

PROJECT 2030

WATER MAIN REPLACEMENT



CITRUS
HEIGHTS
WATER
DISTRICT

PROJECT 2030
WATER MAIN REPLACEMENT



Customer Advisory Committee Meeting 7

JUNE 11, 2019



PLEDGE OF ALLEGIANCE

MEETING AGENDA

Public Comment



Approve Meeting #6 Summary



Review of Remaining 2 Alternatives



Market Research Results



Determine the Top Alternative



Preview of CAC Meeting #8 on September 10th, 2019



Meeting Take Away's



PUBLIC COMMENT



PUBLIC COMMENT





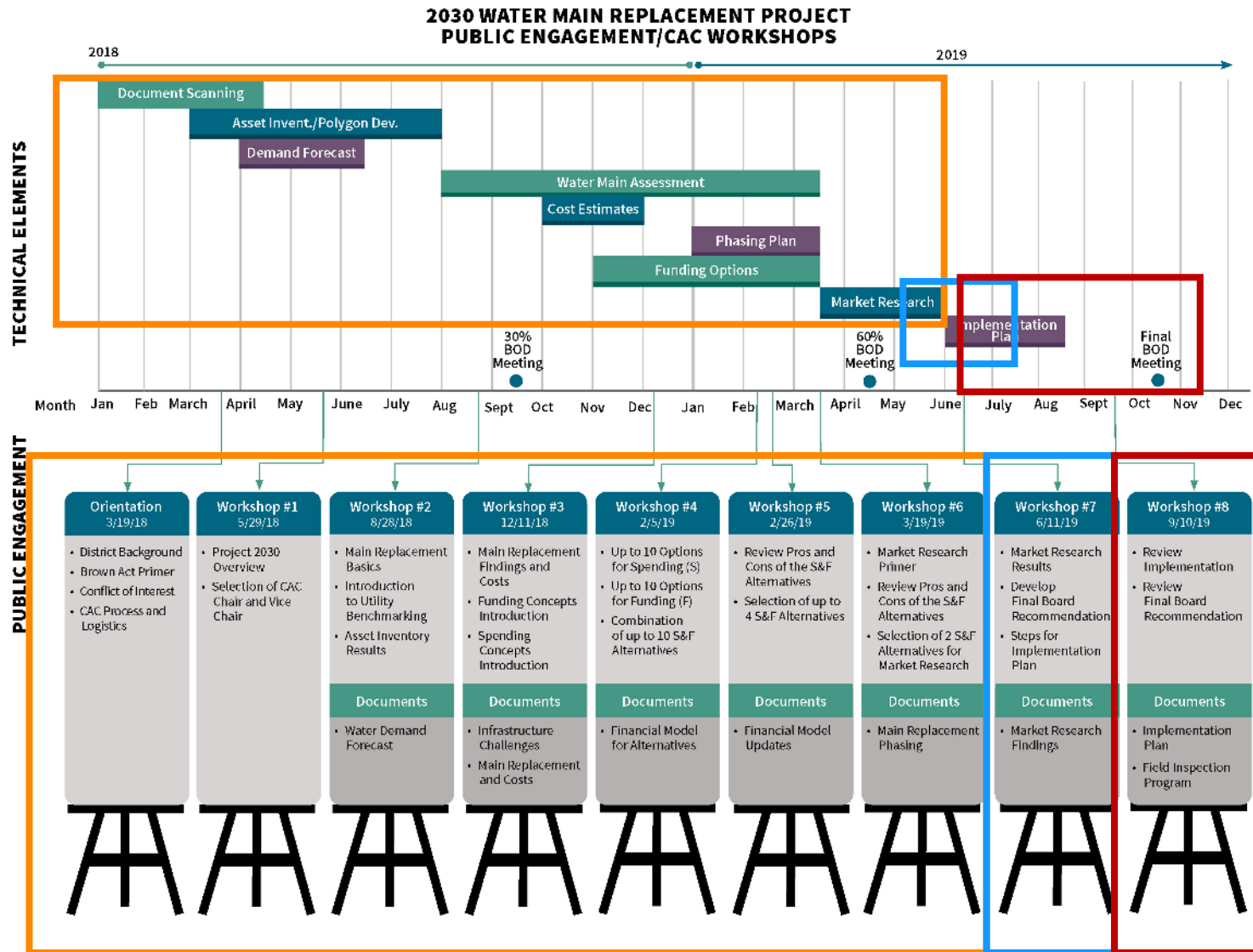
APPROVE MEETING #6 SUMMARY – MARCH 19, 2019



WHERE WE ARE & WHERE WE ARE GOING



PROJECT OVERVIEW



PROJECT 2030 SCOPE





REVIEW OF REMAINING 2 ALTERNATIVES

2 ALTERNATIVES SELECTED FOR MARKET RESEARCH

Alt	Funding Description	System Replaced by 2080	Cost 2018 (\$)	Annual Spending	Additional Cost (Interest)
5.4	Prefunding (\$22.5M), with Debt (4% of funding)	72%	\$390M	\$7.8M	\$48M
6.4	Prefunding (\$29.4M), with Debt (9% of funding)	89%	\$480M	\$9.6M	\$132M

PREFUNDING COMPONENT

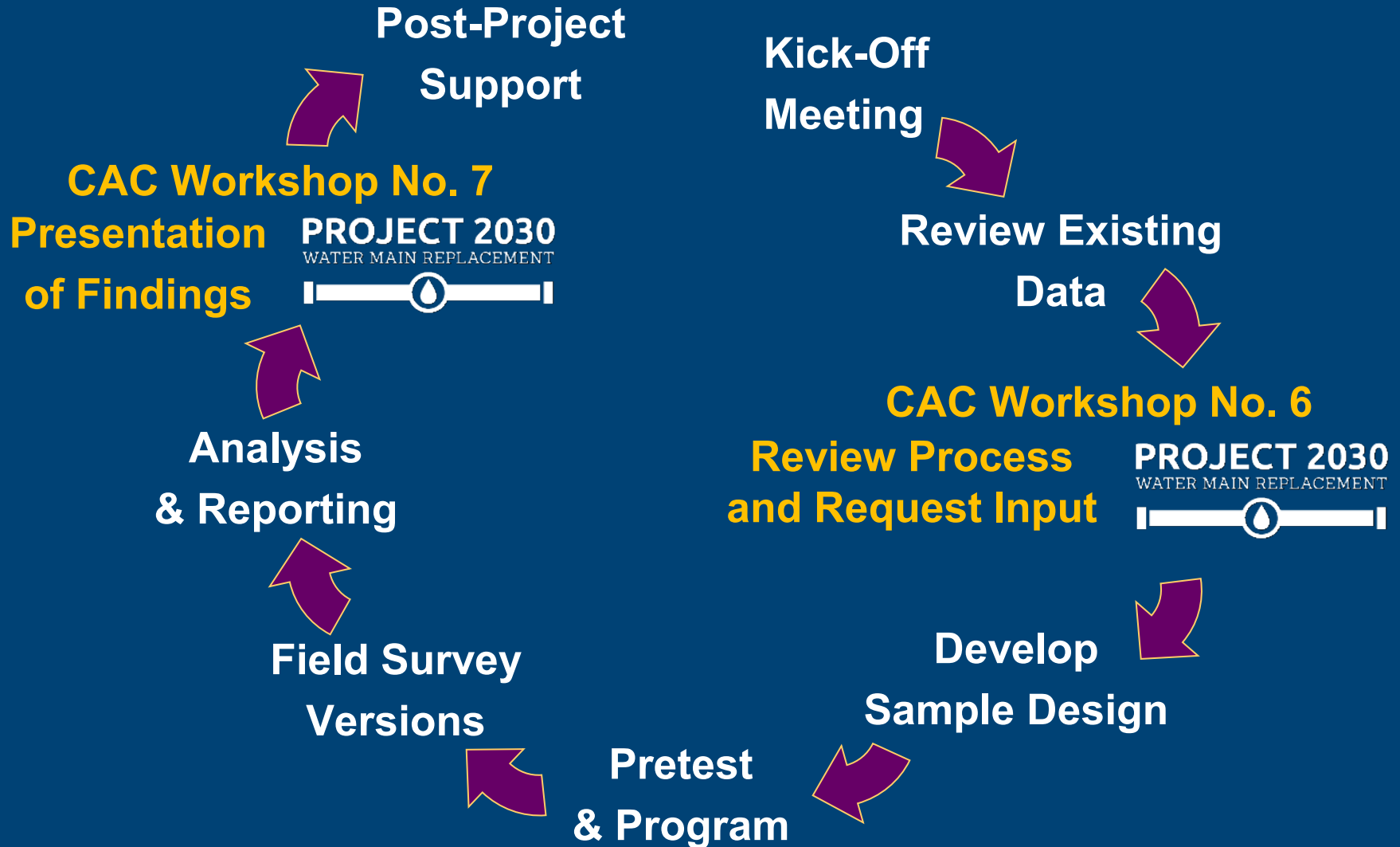
Alternative	Prefunding	Annualized (10 years)	Monthly Meter Surcharge (1")
5.4	\$22.5M	\$2.25M	\$8.63
6.4	\$29.4M	\$2.94M	\$11.27

- Isolate Prefunding from other District revenue requirements
- Identify ways prefunding could be implemented
 - Example reflects charge by meter size that remains constant for 10 years



MARKET SURVEY REVIEW

SURVEY RESEARCH PROCESS





GODBE RESEARCH
Gain Insight



Citrus Heights Water District: 2019 District Survey

June 12, 2019

Overview and Research Objectives

The Citrus Heights Water District commissioned Godbe Research to conduct a survey of local voters and ratepayer non-voters with the following research objectives:

- Gauge awareness of the District;
- Gauge the public's perceptions on the job the District is doing to provide water service and managing public funds;
- Assess potential support for a rate/surcharge increase proposal that could be considered by the Board of Directors to replace aging underground water mains or water pipelines;
- Prioritize projects and programs to be funded by the increase;
- Test the influence of informational and critical statements on potential support;
- Determine if there is a rate/surcharge threshold; and
- Identify demographic and/or voter behavioral characteristics to validate the sample is representative of the District's voter population.

- Data Collection Landline (82), cell phone (29), and text to online (494) interviewing
- Universe 35,194 Registered voters
4,912 Ratepayer non-voters
- Fielding Dates May 2 through May 8, 2019
- Interview Length 20 minutes
- Sample Size n=504 Registered voters
n=101 Ratepayer non-voters
n=605 All respondents
- Margin of Error $\pm 4.33\%$ Registered voters
 $\pm 3.95\%$ All respondents

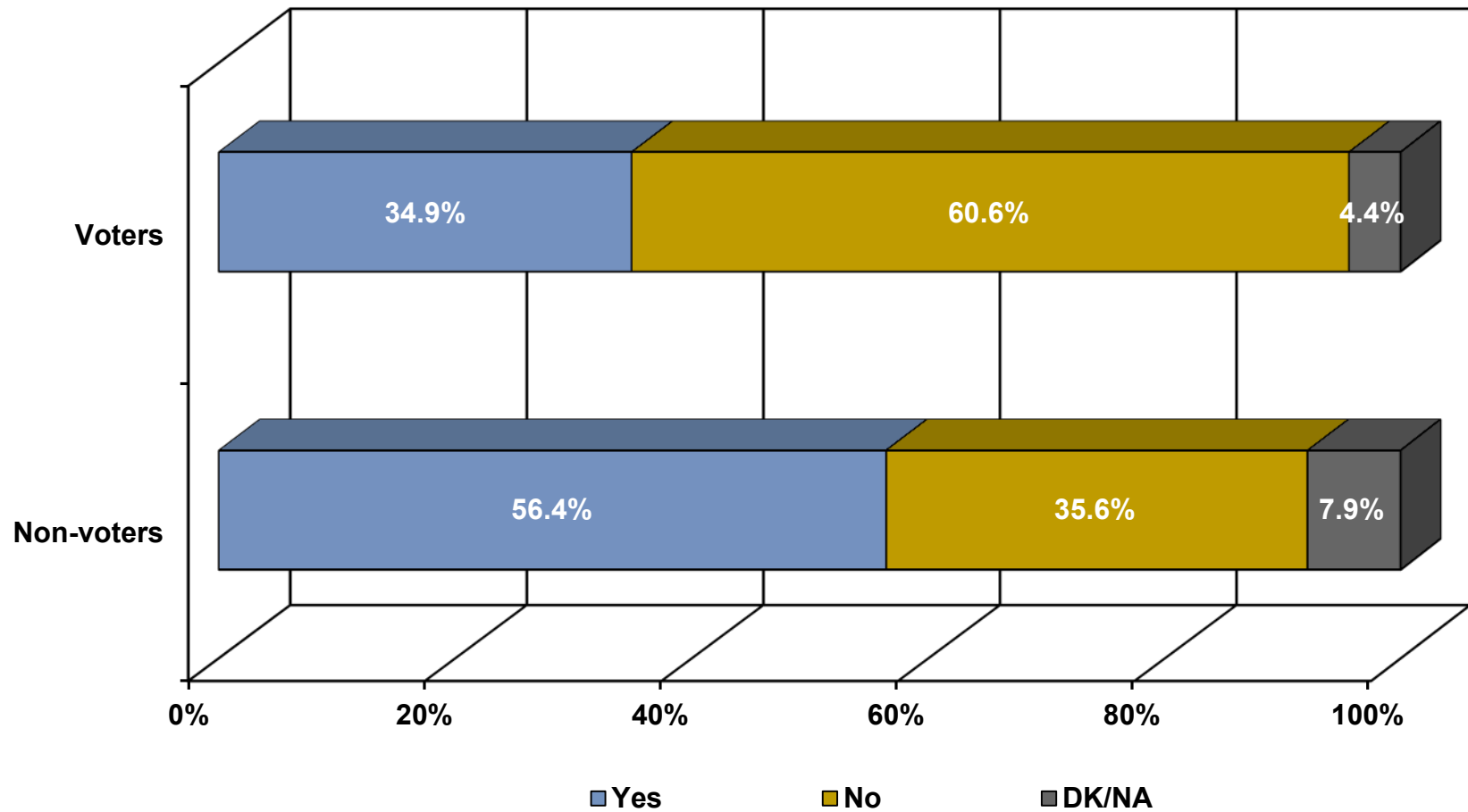


GODBE RESEARCH
Gain Insight

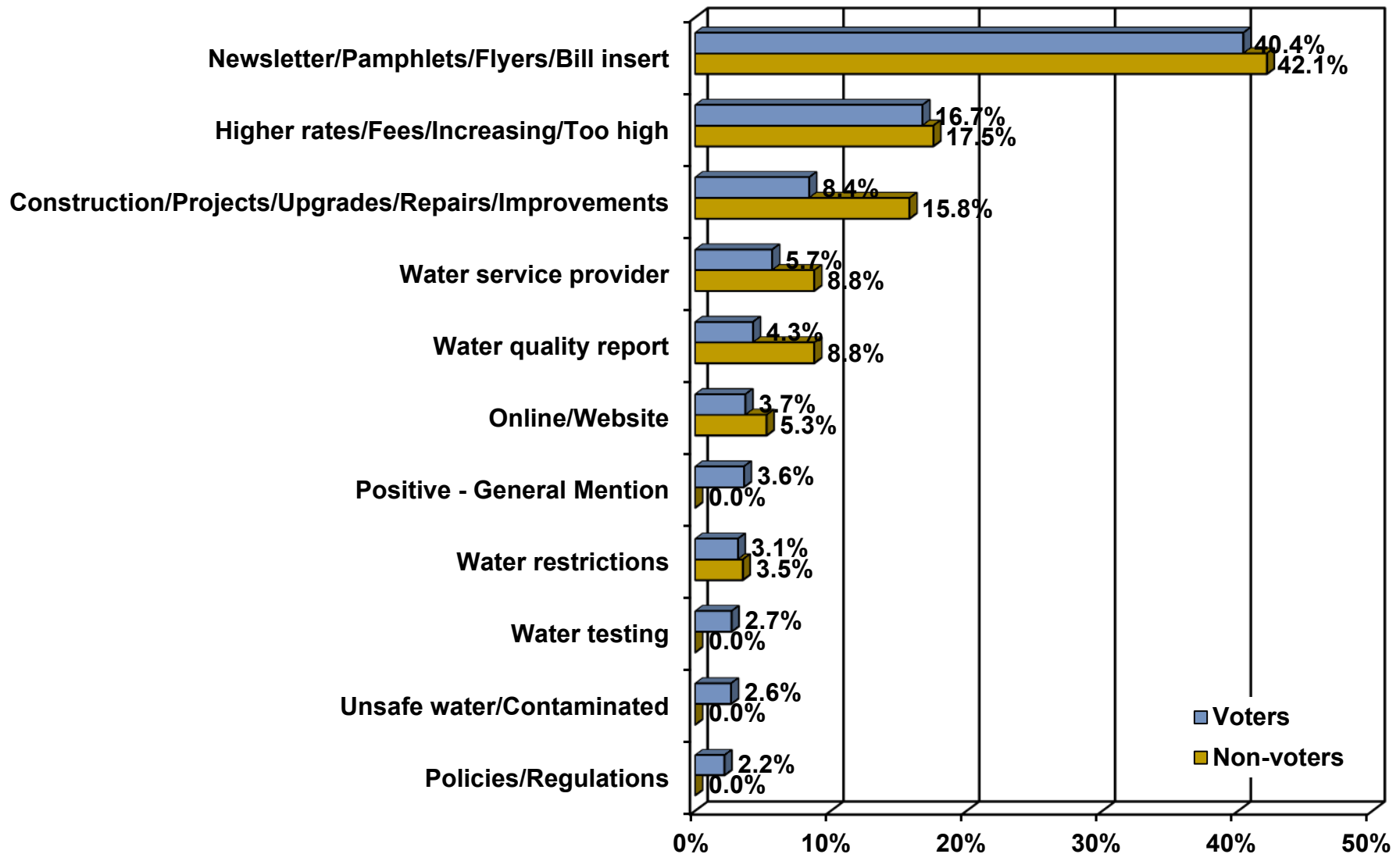


Key Findings

Q1. Seen, Heard or Read About CHWD

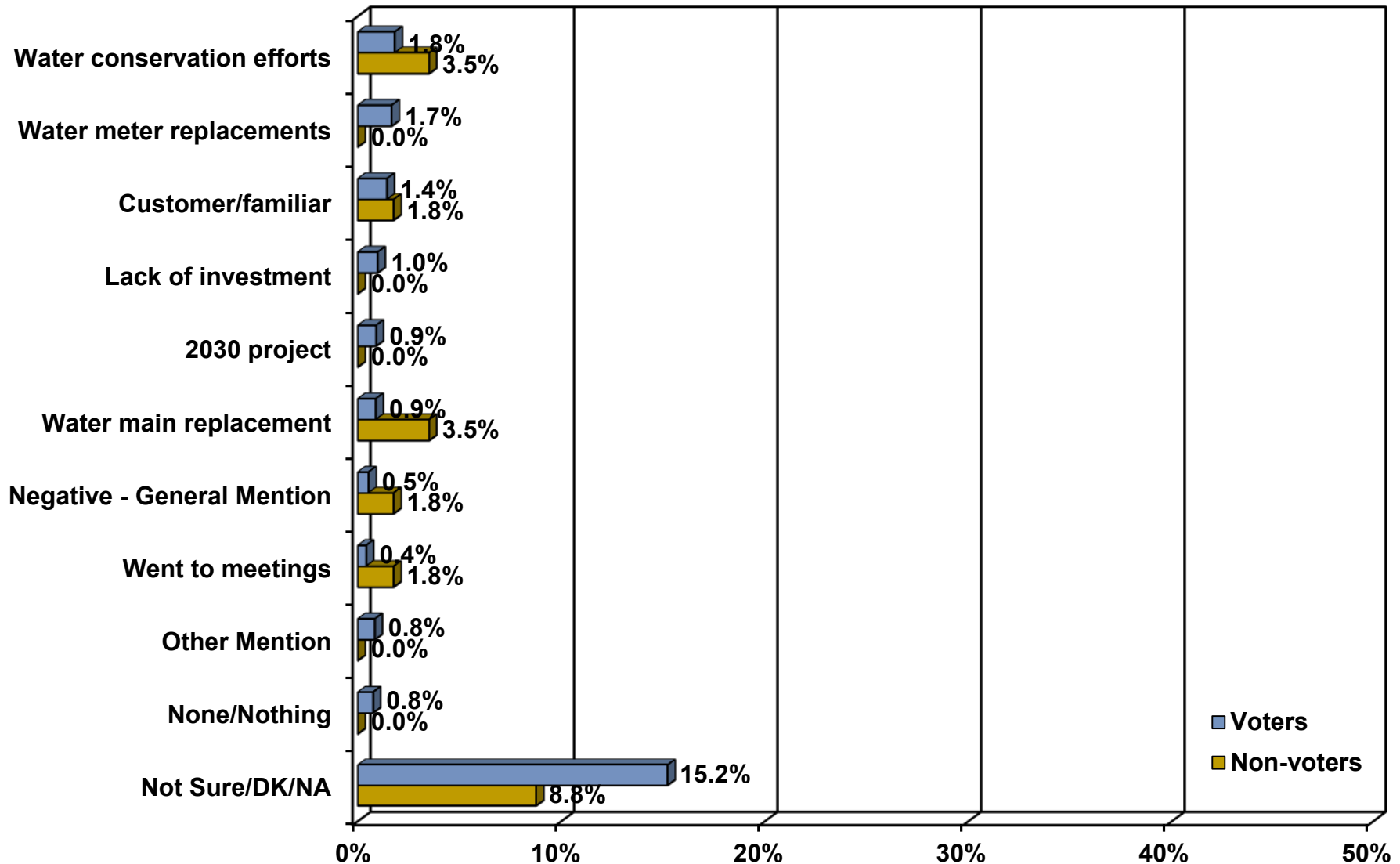


Q2. What Seen, Heard or Read About CHWD I

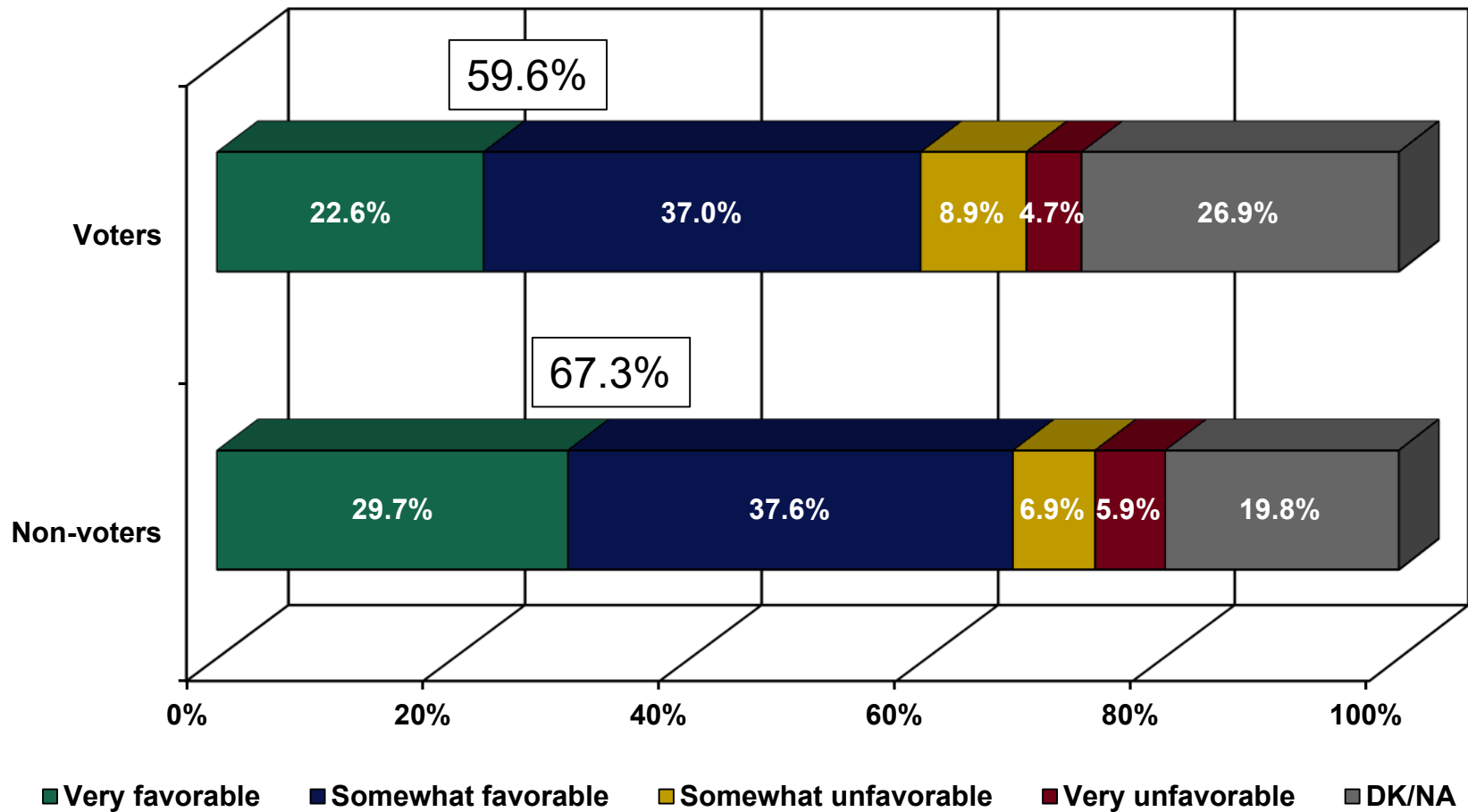


Q2. What Seen, Heard or Read About CHWD II

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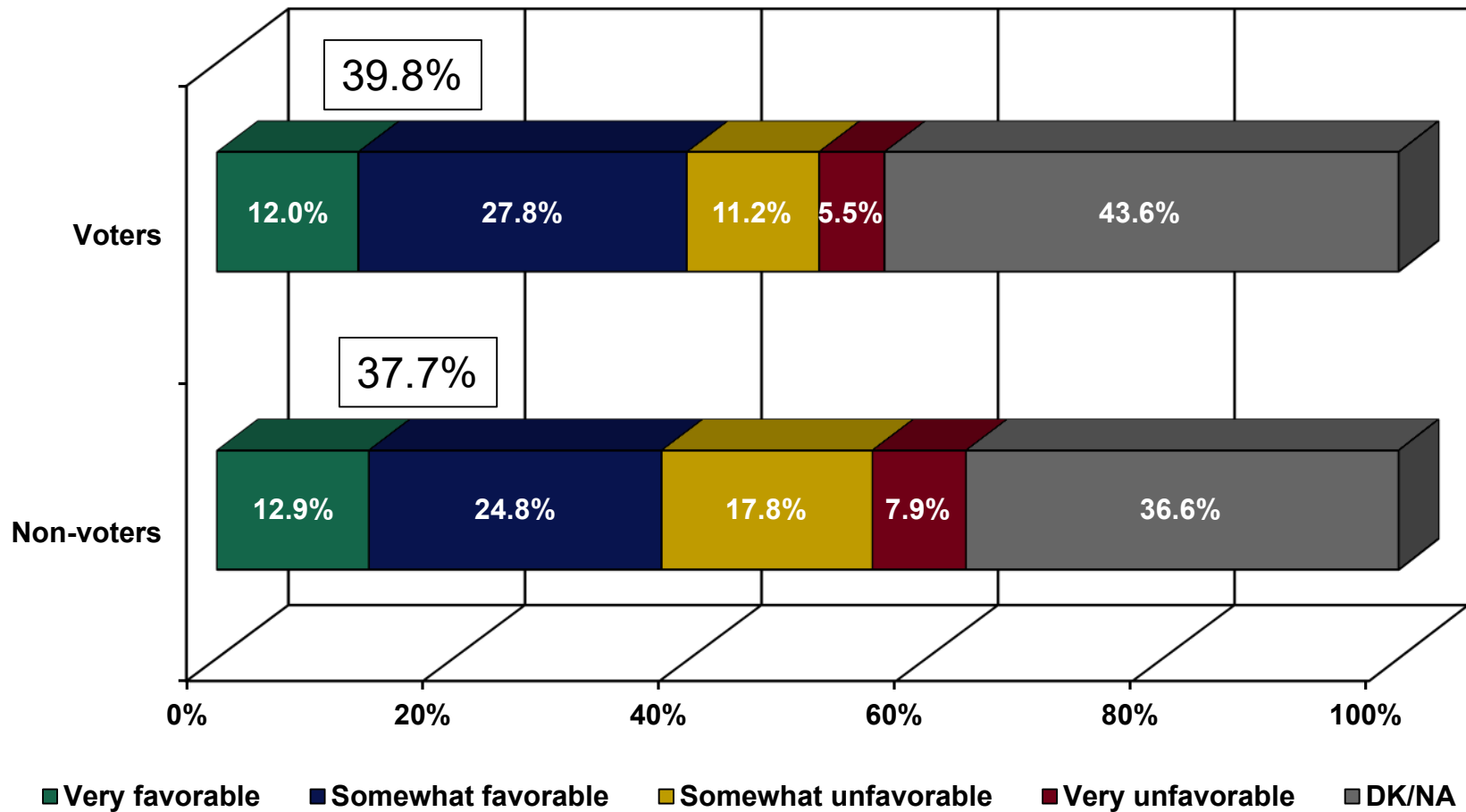
Q3. Opinion of Job the District is Doing to Provide Water Service



Ratio Fav to Unfav

Voters	4.4 to 1
Non-voters	5.2 to 1

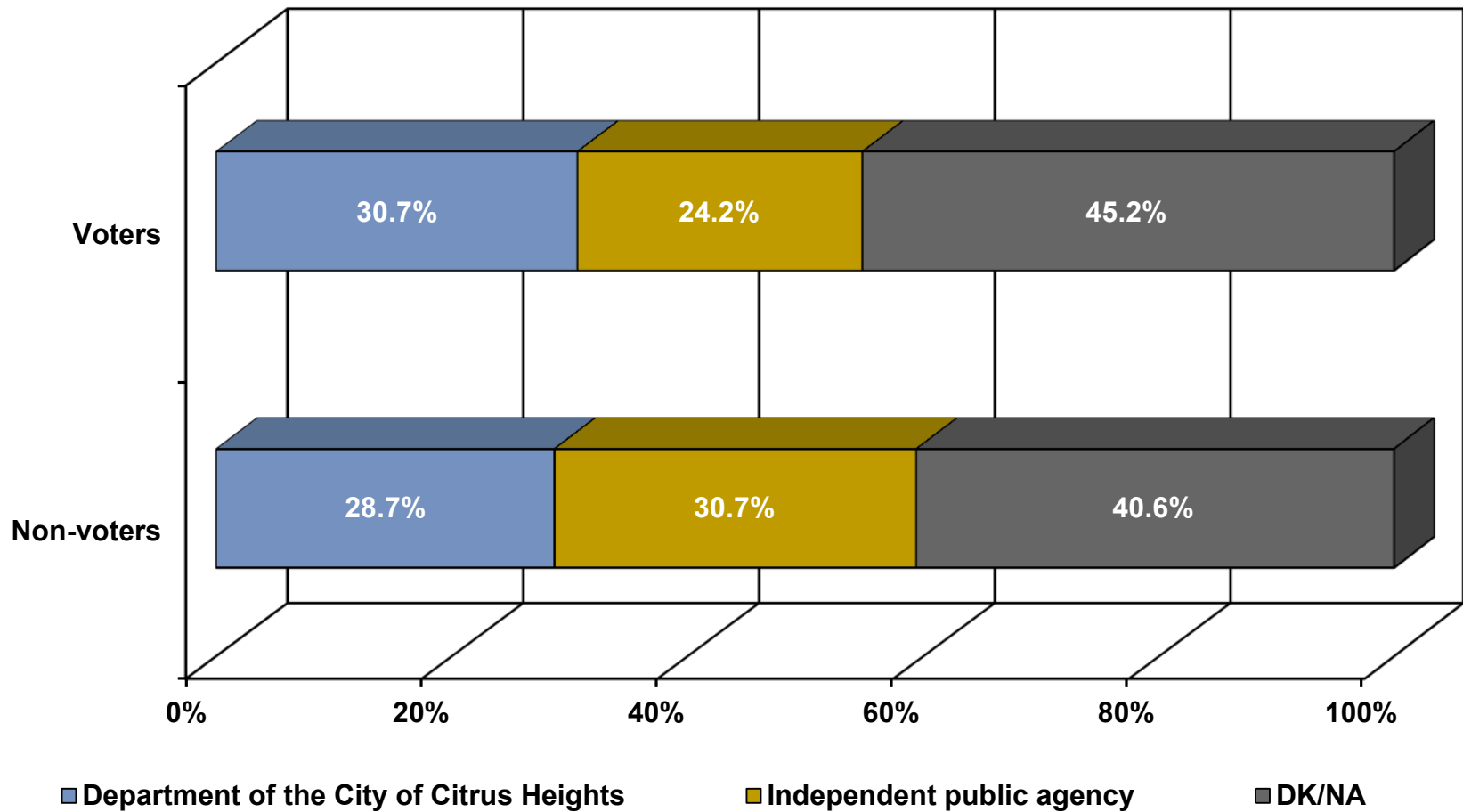
Q4. Opinion of Job the District is Doing to Manage Public Funds



Ratio Fav to Unfav

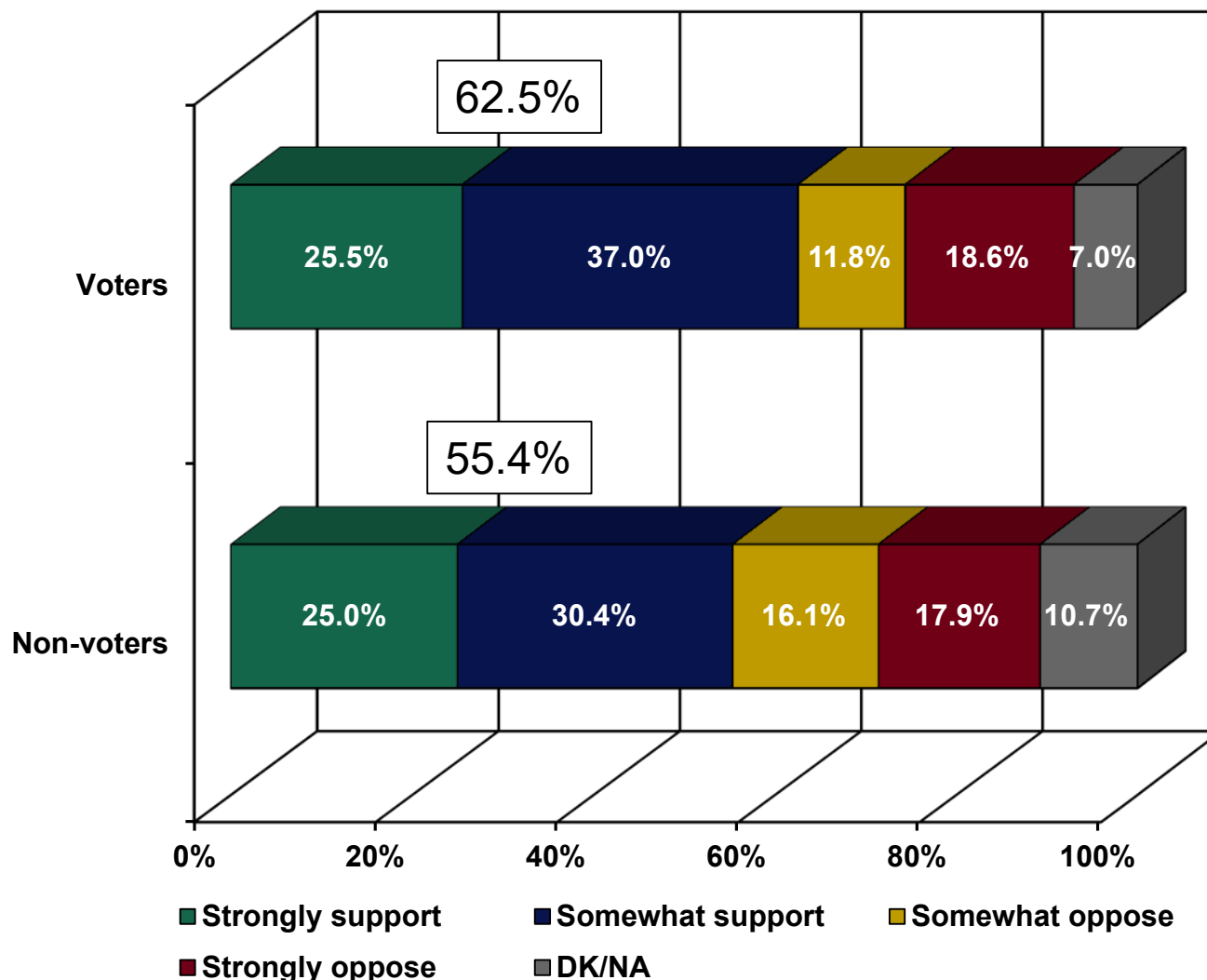
Voters	2.4 to 1
Non-voters	1.5 to 1

Q5. Knowledge of Whether District is a City Department or Independent Public Agency



Q6. Uninformed Support for Option 6.4

Sample A

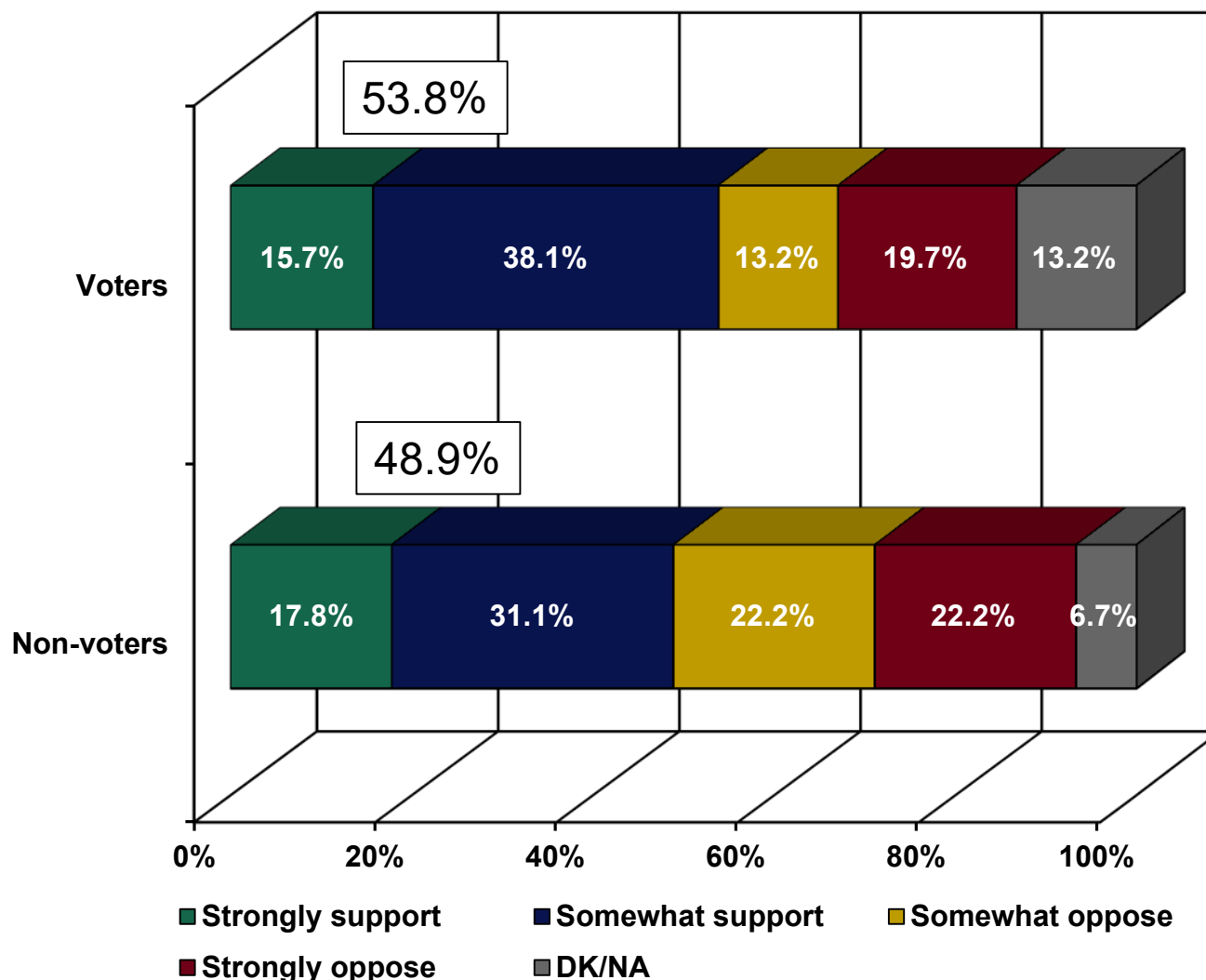


In order to replace 220 of the 250 miles of aging underground water mains or water pipelines in the Citrus Heights Water District, including transmission mains, distribution mains, and 15 water mains that cross creeks and are at heightened risk for failure, shall the Citrus Heights Water District Board of Directors approve a \$480 million-dollar, 60 year replacement plan requiring an average annual water rate increase of 3.97 percent?

Do you support or oppose this proposal?

Q7. Uninformed Support for Option 5.4

Sample B

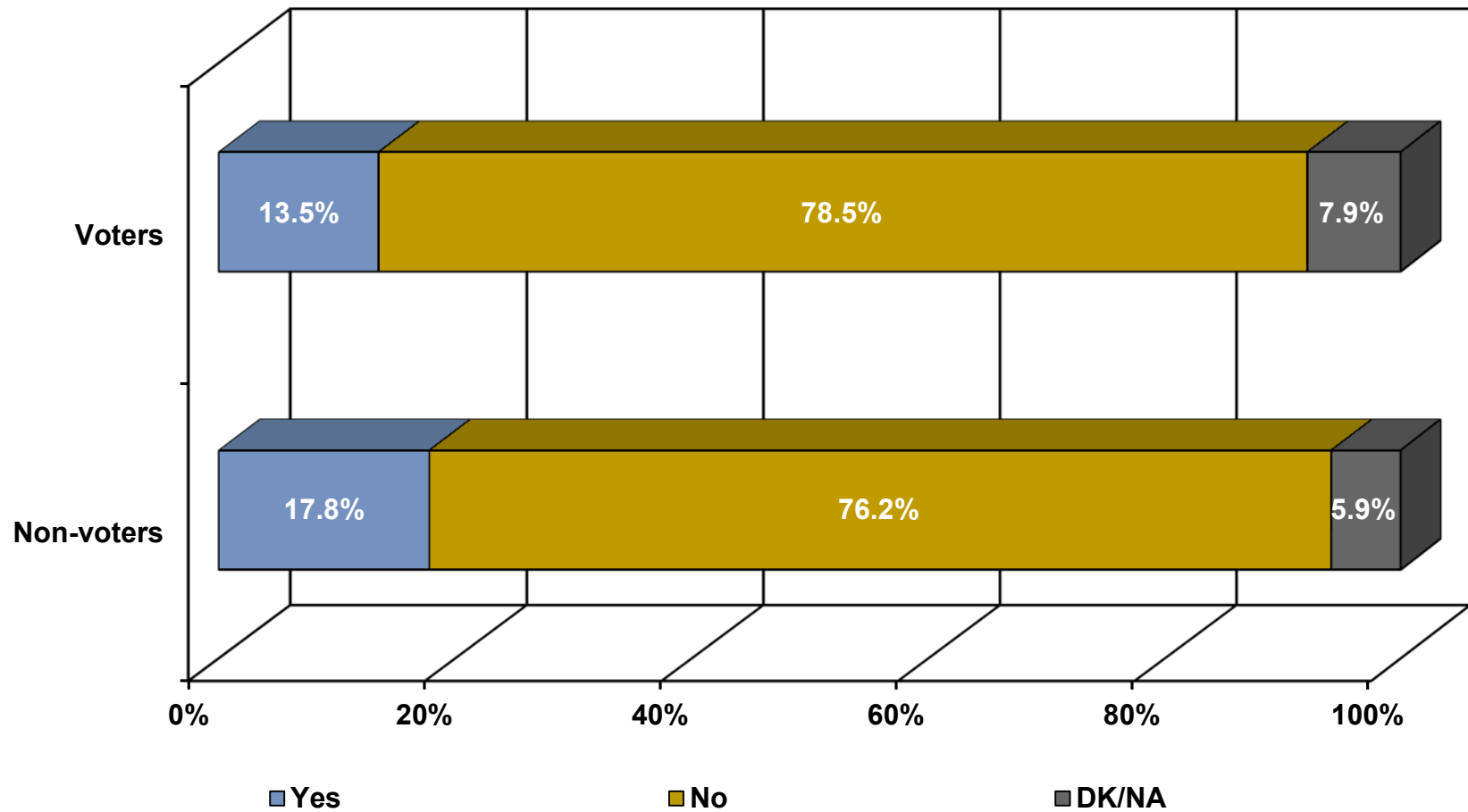


In order to replace 180 of the 250 miles of aging underground water mains or water pipelines in the Citrus Heights Water District, including transmission mains, distribution mains, and 15 water mains that cross creeks and are at heightened risk for failure, shall the Citrus Heights Water District Board of Directors approve a \$390 million-dollar, 60 year replacement plan requiring an average annual water rate increase of 3.99 percent?

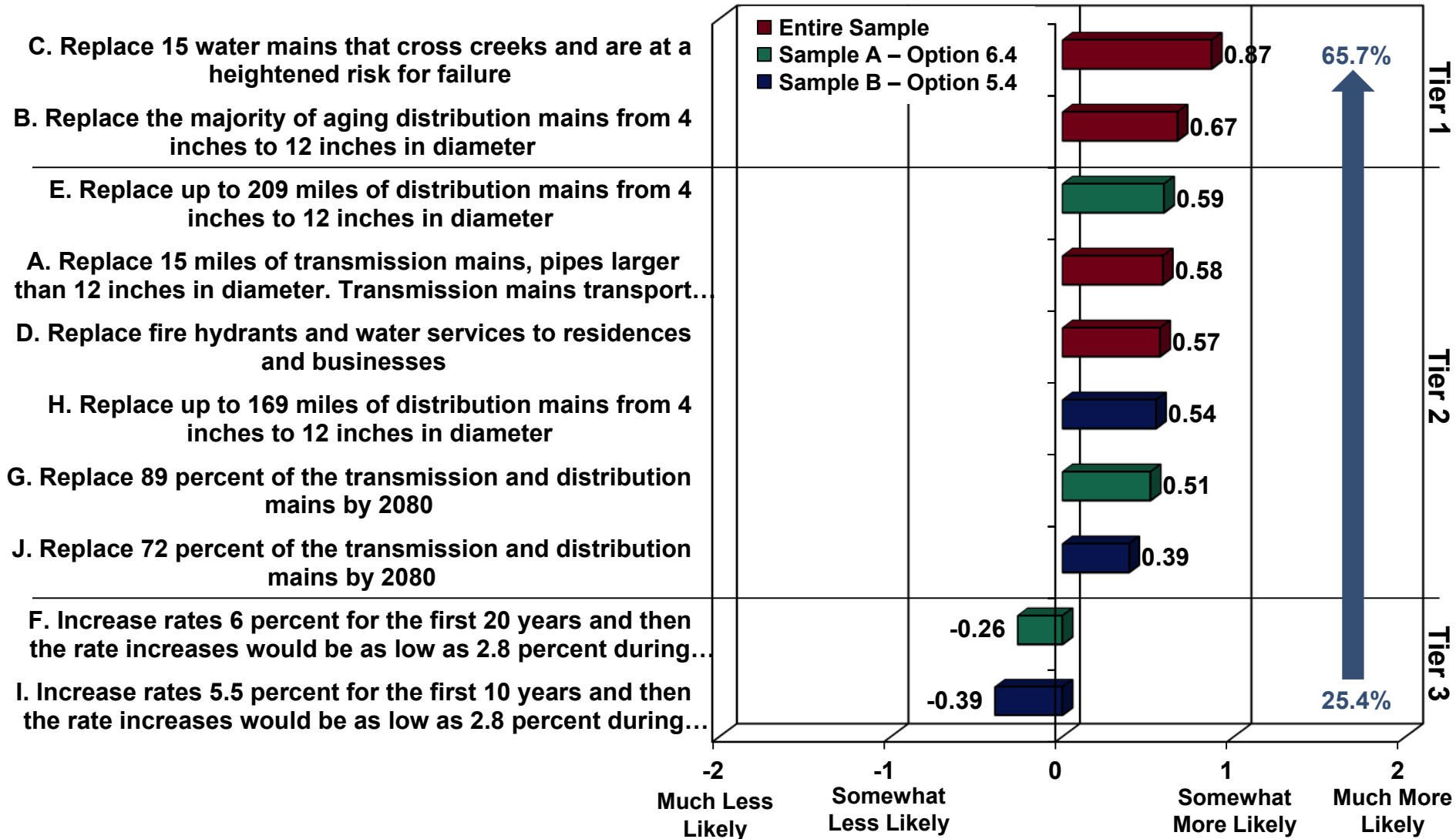
Do you support or oppose this proposal?

Q8. Seen, Heard or Read About Project 2030 – Water Main Replacement Project

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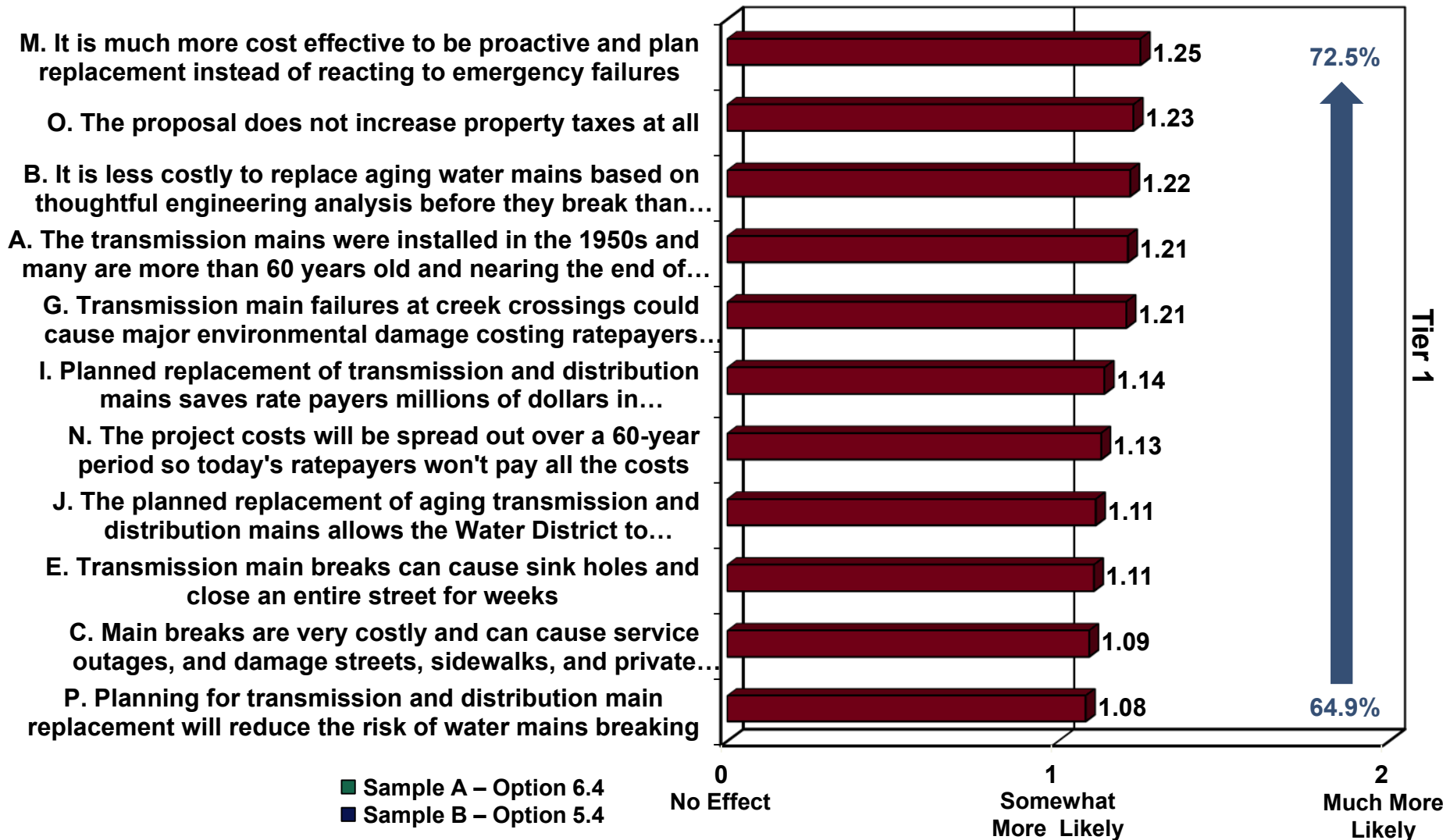


Q9. Features of the Proposal



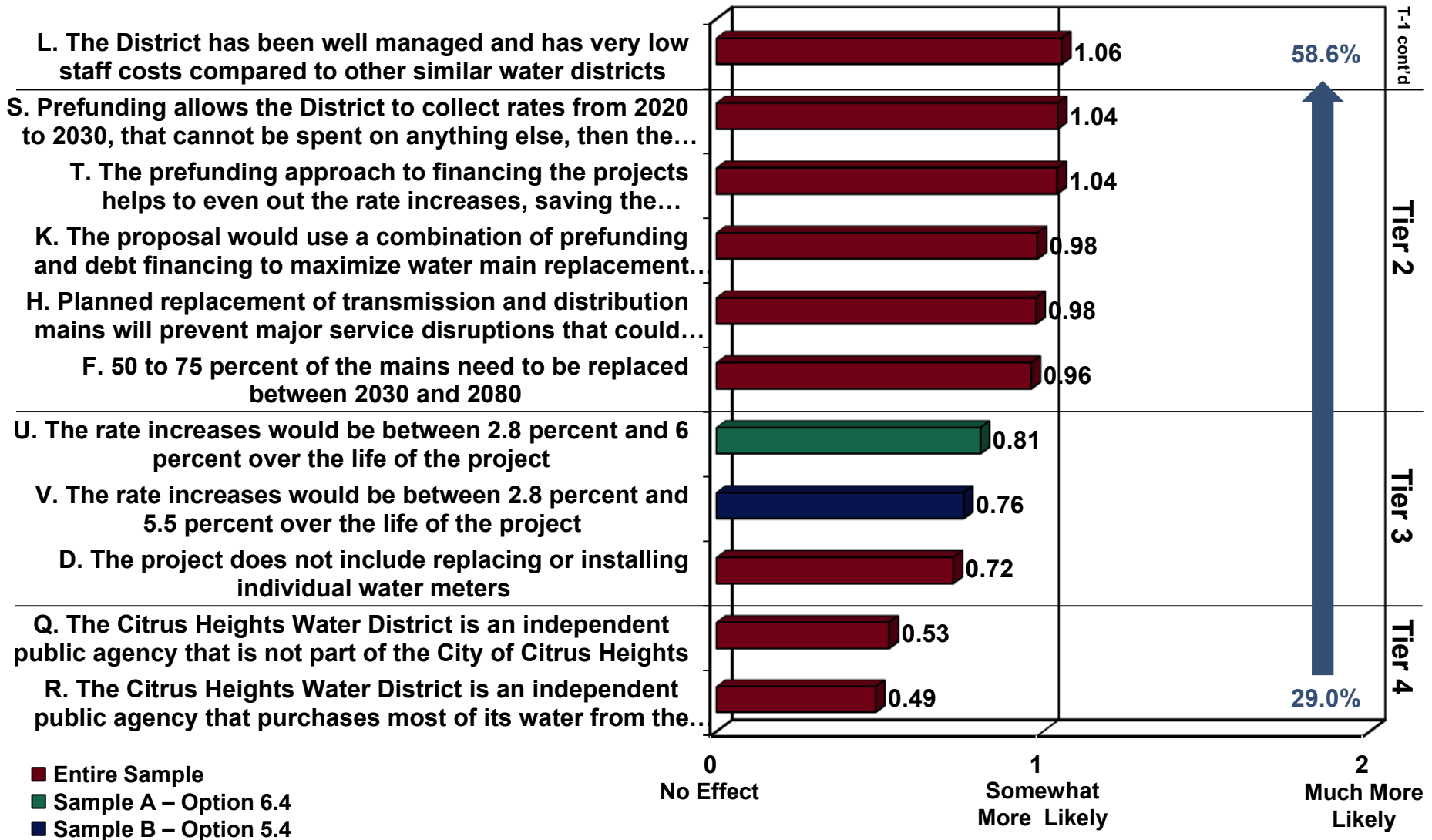
Note: The above rating questions have been abbreviated for charting purposes, and responses were recoded to calculate mean scores: "Much More Likely" = +2, "Somewhat More Likely" = +1, "No Effect" = 0, "Somewhat Less Likely" = -1, and "Much Less Likely" = -2.

Q10. Informational Statements I



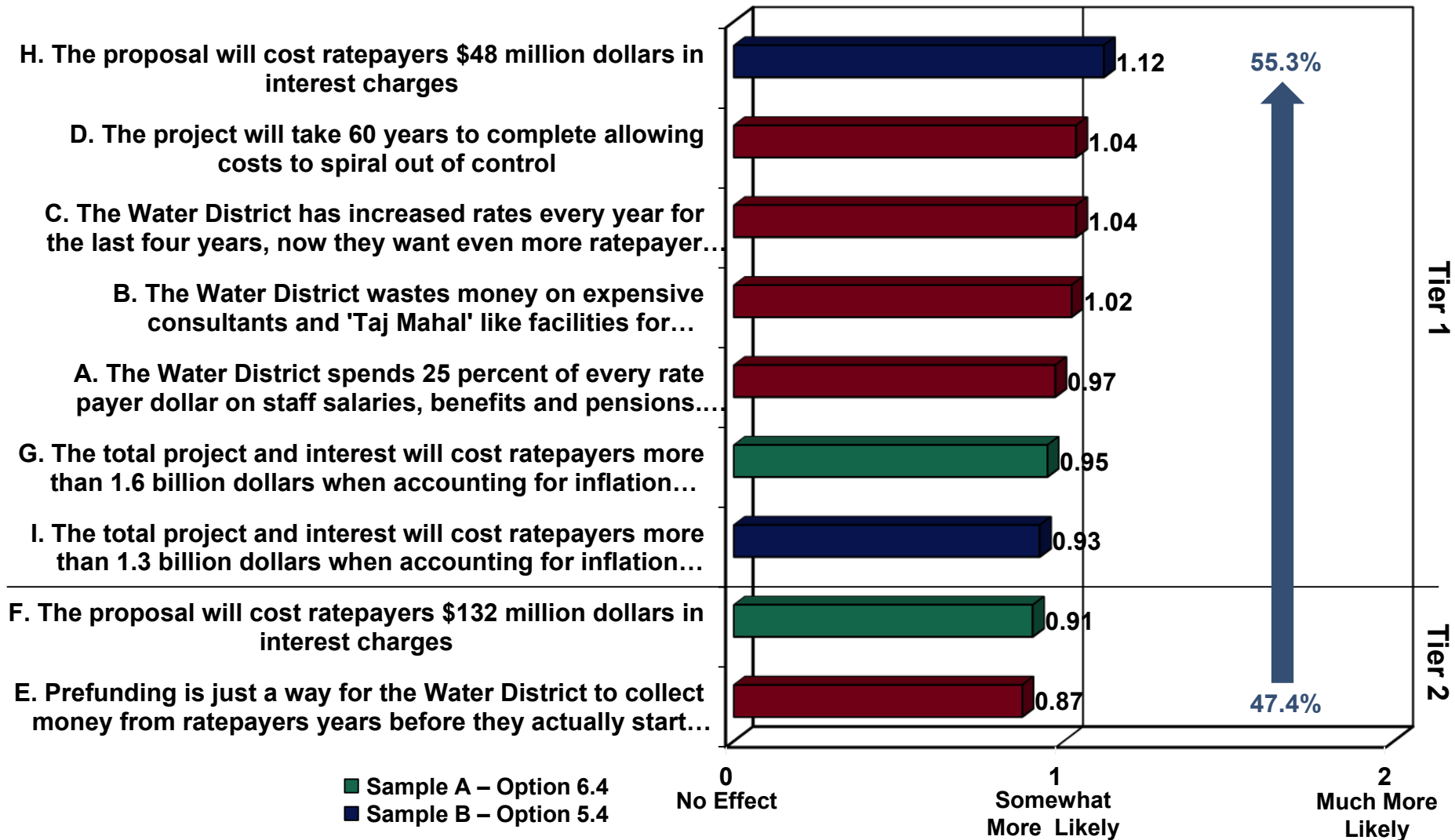
Note: The above rating questions have been abbreviated for charting purposes, and responses were recoded to calculate mean scores: "Much More Likely" = +2, "Somewhat More Likely" = +1, and "No Effect" = 0.

Q10. Informational Statements II



Note: The above rating questions have been abbreviated for charting purposes, and responses were recoded to calculate mean scores: "Much More Likely" = +2, "Somewhat More Likely" = +1, and "No Effect" = 0.

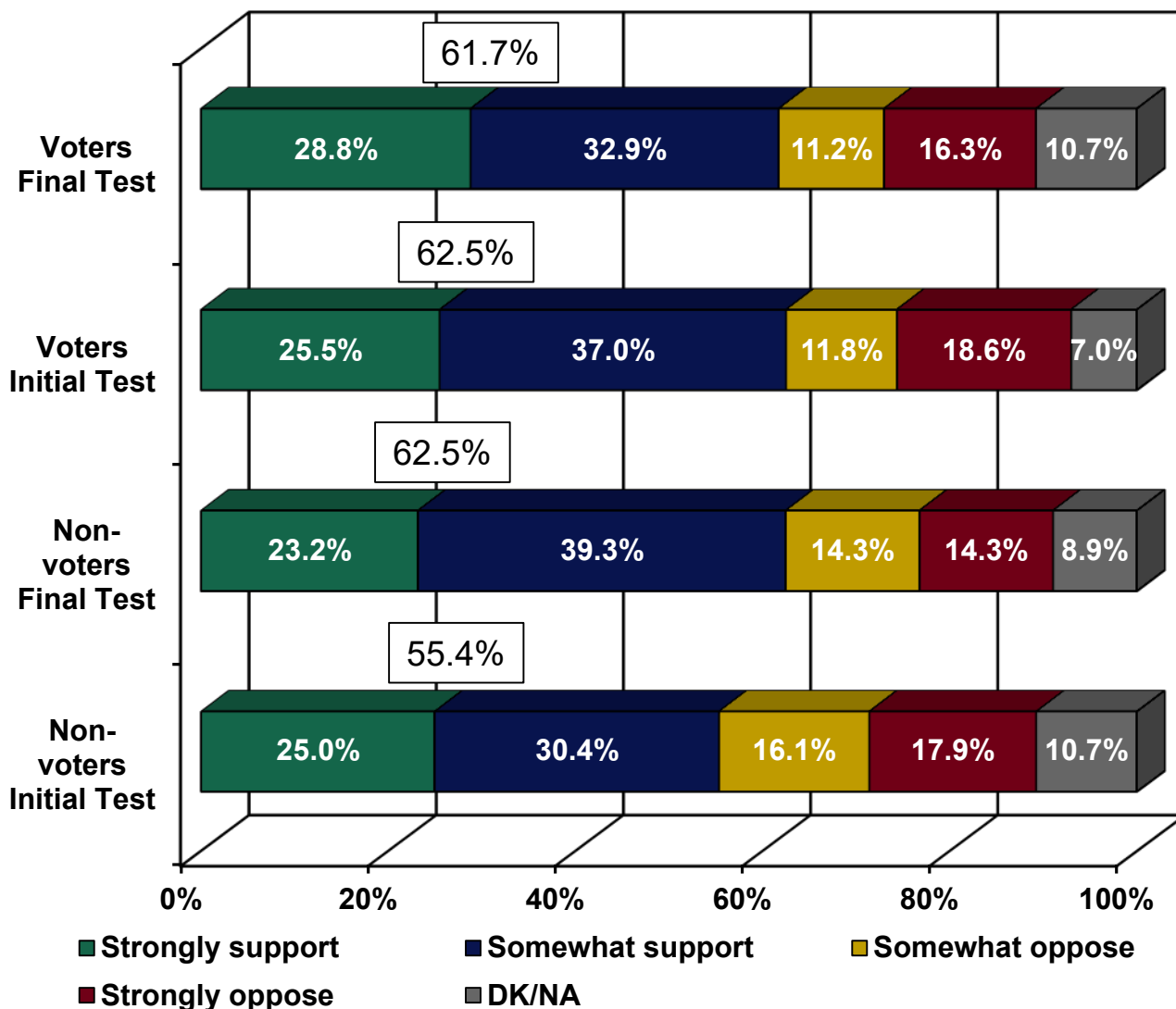
Q11. Critical Statements



Note: The above rating questions have been abbreviated for charting purposes, and responses were recoded to calculate mean scores: "Much More Likely" = +2, "Somewhat More Likely" = +1, and "No Effect" = 0.

Q12. Informed Support for Option 6.4

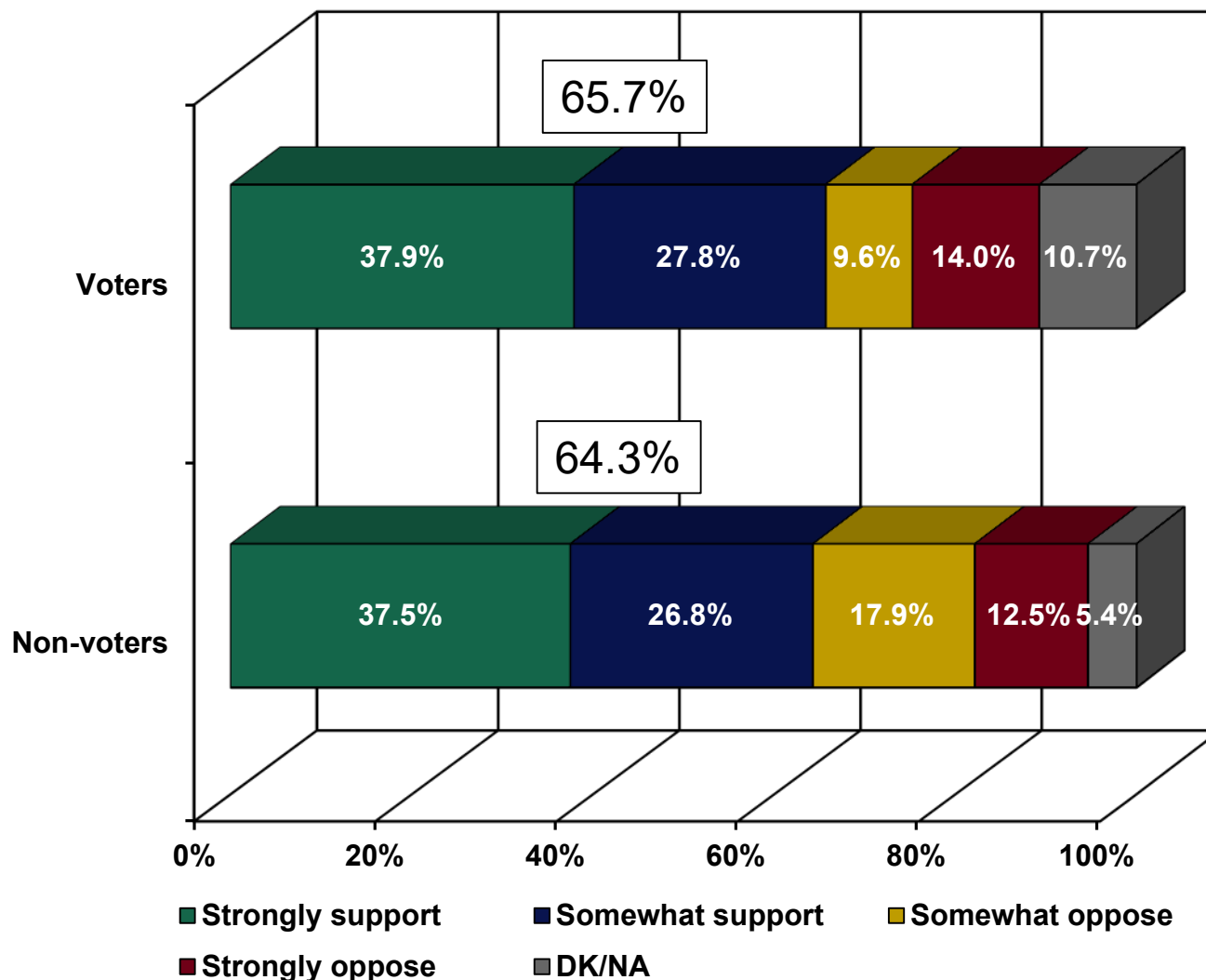
Sample A



In order to replace 220 of the 250 miles of aging underground water mains or water pipelines in the Citrus Heights Water District, including transmission mains, distribution mains, and 15 water mains that cross creeks and are at heightened risk for failure, shall the Citrus Heights Water District Board of Directors approve a \$480 million-dollar, 60 year replacement plan requiring an average annual water rate increase of 3.97 percent?

Do you support or oppose this proposal?

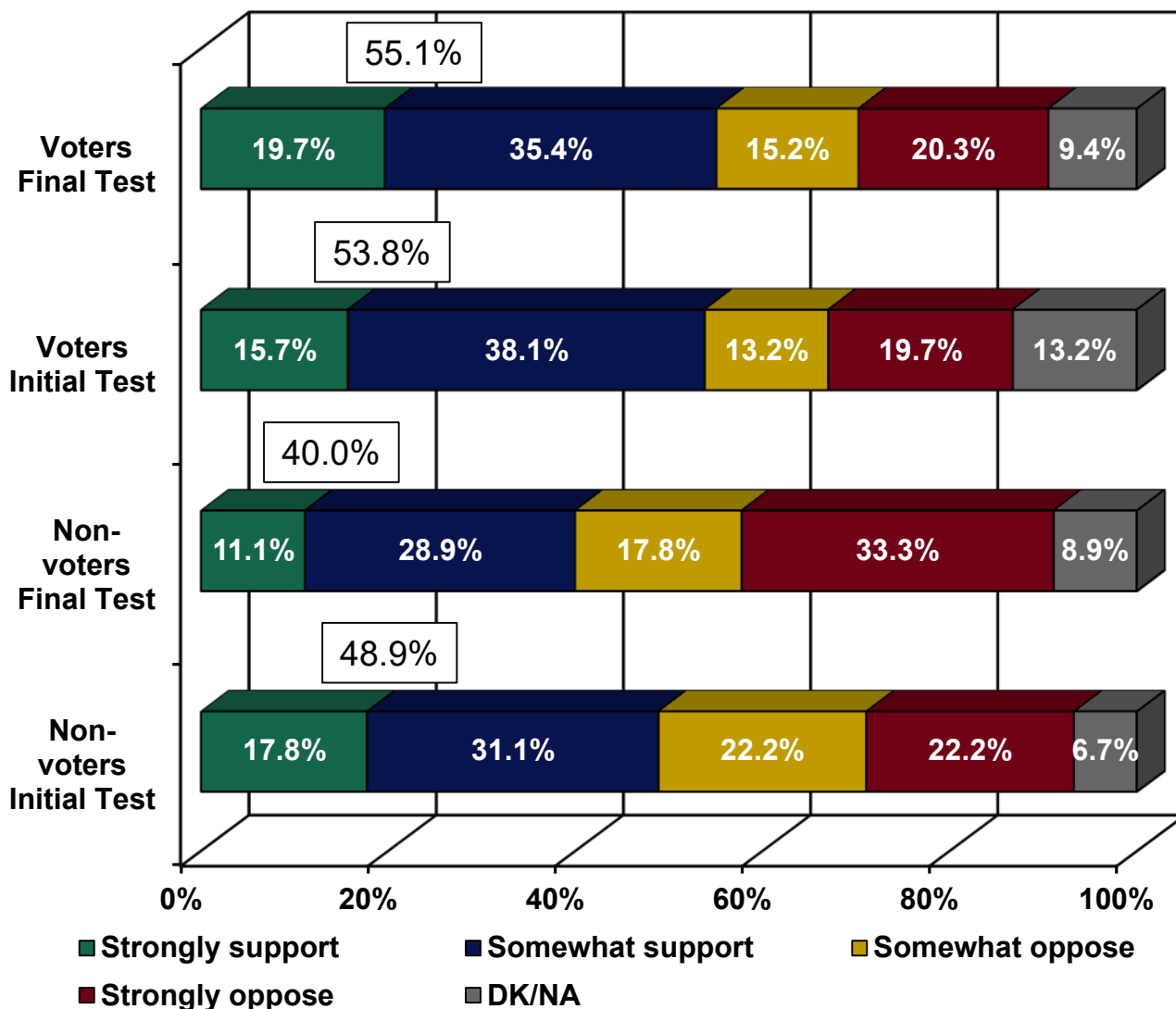
Q13. Support for Option 6.4, 2.97% Alternative Sample A



Instead of an average rate increase of 3.97 percent, would you support an average annual rate increase of 2.97 percent to replace aging transmission and distribution mains?

Q14. Informed Support for Option 5.4

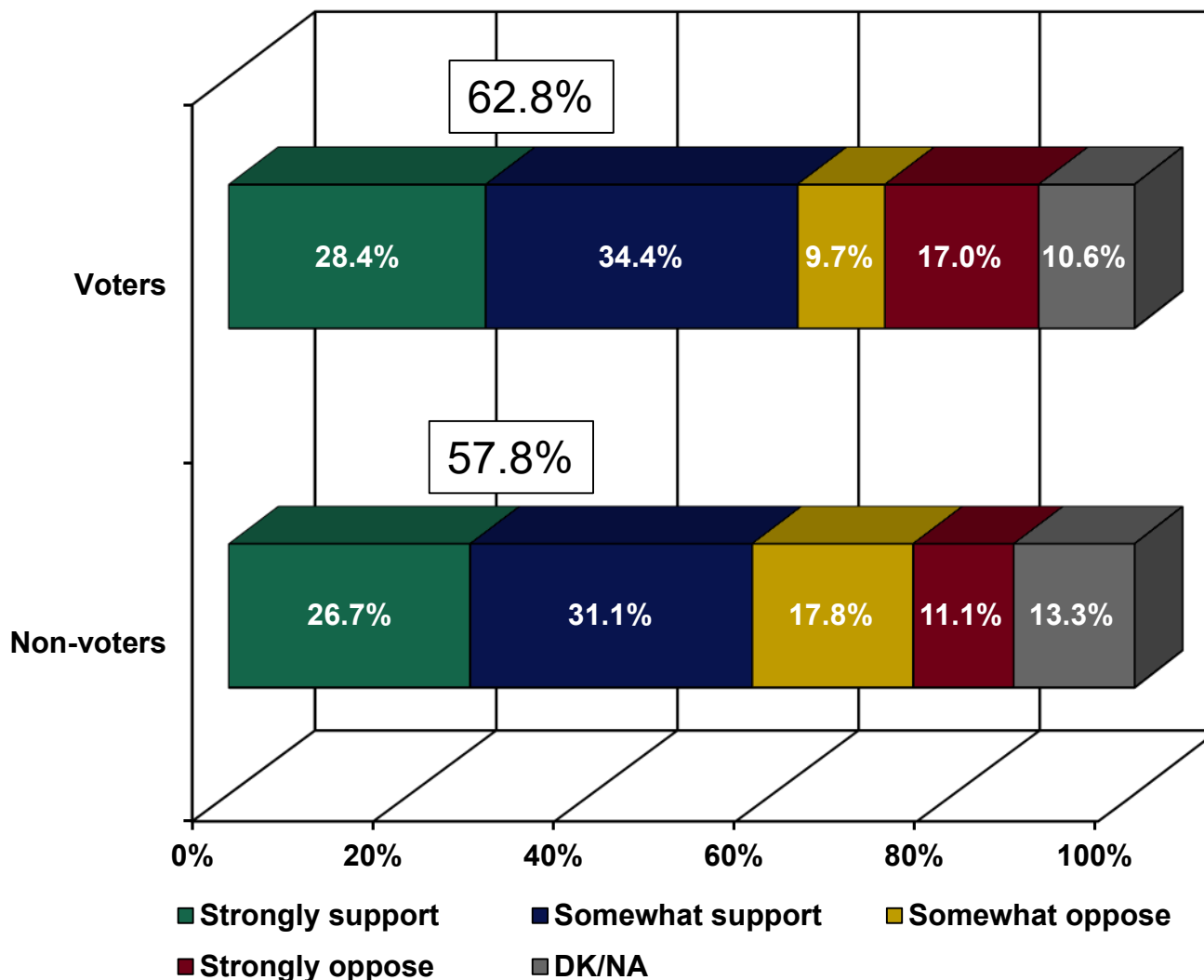
Sample B



In order to replace 180 of the 250 miles of aging underground water mains or water pipelines in the Citrus Heights Water District, including transmission mains, distribution mains, and 15 water mains that cross creeks and are at heightened risk for failure, shall the Citrus Heights Water District Board of Directors approve a \$390 million-dollar, 60 year replacement plan requiring an average annual water rate increase of 3.99 percent?

Do you support or oppose this proposal?

Q15. Support for Option 5.4, 2.99% Alternative Sample B



Instead of an average rate increase of 3.99 percent, would you support an average annual rate increase of 2.99 percent to replace aging transmission and distribution mains?

- There is limited awareness of district among registered voters, although awareness is somewhat higher among the non-voter ratepayer segment.
- Favorability ratios for job performance and management of fiscal resources were good, but again large segments of registered voters do not have any opinion.
- Awareness of the “Project 2030 - Water Main Replacement Project” is also limited.
- The survey revealed a base of voter support for a rate/surcharge increase.
 - Support for the rate/surcharge increase in Option 6.4 was 62.5% on the first test and 61.8% on the second test, among registered voters. When lowered by 1% to 2.97%, support for the rate/surcharge increased to 65.7%, but the difference is not statistically significant.
 - Similarly, support for the rate/surcharge increase in Option 5.4 was 53.8% on the first test and 55.1% on the second test, among registered voters. When lowered by 1% to 2.99%, support for the rate/surcharge increased to 62.8%, a larger numeric increase, but still not statistically significant.
 - There is not a statistically significant difference between the two options.

- Top tier features of the measure (listed below) were:
 - Replace 15 water mains that cross creeks and are at a heightened risk for failure.
 - Replace the majority of aging distribution mains from 4 inches to 12 inches in diameter.
 - Replace up to 209 miles of distribution mains from 4 inches to 12 inches in diameter.
 - Replace 15 miles of transmission mains, pipes larger than 12 inches in diameter. Transmission mains transport water from the local water treatment plant to the Citrus Heights Water District community.
 - Replace fire hydrants and water services to residences and businesses.

- Key messages that voters would find of interest were:
 - It is much more cost effective to be proactive and plan replacement instead of reacting to emergency failures.
 - The proposal does not increase property taxes at all.
 - It is less costly to replace aging water mains based on thoughtful engineering analysis before they break than incurring emergency replacement costs.
 - The transmission mains were installed in the 1950s and many are more than 60 years old and nearing the end of their useful life.
 - Transmission main failures at creek crossings could cause major environmental damage costing ratepayers millions of dollars more to replace the main and repair the environmental damage, than replacing them before they fail.

- Potential areas of concern that were tested included:
 - The proposal will cost ratepayers \$48 million dollars in interest charges.
 - The project will take 60 years to complete allowing costs to spiral out of control.
 - The Water District has increased rates every year for the last four years, now they want even more ratepayer money.
 - The Water District wastes money on expensive consultants and 'Taj Mahal' like facilities for administrators.
- Given the survey findings, Godbe Research believes that the Citrus Heights Water District Board of Directors should be confident enough in the level of community support to move the “Project 2030 - Water Main Replacement Project” process forward.
- However, the limited awareness of the District, its job performance and the “Project 2030 - Water Main Replacement Project” are clear indicators that a public outreach effort is essential to explaining the district’s plan for main replacement and the key features and benefits to the community.



GODBE RESEARCH
Gain Insight



www.godberesearch.com

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Bellevue, WA 98004



QUESTIONS



“STRAW VOTE” TO GET A SENSE OF THE COMMITTEE’S INITIAL PREFERRED ALTERNATIVE



BREAK



TABLE GROUP DISCUSSION



DETERMINE TOP ALTERNATIVE

Given that the market research results show that both Alternatives have a majority of support that is not significantly different, which Alternative do you support more?



STEPS FOR IMPLEMENTATION

STEPS FOR IMPLEMENTATION

- Identify steps between now and 2030
- Project 2030 Implementation
 - Technical
 - Public Engagement
 - Financial

STEPS BETWEEN NOW & 2030

- Review with Staff and recommend steps to take prior to construction starting
- Some examples of these tasks
 - Pipe inspections
 - Determine interval and data to collect
 - Sampling and testing of removed pipes
 - Updates to Risk Model
 - Replaced pipe locations
 - Break locations, pipe age and pipe type
 - Main leak locations and leak size
 - New pipe locations (from development)
 - Validate current CIP projects

- Consider the following:
 - Construction standards, standard detail updates
 - Project delivery methods
 - Staffing resources
 - Organizational charts
 - Other logistics such as office space
 - Coordination with City/County projects (pavement maintenance)
- Technical items that will be needed:
 - Construction Plans and Specifications
 - Updated risk model



IMPLEMENTATION – Public Engagement

- Consider the following:
 - Continue public engagement through a variety of ways
 - Other Education platforms
- Technical items that will be needed:
 - Public Engagement Strategy
 - Benchmarks and regular measurement and reporting against established benchmarks
 - Rapid response engagement plan(s)

IMPLEMENTATION – Financial

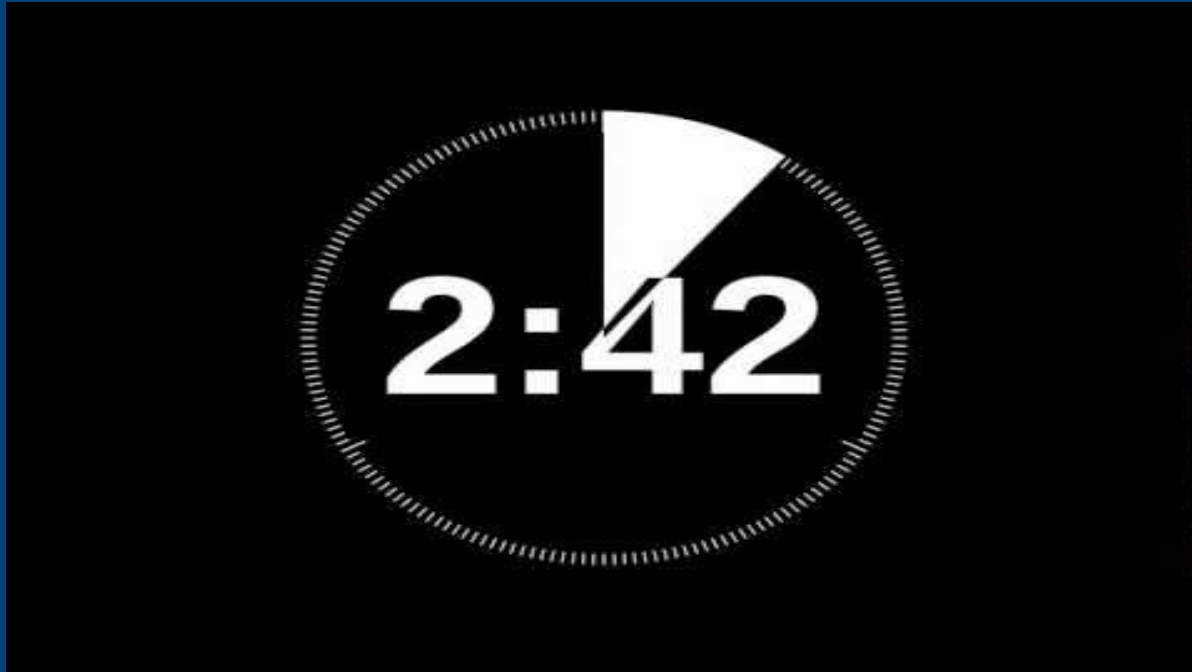
- Consider the following:
 - Financial model updates, timing for regular updates
 - Flexibility
- Technical items that will be needed:
 - Bond planning
 - Cash flow projections



PUBLIC COMMENT



PUBLIC COMMENT

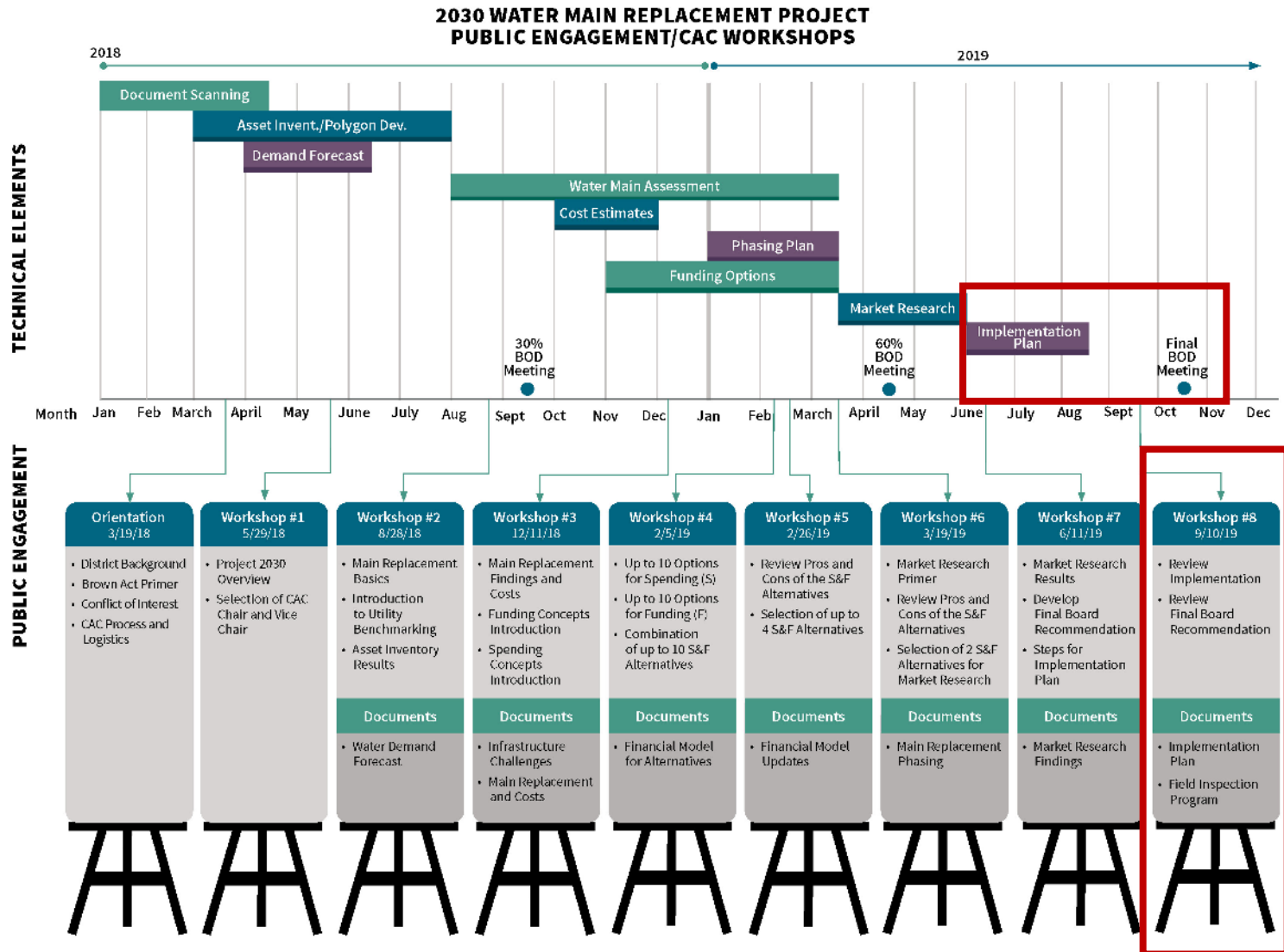


TOPICS FOR MEETING 8

- Review of Implementation and Phasing for the Top Alternative
- Review Final Board Recommendation



PREVIEW OF CAC MEETING 8





MEETING 8

Next Meeting: Tuesday, September 10th, 2019

Time: 6:30 pm – 9:15 pm

Location: Citrus Heights Community Center, Hall C



VISIT THE CAC WEBPAGE

[chwd.org/customer-
advisory-committee/](http://chwd.org/customer-advisory-committee/)



PARTICIPANT TAKE- AWAY'S



CLOSING