-dBA standard or below. Demonstrate compliance with pre- and post-construction noise measurements taken during test operations of project facilities.	CHWD	CHWD

ATTACHMENT 2

Proposed Resolution 08-2018
Authorizing the General Manager to Accept Interests
in Real Property on Behalf of the District

RESOLUTION NO. 08-2017

A RESOLUTION OF THE CITRUS HEIGHTS WATER DISTRICT AUTHORIZING THE
GENERAL MANAGER TO ACCEPT INTERESTS IN REAL PROPERTY ON BEHALF OF
THE DISTRICT

WHEREAS, California Government Code section 27281 provides that a governmental agency may authorize one or more of its officers or agents to accept and consent to deeds or grants conveying an interest in or easement upon real estate for public purposes; and

WHEREAS, the Citrus Heights Water District (“District”) is an irrigation district organized under applicable provisions of the Water Code.

NOW, THEREFORE, BE IT RESOLVED that the General Manager be authorized to accept interests in or easements upon real estate conveyed to the District by grant deed or otherwise. By enactment of this resolution, the District consents to recordation of Certificates of Acceptance executed on its behalf by the General Manager accepting such real property interests.

PASSED AND ADOPTED by the Board of Directors of the Citrus Heights Water District on this 16th day of May, 2018 by the following vote:

AYES:
NOES:
ABSTAIN
ABSENT:

Raymond Riehle, President
Board of Directors
Citrus Heights Water District

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 08-2018 adopted by the Board of Directors of Citrus Heights Water District at its regular meeting held May 16, 2018.

Christopher Castruita, Chief Board Clerk

ATTACHMENT 3

Executed Option to Purchase and Purchase and Sale
Agreement dated October 3, 2018

**OPTION TO PURCHASE AND PURCHASE AND SALE AGREEMENT
WITH JOINT ESCROW INSTRUCTIONS**

This Option to Purchase and Purchase and Sale Agreement with Joint Escrow Instructions (this "**Agreement**") is made as of October 3, 2017 (the "**Effective Date**"), between GARY L. TINGLER and NELLIE TINGLER, husband and wife and KAREN O'DEA, a married woman as her sole and separate property all as joint tenants (collectively, "**Seller**"), and CITRUS HEIGHTS WATER DISTRICT, a California irrigation district ("**Buyer**").

ARTICLE 1. OPTION AND RIGHT OF ENTRY.

1.1 Grant of Option. For the consideration described below, Seller grants to Buyer the exclusive right ("**Option**") to purchase the Property (as defined below) for the Purchase Price (as defined in Section 3.1, and upon the terms and conditions described herein.

1.2 Consideration. As consideration for the granting of the Option, Buyer will pay to Seller within thirty (30) days from the Effective Date the sum of one dollar (\$1.00) (the "**Option Payment**"). The Option Payment will be applied to the Purchase Price (as described herein) if Buyer elects to exercise the Option.

1.3 Option Period. The Option shall commence on the Effective Date and terminate two (2) years after the Effective Date of this Agreement, and shall end at 5:00 p.m. PST on the date ("**Expiration Date**") which is two (2) years after the Effective Date ("**Option Period**").

1.4 Exercise of Option. Buyer may elect to exercise the Option at any time during the Option Period by delivering written notice of such election ("**Exercise Notice**") to Seller as set forth in Section 12.1. The date that Buyer delivers the Exercise Notice to Seller, as provided in Section 12.1, shall be the "**Option Exercise Date.**"

1.5 Termination. If Buyer fails to properly and timely exercise the Option, Buyer's rights will automatically and immediately terminate without further notice. Upon termination of the Option, the Parties agree that the Option Payment shall be non-refundable and may be retained by Seller as consideration in full satisfaction for its granting of the Option. The Option Payment shall become the sole and exclusive property of Seller and Buyer shall not be entitled to any refund, credit or set off for the payment of the Option Payment.

1.6 Entry and Investigation of Property/Entry License. During the Option Period, Seller hereby grants to Buyer an irrevocable license to enter upon the Property and the adjoining property owned by Seller at all times, without prior notice to Seller, and to perform, at Buyer's sole cost and expense, such engineering surveys, investigations, soil tests and other studies as deemed necessary by Buyer to assess the suitability of the Property for purchase. Such investigations may include Buyer drilling a test well and conducting related construction activities necessary for Buyer to determine the Property's suitability for a groundwater well. Buyer shall indemnify and hold Seller harmless from and against all actual and alleged liability, loss, damage, costs, or expenses (including reasonable attorneys' fees and court costs) arising

from Buyer's entry onto the Property and the adjoining property owned by Seller pursuant to this Section, provided that Buyer shall not be responsible for any actual and alleged liability, loss, damage, costs, or expenses related to Seller's negligence or willful misconduct. Buyer and its contractors, agents and invitees shall not interfere with Buyer's test hole drilling activities at the Property. At its election, Seller may install temporary fencing at the Property, and if so, Seller shall not enter any fenced area without Buyer's consent. To the degree reasonably practicable, Buyer agrees to restore the Property to its original condition after the completion of such tests. Seller understands and agrees that Buyer may be unable to remove the test well as part of its repair work. In such event, Buyer shall cap, remediate and otherwise decommission such test well consistent with Buyer's reasonable judgment.

ARTICLE 2. AGREEMENT OF SALE.

In the event that Buyer exercises its Option consistent with ARTICLE 1 and subject to and on the terms and conditions of this Agreement, Seller shall sell to Buyer and Buyer shall purchase from Seller all of the following (collectively, the "**Property**"):

2.1 Land. The real property which is more particularly described in Exhibit A, together with (a) all privileges, rights, easements and appurtenances belonging to the real property, including without limitation all minerals, oil, gas and other hydrocarbon substances on and under the real property, (b) all development rights, air rights, water, water rights and water stock relating to the real property, and (c) all right, title and interest of Seller in and to any streets, alleys, passages, other easements and other rights-of-way or appurtenances included in, adjacent to or used in connection with such real property, before or after the vacation thereof (collectively, the "**Land**");

2.2 Improvements. Any and all structures, systems, facilities, fixtures, fences and parking areas located on the Land and other improvements located upon the Land (collectively, the "**Improvements**").

The Land and the Improvements are sometimes collectively referred to in this Agreement as the "**Property**";

2.3 Personal Property. All of Seller's right, title and interest in and to any personal property located within or used in connection with the Property, including, without limitation, that described in the Personal Property Inventory attached hereto as Exhibit B (collectively, the "**Personal Property**").

2.4 Other Assets. To the extent owned by Seller, all tangible and intangible assets of any nature relating to the Property or the Personal Property, including without limitation (a) all warranties upon the Improvements or Personal Property, to the full extent such warranties are assignable, (b) copies of all plans, specifications, engineering drawings and prints relating to the construction of the Improvements, (c) all distribution rights or license agreements, copyrights, logos, designs, trademarks, trade names, service marks and all goodwill associated with the Property, (d) all other intellectual or intangible property used by Seller in connection with the Property; and (e) all claims and causes of action arising out of or in connection with the Property.

ARTICLE 3. PURCHASE PRICE.

3.1 Amount. The purchase price (the "**Purchase Price**") for the Property shall be One Hundred Thousand Dollars (\$100,000). Within 10 days of the Option Exercise Date, Buyer shall deposit One Thousand Dollars \$1,000 ("**Deposit**") into Escrow.

ARTICLE 4. DUE DILIGENCE.

4.1 Due Diligence Period; Inspection and Access.

4.1.1 Due Diligence Period. The "**Due Diligence Period**" means the period beginning the later of (a) the Option Exercise Date or (b) the date on which Buyer has received all of the Due Diligence Documents (defined in Section 4.2) from Seller and ending at 5:00 p.m. on the date 30 days later.

4.1.2 Access to Information and the Property. Buyer shall conduct its investigation of the Property during the Due Diligence Period at no cost to Seller. This investigation ("**Due Diligence Investigation**") may include, at Buyer's option: a physical inspection of the Land and all Improvements thereon, including soil, geological and other tests, engineering evaluations of the mechanical, electrical, HVAC and other systems in the Improvements and review of the Plans; review of all governmental matters affecting the Property, including zoning, environmental and building permit and occupancy matters; review and verification of all financial and other information previously provided by Seller relating to the operation of the Property; review of the condition of title to the Property, including the building, structural system and roof inspection; and review of such other matters pertaining to an investment in the Property as Buyer deems advisable. In addition to the Preliminary Documents delivered to Buyer pursuant to Section 4.2, Buyer and its representatives shall have the right of access during reasonable business hours to all files, books and records maintained by Seller or its agents (including, without limitation, all of the Additional Documents to be made available to Buyer at the Property pursuant to Section 4.3), wherever located, relating to the Property, including the right to copy the same. Buyer and its representatives shall also have the right of access to the Property during reasonable business hours to conduct its investigation of the physical condition of the Property. Seller agrees that the rights granted to Buyer herein and the results of its Due Diligence Investigation shall not relieve Seller of any obligations Seller may have under any other provisions of this Agreement, or under other documents entered into concurrently herewith, or implied by law, nor shall they constitute a waiver by Buyer of the right to enforce any of the same. Seller shall cooperate with Buyer in its due diligence activities and provide access to the Property, its records, or provide information so long as it is within Seller's control.

4.2 Delivery of Preliminary Documents. Within 5 business days after the Option Exercise Date, Seller shall deliver to Buyer, at Seller's expense, all of the documents described in the remaining subsections of this Section (collectively, the "**Preliminary Documents**") in Seller's possession or control.

4.2.1 Survey. A preliminary title report or commitment for title insurance (the "**Preliminary Title Report**"), dated no earlier than 10 days before the Option Exercise Date,

covering the Property and issued by a title insurance company or companies acceptable to Buyer (the "**Title Company**"), together with a legible copy of each document, map and survey referred to in the Preliminary Title Report. In the event that Buyer has already obtained a Preliminary Title Report for its purposes during the Option Period or otherwise, Seller may satisfy its obligations under this Section by obtaining an updated Preliminary Title Report from such Title Company. Buyer, at Buyer's sole cost, may obtain an as-built survey of the Property (the "**Survey**") prepared by a certified land surveyor in accordance with the most recent American Land Title Association standards, certified by such surveyor to Buyer and the Title Company in a form acceptable to the Title Company for the purpose of deleting any survey exception from the Title Policy described in this Section.

4.2.2 Plans. Copies of all as-built plans and specifications for the Improvements, including without limitation the plans and specifications for and a complete description of all existing renovations and improvements to the Property (collectively, the "**Plans**");

4.2.3 Soils Report. Any soils report on the Land prepared at Seller's request or in the possession or control of Seller, including (if available) a report on compliance with any soils work recommended to be done prior to construction of the Improvements;

4.2.4 Engineers' Reports. Any structural, mechanical, environmental or geological reports concerning the Property which have been prepared at Seller's request or which are within Seller's possession or control;

4.2.5 Operating Statements; Tax Bills. Copies of operating statements for the Property certified by Seller including an itemization of income and expenses and copies of all real property tax bills for the Property for such periods;

4.2.6 Licenses, Etc. Copies of any licenses, permits or certificates required by governmental authorities in connection with construction or occupancy of the Improvements, including, without limitation, building permits, certificates of completion, certificates of occupancy and environmental permits and licenses, distribution agreements, license agreements, exclusive or nonexclusive showing rights;

4.2.7 Inspection Reports. Copies of all written reports received by Seller within three (3) years prior to the Option Exercise Date from Seller's insurance companies, any governmental agency or any other person or entity, which requires or demands correction of any condition, or requests modification in or termination of any uses of the Property, accompanied by Seller's summary of (a) any oral reports from such insurance companies or governmental agencies, and (b) the present status of any matter noted in any oral or written report.

4.3 Additional Documents and Information. From the Effective Date through the Closing Date, Seller shall make available to Buyer at the Property in accordance with Section 4.1, the documents and information described in this Section (collectively, the "**Additional Documents**");

4.3.1 Agreements. Copies of written, and written descriptions of oral, easements, covenants, restrictions, agreements, contracts and other documents, whether existing

or, to the knowledge of Seller, proposed as of the Effective Date, including without limitation any agreements relating to the insurance, service, operation, repair, supply, advertising, promotion, sale, leasing or management of the Property, which (a) affect the Property, (b) are not disclosed by the Preliminary Title Report, and (c) have not been delivered to Buyer pursuant to Section 4.2. If no such documents exist, Seller shall furnish its certification to that effect;

4.3.2 Warranties. Copies of any and all guarantees or warranties and other rights given to Seller in connection with the construction, maintenance, repair or remodeling of the Improvements, periodic inspections, or the purchase of any of the Personal Property. If no such documents exist, Seller shall furnish its certification to that effect;

4.3.3 Insurance Policies. Copies of certificates evidencing the insurance carried by Seller of the Property;

4.3.4 Other Documents. All data, correspondence, documents, agreements, waivers, notices, applications and other records with respect to the Property relating to transactions with taxing authorities, governmental agencies, utilities, vendors and others with whom Buyer may be dealing from and after the Closing Date; and

4.3.5 Requested Information. Such other documents and information concerning the Property as Buyer may reasonably request.

4.4 Approval/Disapproval of Due Diligence Investigations. Buyer shall approve or disapprove the results of Buyer's Due Diligence Investigation, in the exercise of Buyer's sole discretion, by written notice delivered to Seller no later than the expiration of the Due Diligence Period. Buyer's disapproval shall terminate this Agreement unless, at the time Buyer gives notice of its disapproval, Buyer also notifies Seller of Buyer's desire to enter into negotiations with Seller for the purpose of reaching an accommodation concerning the disapproval. If Buyer so notifies Seller and the parties have not reached a written agreement satisfactory to both of them regarding the disapproval within 10 days after the date of the disapproval notice, Buyer, at its option, may either (a) elect to terminate this Agreement by so notifying Seller and recover the Deposit, or (b) elect to proceed with the transactions contemplated by this Agreement notwithstanding its earlier disapproval. If Buyer fails to deliver to Seller notice of its approval or disapproval of the results of its Due Diligence Investigation, Buyer shall be deemed to have disapproved such results. If Buyer elects to terminate the Agreement, Buyer shall return to Seller all of the Preliminary Documents and Additional Documents previously delivered by Seller to Buyer within 5 business days of such termination.

4.5 Title Review.

4.5.1 Monetary Liens. At its expense, Seller shall remove all liens on the Property at or prior to the Closing (collectively, "**Monetary Liens**"): (i) all delinquent taxes, bonds and assessments and interest and penalties thereon (it being agreed that Seller shall not be required to remove any non-delinquent taxes and assessments imposed by any governmental agency that are paid with the property taxes for the Property); and (ii) all other monetary liens, including without limitation all those shown on the Preliminary Title Report (including judgment

and mechanics' liens, whether or not liquidated, and mortgages and deeds of trust, with Seller being fully responsible for any fees or penalties incurred in connection therewith).

4.5.2 Approval/Disapproval of Title Review. Buyer shall approve or disapprove of the Preliminary Title Report, the Survey and any exceptions to title shown thereon (other than the Monetary Liens) in the exercise of Buyer's sole discretion, by the expiration of the Due Diligence Period. If Buyer disapproves, Buyer may either (a) terminate this Agreement by giving Seller written notice of termination or (b) give Seller a written notice ("**Disapproval Notice**") identifying the disapproved title matters ("**Disapproved Title Matters**"). With respect to any Disapproved Title Matters, other than the Monetary Liens, Seller shall notify Buyer in writing within 5 days after Seller's receipt of the Disapproval Notice whether Seller will cause the Disapproved Title Matters to be removed or cured at or prior to Closing. If Seller elects not to remove or cure all Disapproved Title Matters, Buyer may, at its option: (i) subject to satisfaction of the other conditions to Closing, close the purchase of the Property and take title subject to the Disapproved Title Matters which Seller elects not to remove or cure; or (ii) terminate this Agreement in accordance with Section 10.5.1.

4.5.3 Buyer's Options. If any Disapproved Title Matters (including the Monetary Liens) have not been removed at least 5 days prior to Closing or provision for their removal at the Closing has not been made to Buyer's satisfaction, Buyer may, at its option: (i) close the purchase of the Property and take title subject to the Disapproved Title Matters which have not been removed; (ii) close the purchase of the Property and cure or remove the Disapproved Title Matters which have not been removed. Buyer may credit the costs of such cure or removal against the Purchase Price by reducing the amount of cash payable by Buyer at the Closing, but only to the extent such costs are expended to remove (A) Monetary Liens referred to in Section 3.5.1 or (B) Disapproved Title Matters which Seller agreed to remove; or (iii) terminate this Agreement in accordance with Section 10.5.1.

4.5.4 Failure to Disapprove. If Buyer fails to notify Seller of its approval or disapproval of the Preliminary Title Report, the Survey or the exceptions shown thereon by the end of the Due Diligence Period, then Buyer shall be deemed to have disapproved the same.

4.6 Improvements to Seller's property. Buyer shall make such improvements to Seller's property adjacent to the Property as set forth in the Improvement Agreement. Such Improvement Agreement shall be in substantially the same form as that attached as Exhibit G.

ARTICLE 5. CONDITIONS PRECEDENT.

5.1 Buyer's Conditions. Buyer's obligations under this Agreement are expressly subject to the timely fulfillment of the conditions set forth in this Section on or before the Closing Date, or such earlier date as is set forth below. Each condition may be waived in whole or in part by Buyer by written notice to Seller.

5.1.1 Due Diligence. Buyer having approved of the results of its Due Diligence Investigation;

5.1.2 Title Review. Buyer having approved of the results of its review of title pursuant to Section 4.5.

5.1.3 Title Policy. Seller having caused the Title Company to deliver to Buyer (a) a CLTA Owner's policy of title insurance, provided that Buyer may require an ALTA Owner's Policy if Buyer pays the incremental premium for ALTA coverage ("**Title Policy**") (or at Buyer's election a binder therefor) for the Property, or (b) the Title Company's irrevocable commitment to issue such policy of title insurance, (including such coinsurance, reinsurance and endorsements as Buyer shall require), with liability equal to the Purchase Price showing fee title to the Property vested in Buyer and subject only to: (i) the matters and exceptions which were approved by Buyer pursuant to Section 4.5; and (ii) the standard printed exceptions in the form of title policy called for (collectively, "**Conditions of Title**").

5.1.4 Performance of Covenants. Seller performing and complying in all material respects with all of the terms of this Agreement to be performed and complied with by Seller prior to or at the Closing.

5.1.5 Representations and Warranties. The representations and warranties of Seller set forth in ARTICLE 6 being true and accurate on the Closing Date, as if made on such date.

5.1.6 Non-Foreign Certification. Seller having executed and delivered to Buyer on or prior to the Closing Date a certification (the "**Non-Foreign Certification**"), substantially in the form of Exhibit C, if required.

5.1.7 California Certification. Seller having furnished the residency certification required pursuant to Sections 18805 and 26131 of the California Revenue and Taxation Code or having authorized Escrow Holder in writing to withhold from the Purchase Price the amounts required to be withheld by such Sections.

5.1.8 Subdivision Map Act Compliance. Buyer obtaining City of Citrus Heights approval of a lot line adjustment or other land use approval necessary to create the Property, including a formal legal description, as a lawful parcel under all applicable law. Evidence of such approval, including a formal legal description, shall be deposited into escrow to document satisfaction of this condition.

5.1.9 Improvement Agreement. Buyer's and Seller's execution of the Improvement Agreement.

5.2 Seller's Conditions. Seller's obligations under this Agreement are expressly subject to the timely fulfillment of the conditions set forth in this Section on or before the Closing Date, or such earlier date as is set forth below. Each condition may be waived in whole or part by Seller by written notice to Buyer.

5.2.1 Covenants. Buyer performing and complying in all material respects with all of the terms of this Agreement to be performed and complied with by Buyer prior to or at the Closing.

5.2.2 Improvement Agreement. Buyer's and Seller's execution of the Improvement Agreement.

5.2.3 Representations and Warranties. The representations of Buyer set forth in Article 6 being true and accurate on the Closing Date, as if made on such date.

ARTICLE 6. SELLER'S REPRESENTATIONS AND WARRANTIES.

Seller hereby makes the following representations and warranties to Buyer with the understanding that each such representation and warranty is material and is being relied upon by Buyer:

6.1 Defects. The Improvements and the Personal Property are in good condition and repair and are free of any latent or patent design, construction, physical or mechanical defects and there is no actual or threatened settlement, earth movement, termite infestation or damage affecting the Property.

6.2 Compliance. The Property, and the operation thereof, are in compliance with all applicable laws, ordinances, rules, regulations, judgments, orders, covenants, conditions, restrictions, whether federal, state, local, foreign or private.

6.3 Documents. All of the Preliminary Documents and the Additional Documents which have been delivered or made available to Buyer pursuant to ARTICLE 4, and all other documents delivered to Buyer by or on behalf of Seller (a) are true, correct and complete copies of what they purport to be, (b) represent truly the factual matters stated therein, (c) are in full force and effect, (d) have not been modified, except as set forth therein and (e) do not omit any information required to make the submission thereof accurate and complete in all material respects.

6.4 Taxes and Condemnation. There are no presently pending special taxes or assessments which will affect the Property. There are no presently pending or, to Seller's knowledge, contemplated proceedings to condemn or demolish the Property or any part of it.

6.5 Utilities. All water, sewer, gas, electric, telephone and drainage facilities, and all other utilities required by law or by the normal operation of the Property, are (a) installed to the property lines of the Property, (b) connected to the Property, (c) adequate to service the Property in its present use and to permit full compliance with all requirements of law and normal usage by the occupants of the Property and (d) in good working order and repair. All such utilities and storm and sanitary sewers required for the operation of the Property enter the Land through adjoining public streets or through adjoining private land in accordance with valid public or private easements that will inure to the benefit of Buyer.

6.6 Licenses. Seller has all required licenses, permits (including, without limitation, all building permits and occupancy permits), easements and rights-of-way which are required in order to continue the present use of the Property. Seller has no knowledge of any law or regulation of any governmental authority having jurisdiction which might require the Property to be improved beyond its present state or which might restrict the use and enjoyment of the Property in the manner it is presently being used and enjoyed.

6.7 Contracts/Leases/Occupancy Rights. There are no agreements or other obligations to which Seller is party or, to Seller's knowledge, by which it or the Property is

bound which may affect the current use of the Property, nor are there any current leases, occupancy or operating agreements in force. No party has a right to occupancy, tenancy, or a license to use or enter the Property. There are no collective bargaining agreements, other union contracts of any nature, pension plans or other benefit plans of any nature in existence to which Seller is a party and which affect the Property or the operation thereof.

6.8 Litigation. There are no actions, suits, proceedings, judgments, orders, decrees or governmental investigations pending or threatened against the Property or Seller which could affect the Property or the purchase, use or enjoyment thereof by Buyer.

6.9 Agreements with Governmental Authorities. There are no agreements with governmental authorities, agencies, utilities or quasi-governmental entities which affect the Property except those agreements which are identified in the Preliminary Title Report and those matters which are disclosed by the Survey.

6.10 Hazardous Materials.

6.10.1 Definitions. For purposes of this Agreement:

(a) **"Environmental Law(s)"** means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sections 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901 et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. 1801 et seq., the Clean Water Act, 33 U.S.C. Sections 1251 et seq., [The Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. H&S Code Sections 25249.5-25249.13), the Carpenter-Preseley-Tanner Hazardous Substance Account Act (Cal. H&S Code Sections 25300 et seq.), and the California Water Code Sections 1300, et seq.], as said laws have been supplemented or amended to date, the regulations promulgated pursuant to said laws and any other federal, state or local law, statute, rule, regulation or ordinance which regulates or proscribes the use, storage, disposal, presence, cleanup, transportation or Release or threatened Release into the environment of Hazardous Material.

(b) **"Hazardous Material"** means any substance which is (i) designated, defined, classified or regulated as a hazardous substance, hazardous material, hazardous waste, pollutant or contaminant under any Environmental Law, as currently in effect or as hereafter amended or enacted, (ii) a petroleum hydrocarbon, including crude oil or any fraction thereof and all petroleum products, (iii) PCBs, (iv) lead, (v) asbestos, (vi) flammable explosives, (vii) infectious materials or (viii) radioactive materials.

(c) **"Release"** means any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leaching, dumping or disposing into the environment of any Hazardous Material (including the abandonment or discarding of barrels, containers, and other receptacles containing any Hazardous Material).

6.10.2 Representations.

(a) To the best of Seller's knowledge the Property and all existing uses and conditions of the Property are in compliance with all Environmental Laws, and Seller has not

received any written notice of violation issued pursuant to any Environmental Law with respect to the Property or any use or condition thereof.

(b) To the best of Seller's knowledge neither Seller nor any other present or former owner of the Property has used, handled, stored, transported, released or disposed of any Hazardous Material on, under or from the Property in violation of any Environmental Law.

(c) To the best of Seller's knowledge there is no Release of any Hazardous Material existing on, beneath or from or in the surface or ground water associated with the Property.

(d) To the best of Seller's knowledge all required permits, licenses and other authorizations required by or issued pursuant to any Environmental Law for the ownership or operation of the Property by Seller have been obtained and are presently maintained in full force and effect.

(e) To the best of Seller's knowledge there exists no writ, injunction, decree, order or judgment outstanding, nor any lawsuit, claim, proceeding, citation, directive, summons or investigation pending or, to Seller's knowledge, threatened pursuant to any Environmental Law relating to (i) the ownership, occupancy or use of any portion of the Property by Seller or occupant or user of any portion of the Property or any former owner of any portion of the Property, (ii) any alleged violation of any Environmental Law by Seller or occupant or user of any portion of the Property or any former owner of any portion of the Property or (iii) the suspected presence, Release or threatened Release of any Hazardous Material on, under, in or from any portion of the Property.

(f) To the best of Seller's knowledge, no asbestos abatement or remediation work has been performed on the Property.

(g) To the best of Seller's knowledge, there is no PCB-containing equipment or PCB-containing material located on or in the Property.

6.11 Title to the Property. Seller has good and marketable title to the Property, subject to the Conditions of Title. There are no outstanding rights of first refusal or first look, options to purchase, rights of reverter, or claim of right relating to the transfer or sale of the Property or any interest therein. To Seller's knowledge, there are no unrecorded or undisclosed documents or other matters which affect title to the Property. No person holding a security interest in the Property or any part thereof has the right to consent or deny consent to the sale of the Property as contemplated herein, and Seller has the right to pay off such person and to remove all such liens as of the Closing Date. Seller has enjoyed the continuous and uninterrupted quiet possession, use and operation of the Property.

6.12 Seller's Authority. Seller has the requisite power and authority to own and operate the Property and conduct its business where the same is now owned or operated. The execution, delivery and performance of this Agreement by Seller have been duly and validly authorized by all necessary action and proceedings, and no further action or authorization is necessary on the part of Seller (or its board of directors or shareholders) in order to consummate

the transactions contemplated herein. This Agreement and the other documents executed by Seller in connection herewith are legal, valid and binding obligations of Seller, enforceable in accordance with their respective terms. Neither the execution and delivery of this Agreement by Seller, nor performance of any of its obligations hereunder, nor consummation of the transactions contemplated hereby, shall conflict with, result in a breach of, or constitute a default under, the terms and conditions of the organizational documents pursuant to which Seller was organized, or any indenture, mortgage, deed of trust, agreement, undertaking, instrument or document to which Seller or any affiliate thereof is a party or is bound, or any order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over Seller.

6.13 Zoning. Seller has received no written notice from any governmental agency that the Property is not in compliance with zoning requirements and laws.

6.14 Foreign Person. Seller is not a "foreign person" within the meaning of Section 1445(f) of the Internal Revenue Code.

6.15 No Employees. Other than the caretaker who provides certain specified services to Seller regarding the Property, but whose service shall end at Closing, there are no on-site employees of Seller at the Property. On or before Closing, Seller shall terminate such employment at the Property and any residence or occupancy thereof and Buyer shall have no obligation to employ or continue to employ any individual employed by Seller or its affiliates in connection with the Property.

6.16 Misstatements and Omissions. Neither the representations and warranties made by Seller in this ARTICLE 6 nor elsewhere in this Agreement contain any untrue statement of a material fact.

ARTICLE 7. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer makes the following representation and warranties to Seller with the understanding that each such representation and warranty is material and is being relied upon by Seller:

7.1 Buyer's Authority. The execution, delivery and performance of this Agreement by Buyer have been duly and validly authorized by all necessary action and proceedings, and no further action or authorization is necessary on the part of Buyer in order to consummate the transactions contemplated herein.

7.2 No Conflict. Neither the execution nor delivery of this Agreement by Buyer, nor performance of any of its obligations hereunder, nor consummation of the transactions contemplated hereby, shall conflict with, result in a breach of, or constitute a default under, the terms and conditions of the organizational documents pursuant to which Buyer was organized, or any agreement to which Buyer is a party or is bound, or any order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over Buyer.

ARTICLE 8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND INDEMNIFICATION.

8.1 Survival of Warranties. Buyer and Seller agree that each representation and warranty in ARTICLE 6 and ARTICLE 7, respectively, shall survive the Closing Date and shall not merge with the delivery to Buyer of the Grant Deed.

8.2 Notice of Changed Circumstances. If either party becomes aware of any fact or circumstances which would render false or misleading a representation or warranty made by such party, then it shall immediately give notice of such fact or circumstance to the other party, but such notice shall not relieve any party of any liabilities or obligations with respect to any representation or warranty.

8.3 Indemnification.

8.3.1 Seller's Indemnity. Seller's obligations pursuant to this Section shall survive the Closing. Seller at its sole cost and expense hereby agrees to indemnify, defend (with counsel acceptable to Buyer), protect and hold harmless Buyer, from and against any and all claims, demands, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action and compliance requirements, enforcement and clean-up actions of any kind, and all costs and expenses incurred in connection therewith, including, without limitation, actual attorneys' fees and costs of defense and costs and expenses of all experts and consultants (collectively, the "Losses"), arising directly or indirectly, in whole or in part, out of any one or more of the following:

(a) the breach or alleged breach of any covenant of Seller contained in this Agreement or the inaccuracy or alleged inaccuracy of any representation or warranty of Seller contained in this Agreement;

(b) Seller's ownership of the Property or the operation of the Property prior to the Closing Date; or

(c) the presence on, in or under the Property of any Hazardous Material on or before the Closing Date, any Release of any Hazardous Material, on, under or from the Property prior to the Closing Date or the use, generation, manufacturing, production, handling, storage, transport, discharge or disposal of any such Hazardous Materials on or before the Closing Date, from, under or about the Property, irrespective of whether any of such activities were or will be undertaken in accordance with Environmental Law or other applicable laws, regulations, codes and ordinances. The indemnity contained in this paragraph (c) shall further apply, without limitation, to: (i) all residual contamination and contamination affecting any natural resources; (ii) all consequential damages; (iii) the costs of any required remediation or removal work on the Property, including, without limitation: (A) costs of remediation or removal incurred by the United States Government or the State or any other person; and (B) fines or penalties which arise from the provisions of any statute, state or federal; and (iv) liability for personal injury or property damage arising under any statutory or common-law tort theory, including damages assessed for the maintenance of a public or private nuisance, response costs or for the carrying on of an abnormally dangerous activity.

8.3.2 Buyer's Indemnity. Buyer's obligations pursuant to this Section shall survive the Closing. Buyer at its sole cost and expense hereby agrees to indemnify, defend (with counsel acceptable to Buyer), protect and hold harmless Seller, and their respective directors, officers and agents from and against any and all Losses, arising directly or indirectly, in whole or in part, out of any one or more of the following:

(a) the breach or alleged breach of any covenant of Buyer contained in this Agreement or the inaccuracy or alleged inaccuracy of any representation or warranty of Buyer contained in this Agreement;

(b) Buyer's ownership of the Property or the operation of the Property after the Closing Date; or

ARTICLE 9. SELLER'S PRECLOSING COVENANTS.

Seller shall comply with the covenants contained in this ARTICLE 9 from the Option Exercise Date through the Closing Date unless Buyer consents otherwise in writing. Buyer may grant or withhold any such consent requested by Seller in Buyer's sole discretion.

9.1 Contracts and Documents. Seller shall not, without Buyer's approval, not to be unreasonably withheld or delayed, enter into any material agreement of any type affecting the Property that would survive the Closing Date.

9.2 Insurance. Seller shall maintain or cause to be maintained in full force and effect its present insurance policies for the Property.

9.3 Compliance with Obligations. Seller shall fully and timely comply with all obligations to be performed by it under the Preliminary Documents, the Conditions of Title and all permits, licenses, approvals and laws, regulations and orders applicable to the Property.

9.4 No Transfers. Seller shall not sell, encumber or otherwise transfer any interest in all or any portion of the Property, or agree to do so.

9.5 Maintenance. At its sole cost and expense, Seller shall operate and maintain the Property such that on the Closing Date the Property shall be in at least as good a condition and repair as on the Effective Date, reasonable wear and tear excepted. Without limiting the generality of the foregoing, Seller shall, at a minimum, spend such amounts for repair and maintenance as are consistent with its prior practice. Seller shall promptly advise Buyer of any significant repair or improvement required to keep the Property in such condition. Seller shall not make any material alterations to the Property, or remove any of the Personal Property therefrom, without Buyer's prior consent, unless such Personal Property so removed is simultaneously replaced with new Personal Property of similar quality and utility.

9.6 Best Efforts. Seller shall use its best efforts to cause the conditions set forth in Section 5.2 to be satisfied by the Closing Date, and Seller shall not take or permit any action that would result in any of the representations and warranties set forth in ARTICLE 6 becoming false or incorrect.

ARTICLE 10. CLOSING.

10.1 Time. Provided all conditions set forth in ARTICLE 5 have been either satisfied or waived, the parties shall close this transaction (the "**Closing**"), on the date which is 15 days after the later of (a) expiration of the Due Diligence Period or (b) the issuance of City approval as set forth in Section 5.1.8 (the "**Closing Date**"), as such date may be extended by the provisions of this Article. Fidelity Title Company, Attention: Paul Avila, Escrow Officer, 1375 Exposition Blvd., Suite 2450, Sacramento, CA 95815 ("**Escrow Holder**"), shall reasonably request and the parties shall agree to, shall constitute the escrow instructions to Escrow Holder. If there is any inconsistency between this Agreement and the Escrow Holder's additional escrow instructions, this Agreement shall control unless the intent to amend this Agreement is clearly stated in said additional instructions. Buyer and Seller shall cause Escrow Holder to execute and deliver a counterpart of this Agreement to each of them. If the Title Company does not serve as the Escrow Holder, the Title Company shall provide a letter to Buyer, in form and content acceptable to Buyer, pursuant to which the Title Company accepts responsibility and liability for the acts and omissions of Escrow Holder in discharging Escrow Holder's obligations hereunder, including, without limitation, any acts or omissions of Escrow Holder relating to the Title Company's commitment to issue the Title Policy, the receipt, recordation or delivery of any documents placed into escrow, and the receipt and disbursement of any funds placed into escrow.

10.2 Seller's Deposit of Documents and Funds Into Escrow. Seller shall deposit into escrow on or before Closing the following documents:

10.2.1 A duly executed and acknowledged grant deed, in the form acceptable to Buyer, conveying the Property to Buyer ("**Grant Deed**") in the form attached as Exhibit F;

10.2.2 A duly executed bill of sale, in the form of Exhibit D, conveying the Personal Property to Buyer free and clear of liens, encumbrances and restrictions ("**Bill of Sale**");

10.2.3 A duly executed assignment, in the form of Exhibit E, assigning to Buyer all of Seller's interest (a) in the Plans, (b) in all warranties of which Seller is the beneficiary with respect to the Property, and (c) in all intangible assets of the Property (the "**General Assignment**");

10.2.4 A certificate executed by Seller stating that all representations and warranties made by Seller pursuant to this Agreement are true and correct as of the Closing Date ("**Seller's Certificate**");

10.2.5 All costs of Closing, including, but not limited to, the CLTA increment of the premium for the Title Policy, recording fees, transfer taxes and fees, one-half of the escrow fees, sales tax and any other costs of Closing customarily paid by sellers of real property, plus or minus prorations as provided in Section 10.7; provided that, subject to Section 10.5, Buyer and Seller shall bear their own attorneys' fees and costs in connection with the negotiation and preparation of this Agreement and the transactions completed by this Agreement;

10.2.6 Seller's Non-foreign Certification;

10.2.7 An executed Improvement Agreement as required by Section 4.6;

10.2.8 All records and files relating to the management or operation of the Property, including, without limitation, property tax bills, insurance, and property taxes; and

10.2.9 Such additional documents, including written escrow instructions consistent with this Agreement, as may be necessary or desirable for conveyance of the Property in accordance with this Agreement.

10.3 Deliveries Outside of Escrow. Notwithstanding Section 10.2, Seller and Buyer may elect to deliver the documents described in Section 10.2 outside of escrow (other than documents which are to be recorded) by giving Escrow Holder a joint written notice of such election, specifying the documents which will be so delivered outside of escrow. Upon receipt of such notice, Escrow Holder shall have no further obligation concerning such specified documents.

10.4 Buyer's Deposit of Documents and Funds. Buyer shall deposit into escrow:

10.4.1 The Purchase Price, minus the Option Payment, in accordance with the provisions of ARTICLE 3, plus or minus prorations as provided in Section 10.7, by cashier's or certified check or electronic transfer of federal funds to Escrow Holder, on or before the Closing Date;

10.4.2 The broker's commission set forth in 12.15 by cashier's or certified check or electronic transfer of federal funds to Escrow Holder, on or before the Closing Date;

10.4.3 An executed Improvement Agreement as required by Section 4.6; and

10.4.4 Evidence that the Property complies with the Subdivision Map Act as set forth in Section 5.1.8.

10.4.5 Such additional documents, including written escrow instructions consistent with this Agreement, as may be necessary or desirable for conveyance of the Property in accordance with this Agreement.

10.5 Default, Termination and Remedies.

10.5.1 Buyer's Termination. This Agreement shall automatically terminate without further notice or action by Buyer upon the occurrence of any of the following events, provided that Buyer is not then in material breach of this Agreement: (a) any condition to Closing contained in Section 5.1 has not been satisfied or waived by Buyer by the Closing Date; or (b) Buyer having exercised its right to terminate this Agreement pursuant to Section 4.4 (disapproval of Due Diligence Investigation), Section 4.5 (disapproval of title) or ARTICLE 11 (damage or condemnation). In such event, the parties shall have no further obligation to each other except for those obligations that specifically survive the termination of this Agreement. If this Agreement terminates as a result of Seller's material breach of this Agreement, Buyer shall have all remedies it may have hereunder or at law as a result of such occurrence, including the remedy of specific performance.


10.5.2 Seller's Termination. Provided that Seller is not then in material breach of this Agreement, this Agreement shall automatically terminate without further notice or action by Seller if any condition to Closing contained in Section 5.2 has not been satisfied or waived by Seller by the Closing Date.

10.5.3 Release from Escrow. Upon termination of this Agreement pursuant to Section 10.5.1 or 10.5.2, Escrow Holder shall promptly return to Buyer and Seller, respectively, all documents and monies deposited by them into escrow without prejudice to their rights and remedies hereunder.

10.5.4 Remedies.

(a) Buyer's Remedies. If Seller breaches this Agreement, Buyer shall be entitled to pursue all remedies permitted herein and by law, including the remedy of specific performance. No termination of the escrow by Buyer following a breach by Seller shall be deemed to waive such breach or any remedy otherwise available to Buyer.

(b) Seller's Remedies/Liquidated Damages. IF BEFORE THE CLOSE OF ESCROW BUYER FAILS TO COMPLY WITH OR PERFORM BUYER'S OBLIGATIONS UNDER THIS AGREEMENT AND (EXCEPT AS OTHERWISE PROVIDED IN SECTION 10.5) DOES NOT CURE SUCH FAILURE WITHIN TEN BUSINESS DAYS AFTER SELLER GIVES BUYER WRITTEN NOTICE OF SUCH FAILURE, THEN SELLER MAY THEREAFTER: (I) TERMINATE THIS AGREEMENT; (II) RECEIVE AND RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES IF SUCH DEFAULT OCCURS PRIOR TO BUYER'S APPROVAL OF THE TITLE REVIEW; (III) RECEIVE AND RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES IF SUCH DEFAULT OCCURS AFTER BUYER'S APPROVAL PERIOD; AND (IV) EXERCISE THE OTHER RIGHTS AND REMEDIES RESERVED BY SELLER AS PROVIDED IN THIS SECTION. IN THE EVENT SELLER TERMINATES THIS AGREEMENT BY REASON OF BUYER'S DEFAULT, BUYER AND SELLER SHALL BE RELIEVED OF ANY FURTHER OBLIGATION TO EACH OTHER WITH RESPECT TO THIS AGREEMENT AND THE PROPERTY. IT IS EXPRESSLY UNDERSTOOD AND AGREED BY BUYER AND SELLER: THAT SELLER WILL INCUR SUBSTANTIAL DAMAGES AS A RESULT OF ANY FAILURE BY BUYER TO COMPLY WITH OR PERFORM BUYER'S OBLIGATIONS UNDER THIS AGREEMENT IN THE FORM OF, AMONG OTHER THINGS, ADDITIONAL INTEREST COSTS, MARKETING COSTS, OPPORTUNITY COSTS AND OTHER RELATED EXPENDITURES; THAT IT IS EXTREMELY DIFFICULT AND IMPRACTICAL TO CALCULATE AND ASCERTAIN AS OF THE EFFECTIVE DATE OF THIS AGREEMENT THE ACTUAL DAMAGES WHICH WOULD BE SUFFERED IN SUCH EVENT BY SELLER; AND THAT THE DEPOSIT IS A REASONABLE ESTIMATE OF THE EXTENT TO WHICH SELLER MAY BE DAMAGED BY BUYER'S DEFAULT IN LIGHT OF THE DIFFICULTY THE PARTIES WOULD HAVE IN DETERMINING SELLER'S ACTUAL DAMAGES AS A RESULT OF SUCH DEFAULT BY BUYER.


SELLER'S INITIALS


BUYER'S INITIALS

(c) Waiver of Specific Performance. SELLER HEREBY WAIVES THE RIGHT TO MAINTAIN AN ACTION FOR SPECIFIC PERFORMANCE OF BUYER'S OBLIGATION TO PURCHASE THE PROPERTY AND SELLER AGREES THAT SELLER CAN BE ADEQUATELY COMPENSATED IN MONEY DAMAGES IF BUYER FAILS TO PURCHASE THE PROPERTY IN BREACH OF THIS AGREEMENT. SELLER ACKNOWLEDGES THAT THE PROVISIONS OF THIS SECTION ARE A MATERIAL PART OF THE CONSIDERATION BEING GIVEN TO BUYER FOR ENTERING INTO THIS AGREEMENT AND THAT BUYER WOULD BE UNWILLING TO ENTER INTO THIS AGREEMENT IN THE ABSENCE OF THE PROVISIONS OF THIS SECTION.



SELLER'S INITIALS



BUYER'S INITIALS

10.6 Closing. When Escrow Holder has received all documents and funds identified in Sections 10.2 and 10.4, has received notification from Buyer and Seller that all conditions to Closing to be satisfied outside of escrow have been satisfied or waived and Title Company is irrevocably committed to issue the Title Policy, then, and only then, Escrow Holder shall:

10.6.1 Record the Grant Deed;

10.6.2 Cause the Title Company to issue the Title Policy to Buyer;

10.6.3 To the extent not otherwise delivered to Buyer outside of escrow, deliver to Buyer: (a) a conformed copy (showing all recording information thereon) of the Grant Deed; (b) fully executed original counterparts of the Bill of Sale and the General Assignment; and (c) the Seller's Certificate and the Non-foreign Certification;

10.6.4 Deliver the Purchase Price (as adjusted pursuant to Section 10.7) to for Gary L. Tingler. Nellie Tingler and Karen O'Dea waive any right to receive a portion of the Purchase Price.

10.6.5 Deliver the broker's commission set forth in Section 12.15 to John Tony David.

Escrow Holder shall prepare and sign closing statements showing all receipts and disbursements and deliver copies to Buyer and Seller and, if applicable, shall file with the Internal Revenue Service (with copies to Buyer and Seller) the reporting statement required under Section 6045(e) of the Internal Revenue Code.

10.7 Prorations. Subject to the other provisions of this Section, all receipts and disbursements of the Property will be prorated as of 11:59 p.m. on the day immediately preceding the Closing Date. Not less than five business days prior to the Closing, Seller shall submit to Buyer for its approval a tentative prorations schedule showing the categories and amounts of all prorations proposed. The parties shall agree on a final prorations schedule prior to the Closing and shall deliver the same to Escrow Holder. If following the Closing either party discovers an error in the prorations statement, it shall notify the other party and the parties shall promptly make any adjustment required.

10.7.1 Capital Expenditures and Accounts Payable. All capital and other improvements (including labor and material) which have been performed or contracted for, by or on behalf of Seller prior to the Closing Date, and all sums due for accounts payable which have been incurred with respect to the Property prior to the Closing Date shall be paid by Seller and shall be subject to the indemnification provisions of Section 8.3. Buyer shall furnish to Seller for payment any bills for such period received after the Closing Date, and Buyer shall have no further obligation with respect thereto.

10.7.2 Property Taxes. All real and personal property ad valorem taxes and special assessments, if any, whether payable in installments or not, including without limitation, all supplemental taxes attributable to the period prior to the Closing Date for the calendar year in which the Closing occurs, shall be prorated to the Closing Date, based on the latest available tax rate and assessed valuation. If the amount of any installment of real property taxes is not known as of the Closing Date, then a proration shall be made by the parties based on a reasonable estimate of the real property taxes applicable to the Property and the parties shall adjust the proration when the actual amount becomes known upon the written request of either party made to the other.

10.7.3 Utility Charges. All utility charges shall be prorated as of the Closing Date and Seller shall obtain a final billing therefor. All utility security deposits, if any, shall be retained by Seller.

10.8 Possession. Seller shall deliver exclusive right of possession of the Property to Buyer on the Closing Date, subject only to the Conditions of Title.

ARTICLE 11. DAMAGE, DESTRUCTION AND CONDEMNATION.

This Agreement shall be governed by the Uniform Vendor and Purchaser Risk Act as set forth in Section 1662 of the California Civil Code as supplemented and modified by this ARTICLE 11. Seller shall promptly notify Buyer in writing of any material damage to the Property and of any taking or threatened taking of all or any portion of the Property. Within a reasonable period of time after receipt of such notice, Buyer shall determine whether a material part of the Property has been damaged or whether such taking or threatened taking has affected or will affect a material part of the Property. As used herein, (a) the destruction of a "**material part**" of the Property shall be deemed to mean an insured or uninsured casualty to the Property having an estimated cost of repair which in the reasonable judgment of Buyer equals or exceeds \$200,000; and (b) a taking by eminent domain of a portion of the Property shall be deemed to affect a "**material part**" of the Property if in the reasonable judgment of Buyer the estimated value of the portion of the Property taken exceeds \$200,000. Upon making its determination, Buyer shall notify Seller in writing of the results of such determination. Buyer may elect, by written notice delivered to Seller within 30 days after giving Seller notice of such determination, to terminate this Agreement in accordance with Section 10.5.1 if a material part of the Property has been damaged or if such taking has affected or will affect a material part of the Property. If Buyer does not so terminate, (i) in the case of damage to a material part of the Property, Seller shall assign to Buyer at the Closing its right to recover under any insurance policies covering such damage and shall pay Buyer at the Closing the amount of the deductible, if any, and (ii) in the case of a threatened or actual taking of a material part of the Property, Seller shall assign to

12.2 Entire Agreement. This Agreement and the Schedules and Exhibits hereto contain the entire agreement and understanding between Buyer and Seller concerning the subject matter of this Agreement and supersede all prior agreements, including any previous letter of intent or terms, understandings, conditions, representations and warranties, whether written or oral, made by Buyer or Seller concerning the Property or the other matters which are the subject of this Agreement.

12.3 Amendments and Waivers. No addition to or modification of this Agreement shall be effective unless set forth in writing and signed by the party against whom the addition or modification is sought to be enforced. The party benefited by any condition or obligation may waive the same, but such waiver shall not be enforceable by another party unless made in writing and signed by the waiving party.

12.4 Invalidity of Provision. If any provision of this Agreement as applied to either party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

12.5 References. Unless otherwise indicated, (a) all Article, Section, Schedule and Exhibit references are to the articles, sections, schedules and exhibits of this Agreement, and (b) all references to days are to calendar days. All the Schedules and Exhibits attached hereto are incorporated herein by this reference. Whenever under the terms of this Agreement the time for performance of a covenant or condition falls upon a Saturday, Sunday or California state holiday, such time for performance shall be extended to the next business day. The headings used in this Agreement are provided for convenience only and this Agreement shall be interpreted without reference to any headings. The masculine, feminine or neuter gender and the singular or plural number shall be deemed to include the others whenever the context so indicates or requires.

12.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed in California.

12.7 Confidentiality and Publicity. Seller shall at all times keep this transaction and any documents received from Buyer confidential, except to the extent necessary to (a) comply with applicable law and regulations, or (b) carry out the obligations set forth in this Agreement. Any such disclosure to third parties shall indicate that the information is confidential and should be so treated by the third party. No press release or other public disclosure may be made by Seller or any of its agents concerning this transaction without the prior consent of Buyer.

12.8 Time. Time is of the essence in the performance of the parties' respective obligations under this Agreement.

12.9 Attorneys' Fees. In the event of any legal or equitable proceeding to enforce any of the terms or conditions of this Agreement, or any alleged disputes, breaches, defaults or misrepresentations in connection with any provision of this Agreement, the prevailing party in

such proceeding shall be entitled to recover its reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and costs of defense paid or incurred in good faith.

12.10 Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. However, Seller shall not have the right to assign all or any portion of its interest in this Agreement without Buyer's prior written consent. Buyer shall have the right to assign all or any portion of its interest in this Agreement, or substitute for itself a nominee, upon notice to Seller not later than three days prior to the Closing Date.

12.11 Further Assurances. Seller, at any time before or after Closing, shall, at its own expense, execute, acknowledge and deliver any further deeds, assignments, conveyances and other assurances, documents and instruments of transfer reasonably requested by Buyer and shall take any other action consistent with the terms of this Agreement that may reasonably be requested by Buyer for the purpose of transferring and confirming to Buyer, or reducing to Buyer's possession, any or all of the Property or otherwise carrying out the terms of this Agreement.

12.12 Cooperation With Exchange. Each party agrees to cooperate with the other if such party intends to accomplish a tax-deferred exchange pursuant to Section 1031 of the Internal Revenue Code of 1986. Buyer and/or Seller may assign this Agreement to an exchange intermediary for the purpose of facilitating such an exchange by the assigning party. Buyer's duty to cooperate shall be limited to the transfer of money to Seller or Seller's designee in exchange for the Property, and in no event shall Buyer act as purchaser or acquirer of any exchange property. Seller's duty to cooperate shall be limited to the transfer of the Property to Buyer or Buyer's designee and in no event will Seller exchange the Purchase Property for any exchange property designated by Buyer. The requesting party shall indemnify and defend and hold the other party harmless from any claims, loss, damages or liability arising out of participation in an exchange.

12.13 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation of any third person to any party hereto or give any third person any right of subrogation or action over against any party to this Agreement.

12.14 Remedies Cumulative. The remedies set forth in this Agreement are cumulative and not exclusive to any other legal or equitable remedy available to a party.

12.15 Commissions, Indemnity, Disclosure. Buyer has engaged John Tony David to act as its broker. Mr. David shall be paid a flat commission of \$5,000.00 for representing Buyer which shall be paid out of escrow deposit. Seller represents to Buyer that there is no broker representing such party in the current transaction, and that Seller has incurred no liability for any brokerage commission or finder's fee arising from or relating to the transactions contemplated by this Agreement. Except as set forth above, Seller shall be responsible for any broker commission associated with this purchase. Each party hereby indemnifies and agrees to

protect, defend and hold harmless the other party from and against all liability, cost, damage or expense (including without limitation attorneys' fees and costs incurred in connection therewith) on account of any brokerage commission or finder's fee which the indemnifying party has agreed to pay or which is claimed to be due as a result of the actions of the indemnifying party. This Section 12.15 is intended to be solely for the benefit of the parties hereto and is not intended to benefit, nor may it be relied upon by, any person or entity not a party to this Agreement.

12.16 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.



BUYER:

CITRUS HEIGHTS WATER DISTRICT, an irrigation district

By: [Signature]

Its General Manager

ATTEST:

By: [Signature]
Board Clerk

APPROVED AS TO FORM:
BEST BEST & KRIEGER LLP

By: [Signature]
General Counsel

SELLER:

By *Gary L. Tingle*
GARY L. TINGLER

By *Nellie Tingle*
NELLIE TINGLER,

By *Karen O'Dea*
KAREN O'DEA

Acceptance by Escrow Holder

Escrow Holder acknowledges receipt of the foregoing Agreement and accepts the instructions contained therein.

Dated: _____, 20____

By: _____

Name: _____

Title: _____

EXHIBIT A
LAND DESCRIPTION

The east .55 acres of APN 216-0150-006-0000 as depicted on the attached map.

EXHIBIT B
PERSONAL PROPERTY INVENTORY

N/A

ASSESSOR'S PARCEL NUMBER

East 0.55 acres of 216-0150-006-0000
 Sacramento County

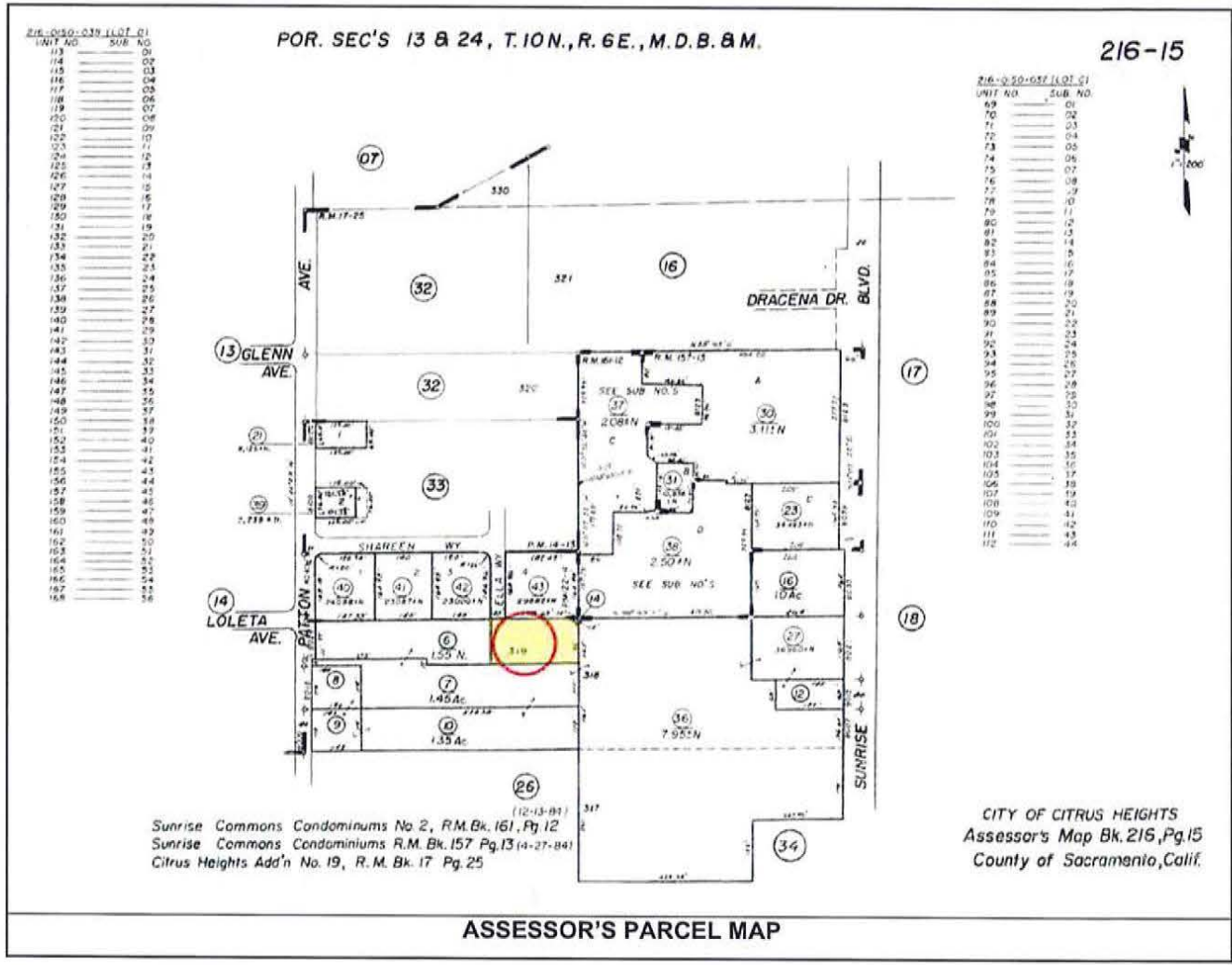


EXHIBIT C
TRANSFEROR'S CERTIFICATION OF NON-FOREIGN STATUS

Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code"), provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the CITRUS HEIGHTS WATER DISTRICT, an irrigation district (the "Transferee"), that withholding of tax under Section 1445 of the Code will not be required upon the transfer of a U.S. real property interest to the Transferee by _____ (the "Transferor"), the undersigned hereby certifies the following on behalf of the Transferor:

1. The Transferor is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder);
2. The Transferor's U.S. employer identification number is _____; and
3. The Transferor's office address is _____.

The Transferor understands that this Certificate may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury I declare that I have examined this Certification and, to the best of my knowledge and belief, it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the Transferor.

DATED: _____, 20__.

_____, a California corporation

By: _____

Name: _____

Title: _____

EXHIBIT D
BILL OF SALE

This Bill of Sale (the "Bill of Sale") is made as of _____, 20____, by GARY L. TINGLER and NELLIE TINGLER, husband and wife and KAREN O'DEA, a married woman as her sole and separate property all as joint tenants (collectively, "Transferor").

FOR VALUABLE CONSIDERATION, as set forth in that certain Purchase and Sale Agreement dated October 3, 2017 (the "Agreement"), Transferor hereby sells, transfers, assigns and delivers to the CITRUS HEIGHTS WATER DISTRICT, an irrigation district ("Transferee"), any and all personal property (the "Personal Property") located within or used in connection with that certain improved real property commonly known as _____, CA (the "Real Property"), as more particularly described in Schedule 1 attached hereto. The Personal Property shall include, without limitation, the items described in the Personal Property Inventory attached hereto as Schedule 2.

1. Transferor hereby assigns all warranties, guarantees and indemnities, whether those warranties are express or implied, and all similar rights which Transferor may have against any other manufacturer or supplier of the Personal property or any portion thereof or against any seller, engineer, contractor or builder, in respect of the Personal Property.

2. Transferor warrants that each item of the Personal Property is in good condition, order and repair and suitable for its intended purpose on the date of this Bill of Sale.

3. Transferor at any time at or after the date of this Bill of Sale shall execute, acknowledge and deliver any further deeds, assignments, conveyances and other assurances, documents and instruments of transfer reasonably requested by Transferee, and shall take any other action consistent with the terms of this Bill of Sale that may reasonably be requested by Transferee for the purpose of granting and confirming to Transferee, or reducing to Transferee's possession, any or all of the Personal Property. If requested by Transferee, Transferor further agrees to prosecute or otherwise enforce in its own name for the benefit of Transferee any claims, rights or benefits included in the Personal Property that require prosecution or enforcement in Transferor's name. Transferor also hereby appoints Transferee as its agent to act in Transferor's name and on Transferor's behalf to take any action necessary to effect the transfer of any of the Personal Property to Transferee, or prosecute or otherwise enforce any claims, rights or benefits included in the Personal Property in Transferor's name, including bringing suit in Transferor's name.

4. This Bill of Sale shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

DATED: _____, 20__.

TRANSFEROR:

By _____
GARY L. TINGLER

By _____
NELLIE TINGLER,

By _____
KAREN O'DEA

SCHEDULE 1
LEGAL DESCRIPTION OF REAL PROPERTY

SCHEDULE 2
PERSONAL PROPERTY INVENTORY

N/A

EXHIBIT E
GENERAL ASSIGNMENT

This Assignment (the "Assignment") is made as of _____, by _____ ("Assignor").

FOR VALUABLE CONSIDERATION, as set forth in that certain Agreement of Purchase and Sale and Joint Escrow Instructions dated May __, 20__ (the "Agreement"), Assignor hereby assigns and transfers to the CITRUS HEIGHTS WATER DISTRICT, an irrigation district ("Assignee"), with respect to the real property described in Schedule 1, following:

A. All equipment leases, service and/or maintenance agreements and contracts relating to the Real Property (collectively, the "Contracts"), as more particularly described in Schedule 2 attached hereto;

B. All permits, licenses, consents, registrations and other similar approvals applicable to the Real Property (collectively, the "Approvals"), which Approvals are more particularly described in Schedule 3 attached hereto;

C. All as-built plans and specifications for: (1) the Real Property; (2) any and all improvements used in connection with the operation or occupancy of the Real Property or located upon the Real Property (the "Improvements"); and (3) any and all personal property owned by Assignor located within or used in connection with the operation of the Real Property and Improvements (the "Personal Property") (collectively, the "Plans"); and

D. All warranties of which Assignor is the beneficiary (the "Warranties") with respect to the Improvements or Personal Property.

This Assignment shall not supersede the Agreement and, in the event of conflict between this Assignment and the Agreement, the Agreement shall control.

This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective heirs, executors, administrators, successors and assigns.


IN WITNESS WHEREOF, Assignor has executed this Assignment as of the date first above written.

ASSIGNOR:

_____, a California corporation

By _____

Its _____



[Acknowledgments Required]

EXHIBIT F
GRANT DEED

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO**

CITRUS HEIGHTS WATER DISTRICT
6230 Sylvan Road
Citrus Heights, CA 95610
ATTN: Board Clerk

**EXEMPT FROM RECORDING FEES PURSUANT
TO GOVERNMENT CODE SECTION 27383**

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: _____

Grant Deed

The undersigned Grantor(s) declare(s): Citrus Heights Water District is exempt from property taxes
Documentary transfer tax is \$_____.

- Computed on full value of property conveyed, or
 Computed on full value less value of liens and encumbrances remaining at time of sale.
 Unincorporated area City of _____ and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

hereby GRANT(S) to

the following described real property in the City of _____
County of _____
State of California:

SEE ATTACHED EXHIBIT A

Dated: _____, 20__

By: _____

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, 20__ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____ (seal)

CERTIFICATE OF ACCEPTANCE

Pursuant to Section 27281 of the
California Government Code

This is to certify that the interest in real property conveyed by the Grant Deed dated _____, 20____, from _____, to the Citrus Heights Water District, an irrigation district, is hereby accepted by the undersigned officer on behalf of the Citrus Heights Water District, pursuant to the authority conferred by Resolution No. _____, adopted by the Board of Directors of the Citrus Heights Water District on _____, and the Grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 20____

CITRUS HEIGHTS WATER
DISTRICT

By _____

EXHIBIT G
IMPROVEMENT AGREEMENT

This Improvement Agreement (“Agreement”) is entered into this ___ day of _____, 2017, by and between Citrus Heights Water District (“District”) and Gary L. Tingler and Nellie Tingler, husband and wife and Karen O’Dea, a married woman as her sole and separate property all as joint tenants (collectively, “Owner”). District and Owner are sometimes hereinafter referred to individually as “Party” and collectively as “Parties”.

RECITALS

- A. Owner owns certain property more particularly described in the legal description in the attached Attachment “1” which is incorporated herein by this reference (“Property”).
- B. District is in the process of purchasing a portion of the Property more particularly described in the legal description in the attached Attachment “2” which is incorporated herein by this reference (“District Parcel”). The Property exempting the District Parcel shall be referred to as the Owner Parcel.
- C. District wishes to construct a well and related improvements on the District Parcel. To ensure adequate security for the District Parcel, District is willing to construct the below described improvements on the Owner Parcel on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for the purposes set forth herein, Owner hereby covenants and agrees with District as follows:

TERMS

- 1. Incorporation of Recitals. The Parties hereby affirm the facts set forth in the Recitals above and agree to the incorporation of the Recitals as though fully set forth herein.
- 2. Improvements. Given the clear public purpose in ensuring adequate security to the District Parcel, the District shall construct the improvements, including fencing (“Improvements”) on the Owner Parcel depicted and more particularly described in Attachment “3” as part of the District’s construction of a well on the District Parcel. Owner grants District a license and right of entry on or across the Owner Parcel as necessary to construct the Improvements in this section. District may store tools, equipment, construction materials and debris on the Owner Parcel as necessary during construction of the Improvements or related improvements on the Owner Parcel. District shall transfer title to the Improvements on the District Parcel after their completion.
- 3. Warranty and No Guarantee. District hereby disclaims any warranties or guaranties regarding the quality and workmanship of the Improvements. Owner shall take title to the Improvements “as is”. District shall transfer any third party warranties or guarantees to the Improvements to Owner.

4. Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate, or convenient to attain the purposes of this Agreement.

5. Construction; References; Captions. It being agreed the Parties or their agents have participated in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days, or period for performance shall be deemed calendar days and not work days. All references to Owner include all personnel, employees, agents, and contractors of Owner, except as otherwise specified in this Agreement. All references to District include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

6. Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

7. Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual right by custom, estoppel, or otherwise.

8. Binding Effect. Each and all of the covenants and conditions shall be binding on and shall inure to the benefit of the Parties, and their successors, heirs, personal representatives, or assigns. This section shall not be construed as an authorization for any Party to assign any right or obligation.

9. No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

10. Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

11. Consent to Jurisdiction and Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of California. Any legal action or proceeding brought to interpret or enforce this Agreement, or which in any way arises out of the Parties' activities undertaken pursuant to this Agreement, shall be filed and prosecuted in the appropriate California State Court in the County of Sacramento, California. Each Party waives the benefit of any provision of state or federal law providing for a change of venue to any other court or jurisdiction including, without limitation, a change of venue based on the fact that a governmental entity is a party to the action or proceeding, or that a federal right or question is involved or alleged to be involved in the action or proceeding.

12. Attorneys' Fees and Costs. If any legal action or other proceeding is brought in connection with this Agreement, the successful or prevailing Party shall be entitled to recover reasonable attorneys' fees and other related costs, in addition to any other relief to which the Party is entitled.

13. Time is of the Essence. Time is of the essence in this Agreement, and the Parties agree to execute all documents and proceed with due diligence to complete all covenants and conditions.

14. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one instrument.

15. Entire Agreement. This Agreement contains the entire agreement between District and Owner and supersedes any prior oral or written statements or agreements between District and Owner .

OWNER

CITRUS HEIGHTS WATER DISTRICT

By _____

By _____

By _____

Title _____

By _____

ATTACHMENT 1


LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF CITRUS HEIGHTS, IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

The North 110 feet of the West 673.38 feet of Lot 318 as shown on the Official Amended Plat of Citrus Heights Addition No. 19, recorded in Book 17 of Maps, Map No. 25, records of said County, said acreage and dimensions being computed to the centerline of Patton Avenue, a 40-foot public highway on the West.

Excepting therefrom a triangular piece of land in the Northeast corner thereof described as commencing at the Northeast corner of said property and running thence Southerly along the Easterly line thereof a distance of 15 feet; thence Northwesterly 15 feet, more or less, to a point in the North line of said property which is located Westerly 15 from the Northeast corner thereof; thence Easterly along the Northerly line of said property, a distance of 15 feet to the place of beginning.

Also excepting therefrom a strip of land 15 feet in width extending Easterly 300 feet along the Southerly line of said property from the Westerly line of said property.

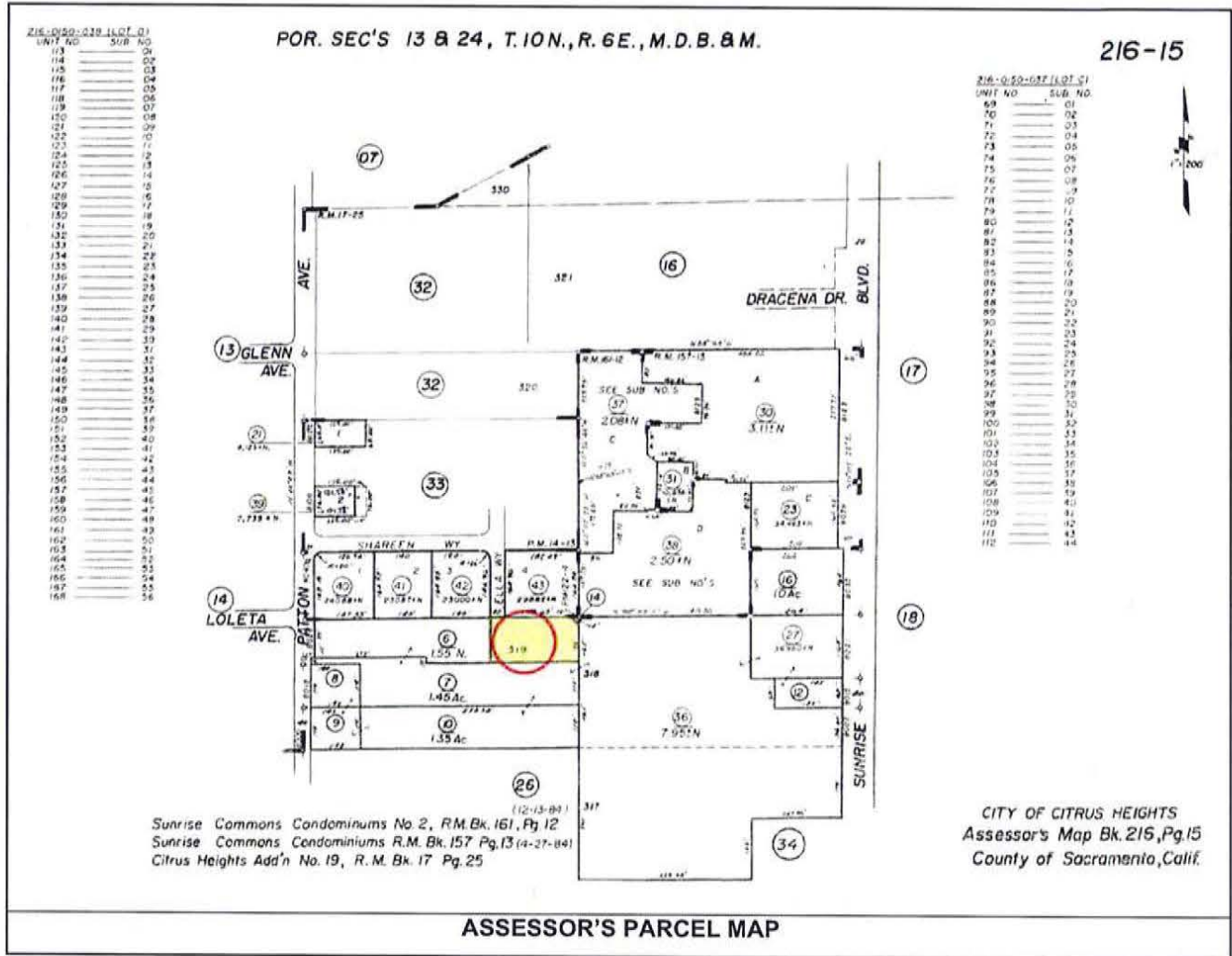
APN: **216-0150-006**

ATTACHMENT 2

The east .55 acres of APN 216-0150-006-0000 as depicted on the attached map.

ASSESSOR'S PARCEL NUMBER

East 0.55 acres of 216-0150-006-0000
 Sacramento County



ATTACHMENT 3

The Improvements shall include a six-foot privacy fence along the rear of the Owner Parcel with a manual gate for vehicle access to the Owner Parcel. The District shall also construct a driveway with access to the Owner and District Parcels. Such driveway shall be constructed and designed to ensure adequate ingress and egress to the District Parcel as determined by District in its sole and complete discretion. District shall further ensure that both Owner and District Parcel have adequate drainage permitting Owner and District to use their respective properties without material interference and consistent with other properties in the area. Owner shall have the opportunity to review and provide comments on design plans for the Improvements. District shall endeavor to incorporate the same but shall not be required to do so if such requests result in increased costs to the District or interfere with District's use of the District Parcel.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 16, 2018 REGULAR MEETING

SUBJECT : AUDITED FINANCIAL REPORT FOR YEAR ENDED DECEMBER 31, 2017
STATUS : Action Item
REPORT DATE : May 2, 2018
PREPARED BY : Alberto Preciado, Senior Accountant

OBJECTIVE:

Consider a motion to accept and approve the following:

- Audited Financial Statements of the Citrus Heights Water District (District) for Year ended December 31, 2017 and related reports (Attachment 1);
- Memorandum on Internal Control and Required Communications for the Year ended December 31, 2017 (Attachment 2).

BACKGROUND AND ANALYSIS:-

Accompanying this staff report are the Audited Financial Statements of the District for the year ending December 31, 2017. The Audit was conducted by Maze and Associates, an Accountancy Corporation of Pleasant Hill, California. This is the third year of a five-year engagement for financial auditing services with Maze & Associates.

The Financial Statements include the following sections:

- Independent Auditor's Report
- Management Discussion and Analysis
- Basic Financial Statements

The Financial Statements summarize the financial activity in the previous year, as well as the net position of the District at December 31, 2017 and provides a narrative explanation in the Management Discussion and Analysis of significant policies, events, and activities from the past year. As valuable historical information, these documents are used to identify and track revenue and expenditure trends, evaluate past actions and decisions, and to develop budgets and make future plans and decisions.

The audit shows that the District's financial statements present fairly the financial position of the District and that its accounting practices continue to conform with generally accepted accounting principles. The Management's Discussion and Analysis section contained in Pages 3 through 10 of the Audited Financial Statements, prepared by District management, provides a narrative of financial highlights, an overview of the financial statements, and a discussion of economic factors and future budget considerations.

As mentioned in the Management and Discussion Analysis, following are the financial highlights of 2017:

- The District's assets exceeded its liabilities at the end of 2017 by \$64,769,085 as compared to \$59,651,741 in 2016;
- District's Assets and Deferred Outflows of Resources in 2017 totaled \$75,269,620 and \$69,686,423

in 2016, or an increase of \$5,583,197; due mainly to increased capital improvement, cash and investments, and pension-related deferred outflows;

- Liabilities in 2017 amounted to \$10,312,007 and \$9,574,888 in 2016, an increase of \$737,119;
- Unrestricted net position in 2017 was \$10,347,199 and \$6,782,716 in 2016;
- Net Income in 2017 was \$5,117,344 and \$3,789,062 in 2016.

For the Year Ended December 31, 2017, the District will issue a Comprehensive Annual Financial Report (CAFR) for the first time. The CAFR is a more robust presentation of the District's financial position and includes the basic financial statements, as well as additional disclosures and statistical information about the District, its community, and its customers. In issuing a CAFR, the District is eligible to apply for an award given by the Governmental Finance Officers Association that recognizes excellence in financial reporting.

Due to the additional information required, staff has elected to first issue basic financial statements, then issue the CAFR and present it to the Board at the June regular meeting.

RECOMMENDATION:

Approve the Audited Financial Statements and for the Year Ended December 31, 2017, and authorize staff to submit the completed Audit Report to the State Controller's Office.

ATTACHMENTS:

- 1) Audited Financial Statements
- 2) Memorandum of Internal Control and Required Communications

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

Attachment 1
Basic Financial Statements
For the Years Ended December 31, 2017 and 2016

CITRUS HEIGHTS WATER DISTRICT
BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

CITRUS HEIGHTS WATER DISTRICT
6230 Sylvan Rd
Citrus Heights, California 95610
(916) 725-6873 – www.chwd.org

Prepared by:

Susan Sohal, Administrative Services Manager/Treasurer
Alberto Preciado, Senior Accountant

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CITRUS HEIGHTS WATER DISTRICT
Basic Financial Statements
For the Years Ended December 31, 2017 and 2016

Table of Contents

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Balance Sheets	12
Statements of Revenues, Expenses, and Changes in Net Position.....	13
Statements of Cash Flows	14
Notes to Basic Financial Statements	17

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Plan’s Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date	40
Schedule of Contributions	41
Schedule of Funding Status – Other Post-Employment Benefits Obligation	42

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Directors
Citrus Heights Water District
Citrus Heights, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Citrus Heights Water District (District), California, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2017 and 2016, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

Management adopted the provision of the following Governmental Accounting Standards Board Statement which became effective during the year ended December 31, 2017 as discussed in Note 1 to the financial statements:

Statement No. 82 – Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No.73

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis, and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2018, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Pleasant Hill, California
May 3, 2018

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis December 31, 2017

The management of the Citrus Heights Water District (District) intends to present this Management Discussion and Analysis to serve as an introduction to the District's Financial Statements and to provide readers with a broad overview of the district's finances and an easier to understand narrative information that may help in interpreting the information presented in the Financial Statements for the year ending December 31, 2017.

Financial Highlights

The following items are, in the opinion of District management, among the most significant in assessing the District's overall financial activities during 2017 and its financial position at the close of the year 2017:

- ❖ The District's assets exceeded its liabilities at the end of year 2017 by \$64,769,085. About 83 percent of the District's net position, \$53,886,153, is composed of the capital assets of the District – the water transmission and distribution system, water production facilities, land, buildings, and equipment belonging to the District. Unrestricted net assets totaled \$10,347,199, up from \$6,782,716 at the end of year 2016. This increase is due primarily to revenue generated from increased water sales in FY2017 as compared with FY2016, and also a 13 percent rate increase levied by the Board of Directors at the beginning of FY2017.
- ❖ Capital improvement spending in year 2017 decreased by \$6.9 million as compared with year 2016. Capital improvements capitalized in 2017 amounted to \$1,696,149.
- ❖ The District's operating revenues for 2017 were \$14,043,049. About 95.8 percent of operating revenues, \$13,448,691, came from water sales to customers. As previously mentioned, the District adopted a rate increase for FY2017, increasing water rates by 13 percent above water rates that were in place for FY2016.
- ❖ The District's total net long-term liabilities at the end of 2017, including the 2012 Revenue Refunding bonds, the 2010 Revenue Refunding Certificates of Participation, accrued other postemployment benefits, and compensated absences is \$9,072,301. The GASB 68 required recording of pension liability and pension related deferred inflows and outflows amounted to \$4,155,588. Liabilities from Bond debt service decreased by \$599,819 due in large part to a reduction in principal on debt during 2017 resulting from debt service payments during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: (1) management's discussion and analysis; and (2) the financial statements, including the notes to financial statements and required supplementary information.

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis December 31, 2017

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The required supplementary information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) to provide more context regarding the financial statements from an appropriate operational, economic, or historical perspective.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Assets. All assets and liabilities associated with the operation of the District are included in the Balance Sheet.

The Balance Sheet presents the financial position of the District on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at year-end.

Balance Sheet

As of December 31, 2017, the total net position of the District was \$64,769,085. The following table summarizes assets, deferred outflows, liabilities, deferred inflows, and net assets at December 31, 2017, 2016, and 2015:

	2017	2016	2015
Current assets, unrestricted	\$ 15,713,090	\$ 12,309,889	\$ 10,687,841
Restricted cash and cash equivalents	535,733	533,796	533,350
Capital assets, net	57,038,900	56,078,006	55,206,322
Deferred outflows	1,981,897	764,732	530,528
Total Assets and Deferred Outflows	<u>75,269,620</u>	<u>69,686,423</u>	<u>66,958,041</u>
Current Liabilities	2,031,682	1,618,896	1,675,151
Non-current liabilities	8,280,325	7,955,992	8,590,592
Deferred Inflows	188,528	459,794	829,619
Total Liabilities and Deferred Inflows	<u>10,500,535</u>	<u>10,034,682</u>	<u>11,095,362</u>
Net Position			
Net investment in capital assets	53,886,153	52,335,229	50,895,005
Restricted for debt service	535,733	533,796	533,350
Unrestricted	10,347,199	6,782,716	4,434,324
Total Net Position	<u>\$64,769,085</u>	<u>\$59,651,741</u>	<u>\$55,862,679</u>

The District's net position reflects restrictions imposed as a condition of its Certificates of Participation debt. The remaining net position is unrestricted.

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis December 31, 2017

Changes in Net Position

The following table summarizes the changes in net position for the fiscal years ended December 31, 2017, 2016, and 2015:

	2017	2016	2015
Operating revenues	\$14,043,049	\$12,325,057	\$10,884,550
Operating expenses:			
Customer service, administration and general	2,543,736	2,342,957	2,514,087
Water purchases	2,692,482	2,190,061	1,950,627
Transmission and distribution	1,963,750	2,114,019	1,239,387
Pumping and well maintenance	145,077	184,776	132,842
Water demand management (Conservation)	189,336	212,150	186,114
Depreciation and amortization	2,345,281	2,203,170	2,098,944
Total operating expenses	9,879,662	9,247,133	8,122,001
Operating income	4,163,377	3,077,924	2,762,549
Net non-operating revenues (expenses)	898,144	(186,265)	(120,929)
Net income before capital contributions	5,061,521	2,891,659	2,641,620
Capital contributions:			
Contributed (donated) assets	55,813	896,688	438,567
Grant Revenue	-	715	610,431
Total capital contributions	55,813	897,403	1,048,998
Change in net position	5,117,344	3,789,062	3,690,618
Net position, beginning of year	59,651,741	55,862,679	55,900,828
Prior period adjustment	-	-	(3,728,767)
Net position, end of year	<u>\$ 64,769,085</u>	<u>\$59,651,741</u>	<u>\$55,862,679</u>

Net position increased \$5,117,344, or 8.6 percent from the prior year. Operating revenue that exceeded operating expenses by \$4.1 million accounts for the increase in net assets, and most of these funds were expended for the construction of capital improvements or set aside for that purpose. The receipt of \$55,813 in donated assets from private developer additions to the District's water distribution system accounted for about 1 percent of the increase in net assets.

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis December 31, 2017

Total operating revenues increased by \$1.7 million or 13.93 percent from the prior year. A combination of increased water sales and an increase in water rates accounts for most of this increase. Water consumption by the District customers increased in FY2017 compared with consumption in FY2016 as the state-wide drought conditions lifted.

Operating expenses also increased in 2017 by \$632,529, or 6.8 percent from prior year, due to increases in operating costs such as GASB 68 CalPERS unfunded liability and cost of materials and supplies used to operate and maintain the District's water distribution system and groundwater production wells.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2017, the District's investment in capital assets, net of related debt, was \$53,886,153, including: the water transmission and distribution system (underground pipelines, water services, water meters, fire hydrants, and other components), water production facilities (groundwater wells), land, buildings and both mobile and fixed equipment.

Replacement of aging pipelines and water service connections throughout the District's system continued to represent the majority of the \$3.5 million additions to the District's capital assets in 2017. A number of private development projects resulted in the addition of \$55,813 in donated capital assets.

Additional information on the District's capital assets can be found in Note 3, Capital Assets, of the notes to the basic financial statements.

Debt Administration

The District continues to meet its debt obligations under its 2010 Refunded Certificates of Participation (COPs) and the 2012 Revenue Refunding bonds. Through scheduled debt service payments during 2017, principal on its collective debt was reduced by \$599,819. The District's total debt from its COP and bond issuances now stands at approximately \$3.7 million.

Total compensated absences (long-term liability and current portion combined), are composed of leave hours earned by employees that are payable upon termination or retirement and are valued at \$378,339 at the end of 2017, a decrease from the FY2016 year-end amount of \$333,080. This reduction was due primarily to cash payments for accrued leave balances during the year to two departing employees.

The accrual for other post-employment benefits increased by \$95,772 in 2017 as a result of the annual cost of these benefits exceeding the amounts currently paid for premiums.

Additional information on the District's debt activity can be found in Note 4, Long-Term Liabilities, of the notes to the basic financial statements.

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis
December 31, 2017

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS

The District continued to exercise fiscal restraint in budgeting for District operations in 2018, with an overall increase of 20 percent compared with the 2017 Operating Budget. This budget includes:

- ❖ Maintaining the current level of services and programs for District customers;
- ❖ An 8% aggregate increase of treated water cost from San Juan Water District due to projected 9% rate increase and anticipated increase in consumption. The projected quantity of water estimated to be purchased is 12,500 AF, which is greater than the projected 2017 total water purchased;
- ❖ Employee benefit net cost increase of about \$188,000. A number of factors contributed to the overall increase, including PERS UAL (Unfunded Actuarial Liability), payment of \$360,000 as recommended by CalPERS as approved by the Board to fund at the 15-year amortization schedule, an increase in new employees whose CalPERS contribution rates are lower, Board also approved the funding of Other Post-Employment Benefits (OPEB) UAL at a 20-year amortization schedule, lower total healthcare premiums as a result of new employees replacing long-term employees who were at higher premium points, and an increase of 12% in healthcare premium costs;
- ❖ Professional contract services increase of about \$475,000 for use towards the Project 2030 Study, as we move forward to plan our mains replacements beyond 2030. Additionally, advanced planning for a District-wide meter replacement program and District Easements Study.
- ❖ Includes \$435,000 in transfers to the Capital Improvement Reserves, a transfer of \$100,000 to replenish the Rate Stabilization Reserve, \$100,000 to the Water Supply Reserve, \$50,000 to the Water Efficiency Reserve, \$1.15 million to the Water Supply Reserve and, \$300,000 to the Water Meter Replacement Reserve.

A 2018 Operating Budget Summary is included at the conclusion of this Management's Discussion and Analysis to provide an overview of the District's operating budget.

The District plans to rebuild its financial reserves to a level that supports a higher level of capital investment from reserves. Total capital improvement expenditures budgeted for FY2018 are about \$6.6 million compared with \$5.8 million in FY2017. This amount includes about \$1.7 million in carry-over projects from prior years, and about \$4.9 million in new projects for FY2018. Installation of new fire hydrants as well as replacements and upgrades for \$154,500, four water main replacement or installation projects, scheduled to start design, will be undertaken in 2018 with construction targeted for 2019 at a total cost of \$1.1 million. Operations equipment replacements and new equipment purchases totaling \$145,000 are planned for 2018.

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis December 31, 2017

A 2018 Capital Improvement Budget Summary is included at the conclusion of this Management's Discussion and Analysis to provide an overview of the District's capital improvement budget.

A significant but declining portion of the District's budget continues to be the repayment of long-term debt financing in the form of Certificates of Participation originally issued in 2000 (refunded in 2010) and Certificates of Participation originally issued in 2003 (refunded as Revenue Refunding Bonds in 2012). The annual debt service for these two issuances is budgeted at \$735,936 for FY2018.

The District's Board of Directors levied a water rate increase designed to achieve an overall increase in water rate revenues of 3 percent for 2018. The District utilized a detailed cost-of-service and financial plan study set in place in FY2013 to determine the increase, taking into consideration the statewide water mandates, capital improvement program, and water meter reserves. The increase in revenues resulting from the FY2018 water rates will provide additional revenue to offset rising operating costs and the increasing costs of reinvestment in the District's aging water transmission and distribution infrastructure.

The District anticipates the need to consider future annual water rate increases to fund replacement of portions of the District's 265 miles of underground water mains, and to pay the continually-rising operating costs of the District, while maintaining financial reserves to comply with debt covenants and to provide funds for emergencies or catastrophic losses. The financial plan adopted by the Board of Directors in FY2013 contemplates water rate increases in the 3 percent range every year through FY2019. However, water rates for years beyond FY2018 have not been adopted by the Board of Directors.

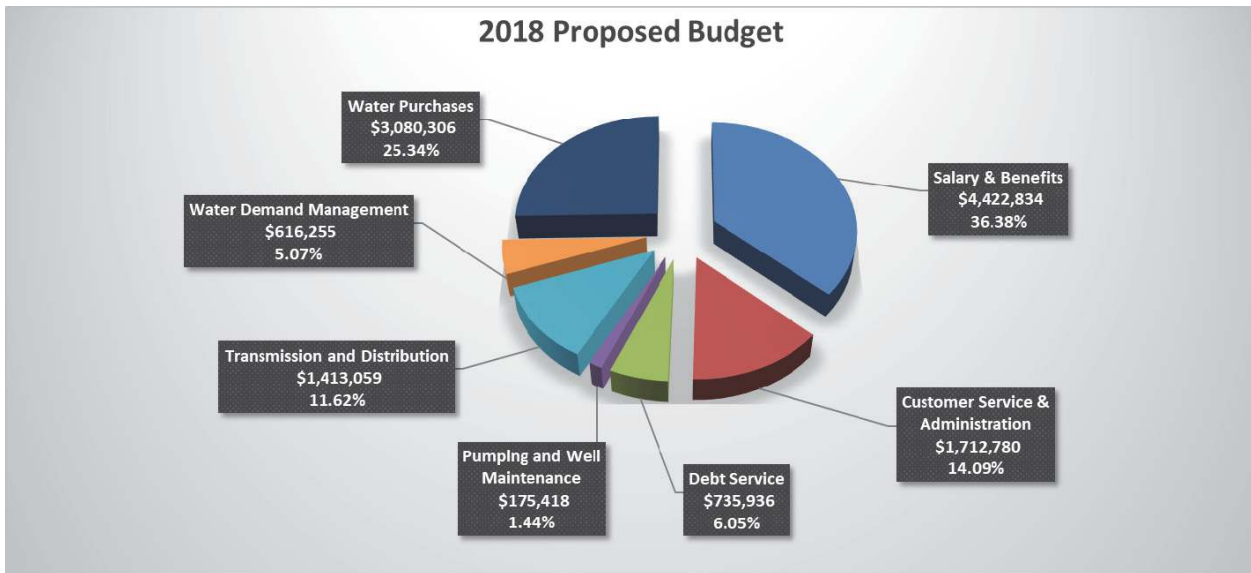
CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis December 31, 2017

CITRUS HEIGHTS WATER DISTRICT 2018 OPERATING BUDGET SUMMARY

Adopted: November 08, 2017

<i>Expense Category</i>	2016 Budget	2016 Actual	2017 Budget	2017 Projected	2018 Proposed Budget	% Change 2016 vs. 2017
Salary & Benefits	\$ 3,597,333	\$ 3,429,887	\$ 3,872,783	\$ 3,785,539	\$ 4,422,834	14.20%
Customer Service & Administration	\$ 1,113,405	\$ 1,181,847	\$ 1,119,894	\$ 1,097,820	\$ 1,712,780	52.94%
Debt Service	\$ 740,263	\$ 189,433	\$ 738,738	\$ 738,738	\$ 735,936	-0.38%
Pumping and Well Maintenance	\$ 266,904	\$ 158,893	\$ 228,384	\$ 169,990	\$ 175,418	-23.19%
Transmission and Distribution	\$ 547,960	\$ 885,006	\$ 841,992	\$ 600,461	\$ 1,413,059	67.82%
Water Demand Management	\$ 428,500	\$ 210,349	\$ 433,905	\$ 204,452	\$ 616,255	42.03%
Water Purchases	\$ 2,387,701	\$ 2,190,061	\$ 2,851,387	\$ 2,737,020	\$ 3,080,306	8.03%
	\$ 9,082,066	\$ 8,245,477	\$ 10,087,082	\$ 9,334,020	\$ 12,156,588	20.52%



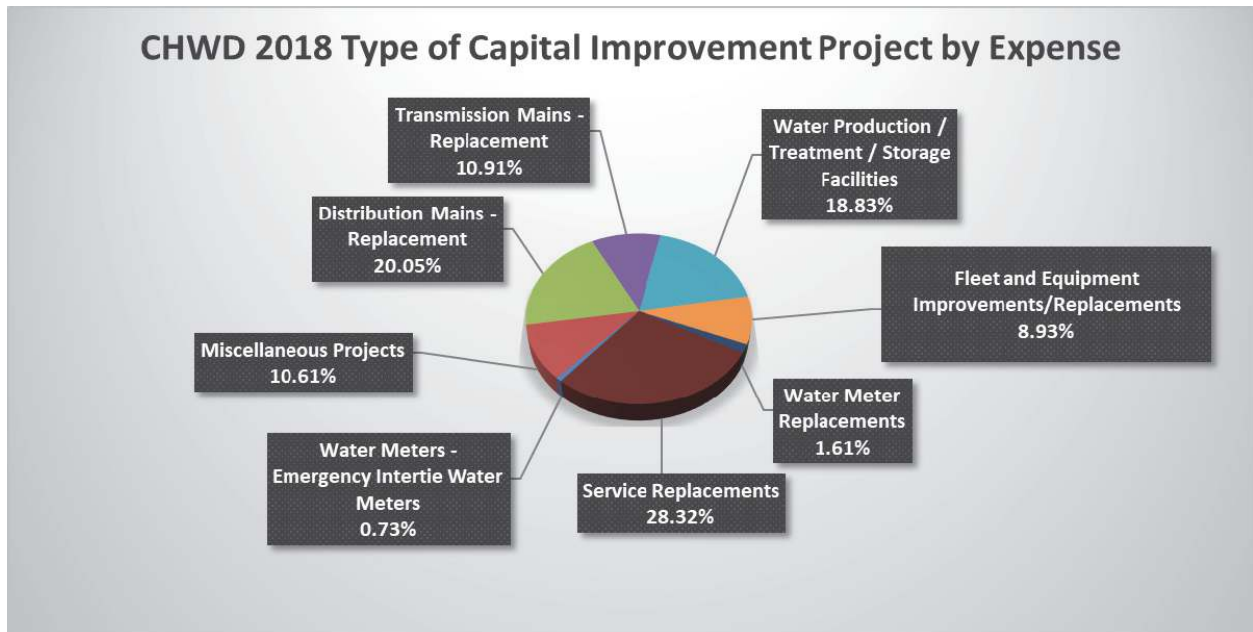
CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis
December 31, 2017

Citrus Heights Water District 2018 CAPITAL PROJECTS BUDGET SUMMARY

Adopted: November 08, 2017

<i>Category</i>	<i>2017 Adopted Budget</i>	<i>2018 Proposed Budget</i>	<i>Total Project Budget</i>
Distribution Mains - Replacement	87,836	1,249,433	1,328,793
Fleet and Equipment Improvements/Replacements	861,500	567,000	592,000
Miscellaneous Projects	250,000	653,000	703,000
Transmission Mains - Replacement	146,936	575,959	722,895
Water Meters - Emergency Intertie Water Meters	41,995	48,327	48,327
Water Production / Treatment / Storage Facilities	1,005,000	1,127,500	1,247,500
Water Meter Replacements	100,000	107,000	107,000
Service Replacements	923,000	1,876,243	1,876,243
Grand Total	\$ 3,416,266	\$ 6,204,462	\$ 6,625,758



Basic Financial Statements

CITRUS HEIGHTS WATER DISTRICT
BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and investments (Note 2)	\$12,058,984	\$9,738,990
Restricted - cash and investments (Note 2)	535,733	533,796
Accounts receivable, net	2,432,542	2,002,102
Due from other governments	662,991	1,246
Accrued interest receivable	23,519	15,272
Inventory	235,467	259,637
Prepaid expenses and other deposits	299,587	292,642
Total current assets	16,248,823	12,843,685
NON-CURRENT ASSETS		
Non-depreciable capital assets (Note 3)	2,836,183	1,126,441
Depreciable capital assets, net (Note 3)	54,202,717	54,951,565
Total non-current assets	57,038,900	56,078,006
TOTAL ASSETS	73,287,723	68,921,691
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount from refunding debt	35,889	48,940
Pension related (Note 7)	1,946,008	715,792
Total deferred outflows of resources	1,981,897	764,732
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$75,269,620	\$69,686,423
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$670,330	\$368,716
Retentions payable	76,613	21,028
Accrued payroll	65,476	59,301
Accrued interest payable	52,987	57,909
Deposits payable	374,300	341,011
Current portion of long-term liabilities:		
Compensated absences (Note 4)	206,976	205,931
Long-term debt (Note 4)	585,000	565,000
Total current liabilities	2,031,682	1,618,896
NON-CURRENT LIABILITIES		
Long-term liabilities - due in more than one year:		
Compensated absences (Note 4)	171,363	127,149
Long-term debt (Note 4)	3,112,847	3,732,666
Net pension liability (Note 7)	4,155,588	3,351,422
Net OPEB obligation (Note 8)	840,527	744,755
Total non-current liabilities	8,280,325	7,955,992
TOTAL LIABILITIES	10,312,007	9,574,888
DEFERRED INFLOWS OF RESOURCES		
Deferred amount from refunding debt	26,522	27,847
Pension related (Note 7)	162,006	431,947
Total deferred inflows of resources	188,528	459,794
NET POSITION (Note 6)		
Net investment in capital assets	53,886,153	52,335,229
Restricted for debt service	535,733	533,796
Unrestricted	10,347,199	6,782,716
Total net position	64,769,085	59,651,741
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$75,269,620	\$69,686,423

See accompanying notes to financial statements

CITRUS HEIGHTS WATER DISTRICT
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
OPERATING REVENUES		
Water sales	\$13,448,691	\$11,602,622
Connection and other fees	594,358	722,435
Total operating revenues	14,043,049	12,325,057
OPERATING EXPENSES		
Customer service, administration and general	2,543,736	2,342,957
Water purchases	2,692,482	2,190,061
Transmission and distribution	1,963,750	2,114,019
Pumping and well maintenance	145,077	184,776
Conservation	189,336	212,150
Depreciation and amortization	2,345,281	2,203,170
Total operating expenses	9,879,662	9,247,133
OPERATING INCOME	4,163,387	3,077,924
NONOPERATING REVENUES (EXPENSES)		
Investment income	63,531	38,313
Miscellaneous income	77,074	68,203
Groundwater transfers and sales	1,058,793	-
Interest expense	(145,911)	(155,214)
(Loss) gain on disposal of capital assets	(155,343)	(137,567)
Total nonoperating revenues (expenses)	898,144	(186,265)
Net income (loss) before capital contributions	5,061,531	2,891,659
CAPITAL CONTRIBUTIONS		
Grant revenue	-	715
Capital contributions	55,813	896,688
Total capital contributions	55,813	897,403
CHANGES IN NET POSITION	5,117,344	3,789,062
NET POSITION, BEGINNING OF YEAR	59,651,741	55,862,679
NET POSITION, END OF YEAR	\$64,769,085	\$59,651,741

See accompanying notes to financial statements

CITRUS HEIGHTS WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$13,668,194	\$12,193,259
Cash paid to suppliers for goods and services	(5,731,692)	(4,071,755)
Cash paid to employees for services	<u>(2,657,612)</u>	<u>(2,875,090)</u>
Cash Flows from Operating Activities	<u>5,278,890</u>	<u>5,246,414</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from other net operating income	<u>1,135,867</u>	<u>68,203</u>
Cash Flows from Noncapital Financing Activities	<u>1,135,867</u>	<u>68,203</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grant revenues		715
Acquisition and construction of capital assets	(3,250,362)	(2,410,946)
Proceeds from sale of capital assets	(155,343)	95,213
Principal payments on long-term debt	(599,819)	(579,820)
Interest payments on long-term debt	<u>(150,833)</u>	<u>(161,564)</u>
Cash Flows (used for) Capital and Related Financing Activities	<u>(4,156,357)</u>	<u>(3,056,402)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	<u>63,531</u>	<u>38,313</u>
Groundwater transfers and sales		
Cash Flows from Investing Activities	<u>63,531</u>	<u>38,313</u>
NET CASH FLOWS	2,321,931	2,296,528
Cash, beginning of year	<u>10,272,786</u>	<u>7,976,258</u>
Cash, end of year	<u><u>\$12,594,717</u></u>	<u><u>\$10,272,786</u></u>
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$12,058,984	\$9,738,990
Restricted - cash and cash equivalents	<u>535,733</u>	<u>533,796</u>
Total cash and cash equivalents	<u><u>\$12,594,717</u></u>	<u><u>\$10,272,786</u></u>

(Continued)

CITRUS HEIGHTS WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

RECONCILIATION OF NET INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	2017	2016
Net income from operations	\$4,163,387	\$3,077,924
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,345,281	2,203,170
Change in assets and liabilities:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(430,440)	(33,213)
Inventory	24,170	17,276
Prepaid expenses and other assets	(676,937)	689,971
Deferred amount from refunding of debt	13,051	13,051
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	301,614	(48,962)
Accrued payroll	6,175	13,271
Deposits payable	33,289	3,402
Retentions payable	55,585	(98,585)
Accrued other postemployment benefits	95,772	51,942
Compensated absences	45,259	(18,235)
Deferred amount from refunding of debt	(1,325)	(1,325)
Net pension liability and related deferred inflows and outflows	(695,991)	(623,273)
Net cash provided by operating activities	\$5,278,890	\$5,246,414
 SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES		
Receipt of contributed assets	\$55,813	\$896,688

See accompanying notes to financial statements

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**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Reporting Entity: The District was established on October 25, 1920 as an irrigation district under Division 11 of the Act of Legislature of the State of California. The District constructs and maintains waterworks and supplies domestic water in an area of approximately 12 square miles to about 19,600 connections in Sacramento and Placer counties with an estimated population of 66,000. The District is governed by a Board of Directors consisting of three directors elected by residents of the District. The accompanying basic financial statements present the District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

The District has created the Citrus Heights Water District Financing Corporation (the Corporation) to provide assistance to the District in the issuance of debt. Although legally separate from the District, the Corporation is reported as if it were part of the primary government because it shares a common Board of Directors with the District and its sole purpose is to provide financing to the District under the debt issuance documents of the District. Debt issued by the Corporation is reflected as debt of the District in these financial statements. The Corporation has no other transactions and does not issue separate financial statements.

Basis of Presentation – Fund Accounting: The basic financial statements of the Citrus Heights Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District is accounted for as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting. The more significant of the District's accounting policies are described below.

The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. When such funds are received they are recorded as unearned revenue until earned. Earned but unbilled water services are accrued as revenue.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Water lines are constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. These lines are recorded as capital contributions when they pass inspection by the District, and the estimated costs are capitalized as donated pipelines.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits and restricted and unrestricted investments in money market mutual funds and LAIF.

Restricted Assets: Certain proceeds of the District's long-term debt are classified as restricted investments on the balance sheet because their use is limited by applicable debt covenants.

Investments: Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory: Inventory consists primarily of materials used in the construction and maintenance of the water distribution facilities and is valued on a first-in, first-out basis.

Prepays: Prepays consist primarily of insurance, maintenance agreements and other prepaid assets.

Capital Assets: Capital assets are recorded at historical cost. Donated assets are valued at estimated fair value on the date received. Self-constructed assets are recorded based on the amount of direct labor, material, and certain overhead charged to the asset construction. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Description	Useful Life
Pipeline and infrastructure	20 - 40 years
Equipment and machinery	5 - 10 years
Buildings	15 - 40 years
Well improvements	40 years
Donated pipelines	40 years
Improvements	40 years

Depreciation expense aggregated \$2,334,743 and \$2,187,515 for the years ended December 31, 2017 and 2016, respectively, and is included with depreciation and amortization expense.

Maintenance and repairs are charged to operations when incurred. It is the District’s policy to capitalize all capital assets with a cost of more than \$1,000 for tangible personal property and \$3,000 for infrastructure, building or improvements. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Bond Premiums and Bond Issuance Costs: Bond premiums are deferred and amortized over the lives of the bonds. Long-term liabilities are reported net of the applicable bond premiums. Bond issuance costs are recognized as an expense in the period incurred.

Deferred Amount from Refunding Debt: The difference between the reacquisition price of refunded debt and the net carrying amount of the previously outstanding debt is deferred and reported as either a deferred outflow or deferred inflow on the balance sheet. These amounts are amortized over the shorter of the term of the old debt or the new debt.

Deferred Outflows: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

Deferred Inflows: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

**CITRUS HEIGHTS WATER DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Years Ended December 31, 2017 and 2016**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
 POLICIES (Continued)**

Compensated Absences: The District’s policy allows employees to accumulate earned but unused annual leave, management leave and compensatory time-off which will be paid to employees upon separation from service to the District. The cost of annual leave, management leave and compensatory time-off is recognized in the period earned.

Upon death while employed by the District or retirement from the District, employees are paid one-third of their accumulated sick leave time. This amount is also recognized in the period earned.

New Pronouncements: Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended December 31, 2017:

GASB Statement No. 80 – Blending requirements for Certain Component Units – an amendment of GASB Statement No. 14 – The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units of all states and local governments. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This statement had no effect on the financial statements.

GASB Statement No. 82 – Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73 – The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement had no effect on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of December 31 are classified in the accompanying financial statements as follows:

	2017	2016
Cash and investments	\$12,058,984	\$9,738,990
Restricted cash and investments	535,733	533,796
Total cash and investments	\$12,594,717	\$10,272,786

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and investments as of December 31 consisted of the following:

	2017	2016
Cash on hand	\$550	\$550
Deposits with financial institutions	5,948,171	3,669,028
Total cash	5,948,721	3,669,578
Investments in Local Agency Investment Fund (LAIF)	6,110,263	6,069,412
Held by fiscal agent:		
Money market mutual fund	535,733	533,796
Total investments	6,645,996	6,603,208
Total cash and investments	\$12,594,717	\$10,272,786

Investment Policy: California statutes authorize districts to invest idle, surplus, or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy. During the year ended December 31, 2017, the District’s permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer
Local Agency Investment Program	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
State of California Obligations	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposits	5 years	30%	None
Medium Term Corporate Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-through Securities	5 years	20%	No Limit
LAIF	N/A	None	No Limit
Passbook Deposits	45 days	None	None
Supranationals	5 years	30%	None

* Excluding amounts held by the bond trustee that are not subject to California Government Code restrictions

The District complied with the provisions of the California Government Code (or the District’s investment policy, where more restrictive) pertaining to the types of investments held, the institutions in which deposits were made, and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements: Investment of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy. The Certificates of Participation debt agreements contain certain provisions that address interest rate risk and credit risk, but not concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Program	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers Acceptances	1 year	None	None
Commercial Paper	None	None	None
Negotiable Certificates of Deposits	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	None	None	None
Money Market Mutual Funds	N/A	None	None
LAIF	N/A	None	None

Fair Value Hierarchy: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of December 31, 2017:

	Level 1	Total
<i>Investments by Fair Value Level:</i>		
Money Market Mutual Fund	\$535,733	\$535,733
Total Investments	\$535,733	535,733
<i>Investments Measured at Amortized Cost:</i>		
Money Market Mutual Fund		530,717
<i>Cash in banks and on hand</i>		5,418,004
<i>Total Cash and Investments subject to Fair Value Hierarchy</i>		6,484,454
<i>Investments not subject to Fair Value Hierarchy</i>		
California Local Agency Investment Fund (LAIF)		6,110,263
Total Cash and Investments		\$12,594,717

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

NOTE 2 – CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of December 31, 2016:

	Level 1	Total
<i>Investments by Fair Value Level:</i>		
Money Market Mutual Fund	\$533,796	\$533,796
Total Investments	\$533,796	533,796
<i>Investments Measured at Amortized Cost:</i>		
Money Market Mutual Fund		530,488
<i>Cash in banks and on hand</i>		3,139,090
<i>Total Cash and Investments subject to Fair Value Hierarchy</i>		4,203,374
<i>Investments not subject to Fair Value Hierarchy</i>		
California Local Agency Investment Fund (LAIF)		6,069,412
Total Cash and Investments		\$10,272,786

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing, or coming close to maturity, evenly over time, as necessary to provide the cash flow and liquidity needed for operations. All of the District’s investments mature in 12 months or less.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type for the year ended December 31, 2017.

	Minimum Legal Rating	Ratings as of Year End AAAm	Not Rated	Total
LAIF	N/A		\$6,110,263	\$6,110,263
Held by bond trustee:				
Money market mutual funds	AAAm	\$535,733		535,733
		\$535,733	\$6,110,263	\$6,645,996

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016**

NOTE 2 – CASH AND INVESTMENTS (Continued)

The following is a summary of the minimum rating required by (where applicable) the California Government Code, the District’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type for the year ended December 31, 2016.

	Minimum Legal Rating	Ratings as of Year End AAAm	Not Rated	Total
LAIF	N/A		\$6,069,412	\$6,069,412
Held by bond trustee:				
Money market mutual funds	AAAm	\$533,796		533,796
		<u>\$533,796</u>	<u>\$6,069,412</u>	<u>\$6,603,208</u>

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 5% of total investments, with the exception of U.S. Treasury obligations, U.S. Agency Securities, and LAIF. There are no investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total District investments.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of the District’s cash on deposit. All of the District’s deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the District’s name.

Investment in LAIF: The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At December 31, 2017 and 2016, respectively, these investments matured in an average of 186 and 171 days.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2017 and 2016 are as follows:

	Balance December 31, 2016	Additions	Retirements	Transfers	Balance December 31, 2017
Capital assets not being depreciated:					
Land	\$955,683				\$955,683
Right of ways	26,080				26,080
Construction in progress	144,678	\$3,419,838	(\$13,947)	(\$1,696,149)	1,854,420
Total capital assets not being depreciated	1,126,441	3,419,838	(13,947)	(1,696,149)	2,836,183
Capital assets being depreciated:					
Improvements	55,847				55,847
Pipelines and infrastructure	58,852,269		(1,355,041)	1,381,268	58,878,496
Equipment and machinery	3,185,591	9,213	(94,019)	313,157	3,413,942
Buildings and improvements	2,776,214			1,724	2,777,938
Well improvements	7,604,268				7,604,268
Donated pipelines	17,380,532	55,813	(219)		17,436,126
Total capital assets being depreciated	89,854,721	65,026	(1,449,279)	1,696,149	90,166,617
Less accumulated depreciation for:					
Improvements	(37,874)	(783)			(38,657)
Pipelines and infrastructure	(20,479,755)	(1,452,783)	1,223,936		(20,708,602)
Equipment and machinery	(2,488,814)	(171,500)	49,844		(2,610,470)
Buildings and improvements	(810,660)	(71,455)			(882,115)
Well improvements	(1,420,742)	(189,869)			(1,610,611)
Donated pipelines	(9,665,311)	(448,353)	219		(10,113,445)
Total accumulated depreciation	(34,903,156)	(2,334,743)	1,273,999		(35,963,900)
Total capital assets being depreciated, net	54,951,565	(2,269,717)	(175,280)	1,696,149	54,202,717
Capital Assets, net	\$56,078,006	\$1,150,121	(\$189,227)		\$57,038,900

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

NOTE 3 – CAPITAL ASSETS (Continued)

	Balance December 31, 2015	Additions	Retirements	Transfers	Balance December 31, 2016
Capital assets not being depreciated:					
Land	\$955,683				\$955,683
Right of ways	26,080				26,080
Construction in progress	6,382,577	\$2,410,946	(\$79,222)	(\$8,569,623)	144,678
Total capital assets not being depreciated	7,364,340	2,410,946	(79,222)	(8,569,623)	1,126,441
Capital assets being depreciated:					
Improvements	55,847				55,847
Pipelines and infrastructure	55,492,371		(\$1,015,826)	4,375,724	58,852,269
Equipment and machinery	3,049,855		(2,744)	138,480	3,185,591
Buildings and improvements	1,466,585			1,309,629	2,776,214
Well improvements	4,858,478			2,745,790	7,604,268
Donated pipelines	16,502,854	896,688	(19,010)		17,380,532
Total capital assets being depreciated	81,425,990	896,688	(1,037,580)	8,569,623	89,854,721
Less accumulated depreciation for:					
Improvements	(37,092)	(782)			(37,874)
Pipelines and infrastructure	(19,955,970)	(1,379,953)	856,168		(20,479,755)
Equipment and machinery	(2,313,889)	(177,669)	2,744		(2,488,814)
Buildings and improvements	(738,205)	(72,455)			(810,660)
Well improvements	(1,292,086)	(128,656)			(1,420,742)
Donated pipelines	(9,246,766)	(428,000)	9,455		(9,665,311)
Total accumulated depreciation	(33,584,008)	(2,187,515)	868,367		(34,903,156)
Total capital assets being depreciated, net	47,841,982	(1,290,827)	(\$169,213)	8,569,623	54,951,565
Capital Assets, net	\$55,206,322	\$1,120,119	(\$248,435)		\$56,078,006

Capacity Entitlements: From 1993 through 1998, the District participated with four other water agencies in a cooperative transmission pipeline project for the construction of additional transmission pipeline facilities. The District's share of these pipeline costs totaled \$5,636,711. The Capacity Entitlements asset represents the capacity rights the District has purchased in the cooperative transmission pipeline project owned by San Juan Water District. The asset is being amortized over the pipeline's estimated useful life of forty years.

NOTE 4 – LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

2010 Certificates of Participation: In 2010, the District issued \$5,155,000 of Revenue Certificates of Participation (Certificates) with an interest rate of 4.00%. These 2010 Certificates were issued to retire the 2000 Certificates of Participation, which were issued to finance certain capital improvements to the District's water system. The District is required to collect rates and charges from its water system that will be sufficient to yield net revenues equal to 110% of debt service payments on any future debt issued, and to deposit the net revenues in a revenue fund pledged for such future debt service payments. Annual principal payments, ranging from \$450,000 to \$545,000 are due on September 28 through September 28, 2020 and semi-annual interest payments, ranging from \$10,900 to \$59,600 are due on March 28 and September 28 through September 28, 2020.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

NOTE 4 – LONG-TERM LIABILITIES (Continued)

2012 Revenue Refunding Bonds: In April 2012, the District issued \$2,275,000 of Revenue Refunding Bonds with interest rates ranging from 3.00% to 5.25%. These 2012 Revenue Refunding Bonds were issued to retire the 2003 Certificates of Participation, which were issued to finance the cost of certain capital improvements to the District’s water system. The District is required to collect rates and charges from its water system that will be sufficient to yield net revenues equal to 110% of debt service payments on any future debt issued, and to deposit the net revenues in a revenue fund pledged for such future debt service payments. Annual principal payments, ranging from \$70,000 to \$160,000 are due on February 1 through February 1, 2033, and semi-annual interest payments, ranging from \$4,200 to \$48,600 are due on February 1 and August 1, through February 1, 2033.

The activity of the District’s long-term liabilities during the years ended December 31, 2017 and 2016 was as follows:

	Balance December 31, 2016	Additions	Retirements	Balance December 31, 2017	Current Portion
2010 Certificates of Participation 4%, due 9/28/20	\$2,060,000		(\$485,000)	\$1,575,000	\$505,000
2012 Revenue Refunding Bonds 3-5.25%, due 2/1/33	1,950,000		(80,000)	1,870,000	80,000
Less: Unamortized premiums	<u>287,666</u>		<u>(34,819)</u>	<u>252,847</u>	
	4,297,666		(599,819)	3,697,847	585,000
Net pension liability	3,351,422	\$804,166		4,155,588	
Net OPEB obligation	744,755	138,000	(42,228)	840,527	
Compensated absences	<u>333,080</u>	<u>233,536</u>	<u>(188,277)</u>	<u>378,339</u>	<u>206,976</u>
Total Long-Term Liabilities	<u>\$8,726,923</u>	<u>\$1,175,702</u>	<u>(\$830,324)</u>	<u>\$9,072,301</u>	<u>\$791,976</u>

	Balance December 31, 2015	Additions	Retirements	Balance December 31, 2016	Current Portion
2010 Certificates of Participation 4%, due 9/28/20	\$2,530,000		(\$470,000)	\$2,060,000	\$485,000
2012 Revenue Refunding Bonds 3-5.25%, due 2/1/33	2,025,000		(75,000)	1,950,000	80,000
Less: Unamortized premiums	<u>322,486</u>		<u>(34,820)</u>	<u>287,666</u>	
	4,877,486		(579,820)	4,297,666	565,000
Net pension liability	3,358,940		(7,518)	3,351,422	
Net OPEB obligation	692,813	\$101,648	(49,706)	744,755	
Compensated absences	<u>351,315</u>	<u>71,172</u>	<u>(89,407)</u>	<u>333,080</u>	<u>205,931</u>
Total Long-Term Liabilities	<u>\$9,280,554</u>	<u>\$172,820</u>	<u>(\$726,451)</u>	<u>\$8,726,923</u>	<u>\$770,931</u>

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the outstanding debt as of December 31, 2017 are as follows:

Fiscal Year Ending December 31,	2010 Certificates of Participation			2012 Revenue Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$505,000	\$63,000	\$568,000	\$80,000	\$89,738	\$169,738
2019	525,000	42,800	567,800	85,000	86,138	171,138
2020	545,000	21,800	566,800	90,000	83,588	173,588
2021				95,000	79,088	174,088
2022				100,000	74,338	174,338
2023-2027				560,000	303,150	863,150
2028-2032				700,000	155,663	855,663
2033				160,000	8,400	168,400
Total	<u>\$1,575,000</u>	<u>\$127,600</u>	<u>\$1,702,600</u>	<u>\$1,870,000</u>	<u>\$880,100</u>	<u>\$2,750,100</u>

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2012 Revenue Refunding Bonds in an original amount of \$2,275,000. Proceeds of the Revenue Refunding Bonds were used to refund the 2003 Certificates of Participation to finance capital improvements to the District’s water system. The Revenue Refunding Bonds are payable solely from water customer net revenues, and are payable through February, 2033. Annual principal and interest payments on the Bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Revenue Refunding Bonds was \$2,750,100 and \$2,923,038 at December 31, 2017 and 2016, respectively.

The District pledged future water system revenues, net of specified expenses, to repay the 2010 Certificates of Participation in the original amount of \$5,155,000. Proceeds of the Certificates of Participation funded the acquisition and construction of certain facilities, as indicated above. The Certificates of Participation are payable solely from water customer net revenues and are payable through September 2020. Annual principal and interest payments on the Certificates of Participation are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Certificates of Participation was \$1,702,600 and \$2,270,000 at December 31, 2017 and 2016, respectively.

Total principal and interest paid on all debt payable from net revenues was \$740,388 and \$734,433 and the total water system net revenues were \$5,905,941 and \$5,261,062 for the years ended December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, the District’s net revenues were 798% and 709% of debt service payments, respectively.

NOTE 5 – ARBITRAGE REBATE LIABILITY

Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all “Nonpurpose Investments” allocable to “Gross Proceeds” of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at December 31, 2017 and 2016.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

NOTE 6 - NET POSITION

Restrictions: Restricted net position consist of constraints placed on net asset use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2017 and 2016 consisted of the debt service reserve on the 2010 Certificates of Participation. The restrictions represent debt service and other reserves required by the related debt covenants.

Designations: Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action.

The designations are for the following:

Designated for rate stabilization represents the amount to be used to ensure financial and customer rate stability in responding to certain conditions.

Designated for operating reserve is maintained for operating funds collected in advance for the following year, accrued leave reserve, self-insurance reserve, unanticipated operating expenses, unanticipated economic shortfall, and unallocated funds.

Designated for depreciation reserve represents amounts set aside to replace or rehabilitate capital facilities at the end of their useful life.

Designated for capital improvement reserve represents amounts set aside for use in evaluating and constructing new capital facilities to benefit existing District customers. This reserve had a negative balance in past years due to large capital expenditures, including the meter retrofit program and well construction.

Designated for fleet equipment reserve represents amounts set aside to replace fleet equipment at the end of its useful life.

Designated for employment-related benefits reserve represents amounts set aside to pay the costs of employment-related benefits for existing and retired District employees.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

A. General Information about the Pension Plans

Plan Description and Summary of Balances by Plan – All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous (all other) Employee Pension Rate Plan. The District’s Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The District sponsors one rate plan (miscellaneous). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Below is a summary of the deferred outflows of resources, net pension liabilities, and deferred inflows of resources by Plan for the year ended December 31, 2017:

	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
Miscellaneous	\$1,946,008	\$4,155,588	\$162,006

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Plans’ provisions and benefits in effect at December 31, 2017, are summarized as follows:

	Miscellaneous Tier 1	Miscellaneous Tier 2	Miscellaneous PEPRA
	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date	2.0% @ 55	2.0% @ 55	2.0% @ 62
Benefit formula	5 years service	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life	monthly for life
Benefit payments	50 - 63	50 - 63	52 - 67
Retirement age	1.43% to 2.42%	1.43% to 2.42%	1.0% to 2.5%
Monthly benefits, as a % of eligible compensation	6.9%	6.9%	6.3%
Required employee contribution rates	8.9%	8.4%	6.5%
Required employer contribution rates			

**CITRUS HEIGHTS WATER DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Years Ended December 31, 2017 and 2016**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Beginning in fiscal year 2017, CalPERS collects employer contributions for the cost-sharing plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The District’s required contribution for the unfunded liability was \$294,195 in fiscal year 2017.

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended December 31, 2017, the District’s contributions to the Plan were as follows:

	Miscellaneous		
	Tier I	Tier II	PEPRA
Contributions - employer	\$431,307	\$68,092	\$18,299

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of December 31, 2017 the District reported \$4,155,588 in net pension liabilities for its proportionate shares of the net pension liability of the Plan.

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

	Miscellaneous
Proportion - June 30, 2016	0.12216%
Proportion - June 30, 2017	0.11962%
Change - Increase (Decrease)	-0.00254%

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended December 31, 2017, the District recognized negative pension expense of \$695,991. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$517,698	
Differences between actual and expected experience	16,687	(\$3,824)
Changes in assumptions		(157,879)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	589,914	(303)
Net differences between projected and actual earnings on plan investments	821,709	
Total	<u>\$1,946,008</u>	<u>(\$162,006)</u>

The \$517,698 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2018	\$266,403
2019	277,150
2020	509,919
2021	212,832

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.65%
Net Pension Liability	\$6,379,825
Current Discount Rate	7.65%
Net Pension Liability/(Asset)	\$4,155,588
1% Increase	8.65%
Net Pension Liability/(Asset)	\$2,317,367

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2017, the total pension liabilities were determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 and June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5% (1)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter
Mortality	Derived using CalPers Membership Data for all Funds (2)

(1) Net of pension plan investment and administrative expenses, including inflation.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS' website.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Change of Assumptions – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.65% used for the June 30, 2016 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2015 measurement date were the same as those used for the June 30, 2016 measurement date.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Current Target Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 8 – OTHER POST-RETIREMENT BENEFITS

Plan Description: The District has a single-employer defined benefit other postemployment healthcare (OPEB) plan providing health plan coverage to eligible retired employees and their eligible dependents. The District offers retirees the option to obtain coverage under the same medical plans as its active employees if such coverage is offered by the health insurer. Employees become eligible to retire and receive healthcare benefits with at least 20 years of service to the District. The OPEB Plan does not issue a publicly available financial report.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

NOTE 8 – OTHER POST-RETIREMENT BENEFITS (Continued)

Funding Policy: The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The required contribution is based on projected pay-as-you-go financing requirements. For 2017 and 2016, the District contributed \$41,228 and \$37,365 respectively, to the plan.

Annual OPEB Cost and Net OPEB Obligation: The District’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for 2017 and 2016, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation to the OPEB plan:

	2017	2016
Normal Cost	\$59,000	\$40,342
Amortization of unfunded AAL	79,000	61,306
Annual required contribution	138,000	101,648
Interest and amortization of net OPEB obligation	(1,000)	(12,341)
Contributions made (premium payments made)	(41,228)	(37,365)
Change in net OPEB obligation	95,772	51,942
Net OPEB obligation, beginning of year	744,755	692,813
Net OPEB obligation, end of year	\$840,527	\$744,755

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, 2016, and 2015 were as follows:

Year Ended	Annual OPEB	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015	\$101,648	29.86%	\$692,813
December 31, 2016	101,648	36.76%	744,755
December 31, 2017	138,000	29.88%	840,527

The schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the unfunded actuarial accrued liability (UAAL) for benefits. Information as of December 31, 2017 is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (B)	Unfunded AAL (Uaal) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of/Covered Payroll ((B-A)/C)
December 31, 2016	\$0	\$2,152,000	\$2,152,000	\$0	\$2,576,000	83.54%

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016**

NOTE 8 – OTHER POST-RETIREMENT BENEFITS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Various claims have been filed against the District. In the opinion of the District's management and legal counsel, the claims will not have a material impact on the basic financial statements.

The District has capital project commitments as of December 31, 2017 and 2016 totaling \$3,848,217 and \$2,197,621, respectively, related to construction work.

NOTE 10 – ECONOMIC DEPENDENCY

During 2017 and 2016, the District purchased 99.05% and 95.61%, respectively, of its water supply from the San Juan Water District (SJWD). Total purchases for the year ended December 31, 2017 and 2016 was \$2,692,482 and \$2,190,061, respectively. In addition, the District owns water transmission capacity entitlements through the cooperative transmission pipeline project owned and operated by SJWD.

NOTE 11 – INSURANCE

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public officials liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District's deductibles and maximum coverage are as follows:

**CITRUS HEIGHTS WATER DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Years Ended December 31, 2017 and 2016**

NOTE 11 – INSURANCE (Continued)

<u>Type of Coverage (Deductible)</u>	<u>ACWA/ JPIA</u>	<u>Commercial Insurance</u>	<u>Deductible</u>
General and Auto Liability (Includes Public Officials Liability)	\$5,000,000	Statutory	None
Property Damage	100,000	150,000,000	2,500 - 5,000
Crime	100,000	None	1,000
Workers Compensation Liability	2,000,000	Statutory	None
Employers Liability	2,000,000	Statutory	None

The District continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the District is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12 – SUBSEQUENT EVENTS DISCLOSURE

In December 2016, CalPERS' Board of Directors voted to lower the discount rate from 7.5% to 7.0% over the next three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates beginning in fiscal year 2019 and result in increases to the normal costs and unfunded actuarial liabilities.

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Required Supplementary Information

CITRUS HEIGHTS WATER DISTRICT REQUIRED SUPPLEMENTAL INFORMATION For the Years Ended December 31, 2017 and 2016

Citrus Heights Water District, a Cost-Sharing Defined Pension Plan
 As of fiscal year ending December 31, 2017
**Schedule of the Plan's Proportionate Share of the Net Pension Liability and
 Related Ratios as of the Measurement Date**
 Last 10 Years***

	6/30/2014	6/30/2015	6/30/2016
Plan's Proportion of the Net Pension Liability/Asset	0.05398%	0.12216%	0.11962%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$3,358,940	\$3,351,422	\$4,155,588
Plan's Covered-Employee Payroll	\$2,259,371	\$2,129,887	\$2,362,614
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	148.67%	157.35%	175.89%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	77.44%	78.40%	87.28%

* Fiscal year 2015 was the 1st year of implementation.

** Calpers provides the information based on a June 30 fiscal year end.

CITRUS HEIGHTS WATER DISTRICT REQUIRED SUPPLEMENTAL INFORMATION For the Years Ended December 31, 2017 and 2016

Citrus Heights Water District, a Cost-Sharing Defined Pension Plan
As of fiscal year ending December 31, 2017
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	2015	2016	2017
Actuarially determined contribution	\$ 437,239	\$ 612,009	\$ 517,698
Contributions in relation to the actuarially determined contributions	(437,239)	(612,009)	(517,698)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
 Covered-employee payroll	 \$ 2,129,887	 \$ 2,362,614	 \$ 2,667,190
 Contributions as a percentage of covered-employee payroll	 20.53%	 25.90%	 19.41%

* Fiscal year 2015 was the 1st year of implementation.

CITRUS HEIGHTS WATER DISTRICT REQUIRED SUPPLEMENTAL INFORMATION For the Years Ended December 31, 2017 and 2016

Schedule of Funding Status – Other Post-Employment Benefits Obligation

Funded Status and Funding Progress of the Plan

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (B)	Unfunded AAL (Uaal) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of/Covered Payroll ((B-A)/C)
December 31, 2012	\$0	\$1,414,800	\$1,414,800	\$0	\$2,266,500	62.42%
January 1, 2015	0	1,060,112	1,060,112	0	2,659,682	39.86%
December 31, 2016	0	2,152,000	2,152,000	0	2,576,000	83.54%

In the December 31, 2016 actuarial valuation, the projected unit credit actuarial method was used. The actuarial assumptions included a 3.75% investment rate of return (net of administrative expenses), which is based on the District's own investments. The annual healthcare-cost trend rates are 7.0%-5.0% for 2018 through 2022+ respectively. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2017, was 28 years.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	December 31, 2016
Actuarial cost method	Projected unit credit method
Amortization method	Level percent of payroll amortization
Remaining amortization period	30 years as of the valuation date
Actuarial assumptions:	
Investment rate of return	3.75%
Projected salary increase	3.00%
Inflation rate	2.75%
Health care cost trend rates	7.00% - 5.00%

Attachment 2
Memorandum on Internal Control and
Required Communications
For the Year Ended December 31, 2017

CITRUS HEIGHTS WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

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**CITRUS HEIGHTS WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended December 31, 2017

Table of Contents

	<u>Page</u>
<i>Memorandum on Internal Control</i>	1
Schedule of Other Matters.....	3
Status of Prior Year Significant Deficiencies	5
Status of Prior Year Other Matters.....	7
<i>Required Communications</i>	9
Significant Audit Findings.....	9
Accounting Policies.....	9
Unusual Transactions, Controversial or Emerging Areas	10
Accounting Estimates	10
Disclosures	11
Difficulties Encountered in Performing the Audit.....	11
Corrected and Uncorrected Misstatements.....	11
Disagreements with Management.....	12
Management Representations	12
Management Consultations with Other Independent Accountants	12
Other Audit Findings or Issues.....	12
Other Information Accompanying the Financial Statements	12

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors of
the Citrus Heights Water District
Citrus Heights, California

In planning and performing our audit of the basic financial statements of the Citrus Heights Water District (District) as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, Board of Directors, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Maze + Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California
May 3, 2018

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**CITRUS HEIGHTS WATER DISTRICT
SCHEDULE OF OTHER MATTERS**

2017-01: UPCOMING GASB

There are a number of new accounting and financial reporting pronouncements that have been issued by the Governmental Accounting Standards Board, the authoritative standard setting body in the United States. We have included the one that will have an impact on the District's financial statements, effective in fiscal year ending December 31, 2018, to keep you informed about these developments on a proactive basis.

The following pronouncement is effective in fiscal year 2018:

GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

The following pronouncement are effective in fiscal year 2019 and beyond:

GASB 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

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**CITRUS HEIGHTS WATER DISTRICT
STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCIES**

2016 – 01: Review of Journal Entries

Criteria: Journal entries are an important transaction cycle that affects all aspects of accounting and financial reporting. Prudent internal control concepts dictate that no single employee should process a transaction without the involvement of another employee. For journal entries, this typically takes the form of a second employee performing a review and approving the proposed entry prior to posting. The review and approval should be documented by a reviewer signing and dating the journal entry to ensure that his or her review has been completed and the entry is approved in a timely manner.

Condition: During the interim phase of the audit, we selected twenty-two journal entries to test for segregation of duties and approval. This includes observation that the reviewer is someone other than the preparer and that audit evidence is present on the journal entries showing approval. Through our testing, we noted one journal entry was prepared and reviewed by the same employee. Additionally, we noted five journal entries did not include audit evidence which would signify someone other than the preparer reviewed the journal entries.

Cause: The District overlooked having two individuals prepare and review its journal entries.

Effect: Failure to adhere to a defined journal entry approval process could result in entries being entered into the system inappropriately and incorrectly, increasing the chances of reporting inaccurate financial information.

Recommendation: We recommend all journal entries be reviewed by a second person who will sign and date his or her review. We also recommend the District implement controls for posting journal entries within the accounting software which would not allow one user to have the ability to prepare and post journal entries without a second approver.

Current Status: As of December 31, 2017, it appears the District is practicing adequate internal controls in the review of journal entries by properly documenting and reviewing in a timely manner.

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**CITRUS HEIGHTS WATER DISTRICT
STATUS OF PRIOR YEAR OTHER MATTERS**

2016-02: Bank Reconciliation and Treasurer's Report Preparation

Criteria: Bank reconciliations and Treasurer's Reports are not considered complete until they have been prepared, reconciled and reviewed in their entirety. The District's Board of Directors should be approving a complete report of the District's cash and investments without the need for adjustments or further reconciliation subsequent to approval.

Condition: During our review of the December 2016 Treasurer's Report, we noted that cash and investment items were understated by \$64,533 due to: (1) November 2016 payroll charges posted to the month of December 2016; (2) incorrect bank deposit amount; (3) voided checks in November 2016 and December 2016 and; (4) timing of monthly interest charges. Restricted cash and investments was also understated by \$26 which was due to the timing of monthly interest charges. Lastly, outstanding checks appear to be understated by \$2,439. During our review of the December 31, 2016 bank reconciliation we noted that the adjusted bank balance did not tie to the general ledger by \$1,371.

Cause: It is the District's current practice to prepare the bank reconciliations subsequent to the preparation of the Treasurer's Report due to the schedule of the board meetings occurring during the first part of the month.

Effect: At the time of preparation of both the bank reconciliation and Treasurer's Report, the District lacks the necessary documents in order to complete the documents in their entirety. These timing differences increase the risk of potential errors and misstatement being undetected or uncorrected in a timely manner.

Recommendation: In order to ensure accurate financial statement reporting, we recommend that (1) the Treasurer Report and bank reconciliations be completed once all of the requisite documents are available; (2) the District allows ample time in preparing the Treasurer's Report and bank reconciliations; and that (3) the District also ensures that the Treasurer's Report discloses correct information and minimized errors prior to the submission and approval of the Board of Directors.

Current Status: As of December 31, 2017, it appears the District is adequately preparing both Treasurer's reports and bank reconciliations.

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REQUIRED COMMUNICATIONS

To the Board of Directors of
the Citrus Heights Water District
Citrus Heights, California

We have audited the basic financial statements of the Citrus Heights Water District (District) for the year ended December 31, 2017. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards and *Government Auditing Standards*.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

GASB 80 – *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*

The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The pronouncement became effective, but did not have a material effect on the financial statements.

GASB 82 – *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*

The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

The pronouncement became effective, but did not have a material effect on the financial statements, and only affected the Pension-Related Required Supplementary Information.

The following Governmental Accounting Standards Board (GASB) pronouncements became effective, but did not have a material effect on the financial statements:

GASB 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*

GASB 74 - *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*

GASB 77 - *Tax Abatement Disclosures*

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Estimated Fair Value of Investments: As of December 31, 2017, the District held \$12.6 million of cash and investments as measured by fair value as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of December 31, 2017. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to December 31, 2017.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 1 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is somewhat reasonable in relation to the basic financial statements taken as a whole.

Estimate of Compensated Absences: Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 4 to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 7 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liability: Management's estimate of the net OPEB liability is disclosed in Note 8 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the District's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated May 3, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

This information is intended solely for the use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.



Pleasant Hill, California
May 3, 2018

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 16, 2018 REGULAR MEETING

SUBJECT : DISCUSSION AND POSSIBLE ACTION TO CALL FOR A NOVEMBER 8, 2018
GENERAL ELECTION

STATUS : Action Item

REPORT DATE : May 6, 2018

PREPARED BY : Christopher Castruita, Management Services Supervisor

OBJECTIVE:

Consider adoption of Resolutions 09-2018 (Sacramento County) and 10-2018 (Placer County) calling for a November 6, 2018 election of a Director for a regular 4-year term in Division Two and election of a Director for a regular 4-year term in Division Three.

BACKGROUND AND ANALYSIS:

Citrus Heights Water District (CHWD) staff has prepared resolutions calling for and conducting of an election consolidated with the Counties of Sacramento and Placer.

The nomination period for candidates for the Citrus Heights Board of Directors begins July 16, 2018, and ends August 10, 2018. If an incumbent does not file, the filing period is extended until August 15, 2018.

As in prior elections, in the event of a tie vote for the Board positions, the winner will be determined by lot selected by the Registrar of Voters of the County of Sacramento.

The District's Division boundaries were last reviewed and adjusted in May 2002 to provide better equity in population among the three Divisions. The District's service connection count in May 2002 was 19,106. The service connection count as of April 2018 is 19,932 representing an increase of 826 services (+4.32%). With such a small increase in the number of service connections, a division boundary analysis is not recommended at this time.

RECOMMENDATION:

Adopt Resolutions 09-2018 (Sacramento County) and 10-2018 (Placer County) calling for a November 6, 2018 election of a Director for a regular 4-year term in Division Two and election of a Director for a regular 2-year term in Division Three.

ATTACHMENTS:

1. Resolution 09-2018 (Sacramento County) calling for a November 6, 2018 Election
2. Resolution 10-2018 (Placer County) calling for a November 6, 2018 Election

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

ATTACHMENT 1

Resolution 10-2018 (Sacramento County) calling for a
November 6, 2018 Election

CITRUS HEIGHTS WATER DISTRICT
RESOLUTION NO. 10-2018

RESOLUTION OF THE BOARD OF DIRECTORS
CALLING FOR A NOVEMBER 6, 2018 ELECTION OF A DIRECTOR FOR A
REGULAR 4-YEAR TERM IN DIVISION TWO AND ELECTION OF A DIRECTOR
FOR A REGULAR 4-YEAR TERM IN DIVISION THREE

WHEREAS, an election will be held on November 6, 2018 within the Citrus Heights Water District that will affect Sacramento and Placer Counties for the purpose of electing two members to the District's Board of Directors for full four-year terms; and

WHEREAS, a general election will be held within the County of Sacramento on the same day; and

WHEREAS, Elections Code §10403 requires jurisdictions to file with the Board of Supervisors, and a copy with the Registrar of Voters, a resolution requesting consolidation with a statewide election; and

WHEREAS, pursuant to Elections Code §10509, the Board of Directors of the Citrus Heights Water District orders an election to be held in its jurisdiction on said date, at which election the issue to be presented to the voters shall be:

ELECTION OF THE DIRECTORS FOR THE CITRUS HEIGHTS WATER DISTRICT

1. Said election shall be to fill vacancies for the following Board Members whose terms expired:

Division Two: Full 4-Year Term currently held by Raymond A. Riehle whose term will expire on the first Friday of December 2018.

Division Three: Full 4-Year Term currently held by Allen B. Dains whose term will expire on the first Friday of December 2018.

2. Said Directors for this District are elected in the following manner:

Qualified by Division-Elected at Large. Directors must qualify to run by living in a specific Division, but all voters within the district may vote on all candidates.

3. The District has determined the following election particulars:

- a. In the case of a tie vote, the election shall be determined by lot by the Registrar of Voters of Sacramento County.
- b. The length of the Candidate Statement shall not exceed 200 words.
- c. The cost of the Candidate Statement shall be prepaid to the District by the Candidate.

4. The District hereby certifies that there have not been changes to the District's Division boundary lines since the District's last election, but the District understands that the Registrar of Voters of Sacramento County will verify our District and District Division boundary lines prior to qualifying Candidates for the election.

NOW, THEREFORE, BE IT RESOLVED, THAT THE BOARD OF DIRECTORS OF THE CITRUS HEIGHTS WATER DISTRICT requests that the Board of Supervisors of Sacramento County to consolidate the regularly scheduled General Election with the statewide election to be held on November 6, 2018; and

BE IT FURTHER RESOLVED that the Citrus Heights Water District agrees to reimburse the Registrar of Voters of Sacramento County for actual costs accrued to provide election services; such costs to be calculated by the method set forth in the County's current Election Cost Allocation Procedures; and

BE IT FURTHER RESOLVED that the Candidates are to prepay the District for the publication of the voluntary Candidate's Statement, pursuant to Elections Code §13307. The limitation on the number of words that a Candidate may use in his or her voluntary Candidate's Statement is 200 words; and

BE IT FURTHER RESOLVED that the Board of Directors of Citrus Heights Water District requests Registrar of Voters of Sacramento County to coordinate the reporting of election results with the Placer County Elections Division.

ADOPTED this 16th day of May, 2018

AYES: Board Members-

NOES: Board Members-

ABSTAIN: Board Members-

ABSENT: Board Members-

RAYMOND RIEHLE, President
Board of Directors
Citrus Heights Water District

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 10-2018 adopted by the Board of Directors of Citrus Heights Water District at its regular meeting held May 16, 2018.

Christopher Castruita, Chief Board Clerk
Citrus Heights Water District

ATTACHMENT 2

Resolution 11-2018 (Placer County) calling for a
November 6, 2018 Election

CITRUS HEIGHTS WATER DISTRICT
RESOLUTION NO. 11-2018

RESOLUTION OF THE BOARD OF DIRECTORS
DECLARING AN ELECTION BE HELD IN ITS JURISDICTION;
REQUESTING THE PLACER COUNTY BOARD OF SUPERVISORS TO
CONSOLIDATE THIS ELECTION WITH ANY OTHER ELECTION CONDUCTED
ON SAID DATE;
AND REQUESTING ELECTION SERVICES BY THE COUNTY CLERK

WHEREAS, the Board of Directors of the Citrus Heights Water District orders an election to be held in its jurisdiction on November 6, 2018 at which election the issue to be presented to the voters shall be:

ELECTION OF DIRECTORS FOR THE CITRUS HEIGHTS WATER DISTRICT

1. Said election shall be to fill vacancies on the Board of Directors for the following Citrus Heights Water District Divisions:

Division Two: Full 4-Year Term currently held by Raymond A. Riehle whose term will expire on the first Friday of December 2018.

Division Three: Full 4-Year Term currently held by Allen B. Dains whose term will expire on the first Friday of December 2018.

Said Directors for this District are elected in the following manner:

Qualified by Division -- Elected at Large. Directors must qualify to run by living in a specific division, but all voters within the District may vote on all candidates.

2. The District has determined the following election particulars:
 - a. In the case of a tie vote, the election shall be determined by lot by the Registrar of Voters of Sacramento County.
 - b. The length of the voluntary Candidate's Statement shall not exceed 200 words.
 - c. The cost of the voluntary Candidate's Statement will be determined by the Registrar of Voters and prepaid to the Placer County Office of Elections by the Candidate.
 - d. The County Clerk is requested to provide election services. The District agrees to reimburse the Placer County Clerk for all applicable costs for election services.
3. The District hereby certifies that there have not been changes to the District's

Division boundary lines since the District's last election, but the District understands that the Placer County Public Works Mapping Division will verify our District and District Division boundary lines prior to qualifying Candidates for the election.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Citrus Heights Water District hereby requests the Board of Supervisors of Placer County to:

1. Consolidate the regularly scheduled General District Election with any other applicable election conducted on the same day;
2. Combine the Notice of District Election and Publication of Election Notice with those of other special districts scheduled for election on said date.
3. Authorize and direct the County Clerk, at the District's expense, to provide all necessary election services.
4. Coordinate the reporting of election results with the Registrar of Voters of Sacramento County.

ADOPTED this 16th day of May, 2018

AYES: Board Members-

NOES: Board Members-

ABSTAIN: Board Members-

ABSENT: Board Members-

RAYMOND RIEHLE, President
Board of Directors
Citrus Heights Water District

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 11-2018 adopted by the Board of Directors of Citrus Heights Water District at its regular meeting held May 16, 2018.

Christopher Castruita, Chief Board Clerk
Citrus Heights Water District

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 16, 2018 MEETING

SUBJECT : DISCUSSION AND POSSIBLE ACTION TO APPROVE AN AGREEMENT WITH SAN JUAN WATER DISTRICT FOR GROUNDWATER SUBSTITUTION TRANSFER

STATUS : Action Item

REPORT DATE : May 10, 2018

PREPARED BY : David M. Gordon, Operations Manager
Steve Anderson, General Counsel

OBJECTIVE:

Consider authorizing the General Manager to execute an agreement with San Juan Water District (SJWD) for a Groundwater Substitution Transfer in 2018. Consider authorizing the General Manager to negotiate with SJWD and insert into the final form of agreement the amount of staff/legal time reimbursement to be paid to the District in conjunction with the agreement.

BACKGROUND AND ANALYSIS:

In January 2018, the Citrus Heights Water District (the District) staff began discussions with several regional water agencies regarding a potential groundwater substitution transfer in 2018. On May 2, 2018 the regional water agencies group was offered, and tentatively accepted, a request to purchase 12,098 acre-feet (AF) of water offered by a group of several water agencies south of the Delta. The sale and purchase of water would occur through a short-term groundwater substitution transfer. Due to constraints in the Delta, short-term water transfers are generally targeted to occur between the period of July 1st through September 30th each year.

Of the 12,098 AF of regional water being offered for transfer, the District has tentatively offered a maximum amount of 2,000 AF of groundwater to transfer during the summer transfer period. The 2,000 AF being offered by the District is based on a technical review of the District's ability to produce excess groundwater for transfer without compromising the District's ability to provide groundwater to its customers through conjunctive use during the dry season.

Accompanying this staff report is a proposed Agreement between the District and SJWD for a Groundwater Substitution Transfer in 2018. The Agreement is substantially complete and has been reviewed by the District's staff and General Counsel. Some noteworthy terms in the Agreement are the following:

- (1) The District agrees to increase the amount of groundwater pumped and used within its service territory up to a maximum of 2,000 AF during the transfer period in-lieu of purchasing treated surface water from SJWD.
- (2) The total quantity of groundwater substitution water being sold from SJWD to the buyer is based on the amount of water produced by the District (2,000 AF maximum) and other regional water agencies, less American River instream flow losses of 8%. This will result in a total of 1,840 AF for potential water transfer to be sold and purchased through this agreement.

- (3) The Wholesale Water Agency has offered a price that will be disclosed to the District’s Board of Directors in Closed Session for the transfer of groundwater as the deal is still pending.
- (4) This 2018 Agreement will not affect future groundwater substitution or other transfer agreements between SJWD and the District (e.g. quantity of water to be made available by the District and pricing).

Should the Board approve the agreement, staff will work with SJWD to meet the regulatory requirements to accomplish the transfer. Although most of the responsibility for meeting the legal requirements for the transfer will be on the shoulders of SJWD, other regional agencies and the buyer, the District will need to satisfy a few specific transfer requirements set by the California Department of Water Resources. One other item to note is that if conditions in the Delta do not allow water conveyance this summer or if other insurmountable hurdles are presented, under the terms of the agreement the transfer would not occur.

RECOMMENDATION:

Approve the agreement with San Juan Water District for a Groundwater Substitution Transfer in 2018. Authorize the General Manager to execute the agreement, subject to negotiating a final reimbursement amount with SJWD as well as any minor or non-substantive changes agreed to by the General Manager and General Counsel.

ATTACHMENT:

Proposed Agreement Between SJWD and the District in Furtherance of Groundwater Substitution Transfer in 2018

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

**AGREEMENT BETWEEN
SAN JUAN WATER DISTRICT AND CITRUS HEIGHTS WATER DISTRICT
IN FURTHERANCE OF GROUNDWATER SUBSTITUTION TRANSFER IN 2018**

This Agreement In Furtherance of Groundwater Substitution Transfers in 2018 (“Agreement”) is made effective this May ___, 2018 between the San Juan Water District, a community services district (“SJWD”), and Citrus Heights Water District, a public agency formed under the Irrigation District Law (“CHWD”). For purposes of this Agreement SJWD and CHWD also will each be called a “Party” and collectively the “Parties.”

Recitals

A. SJWD owns and operates a public utility water system, including the Sydney Peterson Water Treatment Plant (“WTP”), providing wholesale treated water supplies to SJWD’s five wholesale customer agencies (“WCAs”). SJWD possesses both pre-1914 (1853) and post-1914 (1928) water rights on the North Fork American River. These rights have been quantified as 28,418 acre-feet (af or AF) and 4,582 af per year respectively as the basis of a permanent, 33,000 af no-cut settlement contract with the United States Bureau of Reclamation (“Reclamation”). Reclamation delivers SJWD’s water rights water to SJWD on a municipal and industrial (M&I) pattern from water stored in Folsom Reservoir. SJWD and its predecessors have an established history of annually using the full 33,000 af of its water rights water supplies.

B. Under the Water Forum Agreement, "Water Forum" surface water that is not diverted for municipal and industrial purposes from Folsom Reservoir and is allowed to flow down the American River, unless otherwise designated by an applicable legal determination, remains the property of SJWD once it reaches the confluence of the American River with the Sacramento River. It is the intent of the Parties to comply with the Water Forum Agreement.

C. CHWD owns and operates a public utility water system that distributes treated surface water supplies provided by SJWD and treated water supplies produced from CHWD’s groundwater wells to CHWD’s retail customers within CHWD’s boundaries. SJWD has been providing treated surface water supplies to CHWD since the formation of SJWD in 1954.

E. On May 14, 2008 SJWD and CHWD entered into a long term Wholesale Water Supply Agreement (“2008 WSA”), which provides CHWD with an unspecified quantity but firm supply of treated surface water.

F. Water conditions in California frequently result in limited State Water Project (“SWP”) and Central Valley Project (“CVP”) supplies available for delivery to SWP and CVP contractors located south of the Sacramento-San Joaquin Delta (“Delta”), which results in some of those contractors often seeking additional water supplies from other sources by way of water transfer agreements. Demand for such additional supplies is expected to occur in summer 2018.

G. For 2018, SJWD intends to forego the diversion of a portion of its 1928 water right water that would otherwise be diverted, treated and provided to CHWD by SJWD pursuant to the 2008 WSA. During summer 2018, CHWD intends to substitute the use of groundwater for those foregone treated surface water supplies to meet its demands.

AGREEMENT

Based on the foregoing Recitals, the Parties agree as follows:

1. SJWD Intent to Forego Surface Water Diversions and CHWD Intent to Forego Treated Surface Water Deliveries in 2018. During the July 1 through September 30, 2018 “Summer Transfer Window”, CHWD intends to reduce its purchase and use of treated surface water otherwise available for delivery from SJWD to CHWD in accordance with the terms of the 2008 WSA, and to make up for reductions in treated surface water deliveries with a corresponding increase in the amount of groundwater pumped and used by CHWD, up to a maximum of 2,000 AF (two thousand acre feet). SJWD has indicated its intention to provide such increment of surface

water, for sale (hereafter referred to as “Transfer Water”), that is not diverted from Folsom Reservoir as a result of CHWD’s reduced purchase and use of treated surface water, and corresponding increased use of groundwater in 2018. The Parties understand and acknowledge that each Party is relying on these representations in entering into this Agreement.

2. CHWD’s Agreement to Pump Groundwater. CHWD agrees to pump groundwater, in an amount determined in consultation with SJWD not to exceed 2,000 AF necessary for the sale of Transfer Water in accordance with the provisions of this Agreement; provided that the foregoing (a) shall only apply to the actual amount of applicable groundwater produced by CHWD during the 2018 transfer period, as verified by the California Department of Water Resources (“DWR”), as a result of CHWD’s reduced purchase and use of treated surface water from SJWD and corresponding increased use of groundwater as described in Section 1 above, and (b) shall not be effective for any purpose unless and until SJWD receives written confirmation from the appropriate agency/agencies that the transfer and sale of the Transfer Water as provided herein is approved, in such form as may be acceptable to SJWD in its sole discretion, which shall be an express condition precedent to the transfer and sale of any Transfer Water by SJWD in 2018 pursuant to this Agreement. The maximum amount of groundwater to be produced by CHWD for the purpose of reducing CHWD deliveries of treated surface water to make available Transfer Water will be determined by CHWD, at its sole discretion, for each proposed transfer sale or dedication prior to SJWD initiating the formal process to implement that transfer with the necessary agency/agencies; provided that, in no event will CHWD make available more than 2,000 AF during the 2018 Summer Transfer Window.

3. Post-2018 Groundwater Substitution Transfer Arrangements. Nothing in this Agreement is intended, nor shall it operate to, control any groundwater substitution arrangements between the Parties for 2019 or thereafter, including with respect to the quantity of water to be made available by CHWD, pricing, or any other matter. The Parties anticipate that a separate agreement or agreements will be reached between the Parties to accommodate future water transfers and/or dedications.

4. Payment to CHWD.

A. In consideration of CHWD's staff time, engineering and technical expenses, attorneys' fees, and other expenses incurred by CHWD in the performance of this Agreement, SJWD shall pay CHWD the amount of \$X,XXX.XX not later than 30 days after this Agreement is executed by the transferee(s). This payment shall be due and payable whether or not the approvals necessary for transfer and sale of the Transfer Water are obtained.

B. SJWD will pay CHWD \$250 per acre foot of water pumped by CHWD under this Agreement up to the maximum of 2,000 AF (not including expenses reasonably compensated by the \$XX,XXX payment made in accordance with Section 4(A) above) for the volume of Transfer Water sold by SJWD for which CHWD provides groundwater substitution supplies to meet demand that would otherwise be served with treated surface water deliveries from SJWD. SJWD's payment to CHWD will be based on the quantity of groundwater substitution water produced by CHWD, minus American River instream flow losses of 8% (eight percent), if any, for which SJWD is paid as a result of the sale of applicable Transfer Water. In addition to the payment set forth above, SJWD and CHWD will equally share all revenues associated with any 2018 Transfer contemplated by this Agreement which exceeds \$331 per AF (which is the CHWD payment amount of \$250 per AF plus the \$81 per AF to be paid to SJWD).

C. SJWD will not be obligated to pay CHWD as provided in Section 4(B) unless the applicable Transfer Water is accepted by the transferee(s). SJWD's obligation to pay CHWD shall begin at such time as SJWD provides written instruction to CHWD to begin groundwater production to fulfill the terms of this Agreement and shall conclude at such time as CHWD's groundwater production ceases to be in effect for purposes of this Agreement; provided that the intention of the Parties is to accomplish the transfer(s) contemplated by this Agreement during the 2018 Summer Transfer Window.

D. SJWD will pay CHWD the total sum owing for the amount of Transfer Water invoiced that is attributable to CHWD groundwater production within 30 days of receipt by SJWD of each

payment from a transferee. SJWD will provide CHWD with payment accounting for Transfer Water at the time payments are made to SJWD.

E. Should any situation arise that does not allow SJWD to complete the transfer or dedication, immediate notice shall be provided by SJWD to CHWD. In such cases, SJWD will be responsible for paying CHWD all uncompensated costs attributable to the particular transfer or dedication incurred by CHWD.

F. CHWD acknowledges and agrees that no additional compensation, beyond that required by this Agreement, will be due for its production of groundwater substitution water supplies for delivery in its service area, provided that rates paid to SJWD for any and all treated water that CHWD purchases and uses continues to be governed by the 2008 WSA.

5. Sale in SJWD's Sole Discretion. SJWD will have the sole discretion to determine whether to sell any quantity of Transfer Water during 2018. Nothing in this Agreement will be construed to require SJWD to sell any Transfer Water or to pay CHWD any compensation under this Agreement unless SJWD sells some quantity of Transfer Water and CHWD provides groundwater substitution water for some portion of that Transfer Water during 2018, except as provided in Section 4(A). Nothing in this Agreement excuses CHWD's obligation to SJWD to pay for any treated surface water that SJWD delivers to CHWD for consumptive use under the 2008 WSA.

6. Pumping of Groundwater by CHWD.

A. CHWD has sole discretion to determine the manner, facilities used, and schedule for which it produces any quantity of groundwater for use in CHWD service area to offset surface water use, subject to also satisfying any and all regulatory criteria associated with implementing the applicable transfer or dedication.

B. Once the amount of groundwater to be produced has been agreed to, which the parties expect to be 2,000 AF for the 2018 Summer Transfer Window, CHWD will pump a quantity of groundwater that results in net CHWD groundwater use that includes the agreed upon

supplemental production to provide for the groundwater substitution, minus 8% American River stream losses during the 2018 Summer Transfer Window.

C. Should any situation arise that does not allow CHWD's groundwater production commitment to be achieved during 2018, immediate notice shall be provided by CHWD to SJWD.

7. Cooperation; Approvals. CHWD will cooperate and collaborate with SJWD as needed for SJWD to secure the approvals necessary to implement SJWD's sale of Transfer Water in 2018, subject to the following conditions:

A. SJWD will be responsible for and pay all costs of obtaining any governmental approval(s) related to the surface water transfer and compliance with applicable laws, including but not limited to obtaining Reclamation's and/or DWR's approval required for the temporary transfer of the Transfer Water pursuant to Water Code Section 1725.

B. CHWD will be responsible for and pay all costs of obtaining any governmental approval(s) related to the groundwater substitution portion of a transfer or dedication and compliance with applicable laws, including but not limited to obtaining approval of use of groundwater wells for production of groundwater substitution supplies.

C. SJWD will be the lead agency and will pay all costs required for the purpose of compliance with CEQA and/or NEPA for transfers undertaken pursuant to this Agreement.

D. Except as otherwise provided in Section 4(A), each Party will bear its own costs for staff time, engineering and technical expenses, attorneys' fees, and other expenses related to performing their respective duties under this Agreement.

E. The Parties, no later than six months after the conclusion of a transfer undertaken pursuant to this Agreement, shall confer and reconcile budgeted expenses and revenues with actual expenses and revenues.

8. Inspection of Books and Records. The proper representatives of SJWD will have full and free access at all reasonable times to the account books and official records of CHWD insofar as they pertain to the matters and things provided for in this Agreement, with the right at any time during office hours to make copies thereof at SJWD's expense. The proper representatives of CHWD will have similar rights with respect to the account books and official records of SJWD.

9. Monitoring and Mitigation.

A. Should the incremental production of groundwater by CHWD for the purposes of a groundwater substitution transfer pursuant to this Agreement be found to cause a significant adverse impact to another local water purveyor utilizing groundwater, the Parties shall either terminate the transfer or collaboratively develop and adopt monitoring and mitigation measures, including but not limited to reducing the amount of groundwater required to be produced, to reduce the impact to less than significant.

B. Should the incremental production of groundwater by CHWD for the purposes of a groundwater substitution transfer pursuant to this Agreement require the use of diesel-powered generators or other combustible fuel rather than publicly-supplied electrical power, the Parties shall either terminate the transfer or collaboratively develop and adopt monitoring and mitigation measures, including but not limited to reducing the amount of groundwater required to be produced, to reduce the impact to air quality.

C. Should the incremental production of groundwater by CHWD for the purposes of a groundwater substitution transfer pursuant to this Agreement be found to cause other significant adverse impacts to the public or the environment, the Parties shall either terminate the transfer or collaboratively develop and adopt monitoring and mitigation measures, including but not limited to reducing the amount of groundwater required to be produced, to reduce the impact to less than significant.

10. Water Rights.

A. The only rights granted to the Parties as a result of this Agreement are those expressly set forth in this Agreement. SJWD’s reduced deliveries of diversions of surface water pursuant to this Agreement will not confer any appropriative, public trust or other right to water on any person or entity.

B. Nothing in this Agreement will be construed to act as a forfeiture, diminution or impairment of any water right or contractual entitlement of CHWD or SJWD. Consistent with the provisions of California Water Code Sections 109, 475, 1011, 1014 through 1017, 1244 and 11961, CHWD’s production and use of groundwater in lieu of taking delivery of treated surface water from SJWD under the 2008 WSA pursuant to this Agreement, or this Agreement itself, will not be evidence of either the existence of surplus water after this Agreement expires, or of the lack of beneficial use of the water involved, and the Parties will not contend otherwise.

C. CHWD agrees to comply with Water Code Section 1732. In accordance with the provisions of Water Code section 1745.10, SJWD and CHWD have each determined that the production and use of groundwater under this Agreement would not create nor contribute to conditions of long-term overdraft in the affected groundwater basin.

11. Term of Agreement. This Agreement will continue until December 31, 2018. A Party may withdraw from this Agreement, at its sole discretion, with one (1) months’ notice, with the exception that a Party may terminate the Agreement following a material breach by the other Party, after a fifteen (15) day consultation period for the purpose to discuss and, if possible, resolve a dispute that would be a basis for terminating this Agreement.

12. Dispute Resolution. In the event that a dispute arises regarding the terms and conditions of this Agreement, the Parties agree that, they will attempt to engage in good faith negotiations in an effort to find a solution that serves their respective and mutual interests, including their continuing relationships. Unless otherwise agreed in writing, the Parties shall have fourteen (14) calendar days from the date that the questioning Party gives written notice of the particular issue to begin these negotiations and twenty-eight (28) calendar days from the written notice date to complete these negotiations concerning the dispute.

13. Assignment. No Party executing this Agreement will assign any of its rights or obligations under this Agreement, except with the prior written consent of the other Party, which will not be unreasonably withheld. No assignment of this Agreement will relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee. Any assignment in violation of this Section will be void.

14. No Waiver of Rights. Any waiver at any time by a Party hereto of its rights with respect to a breach, default or any other matter arising in connection with this Agreement, will not be deemed to be a waiver with respect to any other breach, default or matter.

15. Indemnification. To the extent permitted by State law, SJWD will indemnify, defend and hold harmless CHWD and its officers, agents, and employees from any and all claims, lawsuits (including but not limited to CEQA and NEPA lawsuits), judgments, damages, penalties, costs, liabilities and losses (including without limitation, sums paid in settlement of claims, actual attorneys' fees, paralegal fees, consultant fees, engineering fees, expert fees and any other professional fees) that arise from or are related in any way to the SJWD's sale of Transfer Water or any other activities under this Agreement, including but not limited to obtaining all approvals necessary to sell Transfer Water, determining and accounting for the amount of Transfer Water made available for sale, and the collection and proper payment of funds due to CHWD for Transfer Water actually sold. The provisions of this Section shall survive any termination of this Agreement.

16. Entire Agreement. This Agreement represents the sole, final, complete, exclusive, and integrated expression and statement of the terms of agreement between the Parties concerning the subject matter of this Agreement. No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both Parties. There are no written or oral agreements, conditions, representations, warranties, or promises with respect to the subject matter of this Agreement except those contained in or referred to in this document.

17. Severability. If any term or provision of this Agreement is deemed invalid or unenforceable by any court of final jurisdiction, it is intended by the Parties that all other provisions of this Agreement be construed to remain fully valid, enforceable and binding on the Parties.

18. Interpretation. SJWD and CHWD each had a full and fair opportunity to consult independent counsel in the negotiation and execution of this Agreement. For the purposes of interpretation of this Agreement, neither Party will be deemed to have been its drafter.

19. Notices. Any notice, demand, or request made in connection with this Agreement will be in writing and will be deemed to have been duly given on the date of service, if (a) served personally on the person to whom notice is to be given, or (b) sent by electronic mail, and the recipient acknowledges receipt, or (c) on the third day after mailing, if mailed to the person to whom notice is to be given by first-class United States mail, postage-prepaid, and properly addressed to the following designated representatives of SJWD and CHWD:

To CHWD: Citrus Heights Water District
Attn: Hilary Straus, General Manager
6230 Sylvan Road
Citrus Heights, CA 95610
E-mail: hstraus@chwd.org

To SJWD: San Juan Water District
Attn: Paul Helliker, General Manager
9935 Auburn Folsom Road
Granite Bay, CA 95746
E-mail phelliker@sjwd.org

20. Governing Law. This Agreement is governed by and will be interpreted in accordance with the laws of the State of California. This Agreement is deemed to have been executed in Sacramento County and therefore, the state or federal court where the Parties' offices are located shall be venue for any litigation concerning the enforcement or construction of this Agreement.

21. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same Agreement.

22. General Provisions. Each Party understands and agrees that there is no agency relationship between the Parties. It is further understood and agreed by the Parties that, notwithstanding anything contained herein, the employees, consultants and contractors of each Party shall continue to be entirely and exclusively under the direction, supervision and control of the employing or contracting Party. Furthermore, this Agreement does not construe an agreement or relationship by and between the Parties and the other entities referenced herein being Reclamation and DWR.

The foregoing is hereby agreed to by the Parties on the date first written above.

Citrus Heights Water District:

San Juan Water District:

By: _____

Hilary M. Straus
General Manager

By: _____

Paul Helliker
General Manager

EXHIBIT A

To supplement the necessary actions and commitments made between San Juan Water District and Citrus Heights Water District as memorialized in the Agreement titled “In Furtherance of Groundwater Substitution Transfers in 2018” (“Agreement”), dated May ____, 2018, the following terms have been determined and negotiated for the purpose of CHWD providing supplemental groundwater substitution deliveries to its customers in accordance with the Agreement to undertake the following water transfer or dedication in 2018:

Purpose of Transfer:	Sale
Transferee Price/AF	\$400
Amount of Water to be Transferred	Up to 2,000 AF
Timing of GW Substitution Deliveries period July 1 to September 30, 2018	Approx. 660 AF per month for the
CHWD Reimbursement \$/AF	\$250/AF
Other CHWD Costs to be Reimbursed	\$XX
SJWD Reimbursement \$/AF	\$81/AF
Other SJWD Costs to be Reimbursed	\$XX
Distribution of Remaining Proceeds	50% to CHWD: \$34.50/AF 50% to SJWD: \$34.50/AF

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS May 16, 2018 REGULAR MEETING

SUBJECT : 2018 STRATEGIC PLAN UPDATE
STATUS : Action Item
REPORT DATE : May 3, 2018
PREPARED BY : Madeline Henry, Management Services Specialist/Deputy Board Clerk

OBJECTIVE:

Receive an update to the 2018 Strategic Plan.

BACKGROUND AND ANALYSIS:

Beginning with the 2017 budget process, CHWD initiated an annual Strategic Planning process. The goal of Strategic Planning is to bring the Board of Directors and key District staff together to identify and prioritize the District's key policy, program and project issues, and to identify actionable steps to take over the coming year given limited funding and staffing resources, to help take CHWD to the next level. Given that Strategic Planning items are above and beyond daily operations, the need to prioritize issues is critical to the success of the Strategic Plan.

The 2018 Strategic Plan was approved by the Board of Directors on July 11, 2017. Staff will provide a PowerPoint presentation at the May 16, 2018 Board Meeting to review the work completed through the end of the first quarter of 2018.

RECOMMENDATION:

Receive an update of the 2018 Strategic Plan.

ATTACHMENT:

2018 Strategic Plan 1st Quarter Update

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

Citrus Heights Water District
2018-2021 STRATEGIC PLAN 1ST QUARTER UPDATE

Wednesday, May 16, 2018

THREE-YEAR GOAL: *PROJECT 2030 – WATER MAIN IMPROVEMENTS*

<i>Objectives to be Completed in the 2018 Year</i>					
#	START	END	WHAT	WHO	COMMENTS
1	Q1 2018	Q3 2018	Complete asset inventory into ESRI	Missy P., Paul D., Borey S., Tamar D.	Scanning of as-builts 90% complete. Asset Inventory incorporated into ESRI 10% complete.
2	Q4 2017	Q4 2019	Complete Customer Advisory Committee (CAC) Process	Missy P., Consultant, Rex M., Hilary S., Ray R., David G., Paul D., Susan S., Brian H., Chris C., Tamar D.	CAC Meeting #1 scheduled for 05/29/18.
3	Q3 2017	Q4 2019	Complete Project 2030 Study	Missy P., Consultant, Hilary S., David G., Paul D., Susan S., Brian H., Chris C., Tamar D., Borey S.	Asset Inventory and water demand projections in progress.
4	Q3 2018	Q2 2019	Transmission Main Evaluation (FIP)	Missy P., Consultant, David G., Paul D., Brian H., Tamar D., Borey S.	Objective to begin in Q3 2018.
5	Q3 2018	Q2 2019	Creek Crossing Inspection Program	Missy P., Consultant, David G., Paul D., Brian H., Tamar D., Borey S.	Objective to begin in Q3 2018.

Citrus Heights Water District
2018-2021 STRATEGIC PLAN 1ST QUARTER UPDATE

Wednesday, May 16, 2018

THREE-YEAR GOAL: WATER EFFICIENCY

<i>Objectives to be Completed in the 2018 Year</i>					
#	START	END	WHAT	WHO	COMMENTS
1	Q1 2018	Q4 2019	Meter Replacements: a. Study/Partnerships b. Grants c. Testing	Rex M., David G., Susan S., Hilary S., Brian H., Kelly D.	Consortium MOU is being approved by agencies. Developing additional partnerships. RFP set for release 07/09/18.
2	Q1 2018	Q4 2018	Tracking state laws and regulations and taking positions as appropriate. a. Updates b. Compliance c. Reporting	David G., Rex M., Hilary S., RWA, BB&K	Staff has created a new section of the FYI Report, Legislative/Regulatory Update, to track and monitor proposed regulatory and legislative changes affecting the District.
3	Q1 2018	Q4 2018	Public Outreach—Training	Chris C., Rex M., Missy P, David G., Hilary S., Kelly D., CirclePoint	Five landscape classes scheduled through September. The first class was held 04/12/18.
4	Q1 2018	Q4 2018	Safety: a. In-house b. Public c. Compliance	Kelly D., Chris C., David G., Rex M., Safety Committee, ACWA JPIA	The following in-house trainings have been completed: First Aid CPR/AED, ACP, Respirator, Hazard Communication (MSDS), Blood Borne Pathogens, and Fire Extinguisher. Updates to the Injury/Illness Prevention Program (IIPP) were completed in January 2018. Updates include Traffic Control/Flagger and Blood Borne Pathogen.

Citrus Heights Water District
2018-2021 STRATEGIC PLAN 1ST QUARTER UPDATE

Wednesday, May 16, 2018

THREE-YEAR GOAL: WATER EFFICIENCY

<i>Objectives to be Completed in the 2018 Year</i>					
<i>#</i>	<i>START</i>	<i>END</i>	<i>WHAT</i>	<i>WHO</i>	<i>COMMENTS</i>
5	Q1 2018	Q2 2019	Risk Management and Loss Prevention Workplan Development	Chris C., Kelly D., Rex M., Susan S., Hilary S.	Chris and Kelly attended the Public Agencies Risk Management Association (PARMA) conference in Q1. The Safety Committee is currently performing a risk analysis to assess the specific risks the loss prevention program will address.
6	Q1 2018	Q4 2018	Identify and Apply for Grant Funding: a. RWA b. District c. Partnerships	David G., Brian H., Missy P., Rex M., RWA, Susan S., Alberto P.	Applied for Prop 1 funding through the Integrated Regional Water Management Plan (IRWMP). Several projects were identified as being applicable for these grant funds. The District is partnering with other regional agencies to identify further funding opportunities for Meter Replacement Study and Aquifer Storage and Recovery (ASR) Feasibility Study.

Citrus Heights Water District
2018-2021 STRATEGIC PLAN 1ST QUARTER UPDATE

Wednesday, May 16, 2018

THREE-YEAR GOAL: WATER SUPPLY

<i>Objectives to be Completed in the 2018 Year</i>					
<i>#</i>	<i>START</i>	<i>END</i>	<i>WHAT</i>	<i>WHO</i>	<i>COMMENTS</i>
1	Q4 2017	Q4 2019	Amend/Update Water Supply Agreement	Hilary S., BB&K, David G., Susan S., Brian H.	Staff and Legal Counsel are preparing to meet with the Board in Q3 2018.
2	Q3 2017	On-going	Active engagement in Sustainable Groundwater Management Act (SGMA) Technical Advisory Group	David G., Brian H., Hilary S., BB&K	Staff has been attending/following the Groundwater Sustainability Plan (GSP) development at the monthly North American Sub-basin Technical meetings.
3	Q2 2018	Q4 2018	Consider Aquifer Storage and Recovery (ASR) Retrofit feasibility	David G., Brian H., Hilary S., Missy P., Susan S., Eng. Consultant, BB&K	Staff is working with RWA/SGA to develop the scope of services for a regional ASR feasibility study.
4	Q3 2018	Q4 2019	Design Well #7	David G., Brian H., Hilary S., Missy P., Susan S.	Contingent on completion of property purchase. Staff anticipates close of escrow on the property to occur in Q2/Q3 2018.
5	Q3 2017	Q4 2018	Obtain Well #8 property	David G., Brian H., Hilary S., Missy P., Susan S., and Real Estate Rep.	Staff is currently negotiating with a property owner for a potential property purchase.
6	Q3 2018	Q4 2019	Revisit and Develop Intertie Agreements	David G., Brian H., BB&K, Hilary S., Susan S., Missy P.	Objective to begin in Q3 2018.
7	Q3 2017	Q2 2018	Complete two well rehabilitations and other upgrades	David G., Brian H., Hilary S., Missy P., Susan S.	COMPLETE

Citrus Heights Water District
2018-2021 STRATEGIC PLAN 1ST QUARTER UPDATE

Wednesday, May 16, 2018

THREE-YEAR GOAL: WATER SUPPLY

<i>Objectives to be Completed in the 2018 Year</i>					
<i>#</i>	<i>START</i>	<i>END</i>	<i>WHAT</i>	<i>WHO</i>	<i>COMMENTS</i>
8	Q2 2017	Q4 2018	Research water rights	Hilary S., BB&K, David G., Brian H., Susan S., Chris C.	Staff and Legal Counsel are currently researching the District's water rights with the intent to update the Board in Q3 2018.

Citrus Heights Water District
2018-2021 STRATEGIC PLAN 1ST QUARTER UPDATE

Wednesday, May 16, 2018

THREE-YEAR GOAL: CAPITAL IMPROVEMENTS PROGRAM

<i>Objectives to be Completed in the 2018 Year</i>					
<i>#</i>	<i>START</i>	<i>END</i>	<i>WHAT</i>	<i>WHO</i>	<i>COMMENTS</i>
1	Q1 2018	Q4 2018	Water distribution mains and services	Missy P., Paul D., Tamar D., Borey S., David G.	2 projects in construction phase. 3 projects in design phase. 1 project not yet started.
2	Q4 2018	Q2 2019	Review the CEQA process for CIPs	Missy P., Paul D., Tamar D., Borey S., Hilary S., BBK	Objective to begin in Q4 2018.
3	Q1 2018	Q4 2018	Develop RFP for Easement Review Project	Missy P., Tamar D., Paul D., Borey S., Hilary S., BBK	Scoping meeting completed on 04/18/18. Preparing Draft Request for Proposal. Review of Draft Request for Proposal on 07/17/18.
4	Q1 2018	Q4 2018	Develop RFP for review of annexations	Missy P., Tamar D., Paul D., Borey S., Hilary S., BBK	Scoping meeting completed on 04/18/18. Preparing Draft Request for Proposal. Review of Draft Request for Proposal on 08/08/18.
5	Q2 2018	Q2 2019	Develop the Corporation Yard/Facilities Master Plan, including ADA compliance	Paul D., David G., Missy P., Susan S., Hilary S., Consultant	Restart Project. Engineering meeting completed 03/29/18. Next meeting scheduled for 05/16/18.
6	Q3 2018	Q2 2019	Develop a plan to dispose of surplus well sites	David G., Brian H., Susan S., Tamar D., BBK	Objective to begin in Q3 2018.

Citrus Heights Water District
2018-2021 STRATEGIC PLAN 1ST QUARTER UPDATE

Wednesday, May 16, 2018

THREE-YEAR GOAL: ORGANIZATION-WIDE OBJECTIVES

<i>Objectives to be Completed in the 2018 Year</i>					
#	START	END	WHAT	WHO	COMMENTS
1	Q3 2018	Q4 2018	Server upgrade	PITA, Susan S., J4, Sophos	SAN upgrade complete. Next step is to upgrade physical servers. About 50% done. Awaiting arrival of PITA (Principal Information Technology Analyst).
2	Q3 2018	Q2 2019	Issue RFP for Website Redesign	Chris C., Madeline H., PITA, Susan S., Hilary S.	Awaiting arrival of PITA.
3	Q3 2017	Q2 2018	IT Program Review	Chris C., Susan S., Hilary S.	COMPLETE
4	Q1 2018	Q4 2018	Support the 2018 Board Member Candidates' Orientation and Election process	Chris C., Madeline H., Susan S., Hilary S.	Resolution for Election going to Board in May 2018. CHWD participated in Leadership Citrus Heights, at CAC meetings, and at Neighborhood Association meetings in Spring 2018 to promote upcoming election.
5	Q4 2017	Q4 2018	Hold Organizational development and employee training Opportunities	Chris C., Susan S., Hilary S., Missy P., David G.	HR Team working with Bryce Consulting to provide trainings to the general staff that were provided previously to leadership staff. First training scheduled for late June 2018.
6	Q4 2017	Q4 2018	CHWD Policy Review	BB&K, Chris C., Susan S., Hilary S., Missy P., David G.	Completed Update of Policy 6500. Reviewing additional policies for update in Q3 and Q4.
7	Q1 2018	Q3 2019	Rebuild Rate Model/Financial Model for 2020 budget	Susan S., Alberto P., Hilary S., Missy P., David G., Chris C., Rex M., Brian H., Paul D., Consultant	Contracted with Raftelis for analysis. Expect to complete groundwater cost analysis in Q3.

Citrus Heights Water District
2018-2021 STRATEGIC PLAN 1ST QUARTER UPDATE

Wednesday, May 16, 2018

THREE-YEAR GOAL: ORGANIZATION-WIDE OBJECTIVES

<i>Objectives to be Completed in the 2018 Year</i>					
<i>#</i>	<i>START</i>	<i>END</i>	<i>WHAT</i>	<i>WHO</i>	<i>COMMENTS</i>
8	Q1 2018	Q4 2019	Enterprise-wide document scanning and indexing/GIS	Chris C., PITA, Susan S., Consultant, Missy P., David G.	Engineering documents (plans, as-builts) scanned. Staff working on build-out of GIS maps using data scanned. Expect to issue RFP, secure vendor(s), and begin work on other department records by Q4.
9	Q1 2018	Q2 2018	Hire a Water Efficiency Technician (1FTE new position)	Chris C., Rex M., Sr. Mgmt. Svc. Spec., RGS	COMPLETE

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 16, 2018 MEETING

SUBJECT : METER REPLACEMENT STUDY UPDATE
STATUS : Information Item
REPORT DATE : May 02, 2018
PREPARED BY : Hilary Straus, General Manager
Rex Meurer, Water Efficiency Supervisor

Staff will update the Board on CHWD's progress in working with several surrounding water districts to develop a multi-agency Water Meter Replacement and Operations Program.