

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING MINUTES
January 15, 2020

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

Raymond A. Riehle, President
David Wheaton, Vice President
Caryl F. Sheehan, Director

Staff:

James Buford, Lead Water Distribution Operator
Bob Churhill, Retired Annuitant
Tim Cutler, Water Distribution Supervisor
Paul Dietrich, Project Manager
David Gordon, Director of Operations
Jarrett Flink, Lead Water Distribution Operator
Madeline Henry, Administrative Services Manager/Chief Board Clerk
Brian Hensley, Water Resources Supervisor
Rickey Kelly, Water Distribution Operator
Rex Meurer, Water Efficiency Supervisor
Brittney Moore, Management Analyst/Deputy Board Clerk
Josh Nelson, Assistant General Counsel
Missy Pieri, Director of Engineering/District Engineer
Alberto Preciado, Accounting Manager
John Spinella, Operations Technician
Hilary Straus, General Manager
Rod Wood, Retired Annuitant

PLEDGE OF ALLEGIANCE:

Board President Riehle led the Pledge of Allegiance.

PUBLIC COMMENT:

None.

CONSENT CALENDAR:

President Riehle asked for consideration and/or approval of the Consent Calendar.

CC-1a. Minutes of the Special Meeting – December 18, 2019 (A)

CC-1b. Minutes of the Regular Meeting – December 18, 2019 (A)

Recommendation: Approve the minutes of the December 18, 2019 Regular and Special Meetings.

- CC-2. Revenue Analysis Report for December 2019 (I)
- CC-3. Assessor/Collector's Roll Adjustment for December 2019 (I)
- CC-4. Treasurer's Report for December 2019 (I)
- CC-5. Treasurer's Report of Fund Balances for December 2019 (I)
- CC-6. Operating Budget Analysis for December 2019 (I)
- CC-7. Capital Projects Summary December 2019 (I)
- CC-8. Warrants for December 2019 (A)
Recommendation: Approve disbursements issued for payment dated December 12, 2019 through January 10, 2020 per Policy 6460.20.
- CC-9. Purchase Card Distributions for December 2019 (I)
- CC-10. Summary of 2020 Employees and Directors Training Courses, Seminars and Conference (I)
- CC-11. Employee Recognitions (I)
- CC-12. Long-Range Agenda (I)
- CC-13. Engineering Department Report (I)
- CC-14. Operations Department Report (I)
- CC-15. 2020 Water Supply – Purchased and Produced (I)
- CC-16. Water Supply Reliability (I)
- CC-17. Water Efficiency and Safety Program Update (I)
- CC-18. Strategic Plan Update and Preview (I)
- CC-19. Discussion and Possible Action to Approve Task Order Agreements with Interwest Consulting Group, Inc. and Bender Rosenthal, Inc. for Right-Of-Way Agent Support Services (A)
Recommendation:
Approve and authorize the General Manager to execute Agreements with Interwest Consulting Group, Inc. and Bender Rosenthal, Inc.
- CC-20. Consideration to Authorize the Auction of Surplus Equipment (A)
Recommendation:
Authorize the sale of District Vehicle No. 17 at public auction.
- CC-21. Discussion and Possible Action to Approve Updates to Policy 4831 Insurance Benefits for Retirees (A)
Recommendation:
Approve updates to Policy 4831 Insurance Benefits for Retirees.

ACTION:

Vice President Wheaton moved and Director Sheehan seconded a motion to approve the Consent Calendar.

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

PRESENTATIONS:

None.

STUDY SESSIONS:

- S-1. San Juan Water District Update

Barela gave a presentation, including the status of the Hinkle Reservoir Cover/Liner Replacement Project.

Following the presentation, General Manager Paul Helliker and Operations Manager Tony Barela answered questions from CHWD. The questions and responses are summarized below.

Director Sheehan: What percent of this project do you expect to be financed by reserves?

SJWD Operations Manager Barela: We plan to use \$1.3 million from wholesale reserves, financing \$17 million.

Vice President Wheaton: Is the revolving fund certain?

SJWD Operations Manager Barela: Before we can lock down the funding we have to get the design to a certain level. We are making sure the contracts have the necessary language and procurement process to qualify.

Vice President Wheaton: Is the schedule pretty certain?

SJWD Operations Manager Barela: Yes.

Director Sheehan: There will be no change in surface water delivery, what about the cost?

SJWD Operations Manager Barela: No change.

Director Sheehan: If two one million gallon tanks can supply the water do we need Hinkle Reservoir? For what reason?

SJWD Operations Manager Barela: Yes, we will need Hinkle Reservoir. Hinkle Reservoir can hold 62 million gallons in peak. The two one million gallon tanks would not work in the summer. The two tanks will only work in non-peak season.

SJWD General Manager Helliker: The SJWD Wholesale (SJWD-W) treatment and distribution system is storage poor. With 62 Million Gallons at Hinkle Reservoir and summer water demand at 90 million Gallons a day, we have 2/3 of a day storage capacity during peak demand. A District would usually want at least 1.5 or 2 times daily water maximum demand. The SJWD Treatment plant can produce 150 mil gallons a day. The SJWD treatment plant can't be adjusted throughout the day to match the peaks and valleys of the daily water demand. We could have proposed to use CHWD and Fair Oaks Water District wells. But it is a much simpler operation to use Sacramento Suburban Water District (SSWD) wells.

SJWD Operations Manager Barela: I would anticipate master planning down the road to look at how storage could be added into wholesale to get more operational storage.

President Riehle: This issue has been developing over 25-40 years, was there any philosophy of putting money aside for a project like this? If not, why not?

SJWD General Manager Helliker: The annual wholesale capital budget is six million. This is three times 3 times the annual wholesale budget. CHWD faces same prospect via Project 2030, you are doing that via debt I assume. SJWD-W will either ramp up or borrow money over time for future Hinkle Reservoir cover replacements. The SJWD-W

2017 financial plan anticipates future projects to be pay as we go except this one.

President Riehle: What is your community engagement plan? When do you tell customers? How?

SJWD General Manager Helliker: We send out a Quarterly/Semi-annual SJWD Wholesale mailer. Between now and November 2020 SJWD-W will send information out regularly. SJWD-W outreach starts tonight. Updates on the project will be posted on our website. The annual mailer to the wholesale area will include information.

President Riehle: Each member of the family of agencies is responsible for communicating with our customers? There is not a system-wide approach?

SJWD General Manager Helliker: SJWD will give you the materials and information for a mailer. It is up to you to distribute them.

President Riehle: When will we receive the materials?

SJWD General Manager Helliker: In the summertime. If you want to give us your email/mailling list we will send the materials out.

Vice President Wheaton: What are the plans for future, how will you pay for this? Wholesale prices?

SJWD General Manager Helliker: SJWD has a built in debt service item. The new debt service for SJWD-W customers has been postponed until next year, according to the 2017 plan. Debt service is part of the Quarterly service charge. Along with a Rolling 5 year average of water use. There is a lowered quarterly charge because of recent refinanced debt.

President Riehle: Will this project impact water pressure?

SJWD Operations Manager Barela: Not if it works as planned. The head level of the temporary storage tanks are at same head of reservoir.

President Riehle: Have you considered fireflows? Do you have a contact at the fire department?

SJWD Operations Manager Barela: We have not reached out to the Fire Departments yet. That outreach and coordination will be finalized with the operational plan. Fire flow scenarios are included in the operational hydraulic model.

Vice President Wheaton: Will water quality stay the same?

SJWD Operations Manager Barela: Yes, if the operational plan works by design, everything will operate the same.

President Riehle: How much flexibility do you have with the timeline of November to April? Are there extra days built in?

SJWD Operations Manager Barela: We continue to use same strategy of staying within that window.

SJWD General Manager Helliker: There is a potential of a rain delay if there are big storms between 2020-2021.

Director Sheehan: Does this mean that the operational plan will be delivering surface

water with SSWD picking up the slack?

SJWD General Manager Helliker: Surface water will be delivered into the SJWD-W system and to SSWD. SSWD will be-receiving surface water during low water demand times, and will be pumping groundwater during high water demand times.

Water Resources Supervisor Hensley: Will the water being delivered to SSWD be their PCWA water?

SJWD General Manager Helliker: Yes if it is a wet year. If not, we will use the SJWD wheeling agreement with SSWD and they'll owe us water.

President Riehle: In regards to our customers. During the drought- people reduced usage dramatically without being told anything. They are smart, pay attention and react. If we have an integrated outreach plan we can get them to use, or be prepared to use, less during this project. We can make a difference one house at a time.

SJWD General Manager Helliker: There are limits. This project is not in the summertime. Therefore, reduction occurs with less outdoor watering.

SJWD Operations Manager Barela: This project comes into play in bookends of the water use demand curve for the year- November and April.

SJWD General Manager Helliker: In January peaks and valleys happen throughout the day with showers and cooking. We don't want to tell them to not use water because of bottom line.

President Riehle: By the time you're in an emergency it's too late to start communicating.

SJWD General Manager Helliker: The goal is to not have any impact. We will not ask our retail customers to do so.

Director Sheehan: This is an aggressive schedule.

SJWD Operations Manager Barela: We've already submitted the loan application to the state.

Director Sheehan: In light of other things, it's unusual for studies to be done so fast.

SJWD Operations Manager Barela: We are already five to six months into the study.

Director Sheehan: Your goal is to get financing and finish in next 11 months?

SJWD General Manager Helliker: This condensed study schedule is standard. It happens all over the State.

Operations Technician Spinella: how long will the new cover last?

SJWD Operations Manager Barela: It is the same material, about 40 years. We will start inspecting after 25 years.

Lead Water Distribution Operator Buford: The two storage tanks provide a two million gallon buffer, why can't it be more?

SJWD Operations Manager Barela: There is not enough space at our treatment plant site. The tanks are made out of steel.

Director of Engineering Pieri: The proposed liner will hold the entire 62 million gallons. Have you thought about splitting it so when it happens again you can use half?

SJWD Operations Manager Barela: We did look into it. It would take up some of

storage capacity, we also need to stay within 6 month construction window timeline. During the next wholesale master plan we need to have a discussion about storage.

Retired Annuitant Churchill: What about the Fair Oaks tank?

SJWD Operations Manager Barela: It was part of the analysis for the operations plan.

Retired Annuitant Churchill: CHWD has several interconnections with Roseville, will they be incorporated?

SJWD Operations Manager Barela: No, Roseville is fluoridated.

Retired Annuitant Churchill: Do you plan on getting water back from SSWD to even out? That will involve reverse flow in Cooperative Transmission Pipeline?

SJWD Operations Manager Barela: This wouldn't happen during this project, unless there is an emergency.

Accounting Manager Preciado: You mentioned 1-3% interest rate on a state revolving fund loan. Have you estimated cost of interest over term of loan?

SJWD Operations Manager Barela: I was told that this loan vs. a standard loan saves 5 million dollars.

SJWD General Manager Helliker: I don't know, but you could run formula over 20 years.

Water Efficiently Supervisor Meurer: Is there a contingency if you don't get the revolving fund?

SJWD Operations Manager Barela: We would use a conventional loan.

SJWD General Manager Helliker: We also applied for a WIFIA loan but decided it wasn't as good of a deal as SRF. We can also postpone project if loan is taking longer.

Assistant General Counsel Nelson: Do you have a trigger date, when you would have to hear back from the state to move forward?

SJWD General Manager Helliker: Yes, we could hit it. If it's a few weeks into the project we could borrow short term for cash flow.

Assistant General Counsel Nelson: When are you planning to bring MOU?

SJWD Operations Manager Barela: I am drafting it now.

Project Manager Dietrich: You asserted that we are going to pay for Project 2030 with debt funding, this hasn't been decided yet. We did use our CAC to evaluate options for Project 2030. Was there outreach from your district to the wholesale community on how to resolve the issue?

SJWD General Manager Helliker: Starting in 2017 we built this into the financial plan that you were provided. You, CHWD, are the customers.

BUSINESS:

None.

MANAGEMENT SERVICES REPORTS (I):

None.

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

None.

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

- D-1. Regional Water Authority (Riehle).
- D-2. Sacramento Groundwater Authority (Sheehan).
- D-3. San Juan Water District (All).
- D-4. Association of California Water Agencies (Riehle).
- D-5. ACWA Joint Powers Insurance Authority (Wheaton/Henry).
- D-6. City of Citrus Heights (Pieri).
- D-7. Chamber of Commerce Update (Talwar/Henry).
- D-8. RWA Legislative and Regulatory Affairs Update (Talwar/Henry).
- D-9. Customer Advisory Committee (Riehle/Gordon/Pieri).
- D-10. Other Reports.

Notified of emergency repair.

CLOSED SESSION:

None.

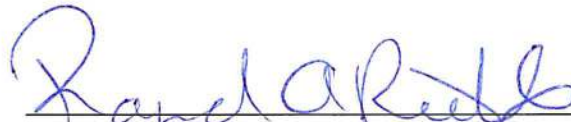
ADJOURNMENT:

There being no other business to come before the Board, the meeting was adjourned at 8:09 pm.

APPROVED:



MADELINE A. HENRY
Deputy Secretary
Citrus Heights Water District



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