

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
January 13, 2015

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

Allen B. Dains, President
Caryl F. Sheehan, Vice President
Robert A. Churchill, General Manager
David B. Kane, Interim Assistant General Manager
John J. Townsel, Operations Manager
Paul A. Dietrich, Project Manager
Lisa A. Smoot, Human Resources Specialist
James Buford, Water Distribution Lead Worker/Operator
Director Joseph M. Dion was absent.

VISITORS

Ray Riehle

PLEDGE OF ALLEGIANCE

Director Dains led the Pledge of Allegiance.

PUBLIC COMMENT

There was no public comment at this time.

CONSENT CALENDAR

President Dains asked for the Consent Calendar. GM Churchill noted that the Minutes for the Board of Directors Meeting of December 9, 2014 were not available for review and adoption at this meeting due to the departure of former Assistant General Manager Darlene Gillum. They will be presented for adoption at the February 10, 2015 Board meeting.

Director Sheehan requested additional information on the claim from Xavier Holcomb. GM Churchill and AGM Kane explained that rejection of the claim is a required step for the District to refer the claim to its insurer, ACWA-JPIA, for handling, and is neither an admission nor denial of responsibility for claimed damages.

Motion: It was moved by Director Dains and seconded by Director Sheehan to accept the Consent Calendar consisting of:

1. Assessor/Collector's Report for December 2014.
2. Assessor/Collector's Roll Adjustments for December 2014.
3. Treasurer's Report for December 2014.
4. Payables for December 2014.
5. CAL-Card Purchases - December 2014.

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6. Summary of 2014 Directors, Officers and Employees Training, Seminars and Conference Expenses.
7. Reject the claim from Xavier Holcomb in an unspecified dollar amount and forward it to the District's insurance carrier, ACWA-JPIA.

The motion passed 2-0 with all Directors voting yes.

December 31, 2013 - Payables

<u>Check #</u>	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
<i>Items highlighted in bold below have been paid prior to January 14th Board Meeting</i>			
56356	California State Disbursement Unit	Garnishment	\$109.61
56357	California State Disbursement Unit	Garnishment	\$184.61
56358	Judy Castrillo or Shawn Gomez	Overpayments	\$121.11
56359	Central Valley Engineering & Asphalt	Contract Services-Paving/Concrete	\$10,516.51
56360	SMUD	Professional Contract Services-Wells	\$5,000.00
56361	Susan Sohal	Petty Cash	\$197.17
56362	ABA DABA Rentals & Sales	Supplies-Field	\$105.49
56363	ACWA/JPIA Health Benefits Authority	Disability & Life Insurance	\$5,131.94
56364	Alexander's Contract Services	Prof Contract Services-Meter Read	\$3,443.90
56365	All American Publishing	Water Conservation-Other	\$373.00
56366	AnswerNet	Telephone-Answer Service	\$204.03
56367	AREA Restroom Solutions	Equipment Rental-Field	\$106.20
56368	Bill McAnally Racing	Repair-Trucks	\$201.27
56369	California State Disbursement Unit	Garnishment	\$109.91
56370	Citrus Heights Chamber of Commerce	Continued Education	\$650.00
56371	City of Citrus Heights	Permit Fees	\$15.00
56372	Connected Document Solutions	Maintenance Agreement-Equipment	\$60.52
56373	Corelogic Information Solutions Inc	Dues & Subscriptions	\$11.00
56374	Coverall North America Inc	Janitorial	\$560.00
56375	F.S. Brainard & Company	Repair-Equipment/Hardware	\$272.75
56376	Hickox Cosmo/Hickox Family Trust	Overpayments	\$629.39
56377	Sara D Holland	Overpayments	\$149.49
56378	Indoor Environmental Services	Maintenance Agreement-Equipment	\$130.00
56379	J4 Systems	Professional Contract Services-Other	\$245.00
56380	Brent Jacobs or Heather Reynolds	Overpayments	\$63.36
56381	Kaiser Foundation Health Plan, Inc	Health Insurance	\$17,582.00
56382	Kei Window Cleaning #12	Janitorial	\$148.00
56383	Galina Kindyuk	Overpayments	\$63.36
56384	Lawnman Commercial Landscape	Janitorial	\$301.77
56385	Robert L or Euretha G Laws	Overpayments	\$22.95
56386	McAfee	Maintenance Agreement-Software	\$50.00
56387	Moonlight BPO	Prof Contract-Bill Print/Mail	\$2,242.84
56388	Neighborly Pest Management	Janitorial	\$184.00
56389	Occu-Med	Office Miscellaneous	\$344.50

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56390	One Print Source & Graphics	Printing	\$88.56
56391	Pacific Gas & Electric	Utilities	\$104.64
56392	Pirtek Power Inn	Repair-Trucks	\$235.90
56393	Brent T or Tracy L Seffern	Overpayments	\$25.44
56394	Surewest Communications	Telephone-Local/Long Distance	\$868.26
56395	A. Teichert & Son, Inc.	Road Base	\$1,436.10
56396	Traffic Management Inc.	Field Miscellaneous	\$1,275.00
56397	Tree Pros, Inc	Contract Services-Miscellaneous	\$1,550.00
56398	United Textile	Supplies-Field	\$53.46
56399	Unum Life Insurance Co of America	Disability & Life Insurance	\$1,661.74
56400	Voyager Fleet Systems Inc	Gas & Oil	\$2,068.38
56401	California State Disbursement Unit	Garnishment	\$184.61
56402-56419	Void	Void	\$0.00
56420	Coverall North America Inc	Janitorial	\$280.00
56421	Sam or Shirley Fuchs	Overpayments	\$831.08
56422	Integrity Administrators Inc	Health Insurance	\$3,069.46
56423	Airgas NCN	Supplies-Field	\$118.57
56424	Albietz Law Firm	Legal & Audit	\$10,322.74
56425	Alexander's Contract Services	Prof Contract Services-Meter Read	\$11,664.38
56426	Allied Waste Services #922	Utilities	\$210.75
56427	AREA Restroom Solutions	Equipment Rental-Field	\$106.20
56428	AT&T Payment Center	Telephone-Local/Long Distance	\$40.00
56429	Baker Williams Engineering Group	Professional Contract Services-Wells	\$3,783.00
56430	Bart/Riebes Auto Parts	Repair-Trucks	\$255.06
56431	Daniel Blushtein	Overpayments	\$140.12
56432	BSK Associates	Water Analysis	\$2,608.00
56433	Burketts	Office Expense	\$245.48
56434	Century 21 Select	Overpayments	\$6.88
56435	Chicago Title Company	Overpayments	\$34.62
56436	Chicago Title Company	Overpayments	\$164.45
56437	CirclePoint	Water Conservation-Contract Services	\$831.25
56438	Civil Engineering Construction, Inc.	Contract Services-Miscellaneous	\$200,719.81
56439	Corelogic Information Solutions Inc	Dues & Subscriptions	\$110.25
56440	Corix Water Products, Inc	Material	\$2,717.28
56441	County of Sacramento	Permit Fees	\$278.48
56442	Dawson Oil Company	Gas & Oil	\$1,247.07
56443	DHS-OCP	Dues & Subscriptions	\$120.00
56444	Ethan Wade Graphics	Water Conservation-Other	\$598.88
56445	Robyn J Evans	Continued Education	\$318.50
56446	Ferguson Enterprises Inc.1423	Material	\$473.68
56447	Fidelity National Title Company	Overpayments	\$192.02
56448	Fidelity National Title	Overpayments	\$33.03

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56449	Fidelity National Title Company	Overpayments	\$10.83
56450	First American Title Company	Overpayments	\$115.88
56451	Frist American Title Company	Overpayments	\$34.61
56452	First American Title Company	Overpayments	\$21.44
56453	FP Mailing Solutions	Postage	\$197.64
56454	GreatAmerica Leasing Corp	Equipment Rental-Office	\$218.79
56455	Gwne C Melliar Trust	Overpayments	\$73.10
56456	Velma Harelson	Overpayments	\$98.34
56457	HD Supply Waterworks LTD	Material	\$1,560.61
56458	Holt of California	Repair-Equipment/Hardware	\$2,317.40
56459	ICM Group, Inc.	Contract Services-Miscellaneous	\$7,092.00
56460	Indoor Environmental Services	Maintenance Agreement-Equipment	\$301.00
56461	Irrigation Consultation & Evaluation	Water Conservation-Contract Services	\$240.50
56462	Siavash Jahangirian	Overpayments	\$166.89
56463	KASL Consulting Engineers	Prof Contract Services-Engineering	\$1,004.00
56464	KB Homes Sacramento, Inc.	Overpayments	\$108.64
56465	Kei Window Cleaning #12	Janitorial	\$69.00
56466	Jeri Lazaro	Overpayments	\$40.80
56467	Douglas A MacTaggart	Contract Services-Paving/Concrete	\$5,596.00
56468	MGE, Inc.	Contract Services-Miscellaneous	\$307,146.21
56469	Mission Holdings LP	Overpayments	\$63.32
56470	Moonlight BPO	Professional Contract-Bill Print/Mail	\$8,513.67
56471	Neptune Technology Group Inc	Maintenance Agreement-Equipment	\$2,846.22
56472	Ted or Alice Nevin	Overpayments	\$165.72
56473	North Amerian Title	Overpayments	\$42.06
56474	North American Title Company	Overpayments	\$172.25
56475	North American Title Company	Overpayments	\$145.64
56476	NV5 / Nolte Associates, Inc.	Prof Contract Services-Engineering	\$30,591.06
56477	Old Republic Title Company	Overpayments	\$8.76
56478	One Print Source & Graphics	Printing	\$579.85
56479	Kenneth A or Carol R Otterstrom	Overpayments	\$92.47
56480	Pace Supply Corp	Material	\$3,454.10
56481	PCH Property Management	Overpayments	\$184.47
56482	Placer Title Company	Overpayments	\$9.08
56483	Placer Title Company	Overpayments	\$8.87
56484	Placer Title Company	Overpayments	\$10.99
56485	David W or Eileen V Potter	Overpayments	\$165.04
56486	RW Trucking	Contract Services-Miscellaneous	\$1,995.00
56487	The Sacramento Gazette	Publication Notices	\$66.83
56488	Salee Trust	Overpayments	\$165.09
56489	Les Schwab Tires	Repair-Trucks	\$214.35
56490	SHI International Corp	Maintenance Agreement-Software	\$2,530.02

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56491	John K or Sharon Siepler	Overpayments	\$170.21
56492	SMUD	Utilities	\$11,535.76
56493	Softchoice Corporation	Small Office Equipment	\$2,247.26
56494	Sophos Solutions	Professional Contract Services-Other	\$1,782.50
56495	Staples Advantage	Office Expense	\$234.58
56496	Stewart Title	Overpayments	\$6.96
56497	Stewart Title of Sacramento	Overpayments	\$29.79
56498	SureWest Directories	Telephone-Local/Long Distance	\$98.00
56499	A. Teichert & Son, Inc.	Road Base	\$3,936.97
56500	United Textile	Supplies-Field	\$426.61
56501	US Bank IMPAC Government Services	See Cal Card Rpt Agenda Item CC: 6	\$6,273.82
56502	Verizon Wireless	Tele-Wireless	\$879.81
56503	Wallace Kuhl & Associates Inc	Contract Services-Miscellaneous	\$2,835.00
56504	West Yost Associates	Prof Contract Services-Engineering	\$6,896.21
56505	Randall S. Weston	Overpayments	\$36.78
56506	World Environment & Energy Inc	Contract Services-Miscellaneous	\$375.00
56507	Fidelity National Title Company	Overpayments	\$6.81
56508	Fidelity National Title Company	Overpayments	\$288.59
56509	Fidelity National Title Company	Overpayments	\$9.83
56510	First American Title Company	Overpayments	\$123.98
56511	North American Title Company	Overpayments	\$25.13
56512	North American Title Company	Overpayments	\$6.10
56513	North American Title Company	Overpayments	\$44.77
56514	Amber Allison	Toilet Rebate Program	\$75.00
56515	Christine Armour	Toilet Rebate Program	\$75.00
56516	Ann Barnett	Toilet Rebate Program	\$75.00
56517	Kenneth Lee Duffy	Toilet Rebate Program	\$150.00
56518	Lawrence A Durocher	Toilet Rebate Program	\$75.00
56519	Kathleen Gill	Toilet Rebate Program	\$150.00
56520	Kenneth P Henderson	Toilet Rebate Program	\$150.00
56521	Sandra Horn	Toilet Rebate Program	\$150.00
56522	Regina Icanberry	Toilet Rebate Program	\$150.00
56523	Kenneth Keil	Toilet Rebate Program	\$150.00
56524	Bette L Koenig	Toilet Rebate Program	\$75.00
56525	Craig Lenzen	Toilet Rebate Program	\$75.00
56526	Donald Munns	Toilet Rebate Program	\$225.00
56527	Sharon Redmond	Toilet Rebate Program	\$75.00
56528	Carol Schafer	Toilet Rebate Program	\$150.00
56529	Steven Silva	Toilet Rebate Program	\$75.00
56530	Lisa or Terry Simpson	Toilet Rebate Program	\$225.00
Total			<u>\$719,412.82</u>

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ACH	ING 12/19/13	Deferred Compensation	\$45.00
ACH	ING 12/5/13	Deferred Compensation	\$45.00
ACH	PAYCHEX 12/10/13	Professional Contract Services-Other	\$314.50
ACH	PERS 11/7/14	PERS	\$7,359.87
ACH	VALIC 12/19/13	Deferred Compensation	\$2,060.00
ACH	VALIC 12/5/13	Deferred Compensation	\$2,060.00
ACH	WHA 12/31/13	Health Insurance	\$19,714.64
ACH	WHA 12/31/13 COB	Health Insurance	\$772.51
ACH	PERS 12/19/13	PERS	\$7,388.58
Total			<u>\$39,760.10</u>
Grand Total			<u><u>\$759,172.92</u></u>

OLD BUSINESS

Skycrest Well Equipping

OM Townsel presented a report on bids received for equipping and constructing of the Skycrest Wellsite. Plans were prepared by NV5 Consulting Engineers and the District Operations Department and distributed on November 20, 2014 for equipping and constructing of the Skycrest Wellsite. The District received five sealed bids on December 30, 2014, at which time bids were opened and read publicly. The low bidder is R.E. Smith Contractor, Inc. of Newcastle, CA. Bids received are as follows:

	<u>Bid</u>
1. R.E. Smith Contractor, Inc.	\$1,822,000.00
2. Conoco-West, Inc.	\$1,845,500.00
3. Sierra National Construction, Inc.	\$1,878,500.00
4. Manito Construction, Inc.	\$1,930,300.00
5. JJM Engineering Constructors, Inc.	\$1,996,936.00

The Engineer's Estimate for the project was \$1,740,115.00.

Directors and staff discussed the low bidder and bids received for the project.

Motion: It was moved by Director Sheehan and seconded by Director Dains to accept the bid of R.E. Smith Contractor, Inc. of \$1,822,000.00 and establish a change order contingency fund in the amount of \$90,000.00; and to authorize the General Manager to execute the contract.

The motion carried 2-0 with all Directors voting yes.

Assistant General Manager Recruitment

GM Churchill provided a report on the status of the Assistant General Manager recruitment process. Outreach to identify potential candidates of the District's vacant Assistant General Manager position is being facilitated by CPS HR Consulting. As of

January 8, 2015, 18 applications have been received by the Consultant, with the application period closing on January 20, 2015.

Directors were provided with an updated schedule for filling the vacancy. The schedule calls for interviews in early March 2015 with the selected candidate starting work in early April 2015.

Water Supply

GM Churchill presented a status report on water supplies available to the District.

As of midnight on January 6, 2015, storage in Folsom Lake was at 438,750 acre-feet, 45 percent of the total capacity of 977,000 acre-feet. This is about 91 percent of historical average for this date. This represents an increase in the amount of water in storage of nearly 150,000 acre feet in the past month due to the December rainfall.

CHWD continues to assist with preserving surface water supplies in the Lake by operating its groundwater wells. All District wells (Bonita, Mitchell Farms, Palm, Sylvan and Sunrise) remain operational and are being operated on a rotational or modified-as-needed basis.

As noted on the Operations Manager's 2014 Water Consumption Report presented as a part of this Board meeting agenda, total water use from January 1 through the end of December 2014 was 11,792.65 acre-feet, 16.9 percent less than the five-year average for the same period. Total water consumption for the month of December was 563.15 acre-feet; 15.9 percent below the five year average for the month of December and 19.7 percent below December 2013 use. Year-to-date water use in 2014 is 20.8 percent below the corresponding time period in 2013.

Administration Building Improvements

GM Churchill presented a status report on the construction phase of the Administration Building Expansion and Renovation Project. On December 9, 2014, the Board of Directors awarded a construction contract in the amount of \$743,200 for construction of the Administration Building Expansion and Renovation Project to Kaler/Dobler Construction, Inc. The General Manager subsequently executed an Agreement for Construction Services with the Contractor.

A preconstruction meeting took place on January 5, 2015 and a target date for beginning construction was set as January 20, 2015. The duration of the construction is estimated to be six months. The Administrative staff is preparing to relocate temporarily to leased office space at 7011 Sylvan Road, Suite D with the majority of the moving to be done from January 16 to January 19, 2015. It is anticipated that the regular Board of Directors Meetings beginning in February and likely continuing until July will be held at the temporary location.

San Juan Water District / Sacramento Suburban Water District Joint Meetings

GM Churchill presented a report regarding San Juan Water District (SJWD) and

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Sacramento Suburban Water District (SSWD) Joint Meetings.

Director Dains, Director Sheehan and GM Churchill attended the SJWD/SSWD Joint Board of Directors Meeting held on December 16, 2014 at SSWD.

Comments on the Phase 2A Draft report were requested to be submitted by the Directors of SJWD and SSWD by January 5, 2015. After this date a final administrative draft report will be provided to the Joint Boards and to the 2 x 2 Ad Hoc Water Management Committee which will then circulate the report for a 30-day public review period. To date meetings of the Joint Board and 2 x 2 Ad Hoc Committee have not been scheduled and a report is not available.

Director Dains, GM Churchill and Legal Counsel Albietz attended the 2 x 2 Ad Hoc Water Management Committee Meeting held on in the morning of December 18, 2014 at SSWD.

Copies of the Meeting Agenda and additional information from the meeting were provided to Directors, as well as a schedule for upcoming meetings.

Antelope Pump Back Booster Pump Station Project

GM Churchill presented a report on the Antelope Pump-Back Booster Pump Station Project being proposed by San Juan Water District (SJWD) and Sacramento Suburban Water District (SSWD). As reported previously, SJWD is considering a project with SSWD whereby SSWD's current Antelope pumping facility will be modified to pump surplus SSWD groundwater to SJWD – Wholesale (SJWD-W) in dry years, during planned outages of SJWD-W or United States Bureau of Reclamation (USBR) facilities, or in emergencies. The primary beneficiaries of the pump-back groundwater project are proposed to be San Juan Water District's retail customers, Orange Vale Water Company and the City of Folsom's service area north of the American River (also known as the Ashland area). As presently proposed, those benefitting agencies noted above will be paying approximately \$1.935 million for upgrades to the Antelope Pump Station through a capital program sub-charge by SJWD-W.

Directors were provided with a December 1, 2014 letter from GM Churchill to SJWD GM Shauna Lorange detailing questions and concerns related to assignment of capacity, use of facilities and the operation of the Project and equity between the retail customers served by SJWD-W. Directors were also provided with SJWD's January 6, 2015 response to CHWD's comment letter. A response to SJWD will be forthcoming upon staff and legal counsel review and Board direction.

Directors and staff discussed the proposed project and possible issues of concern to CHWD.

NEW BUSINESS

Training/Continued Education/Meetings

The Board was informed of various upcoming training, continued education opportunities and meetings.

Health Plan Coverage for District Employees for 2015

AGM Kane and HRS Smoot presented a report on proposed health care insurance coverage for District employees for the health plan year beginning February 1, 2015 and related changes to District Human Resources Policy No. 4210, Health Insurance.

The District's health care insurance coverage for employees expires after January 31, 2015. The District currently offers Kaiser and Western Health Advantage (WHA) as its health care insurance providers for employees. Employees with spouses and employee with families pay an amount each pay period toward their health insurance premium, and this amount was most recently increased in 2013. The District continues to combine higher co-payment insurance plans, specified levels of co-payment reimbursement and employee contributions to premiums to control health care benefit costs while maintaining a high level of health-care benefit for employees.

While CHWD continues to see changes to its health care insurance plans as a result of the Patient Protection and Affordable Care Act (PPACA), the plans proposed for 2015 are very similar to those that were offered to CHWD employees in 2014. The plans being offered by Kaiser and WHA provide comparable coverage in benefits and co-payment levels and continue the trend of having much higher annual out-of-pocket maximums than plans that were offered prior to the PPACA.

The overall change in monthly premium costs for the two plans compared with 2014 rates are as follows:

Kaiser:	6.8% increase	WHA	8.1% increase
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The District continues to offer in-lieu-of health insurance payments for employees who have duplicating health care coverage through a spouse's employer and decline to be covered under a District offered health insurance plan. This practice reduces the District's overall health insurance premium costs while offering an incentive to employees who have the option to be covered under a spouse's plan. The District has a total of six employees taking advantage of this alternate health insurance payment. The District realizes a savings of more than \$48,117 annually from providing this in-lieu-of payment rather than paying for duplicating family insurance and it is recommended that this program be continued.

It is further recommended that no additional contribution be required from employees to share in the cost of premiums for 2015. With the current employee contributions, the recommended plans will maintain the existing high level of health care benefit and keep costs within the 2015 adopted budget limits.

Employee contribution amounts for health insurance premiums are set by District policy as follows:

Employee Only	No contribution
Employee + Spouse	\$25.00 per pay period (\$650 annually)
Employee + Family	\$50.00 per pay period (\$1,300 annually)

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Staff is recommending that these contribution amounts be maintained at their current levels.

Staff also recommends increasing the dollar “cap” for monthly health care premiums from the current level of \$1,654.00 per month to \$1,786.00. This recommended increase is consistent with the Board’s recent practice of establishing a “cap” that represents the lowest cost of the two offered health insurance plans for the most expensive employee premium. There is currently only one employee that has a monthly health insurance premium that exceeds the “cap” and this employee pays the difference between the “cap” amount and the monthly premium through a payroll deduction. For 2015, it is anticipated that there will continue to be one employee whose premiums will exceed the recommended 2015 cap. This employee has the option to avoid exceeding the cap by switching health insurance providers during the January 2015 open enrollment period.

The District reimburses employees for specified amounts of their co-payments through the use of a Supplemental Medical Reimbursement Account (SMRA). In 2007, the District implemented an SMRA in conjunction with switching to health plans with higher co-payments for medical services and prescriptions. The District offset the employee’s higher co-pay costs by reimbursing them for their co-payments through the use of a SMRA. This program has been successful in reducing the District’s health care costs while minimally impacting the out-of-pocket costs for the employees. It is recommended the reimbursement limits set by District policy with a 75 percent reimbursement limit for office visit co-payments for spouses and dependents be kept in place. Brand name and non-formulary prescription drugs are reimbursed at 75 percent of the co-payment amount as an incentive for employees to request lower-cost generic drugs when available. As proposed, the District will continue to fully cover co-payments for other more costly medical services such as emergency room visits, hospitalization and medical equipment. The SMRA co-payment utilization for 2014 was budgeted for \$26,000; the actual amount for 2014 was \$19,712, a total of \$6,288 under the budgeted amount. Co-payments within the two offered plans will remain substantially the same for 2015, so it is estimated that co-payment utilization will remain in the same range as well.

Directors were provided with a table detailing the proposed 2015 renewal rates and the range of premium rates, the number of employees currently covered under each plan, and the estimated total cost of the District’s health insurance benefit for 2015. The total estimated cost to the District for proposed plans for 2015 is \$365,800, which includes the estimated self-funded co-payments, employee contributions toward their health insurance costs and reimbursement for employees who have duplicating health care coverage through a spouse’s employer and decline to be covered under a District offered health insurance plan.

The total estimated cost for the 2015 Plan Year is within the total \$375,272 budgeted for insurance premiums and co-payment reimbursements when employee participation is included. The 2015 budgeted amount for co-payment reimbursements is \$26,000.

Directors were provided with a copy of District Policy No. 4210, Health Insurance, with proposed amendments. Amendments included the proposed change to the monthly health care premium “cap” and a minor change to reflect the \$400 per month (\$4,800 per year) in lieu of health insurance enrollment amount that was previously shown incorrectly.

Directors and staff discussed the health insurance recommendations. Directors inquired as to the reason for one employee electing a plan that would be above the proposed 2015 cap. Staff replied that the choice of health insurance plans was the employee’s preference, and that the employee was aware of the option to select a lower-cost plan that would be within the proposed cap amount. Directors also asked if the plans were compliant with the provisions of the Affordable Care Act, and staff affirmed that they are in compliance. Directors further inquired if the plans offered by the District would be subject to the “Cadillac tax” to be levied by the federal government on employer-paid high-benefit health insurance plans. Staff responded that it is possible that plans offered by the District could be subject to the tax in 2017 when this provision of the Affordable Care Act is set to go into effect. Staff informed Directors that there would be future discussions with the District’s health insurance broker on the possible tax implications of the “Cadillac tax” on District employees.

Motion: It was moved by Director Dains and seconded by Director Sheehan to approve the Kaiser Permanente - Gold 0/30 Plan and the Western Health Advantage – Gateway 30 Plan Plan as the District’s employee health care plans for 2015; and to adopt District Human Resources Policy No. 4210, Health Insurance, with amendments as presented.

The motion carried 2-0 with all Directors voting yes.

Sonora Way and Hanson Avenue Water Main Replacement Project

PM Dietrich presented a report on bids received to replace water mains along Sonora Way between Palm Avenue and Madison Avenue in the community of Carmichael, and along Hanson Avenue between Wonder Street and Glen Tree Drive in the City of Citrus Heights. Project plans were prepared by Unico Engineering, Inc. and the District Engineering Department and distributed to 21 contractors and three material suppliers. The project involves installing and connecting approximately 985 lineal feet (lf) of 8-inch water main and 540 lf of 6-inch water main and related appurtenances in the aforementioned project areas.

The District received six sealed proposals on January 6, 2015, at which time proposals were opened and read publicly. The apparent low bidder is Rawles Engineering, Inc. of Folsom, California. Bids received are as follows:

- | | |
|--|--------------|
| 1. Rawles Engineering, Inc. | \$320,734.00 |
| 2. Lamon Construction Company, Inc. | \$342,440.00 |
| 3. Civil Engineering Construction, Inc. | \$367,880.00 |
| 4. Performance Piping, Inc. | \$421,858.50 |
| 5. Martin General Engineering, Inc. | \$439,057.50 |
| 6. North Star Construction & Engineering, Inc. | \$518,338.00 |

The District's budget estimate for the project was: \$400,000.00.

Directors and staff discussed the low bidder for the project. Director Sheehan inquired about the difference in percentage for the change order contingency fund between this project and the Skycrest Wellsite project approved earlier in the meeting. Staff explained that this water main replacement project involves a higher possibility of encountering unanticipated underground conditions that could cause change orders, as opposed to the well project which is mostly above ground and in an area without any possible conflicting underground utilities. That is why the percentage for potential change orders relative to the cost of the project is higher for this water main replacement project.

Motion: It was moved by Director Dains and seconded by Director Sheehan to accept the bid of Rawles Engineering, Inc. in the amount of \$320,734.00 and establish a change order contingency fund in the amount of \$32,000.00; and to authorize the General Manager to execute the contract.

The motion carried 2-0 with all Directors voting yes.

2015 Fleet Vehicle Purchase

OM Townsel presented a report on the proposed purchase of three trucks to replace three existing trucks as authorized in the 2015 budget. The District has scheduled the following trucks for replacement in 2015:

<u>Vehicle Description/Mileage</u>	<u>Budget for Replacement</u>
Equip. No. 08, 2002 Ford F-250 Pickup Truck, approx. 57,288 miles	\$ 25,000
Equip. No. 09, 2004 Ford F-150 Pickup Truck, approx. 59,315 miles	\$ 25,000
Equip. No. 22, 2002 Ford F-350 Dump Truck, approx. 37,594 miles	<u>\$ 39,000*</u>
	\$ 89,000

*includes dump body, installation, etc.

For the purchase of the new vehicles, it is proposed that the District use the California State Bid (Contract No. 1-14-23-20A) as it has done since 1998. By using the State Bid, the District fulfills its public bidding responsibility and benefits from the State pricing while avoiding the time and expense involved in the competitive bidding process.

The vehicles to be purchased under the California State Bid are as follows:

<u>Qty</u>	<u>Description</u>	<u>Unit Price</u>	<u>Terms</u>	<u>Vendor</u>
2	2015 ½-ton Pickup Truck	\$24,972.96	\$500-20 days	Downtown Ford
1	2015 1-ton Cab & Chassis only	\$26,292.09	\$500-20 days	Downtown Ford

Motion: It was moved by Director Sheehan and seconded by Director Dains to authorize staff to proceed with the purchase of three trucks from Downtown Ford in Sacramento with a total cost not to exceed \$77,000.00.

The motion carried 2-0 with all Directors voting yes.

Resignation of Director Joseph M. Dion

GM Churchill presented a report on the resignation of Director Joseph M. Dion from the Citrus Heights Water District Board of Directors. Directors were provided with a copy of Director Dion's letter of resignation effective January 13, 2015.

Directors and staff expressed appreciation for Director Dion's more than 14 years of dedicated and distinguished service to CHWD and to the regional and state-wide water community. Directors were presented with a proposed Resolution to commend Director Dion for his service. GM Churchill read the Resolution aloud.

Motion: It was moved by Director Dians and seconded by Director Sheehan to adopt Resolution No. 01-2015 Commending Director Joseph M. Dion for Service as Director of Citrus Heights Water District.

The motion carried 2-0 with all Directors voting yes.

RESOLUTION 01-2015

RESOLUTION OF THE BOARD OF DIRECTORS
OF CITRUS HEIGHTS WATER DISTRICT
COMMENDING
DIRECTOR JOSEPH M. DION

WHEREAS, JOSEPH M. DION was seated as a Director to represent Division Two on the Board of Directors of Citrus Heights Water District on July 3, 2000 and continued in that capacity until January 13, 2015; and

WHEREAS, during his fourteen and one-half years of continuous service, JOSEPH M. DION admirably distinguished himself as a leader in the water community, serving as President of the Board of Directors for 2002, 2005, 2008, 2011 and 2013; and

WHEREAS, JOSEPH M. DION's careful and conscientious deliberations on a vast array of District policy issues as well as regional and State-wide water issues were greatly valued by his constituents, fellow Directors and District employees; and

WHEREAS, JOSEPH M. DION also demonstrated his leadership qualities while serving on the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority, the Executive Committee of the San Juan Water District and as a Board Member and Chair of the Regional Water Authority.

NOW THEREFORE BE IT RESOLVED that the Board of Directors of CITRUS HEIGHTS WATER DISTRICT hereby commends JOSEPH M. DION for his outstanding service to Citrus Heights Water District.

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PASSED AND ADOPTED by the Board of Directors of the CITRUS HEIGHTS WATER DISTRICT this 13th day of January 2015 by the following vote, to wit:

AYES:	Directors:	Dains, Sheehan
NOES:	Directors:	None
ABSTAIN:	Directors:	None
ABSENT:	Directors:	None

S E A L

Original signed by: Allen B. Dains

ALLEN B. DAINS, President
Board of Directors
Citrus Heights Water District

ATTEST:

Original signed by: Robert A. Churchill

ROBERT A. CHURCHILL, Secretary

Directors and staff discussed presentation of the Resolution to Director Dion at a place and time to be determined.

Directors and staff discussed the process to appoint a Director to fill the vacancy in the office of Director, Division 2. Directors were provided with a copy of California Government Code Section 1780 which sets forth the requirements for appointment to fill vacancies on the District's elected Board of Directors. Directors were also provided with a map of the District's Division Boundaries.

Within the 15 days of January 13, 2015, the Sacramento County Elections Division needs to be notified of the vacancy. The District General Manager/Secretary will send written correspondence in this regard on January 14, 2015. Within 60 days of January 13, 2015 the Board of Directors shall make an appointment to fill the vacancy. Said date is Friday, March 13, 2015.

The Code is silent on the method to determine an appointee, except that a Notice of Vacancy shall be posted in three or more conspicuous places in the District at least 15 days prior to the appointment. Directors and GM Churchill discussed locations where the Notice of Vacancy would or could be posted, including at the District Office, at the City of Citrus Heights City Hall, at Sunrise Recreation and Park District, at Orangevale Recreation and Park District and at Fair Oaks Recreation and Park District. Directors suggested the Fair Oaks Library as another possible location. Directors instructed GM Churchill to proceed immediately with the posting, and indicated that further consideration of a process to evaluate possible candidates would be discussed at the February 10 Board meeting. It was noted that, due to the timing of the vacancy, the appointee, if he or she so chooses, will be required to run for election in the November 2016 General Election for the remaining two years of the Division 2 term.

Amendment to Professional Services Agreement for Legal Services

GM Churchill presented a report on a proposed amendment to Exhibit A of the 2010

Professional Services Agreement for Legal Services with Albietz Law Firm to amend the hourly rate. Directors were provided with a copy of the current Professional Services Agreement for Legal Services with the Albietz Law Firm that was executed in November of 2010. The compensation rate as noted in Exhibit A for All Attorneys was set at \$250.00 per hour and that for Law Clerks & Paralegals at \$150.00 per hour. Legal Counsel Judith Albietz is requesting an increase in the rate for All Attorneys to \$285.00 per hour. The rate for Law Clerks and Paralegals is proposed to remain the same.

A survey of four neighboring water utilities found that the rates for similar services ranged from \$250.00 per hour to \$370.00 per hour with an average of \$295.00 per hour. Directors and staff discussed Ms. Albietz' legal services and the hourly rate for those services. Directors expressed the opinion that Ms. Albietz has a thorough understanding of the District and has continued to provide sound legal support to the District.

Motion: It was moved by Director Dains and seconded by Director Sheehan to approve an amendment to Exhibit A of the 2010 Professional Services Agreement for Legal Services with Albietz Law Firm to amend the hourly rate from \$250.00 per hour to \$285.00 per hour

The motion carried 2-0 with all Directors voting yes.

PROJECT MANAGER'S REPORT

PM Dietrich presented a report on the following activities during the month of December 2014 by the Project Management and Engineering Department:

- Accepted water systems:

No accepted water systems for the month of December 2014.

- Projects under construction or pending construction by private contractors and developers including:

Muschetto Subdivision, 46 Residential Lots, 7108 Antelope Road, 90% complete.
Fair Oaks Village, 6800 Madison Avenue, construction started January 6, 2015.
Texas Roadhouse, 6309 Sunrise Boulevard, 75% complete.
Residential Service, 7591 Cedar Drive, 90% complete.

- Contractor/developer projects pending construction:

<u>Project</u>	<u>Location</u>	<u>Status</u>
Stock Ranch Retail - Interior Drive Aisle Improvements	Auburn Blvd at Stock Ranch	Plans Approved December 12, 2014
4-lot Subdivision	8200 Oak Avenue	Plans Approved January 5, 2015

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- Project development/design underway by District staff including:

<u>Project</u>	<u>Location</u>	<u>Status</u>
Sonora Way 8" Water Main Hanson Ave 6" Water Main UNICO Engineering	Madison Ave to Palm Ave Between Wonder St and Glen Tree Dr	Bids Received January 6, 2015
Mariposa Ave 18" and 8" Water Main Area West Engineers, Inc.	Sycamore Drive to Pratt Ave	Designing New System
San Juan High School 24" Water Main Warren Consulting Engineers	Along North Property Line	Awaiting Easement Appraisal

- Projects contracted by the District including:

<u>Project</u>	<u>Location</u>	<u>Status</u>
Park Dr 8" Water Main Poplar Ave 8" Water Main Preston Pipelines, Inc.	Sylvan Rd to east South end of Poplar Ave	95% Complete
Sunrise Blvd 12" Water Main Highwood Way 6" Water Main	7180 Sunrise Blvd Highwood Way	99% Complete

- Coordination and inspection is underway with the City of Citrus Heights on the following City projects:

<u>Project</u>	<u>Location</u>	<u>Status</u>
Auburn Blvd Widening Teichert Construction (Seg 3)	Sylvan Corners to Sycamore Dr	Minor Remaining Punchlist Work
Sunrise Blvd Signalization Teichert Construction	Sungarden Dr	Construction Continues

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 398 work orders were performed during the month of December by Field Operations crews, Administration Field crews and District contractors. The results of recent bacteriological testing, a total of 90 samples, have met all

California Department of Public Health requirements.

2. District-wide water consumption for the calendar year 2014 through the end of December 2014 was 11,792.65 acre-feet, a decrease of 16.9 percent compared with the average annual water consumption during the previous five years, 2009-2013. It was noted that this amount has been reconciled to account for CHWD-produced groundwater that was served outside of CHWD.

Director Dains called a recess to the meeting at 7:39 p.m. PM Dietrich, OM Townsel, HRS Smoot and Mr. Buford left the meeting.

Director Dains reconvened the meeting at 7:45 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Sheehan reported that she and GM Churchill attended the January 8, 2015 Regular Meeting of Regional Water Authority and gave a brief summary of the topics discussed. The agenda was provided to the Directors. Draft minutes of the December 10, 2014 RWA Board Meeting and final minutes of the October 22, 2014 RWA Executive Committee were also provided.

ASSISTANT GENERAL MANAGER'S REPORT

Interim AGM Kane reported as follows:

1. Directors were provided with a summary of Water Efficiency Program activities year-to-date through December 2014.
2. Water Forum Update: there was no Water Forum activity to report.
3. Information from CalPERS is still pending regarding the amount they will charge to perform the GASB 68 actuarial. CalPERS anticipates publishing the cost in early 2015.
4. The Winter 2015 edition of the District's WaterLine has been printed and sent to the mailing vendor. Customers will begin receiving this edition of the newsletter in the mail soon.
5. The District's auditor, Richardson & Company, was on site at the District offices during the month of December 2014 to perform interim field work and inventory observation in preparation for the financial audit for the Fiscal Year Ending December 31, 2014. The auditors will return in late February 2015 to perform their field work on the 2014 audit. The auditor will present their report and findings to the Board at the April 14, 2015 Board meeting

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GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Twenty-two District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of December 2014. Directors were provided with a list of the employees and items for which each received recognition.
2. A list of the General Manager's significant assignments and activities was provided.

CORRESPONDENCE

There was no correspondence this month.

CLOSED SESSION

GM Churchill reported that there was no new information to report that would require the Board to conduct the Closed Session listed on the meeting agenda.

FUTURE CHWD BOARD OF DIRECTORS MEETING DATES:

February 10, 2015	6:30 PM	Regular Meeting
March 10, 2015	6:30 PM	Regular Meeting

GM Churchill reminded Directors that the February 10, 2015 meeting would be held at the District's leased offices at 7011 Sylvan Road.

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned at 8:14 p.m.

APPROVED:

ROBERT A. CHURCHILL
Secretary
Citrus Heights Water District

ALLEN B. DAINS, President
Board of Directors
Citrus Heights Water District