

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
April 14, 2015

The Regular Meeting of the Board of Directors was called to order at 6:33 p.m. by President Dains and roll was called. Present were:

Allen B. Dains, President
Caryl F. Sheehan, Vice President
Raymond A. Riehle, Director
Robert A. Churchill, General Manager
Hilary M. Straus, Assistant General Manager
David B. Kane, Interim Assistant General Manager
John J. Townsel, Operations Manager
Paul A. Dietrich, Project Manager
Susan Sohal, Accounting Supervisor
Rex W. Meurer, Water Efficiency Coordinator
Tim Cutler, Water Distribution Supervisor

VISITORS

Dave deBernardi, Director of Finance, ACWA-Joint Powers Insurance Authority
Ingrid Shepline, CPA, Richardson & Company

PLEDGE OF ALLEGIANCE

Director Dains led the Pledge of Allegiance.

PUBLIC COMMENT

No public comment.

CONSENT CALENDAR

President Dains asked for a motion on the Consent Calendar.

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

1. Minutes of the Special Meeting – March 5, 2015.
2. Minutes of the Special Meeting – March 6, 2015.
3. Minutes of the Regular Meeting – March 10, 2015.
4. Assessor/Collector's Report for March 2015.
5. Assessor/Collector's Roll Adjustments for March 2015.
6. Treasurer's Report for March 2015.
7. Payables for March 2015.
8. CAL-Card Purchases for March 2015.

9. Summary of 2015 Directors, Officers and Employees Training, Seminars and Conference Expenses.

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

MARCH 31, 2015 PAYABLES

Check #	Vendor	Description	Amount
58781	Iracema Cornejo	Toilet Rebate Program	\$75.00
58782	Carol Funk	Toilet Rebate Program	\$75.00
58783	Nichole Kessel	Toilet Rebate Program	\$150.00
58784	Anna Kula	Toilet Rebate Program	\$150.00
58785	Marilyn Murphy	Toilet Rebate Program	\$75.00
58786	Elaine M O'Grady	Toilet Rebate Program	\$75.00
58787	Cynthia Sweeney	Toilet Rebate Program	\$150.00
58788	Marianna Sotnichenko	Toilet Rebate Program	\$150.00
58789	Milan D or Linda S Wells	Toilet Rebate Program	\$75.00
58790	ABA DABA Rentals & Sales	Supplies-Field Contract Services-Meter	\$179.14
58791	Alexander's Contract Services	Read	\$1,866.85
58792	Allied Environmental Inc	Contract Services-Other	\$2,100.00
58793	AREA Restroom Solutions	Equip Rental-Field	\$106.20
58794	Azteca Systems Inc	Maint Agreement-Software	\$19,995.00
58795	BSK Associates	Water Analysis	\$1,060.00
58796	Burketts	Office Expense	\$192.62
58797	Canon Solutions America, Inc.	Maint Agree-Equipment	\$50.00
58798	City of Citrus Heights	Permit Fees	\$3,793.40
58799	Connected Document Solutions	Maint Agree-Equipment	\$307.82
58800	Corix Water Products, Inc	Material Contract Services-	\$10,348.31
58801	Fair Oaks Water District	Engineering	\$12,776.85
58802	HD Supply Waterworks LTD	Material	\$1,728.00
58803	ICM Group, Inc.	Contract Services- Misc	\$4,557.00
58804	J4 Systems	Contract Services- Other	\$4,522.00
58805	Kaler/Dobler Construction Inc	Contract Services- Engineering	\$66,949.76
58806	Douglas A MacTaggart	Contract Services- Paving/Concrete	\$7,322.00
58807	Moonlight BPO	Contract Services-Bill Print	\$1,737.57
58808	Pace Supply Corp	Material	\$317.52
58809	Republic Services #922	Utilities	\$167.00
58810	RW Trucking	Contract Services- Misc	\$4,105.00
58811	Sophos Solutions	Contract Services- Other	\$12,840.72
58812	Titan Workforce LLC	Contract Services- Temporary Labor	\$920.00
58813	Unico Engineering	Contract Services- Engineering	\$3,950.00

58814	US Bank I.M.P.A.C. Government Services	See March Agenda Item CC:6	\$6,678.43
58815	Voyager Fleet Systems Inc	Gas & Oil	\$1,302.72
58816	Watt Communities	Contract Services- Misc	\$23,382.00
58817	Wells Fargo Bank, N.A.	COP Debt Service	\$59,577.44
58818	Verizon Wireless	Telephone-Wireless	\$1,172.38
58819	California State Disbursement Unit	Garnishment	\$184.61
58820	California State Disbursement Unit	Garnishment	\$109.61
58821	Robin Cope	Health Insurance	\$397.00
58822	SMUD	Utilities	\$11,321.15
58823	State Water Resources Control Board	Dues & Subscriptions	\$240.00
58824	San Juan Water District	Purchased Water	\$194,418.22
58825	San Juan Water District	Purchased Water	\$267,853.00
58826	ERMA	Continued Education	\$160.00
58827	Void- Duplicate Entry	Permit Fees	\$0.00
58828	City of Citrus Heights	Permit Fees	\$3,178.84
58829	ABA DABA Rentals & Sales ACWA/JPIA Health Benefits Authority	Supplies-Field	\$129.45
58830		Disability & Life Insurance	\$3,938.62
58831	Afman Supply	Small Tools	\$585.08
58832	AnswerNet	Telephone-Answer Service	\$148.12
58833	Bart/Riebes Auto Parts	Repair-Trucks	\$14.53
58834	BSK Associates	Water Analysis	\$252.00
58835	Burketts California Surveying & Drafting Supply	Office Expense	\$141.74
58836		Small Tools	\$223.90
58837	Margaret W Champlain	Overpayments	\$39.92
58838	Citrus Heights Saw & Mower	Repair-Equip/Hardware	\$15.07
58839	Comcast	Equip Rent-Office	\$327.43
58840	Consolidated	Tele-Local/Long Dis	\$891.86
58841	Corelogic Information Solutions Inc	Dues & Subscriptions	\$357.33
58842	Coverall North America Inc	Janitorial	\$280.00
58843	Martin Curle	Overpayments	\$75.84
58844	Cybex	Equip Rent-Office	\$129.12
58845	Dawson Oil Company	Gas & Oil	\$1,052.69
58846	Gary W Duke	Overpayments	\$168.14
58847	Gerald M Endres	Overpayments	\$76.37
58848	Field Asset Services LLC	Overpayments	\$41.93
58849	Future Ford	Repair-Trucks	\$139.83
58850	Stephen T Gilbert	Overpayments	\$112.23
58851	Ana C Gutierrez	Overpayments	\$91.41
58852	Joseph R or Holly M Harline	Toilet Rebate Program	\$69.44
58853	Curtis M Hendrickson Trust	Overpayments	\$145.34
58854	Indoor Environmental Services	Maint Agreement- Equipment	\$130.00

58855	Jampro Antennas, Inc	Contract Services- Other	\$540.00
58856	Kaiser Foundation Health Plan, Inc	Health Insurance	\$13,288.03
58857	L and D Landfill	Contract Services- Misc	\$582.68
58858	Lund Construction	Overpayments	\$1,567.53
58859	Ellis M or Christina I Matson	Overpayments	\$19.36
58860	Manuel or JoAnn Mejia	Overpayments	\$94.92
58861	Eugene J Millstein	Overpayments	\$14.36
58862	Moonlight BPO	Contract Services-Bill Print	\$1,178.01
58863	Debby Naiman	Overpayments	\$63.13
58864	Pace Supply Corp	Material	\$3,860.66
58865	Pattison and Associates, Inc.	Contract Services- Engineering	\$2,000.00
58866	Paul C or Elaine Pennington	Overpayments	\$256.54
58867	Pirtek Power Inn	Repair-Trucks	\$562.87
58868	Red Wing Shoe Store	Small Tools	\$360.00
58869	RLS Funding Inc.	Overpayments	\$37.24
58870	Sacramento County	Permit Fees	\$245.54
58871	SMAQMD	Permit Fees	\$1,902.00
58872	Edward T or Rubye E Sadler	Overpayments	\$30.01
58873	Helen Smatlak	Overpayments	\$36.96
58874	Robert G Smith Trust	Overpayments	\$11.81
58875	Sonitrol	Equip Rent-Office	\$1,403.16
58876	SureWest Directories	Tele-Local/Long Distance	\$49.00
58877	Sylvan Supply	Repair-Trucks	\$923.74
58878	A. Teichert & Son, Inc.	Road Base	\$1,110.15
58879	Titan Workforce LLC	Contract Services- Temporary Labor	\$1,610.00
58880	Marlene E or Mike Titus	Overpayments	\$51.24
58881	Marjorie L Tolleson	Overpayments	\$41.07
58882	Unum Life Insurance Co of America	Disability & Life Insurance	\$1,352.34
58883	Bradley J or Hilda Vandeusen	Overpayments	\$86.88
58884	Neil E Wagner	Overpayments	\$190.17
58885	Wallace Kuhl & Associates Inc	Contract Services- Misc	\$2,778.50
58886	Kevin or Kerstin Warner	Overpayments	\$16.83
58887	Clinton T or Jennifer Weldon	Overpayments	\$132.31
58888	Zane Dezign	Water Cons-Contract	\$1,338.37
58889	Zee Medical Company	Supplies-Field Contract Services-Meter	\$183.93
58890	Alexander's Contract Services	Read	\$5,094.38
58891	Gregory E or Delpha M Bastos	Overpayments	\$5.14
58892	Blackbird Associates	Contract Services- Engineering	\$5,708.12
58893	BSK Associates	Water Analysis	\$1,252.00
58894	Burketts	Office Expense	\$419.04

58895	California State Disbursement Unit	Garnishment	\$184.61
58896	California State Disbursement Unit	Garnishment	\$109.61
58897	Canon Solutions America, Inc.	Maint Agree-Equip	\$84.44
58898	Edward S or Rose A Chalpin	Overpayments	\$29.39
58899	City of Citrus Heights	Permit Fees	\$2,250.00
58900	CPS HR Consulting	Office Miscellaneous	\$2,971.86
58901	Harold Dirks	Liability & Comp Ins	\$539.58
58902	Equarius Water Works	Material	\$1,657.80
58903	Judith Filice	Overpayments	\$29.72
58904	FP Mailing Solutions	Equip Rent-Office	\$165.24
58905	Hesse, Daniel	Payroll Deposit Correction	\$20.00
58906	Integrity Administrators Inc	Health Insurance	\$242.52
		Contract Services-Bill	
58907	Moonlight BPO	Print	\$2,348.30
58908	Neighborly Pest Management	Janitorial	\$88.00
58909	Pacific Gas & Electric	Utilities	\$62.30
58910	Thomas or Gretchen Schmidt	Overpayments	\$51.65
58911	Tim or Jeannette Sheahan	Overpayments	\$71.06
		Contract Services-	
58912	Titan Workforce LLC	Temporary Labor	\$1,840.00
58913	Shirley C Tocci	Overpayments	\$170.00
58914	Lance M Ulrich	Overpayments	\$61.65
58915	Linn M Woodard or Scott M Gilmore	Overpayments	\$42.59
Total			<u>\$805,838.89</u>
ACH	3/12/15 PAYDAY	PERS	\$7,572.24
ACH	FEB 2015	Bank Fee	\$927.25
ACH	FEB 2015 PH	Bank Fee	\$121.56
ACH	FEB 2015 WEB	Bank Fee	\$2,052.96
ACH	FEB2015 FD	Bank Fee	\$186.08
ACH	MARCH2015	Contract Services- Other	\$309.30
ACH	PERS 3/26/15	PERS	\$7,415.10
ACH	VALIC 3/12/15	Deferred Compensation	\$1,920.00
ACH	VANCO FEB2015	Contract Services- Other	\$51.00
ACH	VOYA 3/12/15	Deferred Compensation	\$45.00
ACH	WHA 3/31/15	Health Insurance	\$16,189.78
ACH	VALIC 3/26/15	Deferred Compensation	\$1,920.00
ACH	BOW FEB 2015	Bank Fee	\$1,804.59
ACH	VOYA 3/26/15	Deferred Compensation	\$45.00
Total			<u>\$40,559.86</u>
Grand Total			<u><u>\$846,398.75</u></u>

April Checks Approved At April Board Meeting

58982	Corix Water Products, Inc	Material	\$8,442.90
58993	SMUD	Utilities	\$10,559.22
58981	Central Valley Engineering & Asphalt, Inc.	Contract Services-Paving/Concrete	\$10,882.41
58988	Douglas A MacTaggart	Contract Services-Paving/Concrete	\$12,302.00
58989	R E Smith Contractor Inc	Contract Services-Wells	\$37,050.00
58986	Kaler/Dobler Construction Inc	Contract Services-Engineering	\$112,034.21
58990	Rawles Engineering Inc	Contract Services-Miscellaneous	\$136,675.55
59000	ACWA/JPIA	Worker's Comp-Insurance	\$11,373.00
58961-58973	Void Printer Error	Void	\$0.00
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			\$339,319.29

PRESENTATIONS

Presentation of Refund from ACWA-JPIA

David deBernardi, Director of Finance with the Association of California Water Agencies – Joint Powers Insurance Authority (ACWA-JPIA) presented a check in the amount of \$24,627 to the Board of Directors. The check represents a retroactive premium adjustment for insurance premiums previously paid by the District resulting from lower-than-expected claims under its insurance coverage through ACWA-JPIA.

Directors received the check and thanked Mr. deBernardi.

Financial Audit Report

Interim AGM Kane introduced Ingrid Shepline, CPA, the engagement director for the audit with the firm of Richardson & Company. Ms. Shepline presented a report on the independent audit of the District's financial records for 2014.

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 12 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.

The Auditor's Report on Internal Controls, starting on Page 32 of the Audited Financial Statements, contains no Current-Year Findings and reports on two Prior-Year Findings related to controls over financial reporting. Ms. Shepline explained those Findings and the status of each.

Ms. Sheipine explained that the Auditor's Management Letter identifies three items for the District's consideration:

1. A recommendation for the District to reconcile the capital asset system to the general ledger whenever new assets are added and when depreciation is posted in the system to ensure that the subsidiary capital asset system matches the general ledger. This process will allow for timely resolution to any inconsistencies that may be found. The Auditor also recommends that support for depreciation from the capital asset listing be printed or retained electronically whenever batch postings of depreciation are run. District Management agrees with the Auditor's recommendations and will immediately implement these recommended practices.
2. A recommendation related to the District's use of the published Construction Cost Index (CCI) for each individual year for future replacements to estimate the costs of the items being replaced to remove from the capital asset system. The District already uses the CCI in the process of estimating the value of items being removed from the capital asset system by applying the CCI to current replacement costs. The Auditor noted that the District used the CCI from 1950 for water systems placed into service for the years 1950 to 1980, a different index was used for water systems placed into service for the years 1981 through 1990 and the years 1992 through 1999, and then individual indexes were used for the years 2000 through 2014. The Auditor recommends that the District use the applicable CCI for each year the initial water system was completed. The impact in the current year of not using published CCI for each individual year to determine replacement costs is immaterial; however, the Auditor recommends adopting this practice going forward. District Management agrees with the recommendation.
3. A recommendation that the District not adjust prior year amounts after the audit is completed, unless a material correction is noted, and to discuss any such proposed adjustments with the Auditor prior to making any adjustments. Management agrees with the recommendation.

This is the fifth and final year of a five-year engagement for financial auditing services with Richardson & Company.

Directors discussed the audit with Ms. Sheipline.

Motion: It was moved by Director Sheehan and seconded by Director Riehle to accept the Audited Financial Statements and Supplemental Information for the Year Ended December 31, 2014.

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

OLD BUSINESS

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 accepted the Bid of Kaler/Dobler Construction, Inc. in the amount of \$743,200 for construction of the Administration Building Expansion and Renovation Project. Construction began on January 20, 2015. The construction efforts are significantly ahead of the original project schedule that forecast completion by September 22, 2015. Completion of the project is now estimated to be August 4, 2015.

GM Churchill reported on the tasks undertaken and underway by the Contractor since the March 10, 2015 report to the Board of Directors.

Administration Building Furnishings

GM Churchill presented a report on furniture procurement for the remodeled Administration Building. Corporate Design Group (CDG) is part of the Administration Building Design team as a sub-consultant to the Blackbird Associates architectural firm. Included in Blackbird's scope of work was CDG's involvement in the selection of colors and finishes for the project including window coverings, flooring, etc. Furnishings were not a part of CDG's work under Blackbird.

The furnishings need to both fit the space and complement the architectural theme of the interior improvements. CDG has prepared a budget of just under \$68,000 for furnishings to best fit the surroundings. As discussed the March 10, 2015 Board of Directors meeting, at question is whether the furnishings need to be competitively bid.

Directors were provided with a proposal for Furniture Bid Coordination Services for the furnishings prepared by CDG. The General Manager has approved this proposal. District staff subsequently met twice with CDG designers to assist in developing the furniture specifications. Once the specifications are set, a determination can be made as to which furnishings, if any, lend themselves to a competitive bid process and which furnishings, if any, are unique to the project and can be obtained through a sole-source procurement.

Directors and staff discussed the furniture procurement process for the Administration Building.

San Juan Water District / Sacramento Suburban Water District Joint Meetings

GM Churchill presented a report regarding San Juan Water District (SJWD) and Sacramento Suburban Water District (SSWD) Joint Meetings. Directors Dains and Riehle and General Manager Churchill attended the March 26, 2015, 2x2 Committee Meeting at Sacramento Suburban Water District. Director Sheehan was also in attendance at the meeting. Directors were provided with a copy of the agenda for that meeting along with staff reports for the agenda items. Directors were advised that 42-page accompaniment to

the Telephone Survey & Public Outreach Agenda Item 3 was not provided, but can be accessed through the SJWD and SSWD websites.

Of significance was the release for comment of the “Public Review Draft Report of the Phase 2A Study” for a 30 day public review period. This report, 131 pages total, can also be accessed through the SJWD and SSWD websites.

Directors were also provided with a copy of a joint letter signed by representatives of Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company and the City of Folsom requesting an extension of time to June 5, 2015 to provide comments on the Public Review Draft Report. Directors and staff discussed the status of the process and possible issues of concern to CHWD.

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 constructing 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 Back Booster Pump Station through a capital program sub-charge by SJWD-W.

At the January 13, 2015 Board of Directors Meeting the Board was provided with GM Churchill’s December 1, 2014 letter to SJWD GM Shauna Lorance detailing CHWD’s 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. Also provided was SJWD’s January 6, 2015 response to CHWD’s comment letter.

Directors were provided with a copy of a joint letter from Fair Oaks Water District (FOWD) and CHWD commenting on the “Agreement for Ownership, Operations, and Maintenance of the Antelope Pump-Back Booster Pump Station.” This letter was delivered by CHWD Vice President Sheehan and FOWD President McRae to the SJWD Board of Directors at their February 25, 2015 Board Meeting. GM Churchill and FOWD GM Gray were also in attendance. A response by March 13, 2015 was requested.

A Draft “Wholesale Dry-Year and Emergency Operations Guidance Plan” for delivering the water from SSWD to SJWD was presented by SJWD Staff to their Engineering Committee on March 4, 2015. GM Churchill met with SJWD AGM Keith Durkin on April 6 to provide comments on the Operations Guidance Plan. Directors were provided with a copy of the draft Plan with comments. An update to the draft Plan is not yet available.

CHWD Operations Manager John Townsel and SJWD Staff have been collaborating on the design of a control station interconnection between CHWD and SJWD water transmission facilities to facilitate water deliveries from SJWD during severe drought/surface water shortage operations. Directors were provided with a copy of a March 25, 2015 email regarding this matter. This control station would come into play to provide additional water from SJWD, either limited surface water or pump-back water, to meet a fire-flow or other peak water demands when CHWD would be relying only on its groundwater wells to serve its customers.

Directors and staff discussed the proposed project and possible issues of concern to CHWD. Following discussion, the GM was directed to attempt to arrange a meeting of the GMs, Board presidents and legal counsels of CHWD, FOWD and FOWD's consultant, Tully and Young, to discuss issues of mutual concern and to discuss the possibility of a joint meeting of the Boards of Directors.

Skycrest Well Equipping

OM Townsel reported on the status of the acquisition and installation of equipment for the Skycrest Well. At the January 13, 2015 Board Meeting, the Board accepted the bid of R.E. Smith Contractor, Inc. in the amount of \$1,822,000.00.

Construction of the site has begun. Rough grading has been completed and the trenching for the 12-inch piping is in progress.

NEW BUSINESS

Training/Continued Education/Meetings

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

Loader Purchase

OM Townsel presented a report on the procurement of a loader as authorized in the 2015 budget. As part of the 2015 vehicle and equipment budget, the Board authorized \$85,000.00 to purchase one new loader. During the past year, some parts for the existing Komatsu loader have proven to be very difficult to obtain. This has led to durations of downtime of up to one month and required the rental of another loader. The new loader will be used for daily material loading, spoils disposal, and soil recycling activities in the corporation yard.

The District has one loader scheduled for replacement in 2015:

<u>Vehicle Description</u>	<u>Hours of Operation</u>
Equip. No. 42, 2007 Komatsu Loader.	1,125

Unit 42 is proposed to be sold at auction in 2015.

Departmental needs were assessed and an appropriate equipment specification was developed. Formal bids were solicited from three local equipment suppliers. The resulting bids were as follows:

<u>Supplier</u>	<u>Total Bid</u>
1. Sonsray Machinery (Case)	\$74,164.92
2. Holt of California (Caterpillar)	\$85,444.23
3. Pape' Machinery (John Deere)	\$101,689.00

Directors and staff discussed the loader replacement and the bids received.

Motion: It was moved by Director Sheehan and seconded by Director Riehle to authorize staff to proceed with the purchase of one new loader from Sonsray Machinery of Sacramento in the amount not to exceed \$74,500.

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

Additional Water Use Regulations for CHWD Customers

Interim AGM Kane presented a report on a proposed resolution reaffirming the District's Stage 3 – Water Warning and enacting additional water use regulations as set forth by the State of California.

The District's water conservation regulations for its customers are set forth in its Water Conservation Stages. The Stages were formally adopted by the Board of Directors in April 2007. The Board declared a Stage 3 – Water Warning in January 2014 and began asking CHWD customers for a 20 percent reduction in their water consumption. Overall, CHWD customers met the 20 percent reduction goal in 2014 as compared with 2013 consumption. Directors were provided with a copy of the Water Conservation Stages.

In mid-March 2015, the California State Water Resources Control Board (SWRCB) expanded and extended emergency water conservation regulations that were adopted in 2014. These included many regulations that are already a part of CHWD's Stage 3 regulations, including no outdoor watering in a manner that causes excess runoff, restaurants only serving water on request, no washing down sidewalks and driveways, and others. The SWRCB regulations and the Governor's subsequent Executive Order also included several that are not currently a part of the Stage 3 regulations, including:

- No irrigating turf or ornamental landscapes during and 48 hours following measurable rainfall.
- Establish a maximum number of watering days per week. If the number of

watering days is not specified by the local agency, the default requirement is a maximum of two days per week.

- Operators of hotels and motels must provide guests with the option of choosing not to have towels and linens laundered daily and prominently display notice of this option.
- Prohibiting the use of potable water for landscape irrigation outside of newly-constructed homes and buildings unless that water is delivered by a drip or micro-spray system and prohibiting the use of potable water to irrigate ornamental turf on public street medians.

About two weeks after the SWRCB's announcement, on April 1, 2015, the Governor issued an Executive Order calling for mandatory reductions in statewide water use by 25 percent. The 25 percent reduction is within the range specified under CHWD's Stage 3 requirements, a range of 11 to 25 percent.

The regulations set forth by the SWRCB and Governor remain in effect for 270 days, or roughly until the end of December 2015. CHWD staff has prepared a draft resolution that, if adopted, will reaffirm the Stage 3 – Water Warning and enact the other specific regulations cited above until January 31, 2016. Presumably by that time, it will be known whether water supply conditions will warrant extending or modifying the Water Conservation Stage and other State requirements further. It is anticipated that most other water purveyors in the region and throughout the State will be adopting similar regulations. CHWD staff believes that adopting the additional State regulations by resolution, as opposed to amending the District's Water Conservation Stages to include the additional regulations, is the preferred approach given the temporary nature of the State regulations.

Enforcement of the regulations will not be a simple matter. CHWD has only one employee assigned to responding to water conservation complaints and violations. This position is already stretched thin with activities such as administering the District's rebate and landscape water efficiency programs, maintaining Best Management Practice compliance with the California Urban Water Conservation Council, supporting school education programs and other duties in addition to considerable time spent working with homeowners and businesses to fix water waste problems. Staff is actively considering the option of hiring additional help as was done during the summer and fall of 2014 to help investigate and remediate water waste situations.

Directors and staff discussed the District's Water Conservation Stages and the proposed additional water use regulations.

Motion: It was moved by Director Riehle and seconded by Director Sheehan to adopt Resolution No. 12-2015- Reaffirming a Stage 3 – Water Warning and Enacting Additional Water Use Regulations Within Citrus Heights Water District.

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

Water Shortage Rate Structure

Interim AGM Kane presented a report on the District's Water Shortage Rate Structure, including water shortage conditions that may warrant consideration of implementing this rate structure. In anticipation of new water use reduction regulations from the State Water Resources Control Board in early May, District staff is considering measures that may be needed to comply with the regulations and to achieve required water use savings. One such measure may be implementing the District's Water Shortage Rate Structure. Directors were provided with a copy of this rate structure.

The Water Shortage Rate Structure was adopted by the Board in November 2014 after a Proposition 218 public notification process and a Public Hearing conducted at the same time that regular water rates for 2015 were considered. This shortage rate structure is intended to serve as a price signal for customers to encourage reduced water use in a Stage 3 or higher Water Conservation Stage. It also serves as a source of revenue to support costs that may be incurred during water shortages including staffing costs for increased water conservation activities or public information costs.

The Water Shortage Rate Structure establishes two charges on top of the regular 2015 water rates. The first is a Water Shortage Charge that sets a percentage increase on the cost of every unit of water consumed by the customer. The second is an Excess Use Charge in the form of a higher percentage increase on units of water consumed in excess of a specified number of units based on the size of the customer's water meter. For example, a typical residential customer with a 1-inch meter would pay the excess use charge if their water consumption exceeds 52 units during a two-month billing cycle. The Water Shortage Rate Structure varies with the level of Water Conservation Stage declared by the Board of Directors.

If the regulations now being considered by the State Water Resources Control Board are enacted in their proposed form, the District will need to consider declaring a Stage 4 – Water Emergency that carries with it a range of water use reduction from 26 percent to 50 percent. Implementation of the Water Shortage Rate Structure is not a requirement under Stage 4 but would be consistent with the objectives of Stage 4. Implementation requires an affirmative vote of the Board of Directors. A 30-day advance notice to customers would be made before beginning to apply the rate structure to customer bills.

Directors and staff reviewed and discussed the Water Shortage Rate Structure.

Policy Amendments

GM Churchill presented a report on proposed amendments to District General Policy No. 1035, Conflict of Interest Code. The District is required to biennially update its Conflict of Interest Code with the California Fair Political Practices Commission (FPPC). This process began in September of 2014 with the District's filing of its Biennial Notice.

The present changes to the District’s Code are considered non-substantive as the only amendment is to retitle the position of “Office Administrator” to “Accounting Supervisor”. This change was approved by the FPPC on March 16, 2015 with an effective date of April 17, 2015. The District’s Conflict of Interest Code Policy is recommended for amendment to mirror the FPPC-approved Code. Directors were provided with a copy of the FPPC approval letter along with a full copy of the FPPC-approved Code for the District.

Directors and staff discussed the Conflict of Interest Code.

RECOMMENDATION:

Motion: It was moved by Director Sheehan and seconded by Director Riehle to approve amendments to District General Policy No. 1035, Conflict of Interest Code.

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

Appointment of Board Representatives and Alternates

GM Churchill stated that pursuant to District Board of Directors and Officers Policy No. 2300, the Board of Directors shall appoint its Members or Officers to serve as District representatives to various organizations and associations. The current appointments were made in December; however, with the appointment of Director Riehle and hiring of AGM Straus, reconsideration is recommended.

Directors and staff discussed the appointment of District representatives.

President Dains appointed the following Directors and Officers to serve as District representatives to the following organizations:

Organization	Representative	Alternate Representative
Association of California Water Agencies - Joint Powers Insurance Authority (ACWA JPIA)	Allen B. Dains	Raymond A. Riehle
Association of California Water Agencies Health Benefits Authority (ACWA/HBA)	Hilary M. Straus	Allen B. Dains
Association of California Water Agencies Region 4	Robert A. Churchill	Allen B. Dains
Citrus Heights Chamber of Commerce Government Issues Committee	Hilary M. Straus	Robert A. Churchill
Regional Water Authority	Allen B. Dains (Director) Robert A. Churchill (Staff)	Raymond A. Riehle (Director) Hilary M. Straus (Staff)
Sacramento Groundwater Authority	Caryl F. Sheehan	Allen B. Dains

Organization	Representative	Alternate Representative
Sacramento Water Forum	Hilary M. Straus	Robert A. Churchill
San Juan Family of Agencies Ad Hoc Executive Committee	Allen B. Dains (Director) Robert A. Churchill	Raymond A. Riehle (Director) Hilary M. Straus

GM Churchill noted that Sacramento Groundwater Authority (SGA) appointments are subject to confirmation by the City of Citrus Heights.

Motion: President Dains approved the appointments with all other Board Members in concurrence.

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

Appointment of District Officers

GM Churchill presented a report on appointment and reconfirmations of District Officers. Directors were provided with a copy of District Board of Directors and Officers Policy No. 2200, Officers of the District. In accordance with this policy, the Board of Directors shall appoint or reconfirm appointments of District Officers each December or as otherwise necessary. With the pending departure of Interim Assistant General Manager David B. Kane, the offices of Deputy Assessor/Collector, Treasurer and Deputy Secretary will become vacant. Current appointments are shown as follows:

<u>Current Appointments</u>	<u>Officer</u>	<u>Deputy Officer</u>
Assessor/Collector	Susan K. Sohal	David B. Kane
Treasurer	David B. Kane	Susan K. Sohal
Secretary	Robert A. Churchill	David B. Kane

It is recommended that the Board appoint Assistant General Manager Hilary Straus as Treasurer, Deputy Assessor-Collector and Deputy Secretary effective April 15, 2015, making the proposed appointments as follows:

<u>Proposed Appointments</u>	<u>Officer</u>	<u>Deputy Officer</u>
Assessor/Collector	Susan K. Sohal	Hilary M. Straus
Treasurer	Hilary M. Straus	Susan K. Sohal
Secretary	Robert A. Churchill	Hilary M. Straus

Directors were provided with a copy of District Board of Directors and Officers Policy No. 2210, Post Offer of Appointment Background Investigation. This policy requires a

background investigation prior to initial appointment as a District Officer. Inasmuch as a background investigation on Mr. Straus was conducted in March 2015 as a condition of his employment with the District, another background investigation is not recommended.

Directors and staff discussed the District Officer appointments.

Motion: It was moved by Director Riehle and seconded by Director Sheehan to approve the appointments of District Officers as follows:

<u>Office</u>	<u>Officer</u>	<u>Deputy Officer</u>
Assessor/Collector	Susan K. Sohal	Hilary M. Straus
Treasurer	Hilary M. Straus	Susan K. Sohal
Secretary	Robert A. Churchill	Hilary M. Straus

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

PROJECT MANAGER’S REPORT

PM Dietrich presented a report on the following activities during the month of March 2015 by the Project Management and Engineering Department:

Accepted Water Systems

Recent additions to the District’s water distribution system that were constructed by independent State Licensed contractors on behalf of private developers / owners, inspected by the District and formally accepted:

Project	Count	Facilities	Value
Texas Roadhouse 6309 Sunrise Blvd	3 l.f. 1 ea.	4-Inch PC 350 DIP Water Main 4-inch Post Indicator Valve	\$2,300.00

Projects Under Construction by Private Developers

Water distribution system facilities currently under construction by independent State Licensed contractors on behalf of private developers / owners requiring District inspection:

Project	Location	Status
The Village at Fair Oaks 55 Condominiums	6800 Madison Ave	75% Complete
99 Cent Store	7424 Greenback Ln	85% Complete

Crunch Fitness Club 6124 San Juan Ave
 Replace 6" Fire Sprinkler
 Service

Stock Ranch Retail - Auburn Blvd Grading Underway
 Interior Drive Aisle at Stock Ranch
 Improvements Retail Center

Bubba's Car Wash 7411 Greenback Ln Demolition Underway

Contractor/Developer Projects Pending Construction

Project	Location	Status
Convenience Store	8244 Auburn Blvd	Plans Approved December 23, 2014
Northridge Grove 47 Condominiums	5555 Mariposa Ave	Plans Approved January 29, 2015

Proposed District Capital Improvement Projects

Project Plans and Contracts currently under review and development by the Engineering Department:

Project	Location	Status
Mariposa Ave 18" and 8" Water Area West Engineers, Inc.	Sycamore Drive to Main Pratt Avenue	Final Constructability Review Underway & Drafting Contract

Project	Location	Status
San Juan High School 24" Water Main Warren Consulting Engineers	Along North Property Line	Draft Easements Complete
San Juan Park 12" Water Main KASL Consulting Engineers, Inc.	5555 Mariposa Avenue to U.C. Davis Medical Center	Design Underway

Projects Completed by Citrus Heights Water District

Capital Improvement Projects currently under construction by Citrus Heights Water District contractors requiring coordination and inspection by the District:

Project	Location	Status
Sonora Way 8" Water Main Hanson Ave 6" Water Main Rawles Engineering, Inc.	Madison Avenue to Palm Avenue Between Wonder Street and Glen Tree Drive	95% Complete

City of Citrus Heights Projects

City of Citrus Heights Projects requiring coordination and inspection by the District:

Project	Location	Status
Sunrise Blvd Signalization Teichert Construction	Sungarden Drive	Construction Continues

OPERATIONS MANAGER’S REPORT

OM Townsel reported as follows:

1. A total of 129 work orders were performed during the month of March 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 2015 through the end of March 2015 was 1,807.52 acre-feet, a decrease of 10.9 percent compared with the water consumption during the same period in 2013.
3. As of midnight on April 6, 2015, storage in Folsom Reservoir was at 571,270 acre-feet, 58.5 percent of the total capacity of 977,000 acre-feet. This is about 87 percent of historical average for this date. This represents an increase in storage of 3,425 acre-feet in the past month. CHWD continues to assist with preserving surface water supplies in the reservoir by operating its groundwater wells. All District wells remain operational and are being operated on a rotational or as-needed basis.
4. Annual Summary of Activities

CITRUS HEIGHTS WATER DISTRICT OPERATIONS MANAGER'S REPORT TO BOARD OF DIRECTORS APRIL 14, 2015 REGULAR MEETING																
SUBJECT:		ANNUAL SUMMARY OF WORK ACTIVITIES														
STATUS:		Information Item														
REPORT DATE:		March 9, 2015														
CITRUS HEIGHTS WATER DISTRICT OPERATIONS DEPARTMENT WORK LOG HISTORY																
Work Activity	Units	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	1999
Water Service Repairs/Replacements	ea	419	250	321	303	289	294	281	336	271	178	196	270	309	263	192
Service Saddle Replacements	ea	59	58	25	20	8	7	53	10	25	68	54	187	216	105	0
Water Service Abandonments	ea	0	3	4	5	2	16	0	10	25	7	1	6	3	2	3
Water Service Relocations	ea	3	1	2	8	2	3	0	2	4	2	0	12		1	0
Water Meter Installations	ea	29	33	10	1	24	5	29	354	615	760	1058	514	822	943	232
Water Main Repairs	ea	23	26	31	48	49	37	40	40	33	26	38	62	64	85	56
Backflow Assembly Installations	ea	1	1	0	0	6	2	6	2	27	4	1	0	0	0	16
Fire Hydrant Installations/Replaced	ea	14	17	15	10	11	9	11	13	15	22	14	30	50	21	6
Fire Hydrant Repairs	ea	5	5	7	9	23	31	15	8	9	6	5	3	3	7	2
Fire Hydrant Abandonments	ea	1	0	2	2	0	0	0	1	0	0	0	2	0	0	1
Mainline Valve Installations/Replaced	ea	13	5	5	11	3	4	17	3	3	10	3	3	3	11	5
Mainline Valve Repairs	ea	0	1	8	5	2	2	1	1	2	0	0	0	0	0	2
Blow-off Replacements	ea	9	16	22	14	11	5	6	5	4	10	7	1	5	7	5
Total Major Events	ea	583	416	452	436	430	415	459	785	1,033	1,093	1,377	1,090	1,475	1,445	520
Water Main Installations (If)	If	764	317	85	503	68	123	2024	160	110	88	634	0	561	875	328

Director Dains called a recess to the meeting at 8:45p.m.

Remaining visitors, OM Townsel, PM Dietrich, and staff members Cutler, Sohal and Meurer left the meeting.

Director Dains reconvened the meeting at 9:10 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

- D-1. Regional Water Authority (Sheehan, Churchill)
 - a. Executive Committee

No report.

- D-2. Sacramento Groundwater Authority (Dains)

President Dains recently attended a meeting.

- D-3. San Juan Water District

No report.

- D-4. Association of California Water Agencies (Dains)

President Dains reported that the ACWA conference was scheduled for early May in Sacramento.

D-5. ACWA Joint Powers Insurance Authority (Churchill)

No report.

D-6. Sacramento Local Agency Formation Commission

No report.

D-7. City of Citrus Heights

No report.

D-8. Chamber of Commerce Government Issues Committee (Kane)

Interim AGM Kane reported that he recently attended a meeting.

D-9. Other Reports:

None.

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 March 2015.
2. Water Forum Update: Interim AGM Kane attended the Water Forum Successor Effort (WFSE) Plenary meeting on March 12, 2015. The primary focus of the meeting was reports on groundwater management activities by the three groundwater management areas within Sacramento County. The WFSE Fiscal Year 2015-16 budget was approved. CHWD's cost share for the Water Forum annual budget, roughly \$38,150, is covered by Sacramento County Water Agency Zone 13 funds. Zone 13 funds also cover CHWD's approximate \$32,220 cost share for the Water Forum's Habitat Management Element.
3. Work on the Summer 2015 WaterLine newsletter has begun with a kickoff meeting held on April 8, 2015 to outline story ideas and the production schedule for the newsletter. The lead story for the newsletter will be regarding the drought and water use restrictions. However, development of key messages for the lead story will be deferred until regulations from the State have been finalized and CHWD's own required actions have been determined.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Twenty-one District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of March 2015. 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.
3. Hilary Straus, former Assistant City Manager with South Pasadena, has joined the District as its Assistant General Manager as of April 13, 2015. Mr. Straus is very familiar with Citrus Heights, having served as the Assistant to Citrus Heights' City Manager Henry Tingle for ten years from September 1998 to November 2008.
4. Directors were provided with a Work and Attendance History Summary for calendar years 2005 through 2014. As noted, this time covers over five years of a conventional five-day work schedule and over four years of the current four-day alternative work schedule.
5. GM Churchill was an invited speaker at the Citrus Heights Kiwanis Club at their breakfast meeting on March 18, 2015. Directors were provided an outline of the topics presented at the meeting, and a list of future scheduled or pending presentation to service organizations and neighborhood associations.

CORRESPONDENCE

1. Letter dated March 25, 2015 from CHWD customer Sherland Clark-Jordan regarding CHWD construction in the utility easement in front of her home at 8231 Blue Oak Way, Citrus Heights. A draft letter of response from GM Churchill to Ms. Clark-Jordan was also provided.

FUTURE CHWD BOARD OF DIRECTORS MEETING DATES

Dates and locations of upcoming Regular Meetings of the Board of Directors were noted for the calendar.

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned at 9:44 p.m.

APPROVED:

ROBERT A. CHURCHILL
Secretary
Citrus Heights Water District

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