

**BOARD MEETING AGENDA
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
CITRUS HEIGHTS WATER DISTRICT (CHWD)
MAY 20, 2020 beginning at 6:00 PM**



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

PHONE CALL IN: (253) 215-8782

PHONE MEETING ID: 959 3129 4158

COMPUTER AUDIO/LIVE MEETING PRESENTATIONS: <https://zoom.us/j/95931294158>

In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the General Manager at (916) 725-6873. Requests must be made as early as possible, and at least one full business day before the start of the meeting. Pursuant to Executive Order N-29-20, the meeting will be held at the listed physical location and electronically through the above phone number. Directors and members of the public may attend the meeting in person or remotely through the phone number.

CALL TO ORDER:

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

ROLL CALL OF DIRECTORS:

CLOSED SESSION:

CL-1. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: 2 cases

CL-2. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Section 54956.8:
Property: Parcel Numbers 211-0192-087-0000
Agency negotiators: Brian Hensley, David Gordon, Madeline Henry, Josh Nelson, Melissa Pieri, Hilary Straus, Susan Talwar, Steve Anderson, Rebecca Scott
Negotiating parties: First Apostolic Church Incorporated of Citrus Heights
Under negotiation: Price and Terms of Payment

CL-3. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Section 54956.8:
Property: Parcel Numbers 251-0150-006 and 216-0150-014-0000
Agency negotiators: Brian Hensley, David Gordon, Madeline Henry, Josh Nelson, Melissa Pieri, Hilary Straus, Susan Talwar, Steve Anderson, Rebecca Scott
Negotiating parties: Gary and Nellie Tingler, Karen O’Dea
Under negotiation: Price and Terms of Payment

FUTURE CHWD BOARD OF DIRECTORS MEETING DATES:

June 17, 2020	6:30 PM	Regular Meeting
July 15, 2020	6:30 PM	Regular Meeting—Cancelled
August 19, 2020	6:30 PM	Regular Meeting
September 15, 2020	6:30 PM	Regular Meeting
October 21, 2020	6:30 PM	Regular Meeting
November 18, 2020	6:30 PM	Regular Meeting
December 16, 2020	6:30 PM	Regular Meeting

ADJOURNMENT:

CERTIFICATION:

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



Madeline Henry, Administrative Services Manager/
Chief Board Clerk

Dated: May 14, 2020

**BOARD MEETING AGENDA
REGULAR MEETING OF THE BOARD OF DIRECTORS OF
CITRUS HEIGHTS WATER DISTRICT (CHWD)
MAY 20, 2020 beginning at 6:30 PM**



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

**PHONE CALL IN: (253) 215-8782
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CALL TO ORDER:

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

ROLL CALL OF DIRECTORS:

PLEDGE OF ALLEGIANCE:

VISITORS:

PUBLIC COMMENT:

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

(A) Action Item

(D) Discussion Item

(I) Information Item

CONSENT CALENDAR: (I/A)

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

CC-1a. Minutes of the Special Meeting – April 15, 2020 (A)

CC-1b. Minutes of the Special Meeting – April 15, 2020 (A)

CC-1c. Minutes of the Regular Meeting – April 15, 2020 (A)

CC-1d. Minutes of the Special Meeting – May 6, 2020 (A)

Recommendation: Approve the minutes of the April 15, 2020 Regular and Special Meetings and May 6, 2020 Special Meeting.

CC-2. Revenue Analysis Report for April 2020 (I)

CC-3. Assessor/Collector's Roll Adjustment for April 2020 (I)

CC-4. Treasurer's Report for April 2020 (I)

- CC-5. Treasurer’s Report of Fund Balances for April 2020 (I)
- CC-6. Operating Budget Analysis for April 2020 (I)
- CC-7. Capital Projects Summary April 2020 (I)
- CC-8. Warrants for April 2020 (A)
Recommendation: Approve disbursements issued for payment dated April 10, 2020 through May 14, 2020 per Policy 6460.20.
- CC-9. Purchase Card Distributions for April 2020 (I)
- CC-10. Employee Recognitions (I)
- CC-11. Long-Range Agenda (I)
- CC-12. Engineering Department Report (I)
- CC-13. Operations Department Report (I)
- CC-14. 2020 Water Supply – Purchased and Produced (I)
- CC-15. Water Supply Reliability (I)
- CC-16. Water Efficiency and Safety Program Update (I)
- CC-17. 2020 Strategic Plan Update (I)
- CC-18. Discussion and Possible Action to Call for a November 3, 2020 Election (A)
Recommendation: Consider adoption of Resolutions 06-2020 (Sacramento County) and 07-2020 (Placer County) calling for a November 3, 2020 election of a Director for a regular 4-year term in Division One.
- CC-19. Discussion and Possible Action to Approve an Agreement with Colantuono, Highsmith & Whatley, PC for Special Counsel Services (A)
Recommendation:
 Approve the agreement with Colantuono, Highsmith & Whatley, PC, and authorize the General Manager to execute the agreement for special counsel services.
- CC-20. Discussion and Possible Action to Approve an Agreement with J Comm, Inc. for Communication Services (A)
Recommendation:
 Approve the agreement with J Comm, Inc. and authorize the General Manager to execute the agreement for communication services.
- CC-21. Discussion and Possible Action to Fill One Vacant Seat on the Customer Advisory Committee
Recommendation:
 Appoint Jodi Ash to fill a vacant residential seat on the Customer Advisory Committee.

PRESENTATIONS:

- P-1. Water Awareness Poster Contest (I)

PUBLIC HEARING:

- PH-1. Hold Public Hearing #4 to Receive Public Comments on Transition to “By-District” Electoral System under the California Voting Rights Act and Adopt Ordinance 01-2020 to Transition to “By-District” Electoral System under the California Voting Rights Act (A)
Recommendations:
 1. Conduct the Public Hearing and provide feedback on the draft map and sequence of elections.
 2. Approve Ordinance 01-2020 to transition to “By-District” electoral system under the California Voting Rights Act.

STUDY SESSIONS:

- S-1. Groundwater Program Update
- S-2. Study Session on Financial Policies Update

BUSINESS:

- B-1. Discussion and Possible Action to Accept a Comprehensive Annual Financial Report for Year Ending December 31, 2019 (A)
Recommendations:
 - 1. Accept the Audited Financial Statements of the Citrus Heights Water District for Year ending December 31, 2019 and related reports; and
 - 2. Accept the Memorandum on Internal Control and Required Communications for the Year ended December 31, 2019.

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.

CLOSED SESSION:

None.

FUTURE CHWD BOARD OF DIRECTORS MEETING DATES:

June 17, 2020	6:30 PM	Regular Meeting
July 15, 2020	6:30 PM	Regular Meeting—Cancelled
September 15, 2020	6:30 PM	Regular Meeting
October 21, 2020	6:30 PM	Regular Meeting
November 18, 2020	6:30 PM	Regular Meeting
December 16, 2020	6:30 PM	Regular Meeting

ADJOURNMENT:

CERTIFICATION:

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



Madeline Henry, Administrative Services Manager/
Chief Board Clerk

Dated: May 14, 2020

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS SPECIAL MEETING MINUTES
April 15, 2020

The Special Meeting of the Board of Directors was called to order at 6:02 p.m. by President Riehle and roll was called. Present were:

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

Staff:

Steve Anderson, General Counsel
David Gordon, Director of Operations
Madeline Henry, Administrative Services Manager/Chief Board Clerk
Josh Nelson, Assistant General Counsel
Rebecca Scott, Senior Management Analyst
Hilary Straus, General Manager
Susan Talwar, Director of Finance and Administrative Services

Ginger Gillin, GEI Consultants

CLOSED SESSION:

CL-1. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Section 54956.8:

Property: Parcel Numbers 211-0192-087-0000

Agency negotiators: Brian Hensley, David Gordon, Madeline Henry, Josh Nelson, Melissa Pieri, Hilary Straus, Susan Talwar, Steve Anderson, Rebecca Scott, Ginger Gillin

Negotiating parties: First Apostolic Church Incorporated of Citrus Heights

Under negotiation: Price and Terms of Payment

No reportable action.

CL-2. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: 1 case

No reportable action.

ADJOURNMENT:

There being no other business to come before the Board, the meeting was adjourned at 6:12 pm.

APPROVED:

MADELINE A. HENRY
Deputy Secretary
Citrus Heights Water District

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

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS SPECIAL MEETING MINUTES
April 15, 2020

The Special Meeting of the Board of Directors was called to order at 6:15 p.m. by President Riehle and roll was called. Present were:

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

Staff:

Steve Anderson, General Counsel
Robert Churchill, Retired Annuitant
David Gordon, Director of Operations
Madeline Henry, Administrative Services Manager/Chief Board Clerk
Brittney Moore, Management Analyst/Deputy Board Clerk
Josh Nelson, Assistant General Counsel
Missy Pieri, Director of Engineering
Hilary Straus, General Manager
Susan Talwar, Director of Finance and Administrative Services
Roderick Wood, Retired Annuitant

BUSINESS:

B-1. Consideration and Approval of Resolution Finding a Public Purpose in Participating in Neighboring Agency CVRA Transition Processes (A)

ACTION:

Director Sheehan moved and Vice President Wheaton seconded a motion to adopt Resolution 05-2020 Finding a Public Purpose in Participating in CVRA Issues Affecting CHWD Customers and CHWD Finances.

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

ACTION:

Vice President Wheaton moved and Director Sheehan seconded a motion to recommend that San Juan Water District move forward with their CVRA process for the 2020 election.

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

ADJOURNMENT:

There being no other business to come before the Board, the meeting was adjourned at 6:36 pm.

APPROVED:

MADELINE A. HENRY
Deputy Secretary
Citrus Heights Water District

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

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

The Regular Meeting of the Board of Directors was called to order at 6:36 p.m. by President Riehle and roll was called. Present were:

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

Staff:

Steve Anderson, General Counsel
Robert Churchill, Retired Annuitant
David Gordon, Director of Operations
Madeline Henry, Administrative Services Manager/Chief Board Clerk
Brittney Moore, Management Analyst/Deputy Board Clerk
Josh Nelson, Assistant General Counsel
Missy Pieri, Director of Engineering
Rebecca Scott, Senior Management Analyst
Hilary Straus, General Manager
Susan Talwar, Director of Finance and Administrative Services
Roderick Wood, Retired Annuitant

PUBLIC COMMENT:

None.

CONSENT CALENDAR:

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

- CC-1a. Minutes of the Special Meeting – March 18, 2020 (A)
- CC-1b. Minutes of the Regular Meeting – March 18, 2020 (A)
- CC-1c. Minutes of the Special Meeting – March 30, 2020 (A)
Recommendation: Approve the minutes of the March 18, 2020 Regular and Special Meetings and the March 30, 2020 Special Meeting.
- CC-2. Revenue Analysis Report for March 2020 (I)
- CC-3. Assessor/Collector's Roll Adjustment for March 2020 (I)
- CC-4. Treasurer's Report for March 2020 (I)
- CC-5. Treasurer's Report of Fund Balances for March 2020 (I)
- CC-6. Operating Budget Analysis for March 2020 (I)
- CC-7. Capital Projects Summary March 2020 (I)
- CC-8. Warrants for March 2020 (A)
Recommendation: Approve disbursements issued for payment dated March 11, 2020 through April 9, 2020 per Policy 6460.20.
- CC-9. Purchase Card Distributions for March 2020 (I)

- CC-10. Employee Recognitions (I)
- CC-11. Long-Range Agenda (I)
- CC-12. Engineering Department Report (I)
- CC-13. Operations Department Report (I)
- CC-14. 2020 Water Supply – Purchased and Produced (I)
- CC-15. Water Supply Reliability (I)
- CC-16. Water Efficiency and Safety Program Update (I)
- CC-17. Discussion and Possible Action to Approve an Agreement with Mason-Smith Success Strategies (A)

Recommendation:

Approve a task order agreement with Mason-Smith Success Strategies, and authorize the General Manager to execute the agreement.

- CC-18. Discussion and Possible Action to Approve an Agreement with Godbe Research (A)

Recommendation:

Approve a task order agreement with Godbe Research, and authorize the General Manager to execute the agreement for on call public opinion research services.

- CC-19. Discussion and Possible Action to Authorize Staff to Initiate Proceedings with Sacramento Local Agency Formation Commission for the Annexation and Detachment of Various Properties throughout the District.

Recommendation:

Adopt Resolution 02-2020 Authorizing Staff to Initiate Proceedings with Sacramento Local Agency Formation Commission for the Annexation and Detachment of Various Properties Throughout the District.

- CC-20. Discussion and Possible Action to Approve a Task Order Agreement with Howell Consulting for Emergency Planning Support services.

Recommendation:

Approve the task order agreement with Howell Consulting for Emergency Planning Support services, and authorize the General Manager to execute the agreement.

ACTION:

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

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

PRESENTATIONS:

None.

STUDY SESSIONS:

None.

BUSINESS:

- B-1. Discussion and Possible Action to Purchase Highland Avenue Property (A)

ACTION:

Vice President Wheaton moved and Director Sheehan seconded a motion to adopt Resolution No. 01-2020 authorizing the purchase of the northern 0.52 acre of 7725 Highland Avenue (“Property”) and adopt a Mitigated Negative Declaration, Additional Information to the Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program for the Highland Avenue Well Site Project (Project)

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

- B-2. Discussion and Possible Action to Reconsider Request from Mitchell Village Project Developer to Bond Capacity Fees for the Mitchell Village Project (A)

ACTION:

Vice President Wheaton moved and Director Sheehan seconded a motion to require Owner to secure bond for the Capacity Fees by June 1, 2020 or require deferment of the 2020 Project Charges and Fees using Option 2 as described in the staff report.

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

- B-3. Discussion and Possible Action to Ratify the Proclamation of a Local Emergency

ACTION:

Adopt Resolution No. 03-2020 ratifying the General Manager’s proclamation of a local emergency and adopt Resolution No. 04-2020 adopting the Federal Emergency and Federal Grant Procurement Procedures.

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

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.

CLOSED SESSION:

None.

ADJOURNMENT:

There being no other business to come before the Board, the meeting was adjourned at 8:32 pm.

APPROVED:

MADELINE A. HENRY
Deputy Secretary
Citrus Heights Water District

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

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS SPECIAL MEETING MINUTES
May 6, 2020

The Special Meeting of the Board of Directors was called to order at 6:01 p.m. by President Riehle and roll was called. Present were:

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

Staff:

David Gordon, Director of Operations
Madeline Henry, Administrative Services Manager/Chief Board Clerk
Brittney Moore, Management Analyst/Deputy Board Clerk
Josh Nelson, Assistant General Counsel
Missy Pieri, Director of Engineering
Hilary Straus, General Manager
Susan Talwar, Director of Finance and Administrative Services

Doug Johnson, National Demographics Corporation

PUBLIC HEARING:

PH-1. Hold Public Hearing #3 to Receive Public Comments on Transition to “By- District” Electoral System under the California Voting Rights Act (A)

President Riehle opened the public hearing at 6:02pm. There was no public comment.

Administrative Services Manager Madeline Henry, Demographer Doug Johnson, and Assistant General Counsel, Josh Nelson presented information on District draft maps.

President Riehle closed the public hearing at 6:27pm.

ACTION:

Director Sheehan made a motion and Vice President Wheaton seconded a motion to Hold Public Hearing #4 to Receive Public Comments on Transition to “By- District” Electoral System under the California Voting Rights Act with the proposed map at the May 20, 2020 Regular Board Meeting.

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

President Riehle adjourned the meeting to close session at 6:27pm.

CLOSED SESSION:

CL-1. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of subdivision
(d) of Section 54956.9: 1 case

No Reportable Action.

President Riehle reopened the open session at 6:46pm.

ADJOURNMENT:

There being no other business to come before the Board, the meeting was adjourned at 6:46 pm.

APPROVED:

MADELINE A. HENRY
Deputy Secretary
Citrus Heights Water District

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

APRIL 2020

REVENUE ANALYSIS

Outstanding Receivables

Aged Trial Balance					
Total	Current	31-90	91-150	>150	Unapplied Current
1,035,344	895,792	173,930	8,634	43,608	86,619

General Ledger Balance	Total
Outstanding A/R	1,070,088.23
Outstanding Liens	-
Outstanding Grants	1,453
A/R Other	14,652
Less Unapplied Payments	(88,413)
Total	\$ 997,780

**CITRUS HEIGHTS WATER DISTRICT
ASSESSOR/COLLECTOR'S ROLL ADJUSTMENTS FOR
April 30, 2020**

CC-03

Assessor/Collector Roll Adjustment April-20		
	Dollar	Count
DEFAULT		
One-Time Courtesy	\$ 14.79	3
DEFAULT Total	\$ 14.79	3
Grand Total	\$ 14.79	3

Reason For Cancellation	Charge Type	Amount
One-Time Courtesy	DEFAULT	3.98
One-Time Courtesy	DEFAULT	6.19
One-Time Courtesy	DEFAULT	4.62
		\$ 14.79

**TREASURER'S REPORT TO THE BOARD OF DIRECTORS
APRIL 2020**

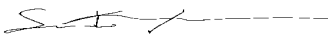
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Bank of the West			
Beginning Balance			\$8,155,005
RECEIPTS:		1,275,274	
DISBURSEMENTS:			
Checks Issued / ACH Payments	560,789		
Payroll	506,988		
Returned Checks	1,301		
		1,069,078	206,197
Bank of the West			
Balance per Bank 04/30/2020			8,361,201
Outstanding Checks			(87,951)
Deposit in Transit			91,208
Balance Per Books 04/30/2020			\$8,364,459

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RECONCILEMENT:			
Bank of the West			\$8,364,459
Local Agency Investment Fund			6,451,499
COP Reserve Account			544,238
Money Mkt Activity Account			543,896
TOTAL BALANCE			\$15,904,092


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CASH & INVESTMENT SUMMARY:			
Bank of the West (General Account)			8,364,459
Local Agency Investment Fund			6,451,499
COP 2010 Reserve Account		*	544,238
Money Mkt Activity Account			543,896
Total			\$15,904,092

	MATURITY	INT	DEPOSIT	DATE OF LAST
INSTITUTION	DATE	RATE	AMOUNT	TRANSACTION
Local Agency Investment Fund	Daily	2.03%	32,306.79	4/15/2020

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



SUSAN K. TALWAR
Treasurer



HILARY M. STRAUS
Secretary

Signed: 05/14/2020

* Represents March balance; statements for April not yet available.

TREASURER'S REPORT OF FUND BALANCES
April 30, 2020

Fund Name	Beginning Balance 01/01/2020	Year to Date Transfers In / Collections	Year to Date Transfers Out	Current Month Transfers In / Collections	Current Month Transfers Out	Ending Balance 04/30/2020	2020 Target Balance per Policy
Operating Fund	\$ 744,972	\$ 3,893,752	\$ (3,343,545)	\$ 1,275,274	\$ (1,069,078)	\$ 1,501,376	\$ 2,334,017
Operating Reserve	\$ 3,592,065	\$ -	\$ -	\$ -	\$ -	\$ 3,592,065	N/A
Rate Stabilization Fund	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000
Capital Improvement Reserve	\$ 2,796,860	\$ -	\$ -	\$ -	\$ -	\$ 2,796,860	\$ 2,681,248
Restricted for Debt Service	\$ 536,963	\$ -	\$ -	\$ -	\$ -	\$ 536,963	N/A
Water Supply Reserve	\$ 1,623,173	\$ -	\$ -	\$ -	\$ -	\$ 1,623,173	N/A
Water Efficiency Reserve	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
Water Meter Replacement Reserve	\$ 1,525,000	\$ -	\$ -	\$ -	\$ -	\$ 1,525,000	N/A
Fleet Equipment Reserve	\$ 334,253	\$ -	\$ -	\$ -	\$ -	\$ 334,253	\$ 318,559
Employment-Related Benefits Reserve	\$ 405,319	\$ -	\$ -	\$ -	\$ -	\$ 405,319	\$ 1,079,527
	<u>\$ 12,758,605</u>	<u>3,893,752</u>	<u>\$ (3,343,545)</u>	<u>\$ 1,275,274</u>	<u>\$ (1,069,078)</u>	<u>\$ 13,515,009</u>	<u>\$ 7,613,351</u>



SUSAN K. TALWAR, Treasurer

TREASURER'S REPORT OF FUND BALANCES
April 30, 2020

Fund Transfers Summary:

The Operating Fund Transferred:	\$ 1,275,274	from funds collected in April 2020 per Treasurer's Report
	<u>\$ (1,069,078)</u>	disbursements made in April 2020 per Treasurer's Report
	\$ 206,197	

Citrus Heights Water District
Budget Performance Report
As of 4/30/2020

CC-06

	April Actual	Year-to-Date Actual	Year-to-Date Budget	YTD Variance Amount	YTD Variance Percent	Annual Budget
Revenues						
Metered Service Charges	\$913,599.34	\$3,494,180.38	\$3,195,364.00	\$298,816.38	9.35%	\$9,586,090.00
Metered Water Deliveries	297,259.86	1,163,128.49	976,653.00	186,475.49	19.09%	5,234,960.00
Non-Metered Service Charges	10,635.93	37,091.54	46,668.00	(9,576.46)	-20.52%	140,000.00
Penalties	471.41	14,445.10	27,986.00	(13,540.90)	-48.38%	150,000.00
Interest	34,601.88	43,858.71	15,180.00	28,678.71	188.92%	45,535.00
Backflow Fees	5,283.80	20,439.08	38,668.00	(18,228.92)	-47.14%	116,000.00
Water Service Install & S&R	7607.53	15,116.39	9,100.00	6,016.39	66.11%	27,300.00
Miscellaneous *	501.16	33,941.57	49,000.00	(15,058.43)	-30.73%	147,000.00
Cost Reimbursements	16,917.19	19,720.97		19,720.97	0.00%	
Income - Wheeling Water			900.00	(900.00)	-100.00%	2,700.00
Total Revenue	1,286,878.10	4,841,922.23	4,359,519.00	482,403.23	11.07%	15,449,585.00
*includes Assessments, New Account, Back Charges & other Miscellaneous Revenue Sources						
Operating Expenses						
Cost of Water						
Purchased Water	541949.4	963,541.40	1,042,516.68	(78,975.28)	-7.58%	3,127,550.04
Ground Water	85,113.40	217,578.11	275,907.48	(58,329.37)	-21.14%	827,722.44
	627,062.80	1,181,119.51	1,318,424.16	(137,304.65)	-10.41%	3,955,272.48
Labor & Benefits						
Labor Regular	367,754.55	1,083,966.32	1,121,848.44	(37,882.12)	-3.38%	3,365,545.32
Labor Non-Regular	7,254.00	7,254.00		7,254.00	0.00%	0.00
Labor Taxes	29,124.63	86,809.23	89,073.52	(2,264.29)	-2.54%	267,220.56
Labor Workers Comp	17,215.27	34,589.09	30,500.00	4,089.09	13.41%	91,500.00
Labor External	1,650.00	6,404.22	58,926.68	(52,522.46)	-89.13%	176,780.04
Benefits Med/Den/Vis	32,492.64	177,849.36	193,244.60	(15,395.24)	-7.97%	579,733.80
Benefits LTD/Life/EAP	4,439.72	15,999.95	48,914.16	(32,914.21)	-67.29%	146,742.48
Benefits CalPers	21,867.36	71,991.02	110,206.40	(38,215.38)	-34.68%	330,619.20
Benefits Other	5,350.32	17,944.14	10,333.32	7,610.82	73.65%	30,999.96
Benefit Retiree Expenses	3,044.93	13,983.72	18,218.72	(4,235.00)	-23.25%	54,656.16
Benefit Unemployment			2,806.36	(2,806.36)	-100.00%	8,419.08
Benefit GASB 68		180,545.50	126,855.32	53,690.18	42.32%	380,565.96
Capitalized Labor & Benefit Contra	(48,206.93)	(171,054.49)	(166,666.68)	(4,387.81)	2.63%	(500,000.04)
	441,986.49	1,526,282.06	1,644,260.84	(117,978.78)	-7.18%	4,932,782.52
General & Administrative						
Fees & Charges	12,965.08	13,091.87	71,235.00	(58,143.13)	-81.62%	213,705.00
Regulatory Compliance/Permits	3,479.60	69,995.75	29,771.68	40,224.07	135.11%	89,315.04
District Events & Recognition	2,849.51	9,720.73	44,024.36	(34,303.63)	-77.92%	132,073.08
Maintenance/Licensing	766.72	110,166.16	45,670.00	64,496.16	141.22%	137,010.00
Equipment Maintenance	4,097.06	34,439.42	33,041.64	1,397.78	4.23%	99,124.92
Professional Development	1,641.09	40,458.81	52,244.32	(11,785.51)	-22.56%	156,732.96
Department Admin			8,566.68	(8,566.68)	-100.00%	25,700.04

Citrus Heights Water District
Budget Performance Report
As of 4/30/2020

CC-06

	April Actual	Year-to-Date Actual	Year-to-Date Budget	YTD Variance		Annual Budget
				Amount	Percent	
Dues & Subscriptions	3,702.46	112,580.32	65,275.36	47,304.96	72.47%	195,826.08
Fuel & Oil	3,568.88	13,543.35	21,463.32	(7,919.97)	-36.90%	64,389.96
General Supplies	4,826.07	12,057.60	22,666.64	(10,609.04)	-46.80%	67,999.92
Insurance - Auto/Prop/Liab		64,535.87	34,000.00	30,535.87	89.81%	102,000.00
Leasing/Equipment Rental	795.50	7,954.84	13,300.00	(5,345.16)	-40.19%	39,900.00
Parts & Materials	33,812.44	128,452.69	18,333.32	110,119.37	600.65%	54,999.96
Postage/Shipping/Freight	6,428.92	35,924.73	57,200.00	(21,275.27)	-37.19%	171,600.00
Rebates & Incentives	150.00	1,575.00	12,300.00	(10,725.00)	-87.20%	36,900.00
Telecom/Network	4,368.57	13,394.04	14,380.00	(985.96)	-6.86%	43,140.00
Tools & Equipment	1,511.87	8,146.46	29,033.36	(20,886.90)	-71.94%	87,100.08
Utilities	391.52	1,705.87		1,705.87	0.00%	
Write-Off Bad Debt Exp			1,666.68	(1,666.68)	-100.00%	5,000.04
Capitalized G&A Contra	(20,753.80)	(56,218.60)		(56,218.60)	0.00%	
Capitalized Equipment Contra	(28,715.84)	(112,360.88)		(112,360.88)	0.00%	
	<u>35,885.65</u>	<u>509,164.03</u>	<u>574,172.36</u>	<u>(65,008.33)</u>	<u>-11.32%</u>	<u>1,722,517.08</u>
Professional & Contract Services						
Support Services	90,358.12	100,497.74	612,388.28	(511,890.54)	-83.59%	1,837,164.84
Legal Services	26,316.84	37,496.45	100,833.36	(63,336.91)	-62.81%	302,500.08
Printing Services	280	336.33	16,233.36	(15,897.03)	-97.93%	48,700.08
	<u>116,954.96</u>	<u>138,330.52</u>	<u>729,455.00</u>	<u>(591,124.48)</u>	<u>-81.04%</u>	<u>2,188,365.00</u>
Reserves & Debt Services						
Interest Expense		8,612.40	32,687.53	(24,075.13)	-73.65%	98,062.57
Net Increase(Decrease) in Value of Investments		11,298.97		11,298.97	0.00%	
		<u>19,911.37</u>	<u>32,687.53</u>	<u>(12,776.16)</u>	<u>-39.09%</u>	<u>98,062.57</u>
	<u>1,221,889.90</u>	<u>3,374,807.49</u>	<u>4,298,999.89</u>	<u>(924,192.40)</u>	<u>-21.50%</u>	<u>12,896,999.65</u>
Net Income / (Expense)	<u>64,988.20</u>	<u>1,467,114.74</u>	<u>60,519.11</u>	<u>1,406,595.63</u>	<u>2324.22%</u>	<u>2,552,585.35</u>

Citrus Heights Water District
 Capital Projects Summary
 Fiscal Period End as of 4/2020

CC-7

Project Number	Project Name	BUDGET		AMOUNTS PAID			Remaining Budget
		Project Forecast Budget	Expenditures to 12/2019	Month to Date	Year to Date	Project to Date	
C16-134	Auburn Blvd-Rusch Park Placer	\$10,000	\$609	\$0	\$0	\$609	\$9,391
C19-108	6230 Sylvan East Wall	\$50,000	\$2,432	\$178	\$414	\$2,846	\$47,154
C20-108	Corp Yard PreArchitecture Stdy	\$100,000	\$0	\$0	\$0	\$0	\$100,000
C20-109	Corp Yard Plans Specs Estimate	\$25,000	\$0	\$0	\$0	\$0	\$25,000
Construction in Progress		\$185,000	\$3,042	\$178	\$414	\$3,456	\$181,544
C20-010	Water Main Replacements	\$70,000	\$0	\$0	\$0	\$0	\$70,000
C20-011	Water Valve Replacements	\$100,000	\$0	\$6,889	\$11,541	\$11,541	\$88,459
C20-012	Water Service Connections	\$850,000	\$0	\$30,858	\$226,423	\$226,423	\$623,577
C20-013	Water Meter Replacements	\$100,000	\$0	\$882	\$4,816	\$4,816	\$95,184
C20-014	Fire Hydrants	\$160,000	\$0	\$11,867	\$17,272	\$17,272	\$142,728
Annual Infrastructure		\$1,280,000	\$0	\$50,496	\$260,051	\$260,051	\$1,019,949
C15-104B	Document Management System	\$250,000	\$5,361	\$0	\$90,000	\$95,361	\$154,639
C19-003	Fleet/Field Operations Equip	\$295,000	\$61,079	\$0	\$0	\$61,079	\$233,921
C20-003	Fleet/Field Operations Equip	\$380,000	\$0	\$25,657	\$103,483	\$103,483	\$276,517
C20-004	Technology Hardware/Software	\$55,000	\$0	\$0	\$0	\$0	\$55,000
Fleet and Equipment		\$980,000	\$66,440	\$25,657	\$193,483	\$259,923	\$720,077
C15-109	Blossom Hill Way 6" & 10" Inte	\$27,777	\$0	\$0	\$0	\$0	\$27,777
C15-110	Crestmont Ave 6" Intertie	\$24,288	\$91	\$0	\$0	\$91	\$24,197
C17-102	Michigan Dr - Sunrise to West	\$397,897	\$54,093	\$9,151	\$133,402	\$187,494	\$210,403
C18-103	Cologne Way 6in Main Replace	\$267,069	\$60,776	\$4,109	\$5,377	\$66,153	\$200,916
C19-101	Robie Way 8" Main Replacement	\$341,382	\$8,338	\$10,689	\$29,671	\$38,009	\$303,373
C19-104	Admiral MainRepl 8"	\$291,439	\$0	\$3,453	\$4,994	\$4,994	\$286,445
C19-105	Whyte MainRepl 8" Langley	\$742,655	\$27,982	\$10,814	\$53,253	\$81,235	\$661,420
C19-106	Wells Ave Main 8"	\$22,460	\$8,341	\$12,684	\$14,315	\$22,655	(\$195)
C19-107	Rowan MainRep 8/6" Grady	\$119,095	\$4,511	\$34,176	\$46,519	\$51,030	\$68,065

Citrus Heights Water District
 Capital Projects Summary
 Fiscal Period End as of 4/2020

CC-7

Project Number	Project Name	BUDGET		AMOUNTS PAID			Remaining Budget
		Project Forecast Budget	Expenditures to 12/2019	Month to Date	Year to Date	Project to Date	
C20-101	Fair Oaks Blvd	\$56,439	\$0	\$0	\$0	\$0	\$56,439
C20-102	Langley Ave & Chance Dr	\$67,019	\$0	\$0	\$0	\$0	\$67,019
C20-103	Marsala Ct	\$7,482	\$0	\$0	\$0	\$0	\$7,482
C20-104	Skycrest School	\$13,765	\$0	\$59	\$676	\$676	\$13,089
C20-105	Walnut Drive	\$17,133	\$0	\$0	\$0	\$0	\$17,133
C20-106	Wisconsin Drive	\$33,238	\$0	\$375	\$889	\$889	\$32,349
Water Mains		\$2,429,138	\$164,131	\$85,511	\$289,094	\$453,226	\$1,975,913
C19-040C	Mariposa Ave SR2S Phase IV	\$0	\$508	\$0	\$0	\$508	(\$508)
C20-005	Facilities Improvements	\$100,000	\$0	\$16,063	\$56,424	\$56,424	\$43,576
C20-040	Other City Partnerships	\$150,000	\$0	\$0	\$0	\$0	\$150,000
C20-041	Other Misc Infrastructure	\$110,000	\$0	\$0	\$0	\$0	\$110,000
Miscellaneous Projects		\$360,000	\$0	\$16,063	\$56,424	\$56,424	\$303,576
C17-104	Groundwater Well Property Acq	\$640,000	\$346,052	\$944	\$19,827	\$365,878	\$274,122
C17-104A	Well #7 Patton	\$250,000	\$30,189	\$0	\$0	\$30,189	\$219,811
C17-104B	Well #8 Highland	\$0	\$11,731	\$3,330	\$8,104	\$19,834	(\$19,834)
C20-020	Groundwater Well Improvements	\$150,000	\$0	\$0	\$0	\$0	\$150,000
C20-107	Well Design & Construction	\$563,500	\$0	\$0	\$0	\$0	\$563,500
Wells		\$1,603,500	\$387,972	\$4,274	\$27,930	\$415,902	\$1,187,598
Grand Totals:		\$6,837,638	\$621,584	\$182,177	\$827,398	\$1,448,982	\$5,388,656

APRIL 2020 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
69386	Michael A Nygren	Customer Refund	\$100.60
69387	Steven C Galles	Customer Refund	\$10.20
69388	James R Millette Trust	Customer Refund	\$143.32
69389	Steven R Bradshaw	Customer Refund	\$167.07
69390	LynDel Neely	Customer Refund	\$148.84
69391	Void	Void	\$0.00
69392	Jose A/Pilar Gallegos	Customer Refund	\$113.86
69393	Nicholas/Adelaida Hicks	Customer Refund	\$90.01
69394	John R/Kalee Christensen	Customer Refund	\$87.03
69395	Jessica-Ann K/Crystal M Sagum	Customer Refund	\$26.70
69396	Hillandale Enterprise LLC	Customer Refund	\$615.41
69397	Suzanne N/Lionel W Richards	Customer Refund	\$42.93
69398	Studio Movie Grill	Customer Refund	\$916.48
69399	AFLAC	Employee Paid Insurance	\$290.48
69400	Afman Supply	Small Tools	\$459.27
69401	Airgas USA, LLC	Supplies-Field	\$39.57
69402	Alexander's Contract Services	Contract Services-Meter Read	\$1,643.29
69403	AREA Restroom Solutions	Equip Rental-Field	\$284.82
69404	Bart/Riebes Auto Parts	Repair-Trucks	\$165.06
69405	California Landscape Associates Inc	Janitorial	\$200.00
69406	County of Sacramento - Clerk	Publication Notices	\$40.00
69407	FP Mailing Solutions	Equipment Rental-Office	\$164.86
69408	Hunt & Sons Inc	Gas & Oil	\$639.18
69409	Liebert Cassidy Whitmore	Legal & Audit	\$190.00
69410	MidAmerica Administrative & Retirement Solutions	Employee Paid Insurance	\$96.00
69411	Moonlight BPO	Contract Services-Bill Print/Mail	\$3,877.36
69412	Republic Services #922	Utilities	\$340.10
69413	Regional Government Services	Contract Services- Other	\$2,514.19
69414	Staples Advantage	Office Expense	\$74.76
69415	United Rentals (North America) Inc	Equipment Rental-Field	\$319.85
69416	Walker's Office Supplies	Office Expense	\$51.68
69417	Felicia A Mangino	Customer Refund	\$14.20
69418	Susan L Bristow	Customer Refund	\$137.86
69419	Channarith J Vanthin	Customer Refund	\$270.51
69420	Dennis J/Stacy A Harvey	Customer Refund	\$31.70
69421	Janell M Neilsen Living Trust	Customer Refund	\$8.60
69422	Adrian C/Kenneth L Jackson	Customer Refund	\$10.00
69423	Al's Land Clearing Inc.	Customer Refund	\$512.24
69424	Ramos Investments LLC	Customer Refund	\$95.38
69425	Afman Supply	Small Tools	\$179.76
69426	Axiom Technologies LLC	Contract Services-Other	\$17,464.00
69427	B&M Builders	Contract Services-Engineering	\$31,735.63
69428	Best Best & Krieger	Legal & Audit	\$7,990.11
69429	Brake Masters #220	Repair-Trucks	\$174.74
69430	California Office Furniture	Material	\$1,671.15
69431	Citrus Heights Community Center	Equipment Rental-Office	\$1,050.00
69432	Global Machinery West	Repair-Equipment	\$1,062.87
69433	GM Construction & Developers	Contract Services-Miscellaneous	\$11,430.00
69434	Ferguson Enterprises Inc #1423	Material	\$10,707.29
69435	Madeline Henry	Continued Education	\$383.10
69436	KASL Consulting Engineers	Contract Services-Engineering	\$15,511.15
69437	Neko Industries Inc	Software	\$90,000.00
69438	Pace Supply Corp	Material	\$3,501.53

APRIL 2020 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
69439	Pirtek Power Inn	Repair-Trucks	\$149.62
69440	Rawles Engineering Inc	Contract Services-Miscellaneous	\$113,112.70
69441	RDO Equipment	Repair-Trucks	\$77,826.49
69442	Regional Government Services	Contract Services-Other	\$14,104.74
69443	Ray Riehle	Continued Education	\$397.24
69444	Simon and Company Inc	Contract Services-Other	\$1,000.00
69445	SMUD	Utilities	\$13,550.06
69446	TIAA Commercial Finance Inc	Equipment Rental-Office	\$522.59
69447	Walker's Office Supplies	Office Expense	\$75.41
69448	Matthew K O Donnell	Customer Refund	\$152.30
69449	Kiriakos/Mary Kolokithas	Customer Refund	\$206.93
69450	Void	Void	\$0.00
69451	Victoria L Deane Macleod	Customer Refund	\$61.44
69452	Joshua A Block	Customer Refund	\$313.59
69453	Asmik Bouniatian	Customer Refund	\$60.63
69454	Robert Farwell	Customer Refund	\$81.92
69455	John Medina	Customer Refund	\$207.61
69456	Youssef/Marie Salama	Customer Refund	\$148.29
69457	E Joan Alphson	Customer Refund	\$232.22
69458	Jennifer Marchant	Customer Refund	\$61.91
69459	ABA DABA Rentals & Sales	Supplies-Field	\$126.88
69460	AnswerNet	Telephone-Answering Service	\$277.35
69461	Bart/Riebes Auto Parts	Repair-Trucks	\$165.47
69462	Best Best & Krieger	Legal & Audit	\$7,991.84
69463	Blue Jay Trucking LLC	Contract Services-Other	\$1,544.25
69464	BSK Associates	Water Analysis	\$876.00
69465	Burketts	Office Expense	\$43.09
69466	California Landscape Associates Inc	Janitorial	\$200.00
69467	CirclePoint	Contract Services- Conservation	\$3,085.00
69468	Citrus Heights Saw & Mower	Repair-Equipment/Hardware	\$51.69
69469	Core & Main LP	Material	\$2,534.28
69470	Corelogic Information Solutions Inc	Dues & Subscriptions	\$206.00
69471	EG Threads	Water Conservation-Material/Supplies	\$431.00
69472	Integrity Administrators Inc	Health Insurance	\$268.18
69473	Lowe's	Supplies-Field	\$876.13
69474	Matthew Maxwell	Contract Services-Miscellaneous	\$2,000.00
69475	Office Depot	Office Expense	\$227.77
69476	Placer County Clerk	Election Expense	\$50.00
69477	USPS	Postage	\$288.00
69478	Regional Government Services	Contract Services-Other	\$5,227.54
69479	SitelogIQ	Maintenance Agreement-Equipment	\$247.25
69480	Voyager Fleet Systems Inc	Gas & Oil	\$2,777.39
69481	Williams+Paddon	Contract Services-Engineering	\$1,350.85
69482	Wolf Consulting	Contract Services-Other	\$1,875.00
69483	Placer County Clerk	Election Expense	\$50.00
69484	Cori L Condon	Customer Refund	\$170.26
69485	County of Sacramento - Clerk	Publication Notices	\$2,446.75
69486	Rita Lugo	Customer Refund	\$118.30
69487	Cynthia S Weiner	Customer Refund	\$11.20
69488	John L Cummings	Customer Refund	\$244.53
69489	Robert Scott	Customer Refund	\$14.54
69490	Ruslan Kostyuk	Customer Refund	\$127.96
69491	Carolyn Cochran	Customer Refund	\$119.39
69492	Laura G Costa	Customer Refund	\$117.41

APRIL 2020 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
69493	Randy/Faye R Hogue	Customer Refund	\$12.42
69494	Douglas E/Catherine A Peterson	Customer Refund	\$124.70
69495	Don A/Dolores E Paxton	Customer Refund	\$8.69
69496	Ionos LLC	Customer Refund	\$38.97
69497	AIA Services, LLC/NDS	Water Conservation-Material/Supplies	\$59.49
69498	Alexander's Contract Services	Contract Services-Meter Read	\$6,866.70
69499	Avalon Custodial Care	Janitorial	\$794.90
69500	Axcient Holdings LLC	Maintenance Agreement-Software	\$444.30
69501	Best Best & Krieger	Legal & Audit	\$7,990.00
69502	Bender Rosenthal Incorporated	Contract Services-Other	\$6,574.30
69503	City of Citrus Heights	Permit Fees	\$6,916.60
69504	Consolidated	Telephone-Local/Long Distance	\$1,876.86
69505	County of Sacramento Municipal Services	Contract Services-Miscellaneous	\$40.00
69506	County of Sacramento	Contract Services-Other	\$918.33
69507	County of Sacramento	Permit Fees	\$157.50
69508	GM Construction & Developers	Contract Services-Miscellaneous	\$4,730.00
69509	Hodge Products	Supplies-Field	\$272.98
69510	Hunt & Sons Inc	Gas & Oil	\$368.12
69511	Iconix Waterworks	Material	\$7,850.16
69512	Moonlight BPO LLC	Contract Services-Bill Print/Mail	\$3,041.15
69513	Pacific Gas & Electric	Utilities	\$99.50
69514	Regional Government Services	Contract Services-Other	\$7,105.58
69515	Rotary Club of Citrus Heights	Continued Education	\$420.00
69516	SureWest Directories	Telephone-Local/Long Distance	\$48.26
69517	Wallace Kuhl & Associates Inc	Contract Services-Miscellaneous	\$1,845.00
69518	Warren Consulting Engineers Inc	Contract Services-Engineering	\$6,900.00
69519	Victor R Duran	Customer Refund	\$22.63
69520	Balajadia Family Revocable Trust	Customer Refund	\$99.86
69521	Diana Davis	Customer Refund	\$15.48
69522	Jack E/Sharon Milligan	Customer Refund	\$357.93
69523	Prisk Family Trust	Customer Refund	\$11.96
69524	Wayne T Pridham	Customer Refund	\$99.77
69525	Steven J/Jeanette L Meyer	Customer Refund	\$100.27
69526	Bradley V Stone	Customer Refund	\$225.00
69527	Distressed R/E Restoration Svc	Customer Refund	\$821.25
69528	ABA DABA Rentals & Sales	Supplies-Field	\$253.76
69529	AREA Restroom Solutions	Equipment Rental-Field	\$142.42
69530	Bart/Riebes Auto Parts	Repair-Trucks	\$187.41
69531	Best Best & Krieger	Legal & Audit	\$7,897.00
69532	Joe Borowski	Toilet Rebate Program	\$75.00
69533	BSK Associates	Water Analysis	\$1,082.00
69534	Burketts	Office Expense	\$64.54
69535	Colantuono, Highsmith & Whatley, PC	Legal & Audit	\$2,438.00
69536	Sacramento County Utilities	Utilities	\$190.10
69537	Fast Action Pest Control	Contract Services-Miscellaneous	\$115.00
69538	GEI Consultants	Contract Services-Wells	\$7,591.45
69539	Harris & Associates	Contract Services-Engineering	\$7,590.00
69540	Hunt & Sons Inc	Gas & Oil	\$423.37
69541	J Comm Inc	Contract Services-Other	\$2,800.00
69542	Kiwanis of Citrus Heights	Continued Education	\$126.00
69543	MMANC	Dues & Subscriptions	\$75.00
69544	Moonlight BPO LLC	Contract Services-Bill Print/Mail	\$3,006.08
69545	Nor Cal Perlite Inc	Supplies-Field	\$1,984.00
69546	Pace Supply Corp	Material	\$355.69

APRIL 2020 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
69547	Pirtek Power Inn	Repair-Trucks	\$383.84
69548	Placer Waterworks	Supplies-Field	\$884.81
69549	Red Wing Shoe Store	Small Tools	\$531.96
69550	Regional Government Services	Contract Services-Other	\$3,985.00
69551	State Water Resources Control Board	Dues & Subscriptions	\$60.00
69552	A. Teichert & Son, Inc.	Road Base	\$5,046.83
69553	US Bank I.M.P.A.C. Government Services	Continued Education	\$183.63
69554	Verizon Wireless	Telephone-Wireless	\$1,462.71
69555	Walker's Office Supplies	Office Expense	\$131.02
69556	Warren Consulting Engineers Inc	Contract Services-Engineering	\$5,775.00
Total			<u>\$588,302.01</u>
ACH	1168-2020-3 INVOICE CLOUD	Bank Fee	\$5,110.25
ACH	3/1-3/31/20 MID AMERICA	Employee Paid Insurance	\$485.00
ACH	ADP LLC	Contract Services-Financial	\$39.00
ACH	ADP LLC	Contract Services-Financial	\$399.60
ACH	ADP LLC	Contract Services-Financial	\$285.35
ACH	CAL CHOICE MAY 2020	Health Insurance	\$37,525.23
ACH	ICMA 4/1/20 PAYDAY	Deferred Compensation	\$6,750.62
ACH	ICMA 4/16/20 PAYDAY	Deferred Compensation	\$7,010.75
ACH	ICMA ROTH 4/16/20 PAYDAY	Deferred Compensation	\$100.00
ACH	ICMA ROTH 4/1/2020 PAYDAY	Deferred Compensation	\$100.00
ACH	MARCH 2020 BOW	Bank Fee	\$1,234.44
ACH	MARCH 2020 CHASE	Bank Fee	\$2,487.97
ACH	MARCH 2020 JP MORGAN	See April Agenda Item CC-9	\$6,092.83
ACH	MAY 2020 PRINCIPAL	Health Insurance	\$9,219.65
ACH	PAYCHEX 3/10/20 PAYDAY	Contract Services-Other	\$58.00
ACH	PERS 4/2/20 PAYDAY	PERS	\$21,523.12
ACH	PERS ADMIN FEE 2020	PERS	\$200.00
ACH	VALIC 4/1/20 PAYDAY	Deferred Compensation	\$2,668.51
ACH	VALIC 4/6/20 PAYDAY	Deferred Compensation	\$2,668.51
Total			<u>\$103,958.83</u>
Grand Total			<u><u>\$692,260.84</u></u>
May Checks Approved at May Board Meeting			
69603	The HON Company LLC	Material	\$10,045.34
69599	SMUD	Utilities	\$13,359.17
69589	KASL Consulting Engineers	Contract Services-Engineering	\$16,128.41
69585	GEI Consultants	Contract Services-Wells	\$16,339.00
69566	ACWA/JPIA	Workers Comp Insurance	\$17,215.27
69586	Ferguson Enterprises Inc #1423	Material	\$19,138.05
69608	Winner Chevrolet, Inc	Fixed Assets	\$25,656.92
69596	San Juan Water District	Purchased Water	\$541,949.40
69611	Bender Rosenthal Inc	Contract Services- Engineering	\$13,071.43
Total			<u>\$672,902.99</u>

**Purchase-Card Distributions
Apr-19**

Name	Professional Development	Tools & Equipment	District Events & Recognition	General Supplies	Equipment Maintenance	Maintenance/ Licensing	Support Services	Department Admin	Dues & Subscription	CIP	Total Bill
Shockley	\$ (1,903.00)	\$ 292.61	\$ 453.54		\$ 250.99						\$ (905.86)
Spiers		\$ 1,891.33	\$ 79.80	\$ 439.39							\$ 2,410.52
Talwar				\$ 42.01		\$ 320.00	\$ 1,075.00		\$ 3.99	\$ 1,768.86	\$ 3,209.86
Straus								\$ 30.00			\$ 30.00
Henry		\$ 150.85					\$ 1.00				\$ 151.85
Cutler		\$ 752.63	\$ 89.22	\$ 11.84							\$ 853.69
Total Bill	\$ (1,903.00)	\$ 3,087.42	\$ 622.56	\$ 493.24	\$ 250.99	\$ 320.00	\$ 1,076.00	\$ 30.00	\$ 3.99	\$ 1,768.86	\$ 5,750.06

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 20, 2020 MEETING

SUBJECT : EMPLOYEE RECOGNITION
 STATUS : Information Item
 REPORT DATE : April 29, 2020
 PREPARED BY : Brittney Moore, Management Analyst

The following District employees were recognized for perfect attendance during March 2020, and outstanding customer service and quality of work during the month of April 2020.

Administrative Services & Water Efficiency Department

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Brady Chambers	Yes		
Kelly Drake	Yes		Assisted Del Paso Manor Water District with virtual interviews for a Water Distribution Operator position.
Madeline Henry	Yes		Assisted with the COVID-19 Response Plan. Coordinated media relations and video content related to COVID-19.
Dana Mellado		Dana assisted a realtor who needed information for a condemned house on Sycamore Dr. Service for this property had been shut off since 2017 and Dana was able to assist with all the billing information.	
Brittney Moore		Attended the April Board Meeting. Assisted staff with HR questions related to COVID-19.	Assisted with the COVID-19 Response Plan.

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Rex Meurer	Yes		
Alberto Preciado	Yes		Assisted with Groundwater analysis project.
Beth Shockley		Worked on a Friday to help provide Personal Protective Equipment to crew members who were called in to respond to an emergency water main leak caused by a county contractor.	Assisted with purchasing and set up of hand sanitizer stations in District office. Assisted in securing a new Janitorial Contractor. Procured supplies for District facilities during the State of Emergency.
Desiree Smith		Desiree received a call from customer on Lialana Way who was upset that she was receiving paper bills repeatedly after setting up paperless billing. Desiree, contacted our vendor and found that there was an issue syncing their system and our billing system. The vendor corrected, and Desiree contacted the customer the same day to inform her that the problem had been fixed.	Assisted with a reconciliation issue with Invoice Cloud, where a transaction was not properly credited to a customer account, causing a bank variance. Desiree worked with the vendor to diagnose the problem and find the solution.

Engineering Department

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Tamar Dawson		Assisted a prospective buyer on getting water service information on a property on Sycamore Drive.	Coordinated a difficult plan review for a commercial property with Sac Metro Fire.
Paul Dietrich		Met with various property owners to discuss easement acquisition for the Whyte & Langley, Wells, & Cologne Way CIP projects.	Assisted with preparing the Sylvan Ranch Community Garden Documents. Supported & oversaw

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
			completion of 6 months of backlogged work orders performed by GIS Tech.
Timothy Katkanov	Yes	Responded in a rapid manner to a mapping request from Operations on the meter replacement study and CVRA GIS map.	Served on the interview panel for the Principal IT Analyst position. Completed 6 months of backlogged work orders.
Neil Tamagni	Yes	Provided superior project support to a property owner on Veteran's Lane regarding right-of-way issues.	Worked on Friday 04/24/20 for District CIP project.

Operations Department

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Christopher Bell	Yes	Participated in a photo shoot for Sacramento Magazine.	Outstanding work performance on the Grady Dr. and Rowan Way Water Main Project. Assisted standby employee on a Saturday for an emergency repair of a water service on Glen Alta Way.
Aaron Cater	Yes		Outstanding work performance on the Grady Dr. and Rowan Way Water Main Project. Worked on a Friday to assist in the Emergency Repair of an 8" water main break at Antelope Rd. and Sunrise Blvd.

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Tim Cutler			Worked on a Friday to assist in the Emergency Repair of an 8” water main break at Antelope Rd. and Sunrise Blvd.
James Ferro			Outstanding work performance on the Grady Dr. and Rowan Way Water Main Project. Worked on a Friday to assist in the Emergency Repair of an 8” water main break at Antelope Rd. and Sunrise Blvd.
Jarrett Flink		Participated in a photo shoot for Sacramento Magazine.	Outstanding work performance on the Grady Dr. and Rowan Way Water Main Project. Volunteered to take standby for a fellow staff member who was unable to. Worked on a Friday to assist in the Emergency Repair of an 8” water main break at Antelope Rd. and Sunrise Blvd.
Brian Hensley	Yes		Served on the interview panel for the Principal IT Analyst position.
Rick Jimenez		Manager of Big Lots called to praise the crew for excellent customer service and assisting them with fixing a leaking backflow device.	Outstanding work performance on the Grady Dr. and Rowan Way Water Main Project.
Ricky Kelley		Manager of Big Lots called to praise the crew for excellent customer service and assisting them with fixing a leaking backflow device.	Outstanding work performance on the Grady Dr. and Rowan Way Water Main Project.

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Mike Mariedth		Manager of Big Lots called to praise the crew for excellent customer service and assisting them with fixing a leaking backflow device.	Outstanding work performance on the Grady Dr. and Rowan Way Water Main Project.
Jace Nunes	Yes	Participated in a photo shoot for Sacramento Magazine.	Outstanding work performance on the Grady Dr. and Rowan Way Water Main Project. Worked on a Friday to assist in the Emergency Repair of an 8" water main break at Antelope Rd. and Sunrise Blvd.
Ryon Ridner			Outstanding work performance on the Grady Dr. and Rowan Way Water Main Project.
Rebecca Scott			Presented at the April Board Meeting. Assisted in securing a new Janitorial Contractor.
Nick Spiers	Yes		Assisted with purchasing and set up of hand sanitizer stations in District office. Assisted in securing a new Janitorial Contractor. Worked on a Friday to assist in the Emergency Repair of an 8" water main break at Antelope Rd. and Sunrise Blvd.

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
John Spinella	Yes		Responded quickly to a leak investigation on Sunrise Blvd. Worked on a Saturday to assist stand-by employee with an emergency repair of a water service on Glen Alta Way.
Jason Tupper			Responded quickly to a leak investigation on Sunrise Blvd.

**CITRUS HEIGHTS WATER DISTRICT
DISTRICT STAFF REPORT TO BOARD OF DIRECTORS
MAY 20, 2020 MEETING**

SUBJECT : LONG RANGE AGENDA
 STATUS : Consent/Information Item
 REPORT DATE : May 8, 2020
 PREPARED BY : Madeline Henry, Administrative Services Manager

OBJECTIVE:
 Listed below is the current Long Range Agenda.

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

CITRUS HEIGHTS WATER DISTRICT LONG RANGE AGENDA

MEETING DATE	MEETING TYPE	ITEM DESCRIPTION	ASSIGNED	AGENDA TYPE	AGENDA ITEM
June 17, 2020					
June 17, 2020		Professional Services Agreement with Finance/Accounting Firm	Talwar/Preciado	B	A
June 17, 2020		Amend Policy 5300: Maintenance of Water Meters	Pieri/Nelson	B	A
June 17, 2020		Award of Contract for Whyte & Langley & Robie Water Main Replacement Project	Pieri/Dietrich	CC	A
June 17, 2020		Financial Policy - 6000 Series Review	Talwar/Preciado	CC	A
June 17, 2020		Resolution Approving and Confirming the Report of Delinquent Utilities Charges and Requesting Sacramento County to Collect Such Charges on the Tax Roll	Talwar/Preciado	CC	A
June 17, 2020		Quitclaim Deed for 8501 Auburn Blvd Property	Pieri	CC	A
June 17, 2020		Budget Document Review	Talwar/Preciado	P	A
June 17, 2020- Finance Corporation Meeting					
June 17, 2020		Minutes from June 19, 2019	Talwar/Preciado	CC	A
June 17, 2020		Finance Corporation, Confirm & Appoint Officers of the Finance Corp., Status of Finance Corp.	Talwar/Preciado	CC	A
June 17, 2020		Status of the CHWD Revenue Refunding Certificates of Participation, Series 2010	Talwar/Preciado	CC	I
July 15, 2020- Cancelled					
August 19, 2020					
August 19, 2020		2021 Strategic Plan Approval	Henry	B	A
August 19, 2020		CIP Update	Pieri	P	A
September 16, 2020					
September 16, 2020		Budget Workshop	Talwar	P	I/D
October 21, 2020					
October 21, 2020		Misc. Charges and Fees - Proposed	Talwar	B	A
October 21, 2020		Award of Contract for Pavement Restoration	Gordon	B	A
October 21, 2020		Award of Contract for Trucking Services	Gordon	B	A
November 18, 2020					
November 18, 2020		2021 Budget Adoption	Talwar	B	A
December 16, 2020					
December 16, 2020	Annual	District Officers	Henry	B	A
December 16, 2020	Annual	Selection of President and Vice President	Henry	B	A
December 16, 2020	Annual	Oath of Office	Henry	P	A

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 20, 2020 MEETING

SUBJECT : ENGINEERING DEPARTMENT REPORT
 STATUS : Information Item
 REPORT DATE : April 4, 2020
 PREPARED BY : Missy Pieri, Director of Engineering/District Engineer

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

Items of Interest	Department	Project Team	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
PROJECT 2030 Water Main Replacement Project	Engineering	Director of Engineering and Project Manager	Yes, Third Quarter of 2020 (Final Completion Update)	Yes	Masterplan for replacement of water mains.	Top Alternative Implementation Plan developed and discussed at CAC Workshop #8 on 09/10/19. Draft report submitted to CHWD on 01/06/20. Board Presentation expected in third Quarter of 2020.

Items of Interest	Department	Project Team	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
CAPITAL IMPROVEMENT PROJECT Corporation Yard / Facilities Master Plan Buildout	Engineering	Director of Engineering and Project Manager	Yes, 07/17/19 (Award of Contract)	Yes	Masterplan for office space requirements through 2045.	Meeting occurred to review the draft report on 03/04/20. District preparing revisions to send to the District's consultant.
CAPITAL IMPROVEMENT PROJECT Highland Ave & Rosa Vista Ln 8" Water Mains	Engineering	Senior Construction Inspector and Project Manager	Yes, 06/20/18 (Notice of Completion)	Yes	2017 design, 2018 construction.	Easements being prepared by District. 6825/28 Rosa Vista Lane easement recorded on 08/15/19. 6822 Rosa Vista Lane easement recorded on 11/05/19. 6821 & 6832 Rosa Vista Lane recorded on 12/27/19. Awaiting easements from one other property owner.
CAPITAL IMPROVEMENT PROJECT Michigan Dr 8" & 6" Water Mains	Engineering	Project Manager and Assistant Engineer	Yes, 02/19/20 (Award of Contract)	Yes	2019 design, 2020 construction.	Easements secured for 8 of 8 properties. Preconstruction meeting occurred on 03/03/20. 60% Complete.

Items of Interest	Department	Project Team	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
CAPITAL IMPROVEMENT PROJECT Cologne Way 6" Water Main	Engineering	Project Manager and Assistant Engineer	Yes, 02/19/20 (Award of Contract)	Yes	2019 design, 2020 construction.	Easements secured for 8 of 8 properties. Preconstruction meeting occurred on 03/03/20. Contractor to begin work on Cologne after Michigan Dr. project is complete.
CAPITAL IMPROVEMENT PROJECT 6230 Sylvan Rd East Side Wall	Engineering	Project Manager and Assistant Engineer	Yes, TBD	No	Wall along the east side of District property.	Task Order executed with Engineer. District following up with SJUSD regarding property. Grant of Easement and exhibits being prepared by District.
CAPITAL IMPROVEMENT PROJECT Whyte Ave & Langley Ave Water Main	Engineering	Project Manager and Assistant Engineer	Yes, TBD	Yes	2020 design, 2020 construction.	District preparing 100% plans. Right-of-Way agent began easement acquisition on 03/23/20. CEQA Exemption sent on 03/23/20. Submitted plans to Placer County and Division of Drinking Water for review on 03/23/20.

Items of Interest	Department	Project Team	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
CAPITAL IMPROVEMENT PROJECT Robie Way - Water Main	Engineering	Project Manager and Assistant Engineer	Yes, TBD	Yes	2020 design, 2020 construction.	District preparing 100% plans. CEQA Exemption sent on 03/23/20. Submitted plans to Placer County and Division of Drinking Water for review on 03/23/20.
CAPITAL IMPROVEMENT PROJECT Rowan Way - Water Main	Engineering	Project Manager and Assistant Engineer	Yes, TBD	Yes	2020 design, 2020 construction.	100% plans Complete. District obtaining approval signatures from various agencies. Anticipate this project to be completed by District Operations staff.
CAPITAL IMPROVEMENT PROJECT - Admiral Ave - Water Main	Engineering	Project Manager and Assistant Engineer	Yes, TBD	Yes	2020 design, 2020 construction.	Surveying completed for project. 30% plans Complete. District preparing potholing plan.

Items of Interest	Department	Project Team	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
CAPITAL IMPROVEMENT PROJECT - Wells Ave - Water Main	Engineering	Project Manager and Assistant Engineer	Yes, TBD	Yes	2020 design, 2021 construction.	Surveying completed for project. District preparing 60% plans. Potholing occurred on 04/02/20. Right-of-Way agent began easement acquisition on 03/19/20.
CAPITAL IMPROVEMENT PROJECT - Wisconsin Dr - Water Main	Engineering	Project Manager and Assistant Engineer	Yes, TBD	Yes	2020 design, 2021 construction.	Surveying completed on 04/01/20. District awaiting 30% plans.
CAPITAL IMPROVEMENT PROJECT - Skycrest School Water Main	Engineering	Project Manager and Assistant Engineer	Yes, TBD	Yes	2020 design, 2021 construction.	Initiating Task Order with Engineer.

Items of Interest	Department	Project Team	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p>PRIVATE DEVELOPMENT Mitchell Farms - 7925 Arcadia Dr</p>	<p>Engineering</p>	<p>Director of Engineering and Assistant Engineer</p>	<p>Yes, 03/30/20 (Deferment of Fees)</p>	<p>No</p>	<p>200-300 unit development by Watt Communities.</p>	<p>3 easements received on 02/05/20.</p> <p>Plans signed by District on 02/05/20.</p> <p>Awaiting payment of inspection fees. District to prepare letter agreement regarding deferment of fees.</p>
<p>PRIVATE DEVELOPMENT Mitchell Farms Land Exchange - 7925 Arcadia Dr</p>	<p>Engineering</p>	<p>Director of Engineering and Assistant Engineer</p>	<p>Yes, 11/20/19 (Approval of Agreement)</p>	<p>No</p>	<p>Land Exchange of District's Well Site for development property.</p>	<p>Board approved the agreement at the November Board meeting.</p> <p>Developer signed Agreement on 02/13/20.</p> <p>District preparing final Agreement package for distribution.</p> <p>Demolition completed. Site grading began on 03/31/20.</p>

Items of Interest	Department	Project Team	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
PRIVATE DEVELOPMENT Lawrence Ave Wyatt Ranch	Engineering	Director of Engineering and Assistant Engineer	No	No	23 lot subdivision.	District signed plans on 12/04/19. Reimbursement Agreement to be signed by developer.
PRIVATE DEVELOPMENT 12057 Fair Oaks Blvd Fair Oaks Senior Apartments	Engineering	Director of Engineering and Assistant Engineer	No	No	Seniors apartment complex with 42 one bedroom and 68 two bedroom units.	Received Project Referral and proposed site plan on 11/13/18. District sent Will Serve Letter on 12/04/18. Awaiting first submittal from developer's engineer.
PRIVATE DEVELOPMENT 7581 Sycamore Dr - Parcel Split 1 - 3	Engineering	Director of Engineering and Assistant Engineer	No	No	Parcel being split into 3 for 3 home subdivision.	Plans signed on 09/19/18. Awaiting construction.
PRIVATE DEVELOPMENT 8043 Holly Dr Parcel Split 1 - 3	Engineering	Director of Engineering and Assistant Engineer	No	No	Parcel being split into 3 for 3 home subdivision.	Received initial plans on 10/01/18. District provided comments to the developer's engineer on 01/02/19.

Items of Interest	Department	Project Team	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
PRIVATE DEVELOPMENT 8116 Holly Dr Parcel Split 1 - 2	Engineering	Director of Engineering and Assistant Engineer	No	No	Parcel being split into 2 with 2 existing homes and meters.	Received Project Referral 11/16/18. Conditions of Approval letter sent 11/28/18.
PRIVATE DEVELOPMENT 5425 Sunrise Blvd Sunrise Village	Engineering	Director of Engineering and Assistant Engineer	No	No	Redevelopment of Sunrise Village.	Received Project Review request from City of Citrus Heights on 07/03/19. District provided will serve letter to the City on 07/31/19.
PRIVATE DEVELOPMENT 8501 Auburn Blvd Parcel Split	Engineering	Director of Engineering and Assistant Engineer	No	No	Potential parcel split from one parcel to four parcels.	Sent conditions of approval letter on 09/06/18.

Items of Interest	Department	Project Team	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p>PRIVATE DEVELOPMENT 8501 Auburn Blvd Studio Movie Grill</p>	<p>Engineering</p>	<p>Director of Engineering and Assistant Engineer</p>	<p>No</p>	<p>No</p>	<p>Commercial Development.</p>	<p>Final plans signed on 10/17/19.</p> <p>Preconstruction meeting on 10/30/19. 100% complete on water service to Studio Movie Grill. Contractor to complete fire department connection and water service for two other locations.</p> <p>Provided comments to easement and quitclaim exhibit for project on 01/27/20. Received revisions to easement and quitclaims on 03/26/20.</p>
<p>PRIVATE DEVELOPMENT 7424 Sunrise Blvd Sunrise Pointe</p>	<p>Engineering</p>	<p>Director of Engineering and Assistant Engineer</p>	<p>No</p>	<p>No</p>	<p>Proposed multi-unit housing complex for low-income and homeless.</p>	<p>Received project referral and initial plans on 10/11/18.</p> <p>Will-Serve letter sent 11/21/18.</p> <p>Awaiting first plan submittal from developer's engineer.</p>

Items of Interest	Department	Project Team	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
PRIVATE DEVELOPMENT 8220 Sunrise Blvd Carefield Citrus Heights	Engineering	Director of Engineering and Assistant Engineer	No	No	Proposed memory care facility.	Received schematic plans on 05/08/19. Will-Serve letter sent on 05/20/19.
PRIVATE DEVELOPMENT Livoti Development	Engineering	Director of Engineering and Assistant Engineer	No	No	Six Parcel Subdivision.	Received second submittal on 05/20/19. District provided comments to the engineer on 06/26/19.
PRIVATE DEVELOPMENT 7800 Greenback Ln Hobby Lobby	Engineering	Director of Engineering and Assistant Engineer	No	No	Commercial Development.	District signed plans on 02/05/20. Developer's contractor began water facility upgrades on 03/20/20. 95% Complete.
PRIVATE DEVELOPMENT 5511 Sunrise Blvd Boston's Pizza	Engineering	Director of Engineering and Senior	No	No	Commercial Development.	Easement received and recorded on 11/06/19. Contractor replaced water meter box and lid. Awaiting signature on private water service letter.

Items of Interest	Department	Project Team	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p>PRIVATE DEVELOPMENT 7312 Veterans Lane</p>	<p>Engineering</p>	<p>Director of Engineering and Senior Construction Inspector</p>	<p>No</p>	<p>No</p>	<p>Single Family Home water service and fire hydrant.</p>	<p>Plans signed on 12/05/19. Awaiting construction from developer's contractor.</p>
<p>CITY OF CITRUS HEIGHTS DRAINAGE PROJECT Wonder St</p>	<p>Engineering</p>	<p>Director of Engineering and Assistant Engineer</p>	<p>Yes, TBD</p>	<p>Yes</p>	<p>Wonder St Drainage Project.</p>	<p>Anticipate bid and start of construction in 2020.</p>
<p>CITY OF CITRUS HEIGHTS PROJECT Bonita & Old Auburn Rd Storm Drain Improvements</p>	<p>Engineering</p>	<p>Director of Engineering and Assistant Engineer</p>	<p>No</p>	<p>No</p>	<p>Bonita Way & Old Auburn Rd Storm Drain Project.</p>	<p>District prepared comments on the conflict map and Cost Liability to the City of Citrus Heights on 10/31/19. District provided final comments on 03/31/20. District awaiting final plans for signature.</p>

Items of Interest	Department	Project Team	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p>CITY OF CITRUS HEIGHTS PROJECT Mariposa Ave - Safe Routes to School Phase IV</p>	<p>Engineering</p>	<p>Director of Engineering and Assistant Engineer</p>	<p>No</p>	<p>Yes</p>	<p>Frontage improvements along east side of Mariposa Ave from Madison Ave to Skycrest School.</p>	<p>Attended kick-off meeting with the City on 01/14/19.</p> <p>District provided comments to City's engineer on 05/02/19. Awaiting final plans from the City's engineer.</p> <p>District prepared Cost Liability letter to the City of Citrus Heights on 06/27/19.</p>
<p>District-wide Annexation Project</p>	<p>Engineering</p>	<p>Director of Engineering , Project Manager and Assistant Engineer</p>	<p>Yes, 07/17/19 (Award of Contract), 10/16/19 (Customer Letters), 04/15/20 (Resolution to begin LAFCo review)</p>	<p>Yes</p>	<p>Annex properties into the District to clarify and revise District boundaries.</p>	<p>District's engineer sent out customer letters via certified mail on 03/20/20.</p> <p>District's engineer completed all exhibits for parcels and began boundary exhibit.</p> <p>Resolution to be sent to the Board on 04/15/20 requesting initiation of LAFCo review.</p> <p>Project 30% Complete.</p>

Items of Interest	Department	Project Team	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
District-wide Easement Project	Engineering	Director of Engineering, Project Manager and Assistant Engineer	Yes, TBD	Yes	Research and review District facility locations and easements for potential additions/revisions.	Staff will begin this project once the annexation project is near completion.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 20, 2020 MEETING

SUBJECT : OPERATIONS DEPARTMENT REPORT
 STATUS : Information Item
 REPORT DATE : May 4, 2020
 PREPARED BY : David M. Gordon, Director of Operations
 Tim Cutler, Water Distribution Supervisor
 Rebecca Scott, Senior Management Analyst

Facilities Maintenance			CIP Projects		
	Completed WO's			Completed WO's	
	Apr.	Year to Date		Apr.	Year to Date
Backflow Maintenance	0	0	C19-010 Water Mainline	0	0
Blow Off Maintenance	1	1	C19-011 Water Valves	3	6
Hydrant Maintenance	126	331	C19-012 Water Services	16	112
Leak Investigation	0	0	C19-013 Water Meters	1	8
Mainline Repair/Maintenance	1	1	C19-014 Fire Hydrants	2	3
Meter Box Maintenance	7	17	C19-103 Pot Hole Main	0	0
Meter Register Replacement	101	174	TOTAL	22	129
Meter Repair/Test/Maintenance	0	2	Water Quality		
Pot Hole Work	0	1	<i>Water Analysis Report: Bacteriological testing has met all California Department of Public Health requirements. 72 samples were collected with no positive results.</i>		
Water Service Repair/Locate	0	2			
Valve, Mainline Maintenance	264	605			
Valve Box Maintenance	3	5			
TOTAL	503	1139			

**CITRUS HEIGHTS WATER DISTRICT
DISTRICT STAFF REPORT TO BOARD OF DIRECTORS
MAY 20, 2020 MEETING**

SUBJECT : 2020 WATER SUPPLY - PURCHASED & PRODUCED
 STATUS : Information Item
 REPORT DATE : May 4, 2020
 PREPARED BY : Brian M. Hensley, Water Resources Supervisor
 David M. Gordon, Director of Operations

OBJECTIVE:

Monthly water supply report, including a comparison to the corresponding month in the prior 5 years. The 2013 data is included for reference as it is the baseline consumption year for water conservation mandates.

Month	2013	2015	2016	2017	2018	2019	2020				Year-to-Date Comparison to 2013	
	Total Water Monthly acre feet						Surface Water Purchased	Ground Water Produced	Total Water Monthly	Total Water Annual	acre feet	%
	Jan	602.52	570.05	539.60	506.81	531.38	520.86	425.22	93.81	519.03	519.03	-83.49
Feb	606.36	511.52	484.53	443.99	525.73	447.48	488.25	101.55	589.80	1,108.83	-100.05	-8.3%
Mar	819.55	725.95	517.56	546.60	540.78	516.87	569.86	84.45	654.31	1,763.14	-265.29	-13.1%
Apr	1,029.73	761.02	677.81	575.52	646.09	682.90	678.55	88.69	767.24	2,530.38	-527.78	-17.3%
May	1,603.43	869.08	979.49	1,138.72	1,072.27	977.41						
Jun	1,816.73	1,065.10	1,343.76	1,412.94	1,387.03	1,328.07						
Jul	2,059.21	1,184.95	1,544.57	1,650.76	1,737.13	1,582.40						
Aug	1,924.28	1,188.18	1,579.80	1,570.80	1,583.78	1,603.36						
Sep	1,509.82	1,069.78	1,257.91	1,441.76	1,330.19	1,297.12						
Oct	1,297.42	918.67	840.80	1,128.97	1,061.88	1,083.17						
Nov	911.55	589.6	561.82	631.55	807.7	839.06						
Dec	700.94	519.57	518.62	574.43	558.97	548.17						
Total	14,881.54	9,973.47	10,846.27	11,622.85	11,782.93	11,426.87	2,161.88	368.50	2,530.38	2,530.38		
% of Total							85.44%	14.56%				

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 20, 2020 MEETING

SUBJECT : WATER SUPPLY RELIABILITY
STATUS : Information Item
REPORT DATE : May 20, 2020
PREPARED BY : David M. Gordon, Director of Operations
 Brian Hensley, Water Resources Supervisor

OBJECTIVE:

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

BACKGROUND AND ANALYSIS:

As of May 1, 2020, storage in Folsom Lake (Lake) was at 696,800 acre-feet, 29 percent of the total capacity of 977,000 acre-feet. This represents an increase in storage of 220,500 acre-feet in the past month.

The District's total water use during the month of April 2020 (767.24 acre-feet) was 25.5 percent below that of April 2013 (1,029.73 acre-feet).

The District continues to assist with preserving surface water supplies in the Lake by operating its groundwater wells. The District's groundwater production wells: Bonita, Skycrest, Mitchell Farms and Sylvan, are operational and used on a rotational or as-needed basis. Other District groundwater production wells, Palm and Sunrise, are at various stages of repairs.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 20, 2020 MEETING

SUBJECT : WATER EFFICIENCY & SAFETY PROGRAM UPDATE
STATUS : Information Item
REPORT DATE : May 5, 2020
PREPARED BY : Rex W. Meurer, Water Efficiency Supervisor
Hilary Straus, General Manager

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

ACTIVITIES AND PROGRESS REPORT

Water Efficiency, Safety and Meter Program activities during the month of April 2020 include:

- One High Efficiency Toilet (HET) rebate was processed. This compares to 12 HET rebates processed for the month of April 2019. The five year monthly average (2015-2019) of April HET rebates is 15.
- A total of six High Efficiency Clothes Washer (HECW) rebates were issued during the first quarter of 2020. This compares to seven HECW rebates issued for the first quarter of 2019. A total of six HECW rebates have been issued year to date.
- 24 service calls were completed. There were three reports of water waste received through CHWD's Water Efficiency web page. Staff began reaching out to customers via telephone for water waste violations and leak notifications.
- Four WaterSmart classes have been scheduled for 2020. The class dates are Saturday, April 18 (postponed), Saturday, June 6, Saturday July 18 and Saturday, September 19. The April 18 class has been postponed and will be rescheduled for a later date. The June 6 class is being restructured and rescheduled in order to accommodate an online presentation format.
- CHWD has secured three garden plots at the Sylvan Ranch Community Garden (SRCG). The plots will feature water efficient landscaping. The project will be completed in two phases. Phase I will include a gardening area at the corner of Sylvan Rd. and Stock Ranch Rd. Phase II will be an education area for activities, such as workshops and presentations. On Thursday, April 30, staff sent out the SRCG bid package for contractors to bid on. The project has entered the bidding phase and construction is expected in the late spring/early summer.
- Due to COVID-19 restrictions, staff has suspended group safety presentations. Staff plans to resume the group safety meetings once the restrictions are lifted.

- The following table summarizes the Residential Gallons Per Capita Per Day (R-GPCD) values for CHWD to date:

Month	R-GPCD 2019	R-GPCD 2020	% CHANGE
January	76	76	0%
February	72	92	+21.7
March	75	95	+26.6
April	103	116	+12.6

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS May 20, 2020 MEETING

SUBJECT : 2020 STRATEGIC PLAN UPDATE
 STATUS : Information Item
 REPORT DATE : April 30, 2020
 PREPARED BY : Madeline Henry, Administrative Services Manager/Chief Board Clerk
 Brittney Moore, Management Analyst/Deputy Board Clerk
 Susan Talwar, Director of Finance and Administrative Services

The 2020 Strategic Plan update is summarized below. Staff will be available at the meeting to answer questions and/or provide additional details.

CITRUS HEIGHTS WATER DISTRICT ⚙ 2020 STRATEGIC OBJECTIVES

A THREE-YEAR GOAL: IMPLEMENT THE PROJECT 2030 WATER MAIN REPLACEMENT PROGRAM TO ENSURE A RELIABLE WATER DISTRIBUTION SYSTEM

<i>Objectives to be Completed in the 2020 Year</i>					
#	START	END	WHAT	WHO	COMMENTS
1	Q1 2020	Q4 2020	Determine evaluation methods for replacement of transmission mains	Missy Pieri (Lead); Brian Hensley; David Gordon; Hilary Straus; Neil Tamagni; Paul Dietrich; Tamar Dawson; Tim Cutler	
2	Q2 2020	Q4 2020	Develop a pipeline inspection program for transmission mains and creek crossings, and complete creek crossing inspections.	Missy Pieri (Lead); Brian Hensley; David Gordon; Hilary Straus; Neil Tamagni; Paul Dietrich; Tamar Dawson; Tim Cutler	

**2020 Strategic Plan Update
May 20, 2020 Board of Directors Meeting**

**AGENDA ITEM: CC-17
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3	Q1 2020	Q4 2020	Develop outreach and engagement plan on the preferred alternative from the Project 2030 Water Main Replacement Study.	Missy Pieri ; David Gordon; Hilary Straus; Madeline Henry (Lead) ; Paul Dietrich; Susan Talwar; Tamar Dawson	Outreach and engagement plan development has begun.
4	Q1 2020	Q4 2020	Develop funding mechanism for the preferred alternative from the Project 2030 Water Main Replacement Study.	Missy Pieri ; Alberto Preciado; Brittney Moore; David Gordon; Hilary Straus; Madeline Henry; Paul Dietrich; Susan Talwar (Lead) ; Tamar Dawson	Funding plan development has begun.

CITRUS HEIGHTS WATER DISTRICT ☼ 2020 STRATEGIC OBJECTIVES

THREE-YEAR GOAL: MANAGE AND DIVERSIFY A DEPENDABLE WATER SUPPLY

<i>Objectives to be Completed in the 2020 Year</i>					
#	START	END	WHAT	WHO	COMMENTS
1	Q3 2019	Q2 2020	Complete Aquafer Storage Recovery (ASR) Study Feasibility Study	David Gordon ; Brian Hensley (Lead); Hilary Straus; Missy Pieri; Rebecca Scott; Steve Anderson; Susan Talwar	The Regional and CHWD specific studies have begun and the technical portion of the study will be complete in May 2020.
2	Q1 2020	Q4 2021	Work with Wholesale Agency to update Supply Agreement, including: <ul style="list-style-type: none"> • Amend Water Shortage Agreement with San Juan Family of Agencies • Update Water Supply Agreement Terms Amend Mutual Aid Agreement with San Juan Family of Agencies	Hilary Straus (Lead) Brian Hensley; David Gordon; Rebecca Scott; Steve Anderson; Susan Talwar	
3	Q2 2019	Q4 2020	Hinkle Reservoir Cover Replacement: <ol style="list-style-type: none"> 1. Develop operation plan Develop participation and cost agreement	David Gordon (Lead) ; Brian Hensley; Hilary Straus; Rebecca Scott; Susan Talwar; Steve Anderson	The Project has been delayed until 2021/2022. Staff continues to work on an Operational Plan with the SJWD-W family.
4	Q2 2019	Q2 2020	Explore participation in the American River Basin Voluntary Settlement Agreement with San Juan Water District.	David Gordon ; Brian Hensley; Hilary Straus (Lead); Rebecca Scott; Susan Talwar; Steve Anderson	

THREE-YEAR GOAL: MANAGE AND DIVERSIFY A DEPENDABLE WATER SUPPLY CONT'D

<i>Objectives to be Completed in the 2020 Year</i>					
#	START	END	WHAT	WHO	COMMENTS
5	Q1 2018	Q1 2022	Participate with local Groundwater Sustainability Agency (GSA) to develop a Groundwater Sustainability Plan (GSP).	David Gordon (Lead) ; Brian Hensley; Hilary Straus; Steve Anderson	SGMA implementation must begin by Jan 2022.
6	Q1 2019	Q2 2020	Amend Intertie Agreement with Carmichael Water District	David Gordon ; Brian Hensley (Lead); Hilary Straus; Rebecca Scott; Steve Anderson	This item is complete.

CITRUS HEIGHTS WATER DISTRICT ✨ 2020 STRATEGIC OBJECTIVES

THREE-YEAR GOAL: MANAGE WATER EFFICIENCY EFFECTIVELY AND EMPOWER CUSTOMERS TO USE WATER IN AN EFFICIENT MANNER

<i>Objectives to be Completed in the 2020 Year</i>					
#	START	END	WHAT	WHO	COMMENTS
1	Q3 2019	Q2 2020	Complete WaterSmart Communications Plan and Branding	Hilary Straus; Madeline Henry (Lead); Rex Meurer; Susan Talwar	
2	Q1 2020	Q4 2020	Increase attendance by 10% at CHWD WaterSmart Classes	Hilary Straus; Madeline Henry; Rex Meurer (Lead)	<p>The April 18 WaterSmart class has been postponed due to COVID-19 restrictions. The upcoming July class is being reformatted into an online structure, able to be viewed on a computer live interactively or as a recording at a later date.</p> <p>The District plans to improve attendance by creating a WaterSmart specific Communications Plan with its new communications firm, Sagent, in 2020.</p>
3	Q2 2019	Q1 2020	Complete Design and Construction of Demonstration Garden and Educational Area at Stock Ranch Community Garden (SRCG)	Hilary Straus; Madeline Henry; Nick Spiers; Rebecca Scott; Rex Meurer (Lead)	

**THREE-YEAR GOAL: MANAGE WATER EFFICIENCY EFFECTIVELY AND EMPOWER CUSTOMERS TO USE WATER
 IN AN EFFICIENT MANNER CONT'D**

<i>Objectives to be Completed in the 2020 Year</i>					
<i>#</i>	<i>START</i>	<i>END</i>	<i>WHAT</i>	<i>WHO</i>	<i>COMMENTS</i>
4	Q1 2020	Q4 2020	Increase sign-ups for Water Efficiency Reviews by 10%	Hilary Straus; Madeline Henry; Rex Meurer (Lead)	<p>26 Water Efficiency Reviews have been completed year to date. Due to COVID-19 restrictions, staff suspended the Water Efficiency Review program on Thursday, March 19, 2020.</p> <p>The District plans to improve review sign-ups by creating a WaterSmart specific Communications Plan with its new communications firm, Sagent in 2020.</p>

CITRUS HEIGHTS WATER DISTRICT ☀ 2020 STRATEGIC OBJECTIVES

THREE-YEAR GOAL: COMPLETE THE METER REPLACEMENT PROGRAM STUDY TO BETTER UTILIZE TECHNOLOGY AND OBTAIN ACCURATE MEASUREMENTS TO PROMOTE EFFICIENT WATER USE

Objectives to be Completed in the 2020 Year					
#	START	END	WHAT	WHO	COMMENTS
1	Q3 2019	Q2 2020	Complete an assessment of current water meters	David Gordon; Brady Chambers; Dana Mellado; Hilary Straus; Kelly Drake; Rebecca Scott; Rex Meurer (Lead)	This item is complete.
2	Q3 2019	Q1 2020	Evaluate meter technologies and platforms	David Gordon (Lead); Brady Chambers; Dana Mellado; Hilary Straus; Kelly Drake; Missy Pieri; Rebecca Scott; Rex Meurer	This item is complete.
3	Q1 2020	Q1 2021	Develop a Funding Strategy for replacement program	David Gordon; Alberto Preciado; Brittney Moore; Hilary Straus; Madeline Henry; Missy Pieri; Rebecca Scott; Rex Meurer; Susan Talwar (Lead)	
4	Q1 2020	Q3 2020	Prepare an implementation Strategy for Meter Replacements and Meter Testing	David Gordon; Alberto Preciado; Brady Chambers; Dana Mellado; Hilary Straus; Kelly Drake; Missy Pieri; Rebecca Scott; Rex Meurer (Lead)	
5	Q2 2019	Q1 2021	Prepare and implement a Public Engagement Strategy including Customer Advisory Committee participation	David Gordon; Brittney Moore; Hilary Straus; Madeline Henry (Lead); Rebecca Scott; Rex Meurer; Susan Talwar	

CITRUS HEIGHTS WATER DISTRICT ☀ 2020 STRATEGIC OBJECTIVES

**THREE-YEAR GOAL: MANAGE THE EFFICIENT IMPROVEMENT OF AND REINVESTMENT IN DISTRICT
 INFRASTRUCTURE AND FACILITIES**

Objectives to be Completed in the 2020 Year					
#	START	END	WHAT	WHO	COMMENTS
1	Q2 2019	Q2 2020	Complete Corporation Yard Pre-Architectural Study and Complete Pre-Design Report of Preferred Alternative	Missy Pieri (Lead) ; David Gordon; Hilary Straus; Paul Dietrich; Rebecca Scott; Susan Talwar; Tamar Dawson; Technical Advisory Committee	To begin once staffing report has been presented and approved by the Board.
2	Q4 2020	Q3 2021	Hire a design consultant to initiate PS&E for the Corp Yard/Facilities Master Plan	Missy Pieri (Lead) ; David Gordon; Hilary Straus; Paul Dietrich; Rebecca Scott; Susan Talwar; Tamar Dawson; Technical Advisory Committee	
3	Q2 2019	Q4 2020	Complete District-wide Annexation Project	Missy Pieri ; Dana Mellado; David Gordon; Hilary Straus; Madeline Henry; Paul Dietrich; Rebecca Scott; Tamar Dawson (Lead)	Documentation was submitted to LAFCo the week of 05/04/20.
4	Q1 2019	Q4 2020	Dispose of two surplus well sites	David Gordon (Lead) ; Alberto Preciado; Brian Hensley; Hilary Straus; Josh Nelson; Rebecca Scott	This item is complete.

CITRUS HEIGHTS WATER DISTRICT ✪ 2020 STRATEGIC OBJECTIVES

THREE-YEAR GOAL: PROMOTE ORGANIZATIONAL EFFECTIVENESS TO ENHANCE CUSTOMER SERVICE

<i>Objectives to be Completed in the 2020 Year</i>					
#	START	END	WHAT	WHO	COMMENTS
1	Q4 2019	Q4 2020	Implement Communications Strategic Plan including strategies for new e-newsletter, new media, and video.	Susan Talwar ; Brittney Moore; Hilary Straus; Madeline Henry (Lead)	Staff are finalizing the Communications Plan and recommendations. Staff have expanded the District's presence on social media, utilizing Facebook and Nextdoor, and creating a Twitter. Staff have created four videos in response to COVID-19.
2	Q3 2019	Q1 2020	Implement a Time and Entry System	Susan Talwar (Lead); Alberto Preciado; Brittney Moore; Hilary Straus; Madeline Henry	This item is complete.
3	Q1 2020	Q4 2020	Implement the enterprise-wide Document Management System, convert the first 17 document types, & implement 6 document workflows	Susan Talwar (Lead); PITA; Brady Chambers; Brian Hensley; Beth Shockley; Madeline Henry; Tamar Dawson; Tim Cutler	Project is on hold due to vacancy of IT position.
4	Q4 2019	Q4 2020	Complete Website redesign including update of host and CMS, redesign of sitemap, and update of content	Susan Talwar ; Brittney Moore; Hilary Straus; Madeline Henry (Lead);	The website redesign is scheduled for Summer 2020 and the new website is scheduled to launch in Q3 2020.
5	Q1 2020	Q4 2020	Complete consultant selection and initiate study for regional integration evaluation.	Hilary Straus (Lead) ; Rod Wood, Bob Churchill, David Gordon; Josh Nelson; Steve Anderson; Susan Talwar	This item is complete. Project study kick-off meeting was held on 4/29/20.
6	Q3 2019	Q4 2020	Develop 5-year IT Strategic Plan	Susan Talwar (Lead); PITA; Hilary Straus	Project is on hold due to vacancy of IT position.

Objectives to be Completed in the 2020 Year					
#	START	END	WHAT	WHO	COMMENTS
7	Q1 2019	Q4 2020	Implement a series of events and promotions for the District's Centennial Celebration	Susan Talwar ; Madeline Henry (Lead); Brittney Moore; Hilary Straus	The Centennial events and promotions are scheduled to start in October. Staff are currently evaluating event options, centennial branding and electronic communications.
8	Q2 2019	Q4 2021	Develop a Local Hazard Mitigation Plan	David Gordon (Lead) ; Hilary Straus; Josh Nelson; Kelly Drake; Rebecca Scott; Rex Meurer	
9	Q1 2020	Q4 2021	Review and Update 6000's and 7000's	Susan Talwar (Lead) ; Alberto Preciado; Dana Mellado; Hilary Straus; Josh Nelson	A presentation of updates to the 6000 series policies will be provided to the Board at its 5/20/2020 meeting.
10	Q1 2020	Q2 2020	Select Consultant for Audit Services	Susan Talwar ; Alberto Preciado (Lead); Hilary Straus	The current audit contract has been extended for one year, to include the 2020 FY.
11	Q2 2020	Q4 2020	Implement an HRMS System	Susan Talwar (Lead) Alberto Preciado; Brittney Moore; Hilary Straus; Madeline Henry	Staff have transitioned payroll into the ADP system. They have received training on implementing the HRMS system and will begin to do so in June 2020.
12	Q2 2019	Q4 2021	Review and Create 8000's and 9000's	Missy Pieri (Lead) ; Paul Dietrich; Josh Nelson; Neil Tamagni; Tamar Dawson	

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 20, 2020 REGULAR MEETING

SUBJECT : DISCUSSION AND POSSIBLE ACTION TO CALL FOR A NOVEMBER 3, 2020 ELECTION
 STATUS : Action Item
 REPORT DATE : May 4, 2020
 PREPARED BY : Brittney Moore, Management Analyst/Deputy Board Clerk
 Madeline Henry, Administrative Services Manager/Chief Board Clerk
 Susan Talwar, Director of Finance and Administration

OBJECTIVE:

Consider adoption of Resolutions 06-2020 (Sacramento County) and 07-2020 (Placer County) calling for a November 3, 2020 election of a Director for a regular 4-year term in Division one.

BACKGROUND AND ANALYSIS:

Citrus Heights Water District (CHWD or District) staff has prepared resolutions calling for and conducting of an election consolidated with the Counties of Sacramento and Placer.

The nomination period for candidates for the CHWD Board of Directors begins July 13, 2020, and ends August 7, 2020.

As in prior elections, in the event of a tie vote for the Board positions, the winner will be determined by lot selected by the Registrar of Voters of the County of Sacramento.

CHWD currently elects its Board of Directors through an “of-division” electoral system in which each Board member must reside within a division but is elected by the voters of the entire electorate to provide District-wide representation. On December 18, 2019 CHWD Board of Directors took proactive measures to avoid potential California Voter Rights Act (CVRA) liability and adopted Resolution 24-2019, Intent to change the District’s election system from of-division, to a by-district system where only registered voters within a particular district vote for a potential Board member from their district. The District is presently working through the specific process set forth in AB 350 (Elections Code section 10010) to adopt a resolution to transition to by-district elections, for use in the Board election this November.

The District’s Division boundaries were last reviewed and adjusted in May 2002 to provide better equity in population among the three Divisions. The District’s service connection count in May 2002 was 19,106. The service connection count in May 2020 is 19,940 representing an increase of 834 services (+4.36%). Douglas Johnson, a professional demographer with National Demographics Corporation, recommends retaining the District’s existing map of election divisions (or districts) for the November 3, 2020 election.

RECOMMENDATION:

Adopt Resolutions 06-2020 (Sacramento County) and 07-2020 (Placer County) calling for a November 3, 2020 election of a Director for a regular 4-year term in Division one.

ATTACHMENTS:

1. Resolution 06-2020 (Sacramento County) calling for a November 3, 2020 Election
2. Resolution 07-2020 (Placer County) calling for a November 3, 2020 Election

ACTION:

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

ATTACHMENT 1

Resolution 06-2020 (Sacramento County) calling for a
November 3, 2020 Election

CITRUS HEIGHTS WATER DISTRICT
RESOLUTION NO. 06-2020

RESOLUTION OF THE BOARD OF DIRECTORS
CALLING FOR A NOVEMBER 3, 2020 ELECTION OF A DIRECTOR FOR A
REGULAR 4-YEAR TERM IN DIVISION ONE

WHEREAS, an election will be held on November 3, 2020 within the Citrus Heights Water District that will affect Sacramento and Placer Counties for the purpose of electing one member to the District's Board of Directors for full four-year term; and

WHEREAS, a general election will be held within the County of Sacramento on the same day; and

WHEREAS, Elections Code §10403 requires jurisdictions to file with the Board of Supervisors, and a copy with the Registrar of Voters, a resolution requesting consolidation with a statewide election; and

WHEREAS, pursuant to Elections Code §10509, the Board of Directors of the Citrus Heights Water District orders an election to be held in its jurisdiction on said date, at which election the issue to be presented to the voters shall be:

ELECTION OF THE DIRECTOR FOR THE CITRUS HEIGHTS WATER DISTRICT

1. Said election shall be to fill a vacancy for the following Board Member whose term expired:

Division One: Full 4-Year Term currently held by Caryl F. Sheehan whose term will expire on the first Friday of December 2020.

2. Said Directors for this District are elected in the following manner:

Qualified by District-Elected by District. Directors must qualify to run by living in a specific District, only voters residing in that division of the District may vote on candidate.

3. The District has determined the following election particulars:
 - a. In the case of a tie vote, the election shall be determined by lot by the Registrar of Voters of Sacramento County.
 - b. The length of the Candidate Statement shall not exceed 200 words.
 - c. The cost of the Candidate Statement shall be prepaid to the Voter Registration and Elections office by the Candidate.
4. The District hereby certifies that there have not been changes to the District's

Division boundary lines since the District's last election, but the District understands that the Registrar of Voters of Sacramento County will verify our District and District Division boundary lines prior to qualifying Candidates for the election.

NOW, THEREFORE, BE IT RESOLVED, THAT THE BOARD OF DIRECTORS OF THE CITRUS HEIGHTS WATER DISTRICT requests that the Board of Supervisors of Sacramento County to consolidate the regularly scheduled General Election with the statewide election to be held on November 3, 2020; and

BE IT FURTHER RESOLVED that the Citrus Heights Water District agrees to reimburse the Registrar of Voters of Sacramento County for actual costs accrued to provide election services; such costs to be calculated by the method set forth in the County's current Election Cost Allocation Procedures; and

NOW THEREFORE BE IT RESOLVED that the Candidates are to pay the Voter Registration and Elections office for the publication of the voluntary Candidate's Statement, pursuant to Elections Code §13307. The limitation on the number of words that a Candidate may use in his or her voluntary Candidate's Statement is 200 words; and

BE IT FURTHER RESOLVED that the Board of Directors of Citrus Heights Water District requests Registrar of Voters of Sacramento County to coordinate the reporting of election results with the Placer County Elections Division.

ADOPTED this 20th day of May, 2020

AYES: Board Members-

NOES: Board Members-

ABSTAIN: Board Members-

ABSENT: Board Members-

RAYMOND RIEHLE, President
Board of Directors
Citrus Heights Water District

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 06-2020 adopted by the Board of Directors of Citrus Heights Water District at its regular meeting held May 20, 2020.

Madeline Henry, Chief Board Clerk
Citrus Heights Water District

ATTACHMENT 2

Resolution 07-2020 (Placer County) calling for a
November 3, 2020 Election

CITRUS HEIGHTS WATER DISTRICT
RESOLUTION NO. 07-2020

RESOLUTION OF THE BOARD OF DIRECTORS
DECLARING AN ELECTION BE HELD IN ITS JURISDICTION;
REQUESTING THE PLACER COUNTY BOARD OF SUPERVISORS TO
CONSOLIDATE THIS ELECTION WITH ANY OTHER ELECTION CONDUCTED
ON SAID DATE;
AND REQUESTING ELECTION SERVICES BY THE COUNTY CLERK

WHEREAS, the Board of Directors of the Citrus Heights Water District orders an election to be held in its jurisdiction on November 3, 2020 at which election the issue to be presented to the voters shall be:

ELECTION OF DIRECTOR FOR THE CITRUS HEIGHTS WATER DISTRICT

1. Said election shall be to fill a vacancy on the Board of Directors for the following Citrus Heights Water District Division:

Division One: Full 4-Year Term currently held by Caryl F. Sheehan whose term will expire on the first Friday of December 2020.

Said Directors for this District are elected in the following manner:

Qualified by Division - Elected by District. Directors must qualify to run by living in a specific division, only voters residing in that division of the District may vote on candidates.

2. The District has determined the following election particulars:
 - a. In the case of a tie vote, the election shall be determined by lot by the Registrar of Voters of Sacramento County.
 - b. The length of the voluntary Candidate's Statement shall not exceed 200 words.
 - c. The cost of the voluntary Candidate's Statement will be determined by the Registrar of Voters and prepaid to the Placer County Office of Elections by the Candidate.
 - d. The County Clerk is requested to provide election services. The District agrees to reimburse the Placer County Clerk for all applicable costs for election services.
3. The District hereby certifies that there have not been changes to the District's Division boundary lines since the District's last election, but the District understands that the Placer County Public Works Mapping Division will verify our

District and District Division boundary lines prior to qualifying Candidates for the election.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Citrus Heights Water District hereby requests the Board of Supervisors of Placer County to:

1. Consolidate the regularly scheduled General District Election with any other applicable election conducted on the same day;
2. Combine the Notice of District Election and Publication of Election Notice with those of other special districts scheduled for election on said date.
3. Authorize and direct the County Clerk, at the District's expense, to provide all necessary election services.
4. Coordinate the reporting of election results with the Registrar of Voters of Sacramento County.

ADOPTED this 20th day of May, 2020

AYES: Board Members-

NOES: Board Members-

ABSTAIN: Board Members-

ABSENT: Board Members-

RAYMOND RIEHLE, President
Board of Directors
Citrus Heights Water District

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 07-2020 adopted by the Board of Directors of Citrus Heights Water District at its regular meeting held May 20, 2020.

Madeline Henry, Chief Board Clerk
Citrus Heights Water District

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 20, 2020 REGULAR MEETING

SUBJECT : DISCUSSION AND POSSIBLE ACTION TO APPROVE AN AGREEMENT WITH COLANTUONO, HIGHSMITH & WHATLEY, PC FOR SPECIAL COUNSEL SERVICES

STATUS : Action Item

REPORT DATE : May 4, 2020

PREPARED BY : Madeline Henry, Administrative Services Manager/Chief Board Clerk
Susan Talwar, Director of Finance and Administrative Services

OBJECTIVE:

Consider approval of a legal services agreement with Colantuono, Highsmith & Whatley, PC (CHW) for special counsel services.

BACKGROUND AND ANALYSIS:

Citrus Heights Water District (CHWD) continues to maintain a small multi-disciplinary and cross-functional staff who perform work in a variety of operational areas. Supplementing CHWD's small core staff team are contract, part-time and/or limited term staff support, who are generalists and/or subject matter experts, and who provide CHWD the ability to flex-up and flex-down to meet peak workload demand, optimally manage workload distribution, meet special project requirements, provide adequate staffing coverage during planned/unplanned leave of staff, and to tackle complex projects and issues. The District has utilized this "blended team/flexible staffing model" to maintain a high level of productivity and effectiveness. Examples of this approach include in the areas of right-of-way acquisition, communications, capital improvement program design, human resources and legal services.

Based upon past performance and work performed for Citrus Heights Water District, staff recommends that the Board authorize the General Manager to execute an agreement with Colantuono, Highsmith & Whatley, PC, for special counsel services with a focus on employment practices legal support. CHW's work for CHWD to date has proven invaluable, providing support on complex human resources issues, including policy, procedural and issue-based work, including most recently, developing, reviewing and revising sensible procedures/strategies for responding to COVID-19.

CHW's lead attorney who will be assigned to CHWD, Terri Highsmith, has an extensive background in local government legal issues, including a focus on employment practices, and has already served as a valuable technical and professional resource to CHWD's administration team. CHW has a depth of legal and legal support staffing resources available to CHWD staff in addition to Ms. Highsmith.

The focus of the work with CHW will be in employment practices. Special projects and issues are also included in the scope of services as assigned. Regarding the focus area of Employment practices, CHW will be working on the full-range of employment practices issues, ranging from routine human resources (HR) help desk calls from HR staff to working with CHWD's staff team on more complex Board policies, administrative procedures, and issues, such as return-to-work and employee disciplinary issues. CHW will also provide trainings and access to CHW's extensive library/databank of sample documents, reducing the time needed to prepare policies and procedures or complete a variety of other HR tasks.

This agreement will provide the District with added flexibility to respond to a variety of issues in a timely, and efficient manner.

As is the case with CHWD's other professional services/task-order agreements, the agreement offers the ability for task-order work to be performed on an billable/hourly format or a Project Budget (not-to-exceed) format. Therefore, costs only occur for work performed under this agreement; there is no retainer component for this agreement. A copy of the legal services agreement accompanies this agenda report. Funding for work performed for this agreement is included in the 2020 CHWD budget.

RECOMMENDATION:

Approve the agreement with Colantuono, Highsmith & Whatley, PC, and authorize the General Manager to execute the agreement for special counsel services.

ATTACHMENT:

1. Agreement with Colantuono, Highsmith & Whatley, PC.

ACTION:

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

**CITRUS HEIGHTS WATER DISTRICT
PROFESSIONAL SERVICES AGREEMENT
FOR SPECIAL COUNSEL**

1. PARTIES AND DATE.

This Agreement is made and entered into this 20th day of May 2020, by and between the Citrus Heights Water District, a public agency organized and operating under the laws of the State of California with its principal place of business at 6230 Sylvan Road, Citrus Heights, CA 95610 (“District”) and Colantuono, Highsmith & Whatley, PC, a California, PC with its principal place of business at 420 Sierra College Drive, Suite 140 Grass Valley, CA 95945-5091 (“Consultant”). District and Consultant are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

2. RECITALS.

2.1 District. District is a public agency organized under the laws of the State of California, with power to contract for services necessary to achieve its purpose.

2.2 Consultant. Consultant desires to perform and assume responsibility for the provision of certain professional services required by the District on the terms and conditions set forth in this Agreement and in the task order(s) to be issued pursuant to this Agreement and executed by the District and Consultant (“Task Order”). Consultant represents that it is experienced in providing all of the support services listed in the scope of services provided for in Exhibit “A” to public clients, is licensed in the State of California, and is familiar with the plans of District.

2.3 Project. District desires to engage Consultant to render such services on an on-call basis. Services shall be ordered by Task Order(s) to be issues pursuant to this Agreement for future projects as set forth herein (each such project shall be designated a “Project” under this Agreement).

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the District all labor, materials, tools, equipment, services, and incidental and customary work, on an on-call basis, as necessary to fully and adequately supply the professional human resources and related consulting services necessary for the Project (“Services”). The types of Services to be provided are generally described in Exhibit “A,” attached hereto and incorporated herein by reference. The Services shall be more particularly described in the individual Task Order issued by the District’s General Manager or designee. No Service shall be performed unless authorized by a fully executed Task Order in the form attached hereto as Exhibit “B”. All Services shall be subject to, and performed in accordance with, this Agreement, the relevant Task Order, the exhibits attached

hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from May 20, 2020 until terminated as provided herein. Consultant shall meet any other established schedules and deadlines set forth in the applicable Task Order. All applicable indemnification provisions of this Agreement shall remain in effect following the termination of this Agreement.

3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement and such directions and amendments from District as herein provided. District retains Consultant on an independent contractor basis and not as an employee. No employee or agent of Consultant shall become an employee of District. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of District and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the specific schedule that shall be set forth in the Task Order ("Schedule of Services"). Consultant shall be required to commence work within five (5) days, or as soon thereafter as reasonably practicable, of receiving a fully executed Task Order. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule of Services, District shall respond to Consultant's submittals in a timely manner. Upon request of District, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of District.

3.2.4 RESERVED.

3.2.5 District's Representative. The District hereby designates the General Manager, or his or her designee, to act as its representative for the performance of this Agreement ("District's Representative"). District's Representative shall have the power to act on behalf of the District for all purposes under this Contract. Consultant shall not accept direction or orders from any person other than the District's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates Teresa Highsmith, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent

and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with District staff in the performance of Services and shall be available to District's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, including a City of Citrus Heights Business License, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the District, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the District to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the District, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. If required, Consultant shall assist District, as requested, in obtaining and maintaining all permits required of Consultant by federal, state and local regulatory agencies. Consultant shall be liable for all violations of local, state and federal laws, rules and regulations in connection with the Project and the Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the District, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold District, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence the Services under this Agreement until it has provided evidence satisfactory to the District that it has secured all insurance required under this section. In addition, Consultant shall not allow any

subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the District that the subcontractor has secured all insurance required under this section.

3.2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance meeting the requirements set forth herein. In the event Consultant is self-insured, Consultant shall provide evidence of self-insured coverage that provides coverage that is equal to the insurance requirements set forth herein. Consultant shall require all of its subcontractors to procure and maintain the same insurance specified herein for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (2) *Automobile Liability for non-owned automobile liability insurance*; (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance; and (4) *Professional Liability (Errors and Omissions)*: professional liability or Errors and Omissions insurance appropriate to its profession.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: One Million Dollars (\$1,000,000) combined single limit (each accident) for bodily injury and property damage; (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of One Million Dollars (\$1,000,000) per accident for bodily injury or disease; and (4) *Professional Liability (Errors and Omissions)*: Consultant shall maintains in full force and effect a professional liability insurance policy which provides coverage in an amount not less than \$2,000,000 per occurrence and \$2,000,000 aggregate. Said insurance policy shall provide coverage to the District for any damages or losses suffered by the District as a result of any error or omission or neglect by the Consultant which arises out of the professional services required by this Agreement.

Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as additional insured pursuant to this Agreement. Defense costs shall be payable in addition to the limits.

3.2.10.3 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by the District to add the following provisions to the insurance policies:

(A) Commercial General Liability. The commercial general liability policy shall be endorsed to provide the following: (1) the District, its directors, officials,

officers, employees, agents and volunteers shall be covered as additional insureds using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage; (2) the insurance coverage shall be primary insurance as respects the District, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way; and (3) the insurance coverage shall contain or be endorsed to provide waiver of subrogation in favor of the District, its directors, officials, officers, employees, agents and volunteers or shall specifically allow Consultant to waive its right of recovery prior to a loss. Consultant hereby waives its own right of recovery against District, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(B) Automobile Liability. Consultant currently maintains non-owned automobile liability insurance in the amount of One Million Dollars (\$1,000,000) combined single limit (each accident) for bodily injury and property damage, as it does not own any automobiles; Consultant shall endorse the District, its directors, officials, officers, employees, agents and volunteers as an additional insured on its non-owned automobile liability policy.

(C) Workers' Compensation and Employers Liability Coverage. The insurer shall agree to waive all rights of subrogation against the District, its directors, officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) Professional Liability (Errors and Omissions). This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement.

(E) All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (1) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the District; and (2) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the District, its directors, officials, officers, employees, agents and volunteers.

3.2.10.4 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the District, its directors, officials, officers, employees, agents and volunteers.

3.2.10.5 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the District. Consultant shall guarantee that, at the option of the District, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its directors, officials, officers,

employees, agents and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.2.10.6 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VII, admitted to transact in the business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law, and satisfactory to the District.

3.2.10.7 Verification of Coverage. Consultant shall furnish District with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the District. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by the District if requested. All certificates and endorsements must be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.2.10.8 Subconsultants. Consultant shall not allow any subcontractors or subconsultants to commence work on any subcontract until they have provided evidence satisfactory to the District that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors or subconsultants shall be endorsed to name the District as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, District may approve different scopes or minimum limits of insurance for particular subcontractors or subconsultants.

3.2.10.9 Compliance With Coverage Requirements. If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, District has the right but not the duty to obtain the insurance it deems necessary and any premium paid by District will be promptly reimbursed by Consultant or District will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, District may terminate this Agreement for cause.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (1) adequate life protection and life-saving equipment and procedures; (2) instructions in accident prevention for all employees and subcontractors, such as equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (3) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit “A,” attached hereto and incorporated herein by reference. The total compensation per Task Order shall be set forth in the relevant Task Order, and Consultant shall be compensated in one of two billable methods: a) Time and Materials/Hourly Billable; or b) Project Basis/Not-to-Exceed (NTE) amount. Extra Work may be authorized, as described below; and if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to District a monthly itemized invoice which indicates work completed and hours of Services rendered by Consultant. The invoice shall reference the relevant Task Order and describe the amount of Services and supplies provided since the initial commencement date of Services under this Agreement, and since the start of the subsequent billing periods, through the date of the invoice. Consultant shall include a Project Task Tracking Sheet with each invoice submitted. District shall, within forty-five (45) days of receiving such invoice and Project Task Tracking Sheet, review the invoice and pay all approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized under Exhibit “B” or otherwise in writing by District.

3.3.4 Extra Work. At any time during the term of this Agreement, District may request that Consultant perform Extra Work. As used herein, “Extra Work” means any work which is determined by District to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from District’s Representative. Where Extra Work is deemed merited by the District, an amendment to this Agreement shall be prepared by the District and executed by both Parties before performance of such Extra Work, or the District will not be required to pay for the changes in the scope of work. Such amendment shall include the change in fee and/or time schedule associated with the Extra Work. Amendments for Extra Work shall not render ineffective or invalidate unaffected portions of this Agreement

3.3.5 Prevailing Wages. Consultant is aware of the requirements of California Labor Code Sections 1720 et seq., and 1770 et seq., as well as California Code of Regulations, Title 8, Section 16000 et seq., (“Prevailing Wage Laws”), which require the payment of prevailing wage rates and the performance of other requirements on certain “public works” and “maintenance” projects. If the Services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and if the total compensation is One Thousand Dollars (\$1,000) or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Consultant shall obtain a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant’s principal place of business and at the project site. Consultant shall defend, indemnify and hold the District, its officials, officers, employees, volunteers and agents free and harmless from any claims, liabilities, costs,

penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

If the Services are being performed as part of an applicable “public works” or “maintenance” project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such Services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants, as applicable. This Project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of District during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. Either party may terminate the whole or any part of this Agreement at any time and without cause by giving written notice to the other party of such termination, and specifying the effective date thereof, at least fifteen (15) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those Services which have been adequately rendered to District, and Consultant shall be entitled to no further compensation.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, District may require Consultant to provide all finished or unfinished Documents and Data (defined below) and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, District may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

District

Citrus Heights Water District
P.O. Box 286
Citrus Heights, CA 95611
Attn: Hilary Straus, General Manager

Consultant

Colantuono, Highsmith & Whatley, PC
420 Sierra College Drive, Suite 140
Grass Valley, CA 95945-5091

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for District to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement (“Documents & Data”). Consultant shall require all subcontractors to agree in writing that District is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the District. District shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at District’s sole risk.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents & Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of District, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use District’s name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of District.

3.5.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.5 Arbitration of Disputes. The Parties agree that any fee dispute will be resolved by binding arbitration in Los Angeles or Nevada Counties pursuant to the arbitration rules for legal fee disputes of the respective County Bar Association. The Parties further agree that all disputes regarding the services rendered or fees charged not resolved via County Bar fee arbitration will be submitted to binding arbitration in Los Angeles County or a neutral county as agreed between the Parties to be conducted by ADR Services, Inc. in accordance with its commercial arbitration rules. Each Party shall bear its own costs of arbitration.

3.5.6 Indemnification. To the extent permitted by law, The Firm shall indemnify, hold harmless and defend District, its officers, agents, employees and volunteers from and against any all claims and losses, costs, or expenses for any damage due to death or injury to any person and injury to any property resulting from any alleged intentional, reckless, or negligent acts, errors or omissions of the firm in the performance of this Agreement; excluding, however, such liability, claims, losses, damages, or expenses arising from District's sole negligence or willful acts.

3.5.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

3.5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Sacramento County.

3.5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.5.10 District's Right to Employ Other Consultants. District reserves right to employ other consultants in connection with this Project.

3.5.11 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the District. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.5.12 Subcontracting. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of District. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

3.5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subcontractors of Consultant, except as otherwise specified in this Agreement. All references to District include its officials, officers, employees, agents, and volunteers except as otherwise specified in this

Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.5.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.5.16 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.5.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, District shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of District, during the term of his or her service with District, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.5.19 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

3.5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

[Signatures on Following Page]

**SIGNATURE PAGE
TO
CITRUS HEIGHTS WATER DISTRICT
PROFESSIONAL SERVICES AGREEMENT
FOR SUPPORT SERVICES**

CITRUS HEIGHTS WATER DISTRICT

Colantuono, Highsmith & Whatley, PC

By: _____
Hilary M. Straus
General Manager

By: _____
Teresa L. Highsmith
Shareholder

Date: _____

Date: _____

EXHIBIT "A"
SCOPE OF SERVICES

SCOPE OF SERVICES

As Special Counsel, the law firm of Colantuono, Highsmith & Whatley, PC is able to provide the Citrus Heights Water District (“District”) with the full range of transactional and litigation legal services that you may require with a focus on labor and employment/employee relations services and legal support for other complex matters as assigned. Teresa L. Highsmith will provide the majority of your labor and employment legal needs, with support from the other members of the Firm's labor and employment team, including Matthew Summers, Ryan Reed, Laura Zagaroli, and Holly Whatley who specializes in litigation work for the Firm, including employment issues.

I. Summary of Scope of Services.

As Special Counsel, we are able to provide legal advice to the District Board and staff via telephone, teleconference, email, written memoranda on both routine and complex legal matters, both advisory and litigation, including but not limited to:

- Employment and labor (including, but not limited to Fair Labor Standards Act, various state leave laws, workers compensation, disability issues under both state Fair Employment & Housing Act and federal Americans with Disabilities Act, pension laws and reform;
- Preparation of interactive process letters;
- Advice and policy drafting for compliance with the federal Families First Coronavirus Response Act (FFCRA);
- Preparation of Employee Handbooks and Personnel Policies;
- Preparation of Employer/Employee Relations Policies/Resolutions
- Preparation of disciplinary documents, as needed;
- Preparation of Performance Improvement Plan (PIP), as needed, as alternative to employee discipline;
- Employment investigation services;
- Preparation of employment agreements for at-will employees;
- Negotiations and preparation of settlement and separation agreements;
- Pro-active advice on changes in employment law applicable to the District;
- Advice on compliance with the Meyers-Milias-Brown Act meet and confer requirements in the event of labor organization;
- Provider of mandated AB 1825 harassment prevention training;
- Provider of mandated AB 1234 ethics training
- Insurance coverage requirements and other risk management-related issues;
- Special Projects as assigned
- Supervision of and coordination with CJPIA retained counsel

II. Fee Schedule

Unless otherwise requested by our clients, we bill on a monthly basis (the 1st through the end of the month), with bills transmitted to you by the first half of the next month. The invoice for legal services will include an itemized statement of the professional services provided and the time expended to provide those services in the form customarily submitted by the Firm to clients which are billed on an hourly basis. Invoices for legal services charged by the Firm will be in increments of 1/10 of an hour (*i.e.*, six-minute units) at the applicable rates.

The following hourly rates* apply for all transactional services:

shareholders and senior contract attorneys	\$285
8 th year and more senior associates	\$280
7 th year associates	\$275
6 th year associates	\$265
5 th year associates	\$255
4 th year associates	\$250
3 rd year associates	\$245
2 nd year associates	\$240
1 st year associates	\$235
paralegals	\$185
legal assistants	\$150 to \$175

* While the majority of work performed is anticipated to be on an hourly basis, task order billing is available for specific projects, such as staff training sessions (e.g., SB 1343 Sexual Harassment Prevention, AB 1234, or other period trainings requested).

The following hourly rates apply for litigation services, including appellate work:

shareholders and senior contract attorneys	\$350
8 th year and more senior associates	\$340
7 th year associates	\$335
6 th year associates	\$325
5 th year associates	\$300
4 th year associates	\$290
3 rd year associates	\$280
2 nd year associates	\$270
1 st year associates	\$250
paralegals	\$195
legal assistants	\$150 to \$175

The rates or amounts provided are intended to apply to the initial eighteen months of this Agreement. Accordingly, CHW and Client shall meet on or before December 31, 2021 to adjust such rates and provide for future rate adjustments. Notwithstanding the foregoing, either CHW or the Client may initiate consideration of a rate increase at any time; provided,

however, that such an additional rate increase shall not occur without the express written consent of the Client.

These hourly rates apply to any required travel time to and from the meeting site, when necessary. Ms. Highsmith, who presently work out of the firm's Pasadena office, maintains a home in Contra Costa County within the San Francisco Bay Area and would endeavor to bill any travel time to your offices from that starting point, or alternatively, the cost of flying round trip from Burbank to Sacramento and travel time from the airport, whichever is lesser.

It may be necessary to bill you for items such as, but not limited to, authorized travel, long distance telephone calls, filing fees, photocopying, computerized legal research outside the scope of our Westlaw contract and the like. These items are separately itemized on our statement as "disbursements." These amounts will be billed in addition to our fees.

III. Subcontracting

From time to time, it may be advisable for the District to hire a third-party investigator or other subcontractor and protect the results of the investigation as an attorney-client/attorney-work product privileged document. The firm may contract for such third-party experts on behalf of the District at your direction, without any additional charges for overhead or administration of the costs of the subcontractor. The firm may either pass through the subcontractor costs as additional costs on our monthly invoice, or make arrangements with the District to pay the subcontractor directly.

IV. Firm Qualifications

Colantuono, Highsmith & Whatley, PC is a municipal law firm with offices in Grass Valley and Pasadena, The firm was established in 2001 by founding member Michael G. Colantuono. The Firm's core commitments are to provide understandable, helpful, and fairly priced advice to local government clients. We represent public clients throughout California in all aspects of public agency and municipal law). The Firm prides itself on its extensive public law experience, which includes a focus on employment practices, which serve as a foundation for the firm's commitment to problem-solving, a focus on ethical, affirmative and intelligent advice and representation, which our clients find helpful and understandable.

The Firm has a state-of-the-art computer system. We use both Word with sophisticated macro packages to simplify document development, and can transfer documents easily over the Internet. We work within a cloud platform (Amazon Workspaces) and have full-time broadband Internet access, access to the most up-to-date on-line legal research databases (at no cost to clients for routine research), a fully integrated timekeeping/billing/accounting system, and a computerized contact database that makes conflict checking virtually instantaneous.

Our attorneys can remotely access our computer system anywhere they have Internet access, allowing them full access to all of the tools and information necessary to serve you whether in our office or yours or, when necessary, at home. Our advisory attorneys carry smart

phones/personal digital assistants to allow them access to e-mail, calendars, contact lists, etc. to make them fully accessible and fully equipped when on a client's site or otherwise working outside the office.

Colantuono, Highsmith & Whatley is unique for its approach in the delivery of legal services. Our philosophy is to anticipate and find solutions to our clients' problems, and to help our clients achieve their goals. We are particularly adept at devising creative solutions to complex issues. We focus on preventative law directed at addressing legal problems before the parties find that they must resort to time-consuming and expensive litigation. If litigation is required, however, we are well equipped to vigorously represent our clients' interest in court. At the same time, we are alert for opportunities to settle litigation and thereby to reduce our clients' costs.

For legal work provided to the District, the District Board is the client to whom the Firm reports and to whom is owed the duty of loyalty. The Firm provides legal services to the General Manager and General Manager's designated staff in the staff's operational capacity pursuant to District Board policies and directives.

Our philosophy is to anticipate and find solutions for our clients' problems and to help our clients achieve their goals. We are particularly adept at devising creative solutions to complex issues. We focus on preventative law directed at addressing legal problems before the parties find that they must resort to time-consuming and expensive litigation. If litigation is required, however, we are well equipped to vigorously represent our clients' interest in court. At the same time, we are alert for opportunities to settle litigation and thereby to reduce our clients' costs.

**“EXHIBIT B”
SAMPLE TASK ORDER FORM**

TASK ORDER

Task Order No. _____ (YEAR - ##)

Contract: Agreement for Support Services with Citrus Heights Water District

Consultant: Regional Government Services

The Consultant is hereby authorized to perform the following work subject to the provisions of the Contract identified above:

List any attachments: (Please provide if any.)

Compensation Form: [INSERT HOURLY OR PROJECT BUDGET/NOT-TO-EXCEED (NTE)]

Reimbursements: [INSERT WHETHER MILEAGE AND OTHER REIMBURSEMENTS WILL BE PROVIDED]

Dollar Amount of Task Order: Not to exceed \$_____,_____.00 (If NTE)

Completion Date: _____, 20__

The undersigned consultant hereby agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted above, and perform all services for the work above specified in accordance with the Contract identified above and will accept as full payment therefore the amount shown above.

Citrus Heights Water District

Consultant

Dated: _____

Dated: _____

By: _____

By: _____

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 20, 2020 MEETING

SUBJECT : DISCUSSION AND POSSIBLE ACTION TO APPROVE AN AGREEMENT WITH J COMM, INC. FOR COMMUNICATION SERVICES

STATUS : Action Item

REPORT DATE : May 4, 2020

PREPARED BY : Madeline Henry, Administrative Services Manager/Chief Board Clerk
Susan Talwar, Director of Finance and Administrative Services

OBJECTIVE:

Consider approving an agreement with J Comm, Inc. for Communication Services.

Ex

BACKGROUND AND ANALYSIS:

Accompanying this staff report is a proposed task-order agreement with J Comm, Inc. for communication services as required. This agreement is part of a larger effort Citrus Heights Water District (CHWD) is undertaking to develop its Customer Education/Engagement Program. The development of a Communications Plan is the first objective listed under the 2020 Strategic Planning Goal to “Promote Organizational Effectiveness to Enhance Customer Service.”

The ability to develop and distribute video content, describing CHWD, the services it offers and important and timely messages CHWD has for its customer is essential, not only during emergency conditions, such as the COVID-19 pandemic, but on an on-going basis. The thinking behind the build-out of CHWD’s Customer Education/Engagement Program is that either CHWD takes charge of its messaging and communications with its nearly 20,000 customer accounts, or external stakeholders, entities or organizations, not necessarily possessing accurate or timely information, will fill that void.

J Comm has a proven track record at delivering timely, cost effective and high quality video work for the water industry in California and for the District. J Comm does a lot of work for the Association of California Water Agencies (ACWA); J Comm produces the introduction/warm-up videos for ACWA during its biannual conferences/trainings, and CHWD has utilized J Comm to produce high quality videos twice before, including most recently to communicate to customers during the COVID-19 pandemic. Nick Janes, President of J Comm, serves on ACWA’s Communications and Agricultural Committees.

The proposed agreement accompanying this staff report utilizes CHWD’s task order agreement template, meaning that work assigned to J Comm will be on a task-order basis, and may either be on a time and materials/hourly billable basis, or on a Project Budget basis, meaning that a defined scope of work, schedule and budget will apply. The style of billing utilized by task order would be determined by the nature of the assignment. There are funds budgeted in the 2020 CHWD operating budget for the work proposed to be performed by J Comm.

The work J Comm completes will be aligned with CHWD’s Strategic Plan and work program as funded through the 2020 budget and beyond. Much of the work will be distributed via social media, CHWD’s web site and YouTube channel. On occasion, J Comm may be video-recording important meetings and producing/video-recording classes offered to customers as CHWD continues to develop and distribute customer education and information-related content digitally. In addition, J Comm offers strategic messaging and planning, design and media relations services. The District may utilize these services in the future.

RECOMMENDATION:

Approving agreement with J Comm, Inc. for Communications Services.

ATTACHMENT:

1. Agreement with J Comm, Inc. for Communications Services

ACTION:

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

**CITRUS HEIGHTS WATER DISTRICT
PROFESSIONAL SERVICES AGREEMENT**

1. PARTIES AND DATE.

This Agreement is made and entered into as of May , 2020 by and between the Citrus Heights Water District, an irrigation district organized and operating under the laws of the State of California with its principal place of business at 6230 Sylvan Road, Citrus Heights, California (“District”), and J Comm, Inc., a Corporation, with its principal place of business at 3031 Stanford Ranch Rd. Ste. 2 #218, Rocklin, CA 95765 (hereinafter referred to as “Consultant”). District and Consultant are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

2. RECITALS.

2.1 District. District is a public agency organized under the laws of the State of California, with power to contract for services necessary to achieve its purpose.

2.2 Consultant. Consultant desires to perform and assume responsibility for the provision of certain professional services required by the District on the terms and conditions set forth in this Agreement and in the task order(s) to be issued pursuant to this Agreement and executed by the District and Consultant (“Task Order”). Consultant represents that it is experienced in providing all of the professional services listed in the scope of services provided for in Exhibit “A” to public clients, is licensed in the State of California, and is familiar with the plans of District.

2.3 Project. District desires to engage Consultant to render such services on an on-call basis. Services shall be ordered by Task Order(s) to be issues pursuant to this Agreement for future projects as set forth herein (each such project shall be designated a “Project” under this Agreement).

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the District all labor, materials, tools, equipment, services, and incidental and customary work, on an on-call basis, as necessary to fully and adequately supply the communications services necessary for the Project (“Services”). The types of Services to be provided are generally described in Exhibit “A,” attached hereto and incorporated herein by reference. The Services shall be more particularly described in the individual Task Order issued by the District’s General Manager or designee. No Service shall be performed unless authorized by a fully executed Task Order in the form attached hereto as Exhibit “B”. All Services shall be subject to, and performed in accordance with, this Agreement, the relevant Task Order, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from May 20, 2020 until terminated as provided herein. Consultant shall meet any other established schedules and deadlines set forth in the applicable Task Order. All applicable indemnification provisions of this Agreement shall remain in effect following the termination of this Agreement.

3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement and such directions and amendments from District as herein provided. District retains Consultant on an independent contractor basis and not as an employee. No employee or agent of Consultant shall become an employee of District. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of District and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due to such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the specific schedule that shall be set forth in the Task Order ("Schedule of Services"). Consultant shall be required to commence work within five (5) days, or as soon thereafter as reasonably practicable, of receiving a fully executed Task Order. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule of Services, District shall respond to Consultant's submittals in a timely manner. Upon request of District, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of District.

3.2.4 RESERVED.

3.2.5 District's Representative. The District hereby designates the General Manager, or his or her designee, to act as its representative for the performance of this Agreement ("District's Representative"). District's Representative shall have the power to act on behalf of the District for all purposes under this Contract. Consultant shall not accept direction or orders from any person other than the District's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates Nick Janes, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise

and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with District staff in the performance of Services and shall be available to District's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, including a City of Citrus Heights Business License, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the District, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the District to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the District, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. If required, Consultant shall assist District, as requested, in obtaining and maintaining all permits required of Consultant by federal, state and local regulatory agencies. Consultant shall be liable for all violations of local, state and federal laws, rules and regulations in connection with the Project and the Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the District, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold District, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence the Services under this Agreement until it has provided evidence satisfactory to the District that it has secured all insurance required under this section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the District that the subcontractor has secured all insurance required under this section.

3.2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance meeting the requirements set forth herein. In the event Consultant is self-insured, Consultant shall provide evidence of self-insured coverage that provides coverage that is equal to the insurance requirements set forth herein. Consultant shall require all of its subcontractors to procure and maintain the same insurance specified herein for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto); (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance; and (4) *Professional Liability (Errors and Omissions)*: professional liability or Errors and Omissions insurance appropriate to its profession.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: One Million Dollars (\$1,000,000) combined single limit (each accident) for bodily injury and property damage; (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of One Million Dollars (\$1,000,000) per accident for bodily injury or disease; and (4) *Professional Liability (Errors and Omissions)*: One Million Dollars (\$1,000,000) per claim and aggregate (errors and omissions).

Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as additional insured pursuant to this Agreement. Defense costs shall be payable in addition to the limits.

3.2.10.3 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by the District to add the following provisions to the insurance policies:

(A) Commercial General Liability. The commercial general liability policy shall be endorsed to provide the following: (1) the District, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage; (2) the insurance coverage shall be primary insurance as respects the District, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees,

agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way; and (3) the insurance coverage shall contain or be endorsed to provide waiver of subrogation in favor of the District, its directors, officials, officers, employees, agents and volunteers or shall specifically allow Consultant to waive its right of recovery prior to a loss. Consultant hereby waives its own right of recovery against District, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(B) Automobile Liability. The automobile liability policy shall be endorsed to provide the following: (1) the District, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; (2) the insurance coverage shall be primary insurance as respects the District, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way; and (3) the insurance coverage shall contain or be endorsed to provide waiver of subrogation in favor of the District, its directors, officials, officers, employees, agents and volunteers or shall specifically allow Consultant to waive its right of recovery prior to a loss. Consultant hereby waives its own right of recovery against District, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(C) Workers' Compensation and Employers Liability Coverage. The insurer shall agree to waive all rights of subrogation against the District, its directors, officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) Professional Liability (Errors and Omissions). This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

(E) All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (1) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the District; and (2) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the District, its directors, officials, officers, employees, agents and volunteers.

3.2.10.4 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the District, its directors, officials, officers, employees, agents and volunteers.

3.2.10.5 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the District. Consultant shall guarantee that, at the option of the District, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its directors, officials, officers, employees, agents and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.2.10.6 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VII, admitted to transact in the business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law, and satisfactory to the District.

3.2.10.7 Verification of Coverage. Consultant shall furnish District with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the District. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by the District if requested. All certificates and endorsements must be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.2.10.8 Subconsultants. Consultant shall not allow any subcontractors or subconsultants to commence work on any subcontract until they have provided evidence satisfactory to the District that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors or subconsultants shall be endorsed to name the District as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, District may approve different scopes or minimum limits of insurance for particular subcontractors or subconsultants.

3.2.10.9 Compliance With Coverage Requirements. If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, District has the right but not the duty to obtain the insurance it deems necessary and any premium paid by District will be promptly reimbursed by Consultant or District will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, District may terminate this Agreement for cause.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (1) adequate life protection and life-saving equipment and procedures; (2) instructions in accident prevention for all employees and subcontractors, such as equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (3) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement as set forth in Exhibit “C,” attached hereto and incorporated herein by reference. The total compensation per Task Order shall be set forth in the relevant Task Order, and Consultant shall be compensated in one of two billable methods: a) Time and Materials/Hourly Billable; or b) Project Basis/Not-to-Exceed (NTE) amount. Extra Work may be authorized, as described below; and if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to District a monthly itemized invoice which indicates work completed and hours of Services rendered by Consultant. The invoice shall reference the relevant Task Order and describe the amount of Services and supplies provided since the initial commencement date of Services under this Agreement, and since the start of the subsequent billing periods, through the date of the invoice. Consultant shall include a Project Task Tracking Sheet with each invoice submitted. District shall, within forty-five (45) days of receiving such invoice and Project Task Tracking Sheet, review the invoice and pay all approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized under Exhibit “C” or otherwise in writing by District.

3.3.4 Extra Work. At any time during the term of this Agreement, District may request that Consultant perform Extra Work. As used herein, “Extra Work” means any work which is determined by District to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from District’s Representative. Where Extra Work is deemed merited by the District, an amendment to this Agreement shall be prepared by the District and executed by both Parties before performance of such Extra Work, or the District will not be required to pay for the changes in the scope of work. Such amendment shall include the change in fee and/or time schedule associated with the Extra Work. Amendments for Extra Work shall not render ineffective or invalidate unaffected portions of this Agreement

3.3.5 Prevailing Wages. Consultant is aware of the requirements of California Labor Code Sections 1720 et seq., and 1770 et seq., as well as California Code of Regulations, Title 8, Section 16000 et seq., (“Prevailing Wage Laws”), which require the payment of prevailing wage rates and the performance of other requirements on certain “public works” and “maintenance” projects. If the Services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and if the total compensation is One Thousand Dollars (\$1,000) or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Consultant shall obtain a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant’s principal place of business and at the project site. Consultant shall defend, indemnify and hold the District, its officials, officers, employees, volunteers and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

If the Services are being performed as part of an applicable “public works” or “maintenance” project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such Services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants, as applicable. This Project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements.

3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of District during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

3.5 General Provisions.

3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination.

(A) District has the right to terminate or abandon any portion or all of the work under this Agreement by giving ten (10) calendar days written notice to Consultant. In such event, District shall be immediately given title and possession to all original field notes, drawings and specifications, written reports and other documents produced or developed for that portion of the work completed and/or being abandoned. District shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be based on the rates listed in the task order for the portion of such task completed but not paid prior to said termination. District shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services, and shall not be entitled to damages or compensation for termination of work.

(B) Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days’ written notice to District only in the event of substantial failure by District to perform in accordance with the terms of this Agreement through no fault of Consultant.

3.5.1.2 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, District may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

District

Citrus Heights Water District
P.O. Box 286
Citrus Heights, CA 95611
Attn: Hilary Straus, General Manager

Consultant

J Comm, Inc.
3031 Stanford Ranch Rd., Ste. 2
#218
Rocklin, CA 95765

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for District to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement (“Documents & Data”). Consultant shall require all subcontractors to agree in writing that District is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the District. District shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at District’s sole risk.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents & Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of District, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use District’s name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of District.

3.5.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.5 Attorney's Fees. If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.6 Indemnification.

3.5.6.1 Standard Indemnification. To the fullest extent permitted by law, Consultant shall defend, indemnify and hold the District, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or relating to any negligence, recklessness, or willful misconduct of Consultant, its officials, officers, employees, agents, consultants, and contractors arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages, expert witness fees, and attorney's fees and other related costs and expenses. Consultant shall defend, at Consultant's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against District, its directors, officials, officers, employees, agents, or volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against District or its directors, officials, officers, employees, agents, or volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse District and its directors, officials, officers, employees, agents, and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided, including correction of errors and omissions. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the District, its directors, officials officers, employees, agents or volunteers.

3.5.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

3.5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Sacramento County.

3.5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.5.10 District's Right to Employ Other Consultants. District reserves right to employ other consultants in connection with this Project.

3.5.11 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the District. Any attempt to do so shall be null and void, and any assignees,

hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.5.12 Subcontracting. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of District. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

3.5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subcontractors of Consultant, except as otherwise specified in this Agreement. All references to District include its officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.5.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.5.16 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.5.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, District shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of District, during the term of his or her service with District, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.5.19 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or

applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

3.5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

[SIGNATURES ON FOLLOWING PAGE]

**SIGNATURE PAGE FOR PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITRUS HEIGHTS WATER DISTRICT
AND J COMM., INC. RESEARCH**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

CITRUS HEIGHTS WATER DISTRICT J COMM, INC.

By: _____
Hilary M. Straus
General Manager

By: _____
Its: _____

Printed Name: _____

EXHIBIT A
Scope of Services



About
J COMM, INC.



J Comm, Inc.



J COMM, INC.



PERSONAL, POWERFUL COMMUNICATION.

J Comm, Inc. Is a family-owned, full-service communications firm with decades of award-winning media, film, and strategic communications experience.



J Comm, Inc.

J Comm, Inc. was founded by Nick Janes, an Emmy-winning former Sacramento news reporter and anchor with more than a decade of experience in media and communications.

+ CONNECT

www.jcomminc.com
630.915.6493
info@jcomminc.com



OUR PROMISE

Simply put, we are passionate about telling your story.

We bring an unparalleled blend of creative horsepower and expertise to the table.

It may sound old-fashioned, but we believe in treating our clients like family. It's our goal to deliver dazzling results – every time. And we won't stop until we do.



MEET THE TEAM

NICK JANES, PRESIDENT

Nick Janes is an Emmy Award-winning storyteller and expert message maker, giving clients an edge in communications development and outreach. He has a keen eye for crafting and executing successful engagement strategies for clients in a wide variety of industries, including California's water, medical, and non-profit sectors. He has years of experience in front of and behind the camera.

Nick maintains an extensive local, regional and national network in print and broadcast media, giving clients an edge in story placement. He is an FAA-licensed pilot for drone use. He also serves on the Communications Committee and Agricultural Committee of the Association of California Water Agencies (ACWA).

Previously, Nick was the Director of Client Relations for CV Strategies, a statewide strategic communications firm, where he chiefly maintained client relations in Northern California. He led a number of communications initiatives for a Fortune 500 renewable energy client, and his video work was nominated for a statewide award.

Nick spent eight years as a lead reporter and fill-in anchor at CBS13 & CW31, the CBS owned-and-operated duopoly in Sacramento. There, his work appeared on CNN, CBS This Morning and in local media markets across the country. He was recognized with an Emmy Award for Breaking News Coverage, and received multiple Emmy nominations for his in-depth reports on the harshest drought in California history. He first worked at the ABC affiliate in Champaign, IL, where he also attended the University of Illinois.

Nick lives in Rocklin with his wife Christina, and their two-year-old son.

MEET THE TEAM

CHRISTINA JANES, CHIEF OPERATING OFFICER

Christina Janes is a two-time Emmy Award-winning journalist who leverages extensive major media market experience to drive engaging communications and outreach strategies.

Her expertise in front of the camera, as well as her comfort with creating compelling content under extreme deadline pressure, makes her a valuable asset for clients in myriad industries. She also maintains a nationwide and local network of media contacts – many of whom are former colleagues.

Previously, Christina was the main evening co-anchor at CBS13/CW31, the CBS owned-and-operated duopoly in Sacramento. She anchored the CBS13 News at 4, 5, 6, and 10 p.m. She began as the morning news anchor on Good Day Sacramento, the CW31 morning show. She is strongly committed to giving back to her community, and been privileged to work with the Alzheimer's Association, the American Cancer Society, the American Heart Association, the Arthritis Association, Concerns of Police Survivors (C.O.P.S.), the Leukemia Lymphoma Society, the Make-A-Wish Foundation, March of Dimes, and Soroptimist International of Sacramento, among others.

Christina began her decorated on-air career in 2006 in Medford, Oregon, where she soon became the main evening anchor. Christina was also the spokesperson for the Emmy Award-winning Southern Oregon Meth Project.

She is a four-time Emmy Award Nominee, and is the recipient of the National Association of Broadcasters Education Foundation Service to America Award, numerous Oregon Association of Broadcasters Awards, and the Oregon Governor's Media Award for Outstanding Service. Christina attended Arizona State University.





MEET THE TEAM

MEET THE TEAM

MIKE LOWRY, CINEMATOGRAPHER

Mike Lowry is a 10-time Emmy Award-winning photojournalist and editor. He brings more than 35 years of videography and television journalism experience to J Comm, Inc.

For the past three decades, he worked as a news photographer at CBS13/CW31 in Sacramento, a CBS owned-and-operated duopoly. He has been repeatedly recognized locally and nationally for his outstanding camerawork and editing skills.

Mike was born and raised in California's San Joaquin Valley, where he grew up on a dairy and almond farm and learned the meaning of hard, honest work. From there, he attended Modesto Jr. College, received an internship with a local TV station and never looked back.

Since then, he has traveled the United States and the world covering the news, including the war and humanitarian effort in Croatia. He has sat with and interviewed Presidents, politicians, movie stars, gang members, drug dealers and sports superstars. His work has appeared on the CBS Evening News, CBS Sports, the CBS Morning Show, ABC News and ESPN. He has worked for the NFL, the NBA, professional baseball, and Lucas Oil Motor Sports, along with shooting Super Bowl 50, the NBA Finals, the World Series and so much more.

He brings his wealth of worldly experience and unmatched expertise to help clients tell cinematic, powerful stories that engage decision-makers and community members of all ages.

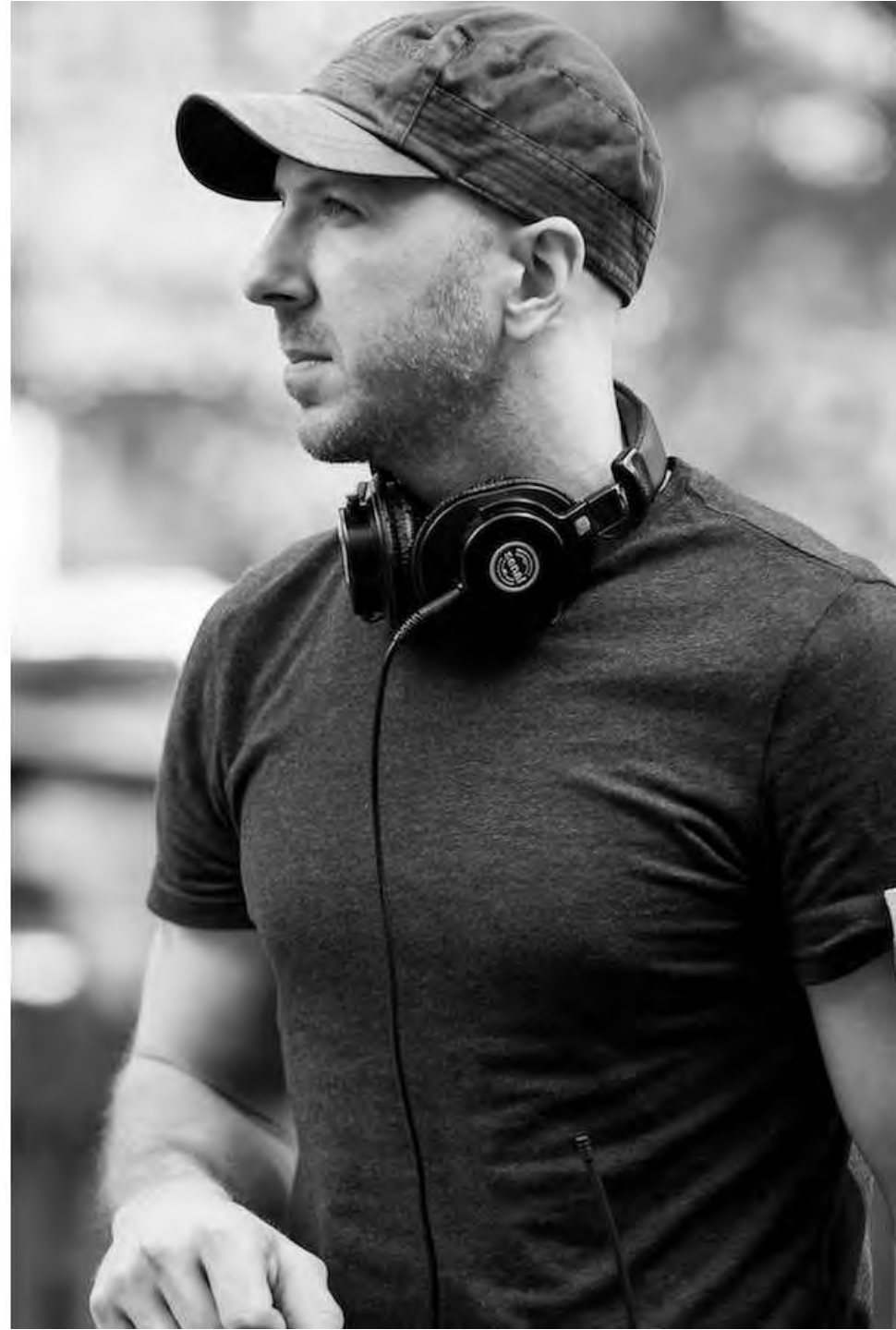
MEET THE TEAM

ADAM ZUEHLKE, DIGITAL MEDIA DEVELOPMENT

Adam Zuehlke is an award-winning filmmaker and published photographer, with over 14 years of industry experience. Adam's most recent clients for videography and editing include the NFL, Super Bowl 52, Cambria, Best Buy, IBM, US Bank, Johnsonville Brats, Jack Daniels and Delta Airlines.

Adam has also worked on TV shows airing on The History Channel, ABC, The Travel Channel, Food Network, and TLC. His film projects have been showcased in numerous festivals around the world, including the Cannes Film Festival.

His vast experience on over 15 films and TV shows gives Adam a unique and creative eye for commercial work. Adam's understanding of large budget productions with tight deadlines makes him an efficient videographer and editor as well.



OUR SERVICES: WHAT WE DO



01

END-TO-END VIDEO PRODUCTION

Award-winning video creation from conception to delivery: story development and planning, shooting, scripting, editing, visual effects, infographics, and revisions.

02

STRATEGIC MESSAGING & PLANNING

Communicate with a purpose. We craft news releases and other collateral to convey key messages, creating and maintaining a brand identity that fosters a strong connection with stakeholders including decision-makers and community members.

03

DESIGN SERVICES

Cohesive, thoughtful design of collateral including brochures, newsletters, fact sheets, and other deliverables.

04

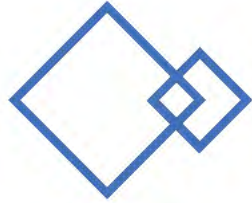
MEDIA RELATIONS

Get the word out with our network of contacts in local television and print media.



J Comm, Inc.

WORK SAMPLES



RECENT VIDEO WORK

- **COVID-19 PSA** (Citrus Heights Water District):
<https://vimeo.com/408631348/5c8e4214c9>
- **California H2O: Flowing for the Future** (Video Series, Association of California Agencies):
www.acwa.com/h2ovideo
- **Safe, Reliable, Affordable Water** (Valley County Water District): <https://vimeo.com/402443534/60f9ea7a4a>
- **Equity Journey** (Rocklin Unified School District):
<https://vimeo.com/394570314/4f1ffa6919>
- **Happy Holidays** (Placer County Sheriff's Office):
<https://vimeo.com/380871904>



EXHIBIT B

Sample Task Order Form

Task Order

Task Order No. _____ (YEAR - ##)

Contract: Agreement for Communications Services with Citrus Heights Water District

Consultant:

The Consultant is hereby authorized to perform the following work subject to the provisions of the Contract identified above:

List any attachments: (Please provide if any.)

Compensation Form: [INSERT HOURLY OR PROJECT BUDGET/NOT-TO-EXCEED (NTE)]

Reimbursements: [INSERT WHETHER MILEAGE AND OTHER REIMBURSEMENTS WILL BE PROVIDED]

Dollar Amount of Task Order: Not to exceed \$_____,_____.00 (If NTE)

Completion Date: _____, 20__

The undersigned consultant hereby agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted above, and perform all services for the work above specified in accordance with the Contract identified above and will accept as full payment therefore the amount shown above.

Citrus Heights Water District

Consultant

Dated:_____

Dated:_____

By:_____

By: _____

EXHIBIT C

Schedule of Charges/Payments

Consultant will invoice District on a monthly cycle. Consultant will include with each invoice a detailed progress report that indicates the amount of budget spent on each task. Consultant will inform District regarding any out-of-scope work prior to commencing as stipulated in Item 3, Additional Work.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 20, 2020 MEETING

SUBJECT : DISCUSSION AND POSSIBLE ACTION TO FILL ONE VACANT SEAT ON THE CUSTOMER ADVISORY COMMITTEE

STATUS : Action Item

REPORT DATE : May 7, 2020

PREPARED BY : Madeline Henry, Administrative Services Manager/Chief Board Clerk
Susan Talwar, Director of Finance and Administrative Services

OBJECTIVE:

1. Consider appointing Jodi Ash to fill a vacant residential seat on the Customer Advisory Committee.

BACKGROUND AND ANALYSIS:

Resolution 16-2019 created a 24 seat Customer Advisory Committee (CAC) made up of 19 voting members and five ex-officio members, including:

1. 16 seats for residential customers located throughout the CHWD service area;
2. Three seats representing commercial interests from the Citrus Heights Chamber of Commerce, the Sunrise MarketPlace, and the Auburn Boulevard Business Association, respectively; and
3. Five ex-officio seats for the San Juan Unified School District, the Sunrise Parks and Recreation District, Sylvan Cemetery District, Sacramento Metropolitan Fire District and the City of Citrus Heights.

Filling Vacant CAC Seats

In the instance that a member resigns, Resolution 16-2019 states that “CHWD shall take any steps necessary to fill the vacancy.”

On October 23, 2019 Patti Catalano (Division 3), a residential CAC member submitted her resignation from the CAC.

Based on past direction from the Board of Directors, at the October 23, 2019 meeting staff reopened the application for the Customer Advisory Committee. The application was advertised on the District’s website, Facebook page and Nextdoor account.

Staff have received one completed application. The applicant, Jodi Ash, currently resides in Division 1.

There are currently 15 residential CAC members. Five residential CAC members reside in Division 1, four reside in Division 2 and six reside in Division 3.

Staff recommends appointing Jodi Ash to the Customer Advisory Committee. Staff will continue to do outreach to solicit additional applications for a CAC alternate or future residential members.

RECOMMENDATION:

1. Appoint Jodi Ash to fill a vacant residential seat on the Customer Advisory Committee.

ATTACHMENTS:

1. Jodi Ash, Customer Advisory Committee Application

ACTION:

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

CUSTOMER ADVISORY COMMITTEE APPLICATION



WHAT?

We are seeking applications from CHWD customers to participate in a Customer Advisory Committee (CAC). The CAC will provide input into the District's long term plans to provide safe and reliable water to its customers.



WHO?

The CAC will work with a team of District staff and technical consultants to plan for District-wide replacement of water meters.

The CAC is comprised of 24 customers from a variety of backgrounds and neighborhoods across the District. The CAC was formed in 2017 to consider options for water main and water meter replacement. The District is filling vacant CAC seats and will also be choosing alternates. The District will select committee members to ensure adequate representation of the customer base.

Meetings are held from 6:30pm-9:30pm. The CAC will be charged with making important recommendations to the CHWD Board of Directors concerning strategies to replace water meters and implement Project 2030 Water Main Replacement Study. For more information on the CAC visit:

<http://chwd.org/customer-advisory-committee/>



WHY?

Your participation will help shape Citrus Heights Water District for the next generation!



APPLY

To apply to be a member of the Customer Advisory Committee, please fill out the form below:

Please mail the completed form to:

CHWD
P.O. Box 286
Citrus Heights, CA 95610-0286

APPLICATIONS ARE DUE NO LATER THAN MONDAY, MARCH 2, 2020 BY 11:59:59 PM Pacific Time. APPLICANTS ARE INVITED TO ATTEND THE MARCH 11, 2020 CAC MEETING.

First Name

Jodi

Last Name

Ash

Mailing Address

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Email Address

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Phone Number

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Occupation or Professional Background

- | | | |
|---|--|--------------------------------|
| <input type="checkbox"/> Agriculture/Food Processing | <input checked="" type="checkbox"/> Homemaker | <input type="checkbox"/> Other |
| <input checked="" type="checkbox"/> Banking/Finance/Accounting | <input checked="" type="checkbox"/> Information Technology | |
| <input type="checkbox"/> Business Owner | <input type="checkbox"/> Public Safety-Fire | |
| <input type="checkbox"/> Construction Industry | <input type="checkbox"/> Public Safety-Other | |
| <input type="checkbox"/> Engineer (Civil, Electrical, Mechanical) | <input type="checkbox"/> Public Employee | |
| <input type="checkbox"/> Healthcare | <input type="checkbox"/> Retired | |

How long have you been a CHWD customer?

- 0-10 Years 10-20 Years 20-30 Years 30 Years or more

REQUIRED: On the back of this form, in no more than 100 words, please tell us why you would like to join the Customer Advisory Committee.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 15, 2020 REGULAR MEETING

SUBJECT : WATER AWARENESS POSTER CONTEST
 STATUS : Presentation Item
 REPORT DATE : May 6, 2020
 PREPARED BY : Rex W. Meurer, Water Efficiency Supervisor
 Hilary Straus, General Manager

OBJECTIVE:

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

BACKGROUND AND ANALYSIS:

The District's water efficiency staff, in conjunction with Orange Vale Water Company, Fair Oaks Water District and San Juan Water District, sponsored the twenty-fourth annual Water Awareness Poster Contest. A total of 371 4th, 5th and 6th grade students at six elementary schools within the District's service area submitted posters based on this year's theme, "Doing My Part To Be Water Smart".

Each agency awards a first-place prize of \$100.00 and two runner-up prizes of \$50.00. In addition, each winning student's class receives an award of \$100.00 for the winning entry. The winning entries will be featured in the 2021 Water Efficiency Calendar. The Grand Prize Winner is featured on the cover of the calendar and featured in the month of May, which represents Water Awareness Month. The Grand Prize Winner receives an additional \$100.00 check.

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

First Place Winner:	Shelby Wanless, 4 th Grade, Oakview Elementary School Teacher: Kelsey Lamb
Runner-Up:	Kendra Ezell, 4 th Grade, Trajan Elementary School Teacher: Christy Blake
Runner-Up:	Kenadie Russel, 4 th Grade, Oakview Elementary School Teacher: Kelsey Lamb

The contest entries in the Citrus Heights Water District service area were judged by Stacey Hildebrand – Program Assistant at City of Citrus Heights and Lee Hollinsworth – Administrative Services Manager with Sunrise Recreation & Park District.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 20, 2020 MEETING

SUBJECT : PUBLIC HEARING #4 TO RECEIVE PUBLIC COMMENTS ON TRANSITION TO “BY-DISTRICT” ELECTORAL SYSTEM UNDER THE CALIFORNIA VOTING RIGHTS ACT AND ADOPT ORDINANCE 01-2020 TO TRANSITION TO “BY-DISTRICT” ELECTORAL SYSTEM UNDER THE CALIFORNIA VOTING RIGHTS ACT

STATUS : Action Item

REPORT DATE : May 7, 2020

PREPARED BY : Josh Nelson, Assistant General Counsel
Madeline Henry, Administrative Services Manager/Chief Board Clerk
Susan Talwar, Director of Finance and Administrative Services

OBJECTIVE:

Conduct Public Hearing #4 to receive public comments on transition to “By-District” electoral system under the California Voting Rights Act. Adopt Ordinance 01-2020 to transition to “By-District” electoral system under the California Voting Rights Act.

BACKGROUND AND ANALYSIS:

The Citrus Heights Water District currently elects its Board of Directors through an “of-division” electoral system in which each Board Member must reside within a division but each Board member is elected by the voters of the entire electorate to provide District-wide representation.

The California Voting Rights Act (“CVRA”) became law in 2003. It provides a way for plaintiffs to allege racially polarized voting and to seek a change from a jurisdiction’s at-large election system to a different system, typically a by-district election system. It also allows for the recovery of a plaintiff’s attorneys’ fees. A violation of the CVRA may be established if it is shown that racially polarized voting has combined with an at-large voting system to impair the ability of a protected class of voters to elect candidates of its choice or to influence the outcome of an election. “Racially polarized voting” under the CVRA means voting in which there is a difference between the choice of candidates or other electoral choices that are preferred by voters in a protected class and in the choice of candidates and electoral choices preferred by voters in the rest of the electorate.

In 2016, the California Legislature adopted AB 350 amending Elections Code section 10010 to cap the attorneys’ fees a prospective plaintiff may recover to \$30,000, if a public agency adopts a resolution of intention to change to a by-district system of elections within 45 days following the receipt of a letter from that prospective plaintiff alleging a CVRA violation and completes the transition process (see below).

While CHWD has not yet received such a demand letter from a prospective plaintiff, the Board of Directors desired to take proactive means to avoid the high costs and legal risks associated with a potential CVRA lawsuit. Therefore, on December 19, 2019, the Board took the first step by adopting Resolution No. 24-2019, a resolution declaring the intention to transition from at-large to by-district elections pursuant to Elections Code section 10010.

Now that the Board has adopted a Resolution of Intention, AB 350 (Elections Code section 10010) sets forth a specific process for the adoption of a resolution to transition to by-district elections. The process includes a series of public hearings at which the public is invited to provide input regarding the composition of the districts.

Before drawing a draft map or maps, the Board held two public, at which the public is invited to provide input regarding the composition of the districts. The first of these hearings was held on March 2, 2020. The second hearing was held on March 18, 2020.

To assist with this process, the District retained Douglas Johnson, a professional demographer with National Demographics Corporation, who has extensive experience in the CVRA and drafting Board divisions. Dr. Johnson recommends retaining the District's existing map of election districts and simply changing from District-wide to by-district elections. CHWD has published the existing districts map as a draft map under the requirements of Elections Code 10010 (Attachment 1). The District has also published the potential sequence of elections, which also follows the District's current election sequence (Attachment 1).

CHWD held a public hearing on May 6, 2020 to receive public comment on the proposed map. The Board voted unanimously to bring the map forward at a fourth public hearing on May 20, 2020.

Public comments on the transition and the proposed CHWD map or maps are very important and all residents within the district are encouraged to participate in the hearing on May 20, 2020.

Criteria for Establishing Districts

The drawing of Board districts is regulated by both state and federal law, including the CVRA and the Federal Voting Rights Act. For example, under federal law, Board districts must comply with the Federal Voting Rights Act and may not be drawn with race as the predominate factor. (*Shaw v. Reno* (1993) 509 U.S. 630.) Further, under the equal protection clause of the U.S. Constitution and under California Elections Code section 22000, districts must be drawn as nearly equal in population as may be according to the latest federal decennial census. In establishing the boundaries, the Board may consider 'traditional redistricting principles' and Elections Code Section 22000 states that the Board of Directors may give consideration to the following factors:

- (1) Topography;
- (2) Geography;
- (3) Cohesiveness, Contiguity, Integrity, and Compactness of Territory; and
- (4) Community of Interest of the Districts.

The professional demographer retained by the District to draw Board districts will ensure the districts are compliant with these standards.

Cost

NDC has shared that retaining the current election district map for this year's election (instead of having the firm draw new maps) will save \$3,000 off the firm's original project price.

Regardless of whether the Board decides to retain the current election districts map or draws a new map, the Board will have to update the map following the 2021 release of the 2020 Census data.

Retaining the existing election districts map will also save any charges the County Registrar may impose for implementation of a new map in the Registrar's mapping and voter registration systems.

Public Outreach

At the March 2, 2020 public hearing, the Board directed staff to conduct public outreach regarding the public hearings and the transition process.

In preparation for the March 18, 2020, May 6, 2020 and May 20, 2020 hearings, the District created a webpage explaining the process and listing hearing dates, posting the hearing information on the District's Facebook and Nextdoor pages, and including a summary in the Summer WaterLine newsletter.

The final public hearing to solicit public input on the map required under Elections Code 10010 is scheduled for this meeting on May 20, 2020.

Adopt Ordinance

Once the Board completes the fourth public hearing, the final step in the process of transitioning to "by district" elections is to adopt an ordinance doing. Enclosed is the draft ordinance for Board consideration.

RECOMMENDATIONS:

1. Conduct the public hearing and provide feedback on the draft map and sequence of elections.
2. Approve Ordinance 01-2020 to transition to "By-District" electoral system under the California Voting Rights Act.

ATTACHMENT:

1. Proposed Map and Sequence of Elections
2. Ordinance 01-2020 Providing for the Election of Members of the Board of Directors by Districts, Establishing the Boundaries and Identification Number of Each District, and Establishing the Election Order of Each District

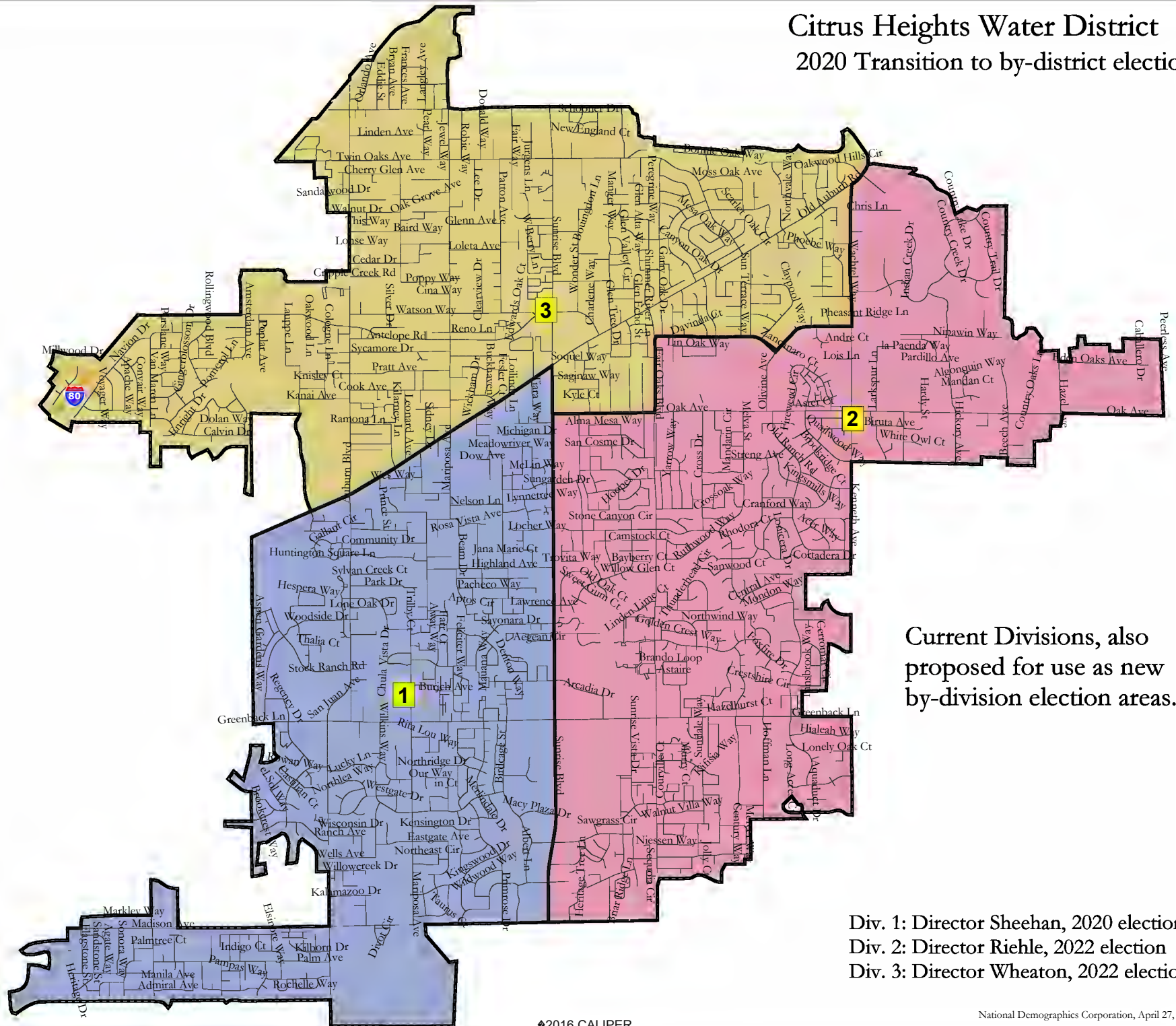
ACTION:

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

ATTACHMENT 1

Proposed Map and Sequence of Elections

Citrus Heights Water District 2020 Transition to by-district elections



Current Divisions, also proposed for use as new by-division election areas.

- Div. 1: Director Sheehan, 2020 election
- Div. 2: Director Riehle, 2022 election
- Div. 3: Director Wheaton, 2022 election

Citrus Heights Water District - Existing Divisions

District		1	2	3	Total
	Total Pop	22,583	22,018	22,486	67,087
	Deviation from ideal	221	-344	124	565
	% Deviation	0.33%	-0.51%	0.18%	0.84%
Total Pop	% Hisp	19%	14%	15%	16%
	% NH White	69%	76%	76%	74%
	% NH Black	4%	3%	3%	3%
	% Asian-American	4%	5%	4%	4%
Citizen Voting Age Pop	Total	16,907	16,806	18,206	51,919
	% Hisp	11%	12%	13%	12%
	% NH White	78%	77%	76%	77%
	% NH Black	6%	4%	3%	4%
	% Asian/Pac.Isl.	4%	5%	6%	5%
Voter Registration (Nov 2018)	Total	11,342	12,562	12,390	36,294
	% Latino est.	10%	9%	10%	10%
	% Spanish-Surnamed	9%	8%	9%	9%
	% Asian-Surnamed	2%	2%	2%	2%
	% Filipino-Surnamed	1%	1%	1%	1%
	% NH White est.	82%	84%	85%	84%
	% NH Black	5%	4%	3%	4%
Voter Turnout (Nov 2018)	Total	7,361	8,824	8,438	24,624
	% Latino est.	9%	8%	9%	9%
	% Spanish-Surnamed	8%	7%	8%	8%
	% Asian-Surnamed	1%	2%	2%	2%
	% Filipino-Surnamed	1%	1%	1%	1%
	% NH White est.	85%	86%	87%	86%
	% NH Black	4%	4%	3%	4%
Voter Turnout (Nov 2016)	Total	8,643	10,002	9,743	28,388
	% Latino est.	9%	8%	9%	9%
	% Spanish-Surnamed	8%	7%	8%	8%
	% Asian-Surnamed	2%	2%	1%	2%
	% Filipino-Surnamed	1%	1%	1%	1%
	% NH White est.	83%	86%	86%	85%
	% NH Black est.	4%	3%	3%	3%
ACS Pop. Est.	Total	23,580	22,412	23,342	69,334
Age	age0-19	24%	23%	21%	23%
	age20-60	57%	56%	56%	56%
	age60plus	19%	21%	22%	21%
Immigration	immigrants	16%	11%	12%	13%
	naturalized	43%	60%	60%	53%
Language spoken at home	english	77%	84%	82%	81%
	spanish	11%	8%	9%	9%
	asian-lang	2%	2%	3%	2%
	other lang	10%	6%	6%	7%
Language Fluency	Speaks Eng. "Less than Very Well"	11%	6%	7%	8%
Education (among those age 25+)	hs-grad	67%	68%	69%	68%
	bachelor	15%	18%	16%	16%
	graduatedegree	6%	7%	7%	6%
Child in Household	child-under18	28%	24%	25%	26%
Pct of Pop. Age 16+	employed	58%	60%	61%	59%
Household Income	income 0-25k	21%	15%	15%	17%
	income 25-50k	24%	24%	23%	24%
	income 50-75k	20%	23%	20%	21%
	income 75-200k	33%	35%	38%	35%
	income 200k-plus	2%	3%	3%	3%
Housing Stats	single family	63%	71%	80%	71%
	multi-family	37%	29%	20%	29%
	rented	53%	46%	37%	45%
	owned	47%	54%	63%	55%

Total population data from the 2010 Decennial Census. Surname-based Voter Registration and Turnout data from the California Statewide Database. Latino voter registration and turnout data are Spanish-surname counts adjusted using Census Population Department undercount estimates. NH White and NH Black registration and turnout counts estimated by NDC. Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2013-2017 American Community Survey and Special Tabulation 5-year data.

ATTACHMENT 2

**Ordinance 01-2020 Providing for the Election of Members of the Board of Directors
by Districts, Establishing the Boundaries and Identification Number of Each
District, and Establishing the Election Order of Each District**

ORDINANCE NO. 01-2020

AN ORDINANCE OF THE CITRUS HEIGHTS WATER DISTRICT PROVIDING FOR THE ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS BY DISTRICTS, ESTABLISHING THE BOUNDARIES AND IDENTIFICATION NUMBER OF EACH DISTRICT, AND ESTABLISHING THE ELECTION ORDER OF EACH DISTRICT

WHEREAS, the Citrus Heights Water District currently elects three Directors using an “of division” election system where all of the voters within the District vote for each Director; and

WHEREAS, the District determined that the public interest and District ratepayers would be best served by transitioning to a by-district-based election system; and

WHEREAS, at public hearings on March 2, 2020 and March 18, 2020, the public was invited to provide input regarding the composition of the District’s districts before any draft maps were drawn, and the Board of Directors discussed and considered the same; and

WHEREAS, the demographer prepared a draft map, which was published at least seven days in advance of the District’s public hearing on May 6, 2020; and

WHEREAS, the Board held a public hearing on May 6, 2020, during which all members of the public who wanted to provide input on the draft map or the timing and sequencing of elections could do so; and v

WHEREAS, the District held a public hearing on May 20, 2020, during which time the public was invited to provide input on the draft map as well as the timing and sequence of the District’s elections; and

WHEREAS, throughout the process, the District reached out to the public for its input, and the Board of Directors has satisfied all legal prerequisites to the enactment of this Ordinance.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CITRUS HEIGHTS WATER DISTRICT DOES HEREBY ORDAIN AS FOLLOWS:

Section 1 **Incorporation of Recitals.**

All of the foregoing recitals are true and correct, and the Board so finds and determines. The recitals set forth above are incorporated herein and made an operative part of this Ordinance.

Section 2 **Adoption of Ordinance.**

The Board conducted a public hearing on May 20, 2020, at 6:00 p.m. to receive oral and written testimony regarding this Ordinance.

Section 3 Transition to By-Division Election.

The District hereby finds that its election system will transition from of-division elections to by-district elections, beginning with its next regular election of members of the Board of Directors.

Section 4 Establishment of Districts. The District hereby establishes three Director districts in the Citrus Heights Water District. The boundaries and identifying number of each district shall be as described on the Citrus Heights Water District Division Map attached hereto as “**Exhibit A**,” a copy of which shall also be on file in the District office.

Section 5 Election Process.

A. Members of the Board of Directors shall be elected in the electoral districts established by this Ordinance and subsequently reapportioned as provided for in State law. Elections shall take place “by district,” meaning that one Director shall be elected from each district, by the voters of that district alone.

B. No term of any member of the Board of Directors that commenced prior to the effective date of this Ordinance shall be affected by the adoption of this Ordinance.

C. A Director elected or appointed to represent a district must reside in that district and be a registered voter in that district, and any candidate for the Board must reside in, and be a registered voter in, the district in which he or she seeks election at the time nomination papers are issued.

D. Notwithstanding any other provision of this Ordinance, the Directors in office at the time this Ordinance takes effect shall continue in office until the expiration of the term to which he or she was elected. In the event a vacancy occurs before the expiration of the term of a Director in office at the time this Ordinance takes effect, a person who is appointed or elected by special election to fill such vacancy may reside anywhere within the corporate boundaries of the affected district.

E. The term of each Director elected to the Board of Directors shall remain four (4) years.

Section 6 Implementation.

The by-district election system shall be implemented, beginning at the next regular election of the Board of Directors, as follows:

A. Members of the Board of Directors shall be elected in Division 1 beginning at the next regular election of the Board of Directors, and every four years thereafter; and

B. At the next regular election of the Board of Directors following the election of Members of the Board of Directors in Division 1, members of the Board of Directors shall be elected in Divisions 2 and 3, and every four years thereafter.

Section 7 Adjustment of Boundaries

Pursuant to Elections Code section 22000, as it may be amended from time to time, the Board of Directors shall adjust the boundaries of any or all of the districts following each decennial federal census to ensure that the districts are in compliance with all applicable provisions of law.

Section 8 The Board of Directors finds that the Ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations, Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Section 9 The President of the Board of Directors shall sign this Ordinance and the Secretary of the Board of Directors shall attest thereto, and this Ordinance shall be in full force and effect immediately upon adoption.

Section 10 If any section, subsection, clause or phrase in this Ordinance is for any reason held invalid, the validity of the remainder of this Ordinance shall not be affected thereby. The Board hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

PASSED AND ADOPTED this 20th day of May, 2020, by the Board of Directors of the Citrus Heights Water District.

CITRUS HEIGHTS WATER DISTRICT

President of the Board of Directors

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 20, 2020 MEETING

SUBJECT : GROUNDWATER PROGRAM UPDATE
STATUS : Study Session
REPORT DATE : May 6, 2020
PREPARED BY : David Gordon, Director of Operations

CHWD staff will conduct a presentation on the District's Groundwater Program. The presentation will cover a brief history of the District's groundwater wells, water demand data and capital improvement planning. Staff will also present an overview of the Groundwater Program's current and forecasted physical and financial status.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 20, 2020 MEETING

SUBJECT : 6000 SERIES – FISCAL MANAGEMNT POLICIES REVIEW
STATUS : Study Session
REPORT DATE : May 11, 2020
PREPARED BY : Susan Talwar, Director of Finance and Administrative Services
Josh Nelson, Assistant General Counsel

As part of the 2020 Strategic Planning goals, District staff and Assistant General Counsel Josh Nelson have reviewed 6000 Series – Fiscal Management Policies and will be providing a presentation on the recommendations for updates.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS MAY 20, 2020 MEETING

SUBJECT : COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEARS ENDED
DECEMBER 31, 2019 AND 2018

STATUS : Action Item

REPORT DATE : May 12, 2020

PREPARED BY : Alberto Preciado, Accounting Manager
Susan Talwar, Director of Finance and Administrative Services

OBJECTIVE:

Consider a motion to receive and file the following:

- Citrus Heights Water District's (District) Comprehensive Annual Financial Report for the Years Ended December 31, 2019 and 2018 (Attachment 1); and
- Memorandum of Internal Controls (Attachment 2).

BACKGROUND AND ANALYSIS:-

Attached for the Board's review is the District's Comprehensive Annual Financial Report (CAFR) for the years ended December 31, 2019 and 2018.

In prior years, the District had issued Basic Financial Statements (BFS), which include the Independent Auditors' Report, the Management's Discussion and Analysis, and the District's financial statements. For the third year, District staff, with the assistance of the District's auditors, Maze and Associates, prepared the District's CAFR in accordance with guidelines established by the Government Finance Officers Association (GFOA). A CAFR is dated for two fiscal periods; the main focus is the most recent fiscal year, hence its position as the first year referenced; the immediately preceding year is also included for comparative purposes. Vikki Rodriguez, CPA, of Maze and Associates, will be in attendance to present the CAFR and answer questions related to the District's financial records and reporting.

The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports in the interest of providing greater transparency and disclosure. Staff submitted its 2018 CAFR for consideration for the Certificate of Achievement and received the award in February 2020. Staff intends to submit the District's 2019 CAFR to the GFOA CAFR Program for consideration for the Certificate of Achievement. The additional effort required to prepare a CAFR helps to raise the District's financial statements to the next level in terms of financial reporting, transparency, and accountability.

A CAFR presentation differs from the previous financial statement reports in that it includes the following sections, in addition to the financial section:

- *Introductory Section* – introduces the basic financial statements, and provides an analytical overview of the District's activities. This expanded analysis is useful in assessing regional economic and social conditions that may impact the District's financial outlook.
- *Statistical Section* – comprises ten years of comparative statistical data that includes information

on financial trends, revenue capacity, debt capacity, socioeconomic factors, and water system resources.

Some key highlights from the 2019 CAFR include:

- Unqualified audit opinion – the District’s auditors, Maze and Associates issued an unqualified, or clean, opinion on the District’s financial statements.
- Ending net position of \$69,953,010 – the District’s net position increased by \$2.66 million over 2018.

RECOMMENDATION:

Receive and File the District’s Comprehensive Annual Financial Statements for the Years Ended December 31, 2019 and 2018.

ATTACHMENTS:

- 1) Comprehensive Annual Financial Statements for the Years Ended December 31, 2019 and 2018.
- 2) Memorandum on Internal Control and Required Communications for the Year Ended December 31, 2019.

ACTION:

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

Attachment 1
Comprehensive Annual Financial Report
For the Years Ended December 31, 2019 and 2018

SAFE. CLEAN. DEPENDABLE.



Comprehensive Annual Financial Report

For the Fiscal Years Ended December 31, 2019 and 2018

Citrus Heights Water District

Citrus Heights, California



**CITRUS
HEIGHTS**

**WATER
DISTRICT**



**C I T R U S
H E I G H T S**

**W A T E R
D I S T R I C T**

**Citrus Heights Water District
Citrus Heights, CA**

**Comprehensive Annual Financial Report
Years Ended December 31, 2019 and 2018**

**Prepared By:
The Administrative Services Department**

**6230 Sylvan Road
Citrus Heights, CA 95610
www.chwd.org**

CITRUS HEIGHTS WATER DISTRICT

Comprehensive Annual Financial Report Years Ended December 31, 2019 and 2018

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CITRUS HEIGHTS WATER DISTRICT
Comprehensive Annual Financial Report
Years Ended December 31, 2019 and 2018

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Introductory Section





May 7, 2020

Honorable Members of the Board of Directors:

We are pleased to present the Citrus Heights Water District's ("District") third Comprehensive Annual Financial Report ("CAFR") for the fiscal year ending December 31, 2019. This report was prepared by District staff in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of certified public accountants.

The CAFR provides an assessment of the District's financial condition, informs readers about District services, includes information about capital improvement projects, and discusses current initiatives within the District's Basic Financial Statements. Financial and demographic trend information is provided within the statistical section located at the end of the report. Management at the District is responsible for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. As management, we assert that, to the best of our knowledge and belief, the information and data, as presented, is accurate in all material respects, and it is presented in a manner that provides a fair representation of the financial position and operations of the District. Furthermore, all disclosures that are necessary to enhance the Board's understanding of the financial condition of the District have been included.

The District's financial statements have been audited by Maze and Associates, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ending December 31, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the District's financial statements for the fiscal year ending December 31, 2019, were fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) Section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately after the Independent Auditors' Report.

Overview of the Comprehensive Annual Financial Report

This report is presented in three sections:

- **Introductory Section** – includes this letter of transmittal, a list of principal officials and an organization chart.
- **Financial Section** – includes the Independent Auditor’s Report, Management’s Discussion and Analysis (MD&A), the basic audited financial statements, and required supplementary information (RSI).
- **Statistical Section** – includes information on financial trends, revenue capacity, debt capacity, demographic and economic conditions, and multi-year comparative operational data.

Profile of Citrus Heights Water District

Citrus Heights Water District was established in 1920, as the Citrus Heights Irrigation District, encompassing slightly more than 4.7 square miles, and serving approximately 225 farms. The District currently serves water to a population of approximately 67,000 people within an about 12 square mile service area.

Citrus Heights Water District carries out its mission with a highly-motivated and competent staff that is empowered to conduct the District’s business by placing the customers’ needs and welfare first. Each day, the District’s employees strive to carry out their work, mindful of the District’s mission, “to furnish a dependable supply of safe, quality water delivered to its customers in an efficient, responsive, and affordable manner.”

Governance and Organizational Structure

CHWD is a special district established by the State of California. The District is governed by a three-member Board of Directors that is elected to a four-year term by voters who reside in the District’s service area. Beginning with the 2020 election, CHWD Board elections will be “By-District,” whereby only those customers who reside in the same CHWD District that a Board Member lives in will vote for that Board position. The District was staffed in 2019 by 35 full-time equivalent employees assigned to four departments: Administrative Services, Engineering, Operations, and the General Manager’s Office. The General Manager and District General Counsel are appointed by, and report directly to, the Board of Directors. All other staff members report to the General Manager or General Manager’s designee.

Water Supply

In 2019, the District purchased 96.74% of its water from San Juan Water District (SJWD), and delivered it to approximately 19,900 residential and commercial service connections. Additionally, the District maintains six groundwater wells and approximately 250 miles of pipeline. CHWD has been treating and delivering groundwater to customers since 1943.

Accounting and Budget Structure

CHWD operates as an enterprise fund with a fiscal year that begins January 1 and ends on December 31. Generally accepted accounting principles (GAAP) require local governments to use a proprietary-type fund, such as an enterprise fund, to account for business-type

activities similar to those found in the private sector. An enterprise fund is one in which the expenditures are supported by fees collected primarily through charging users in exchange for services. CHWD operations are supported entirely by fees collected from customers in exchange for providing water service and managing the groundwater basin.

CHWD's management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). CHWD's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

CHWD's Board annually adopts a budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations, accountability for CHWD's enterprise operations, and capital projects. The budget is presented on the accrual basis of accounting, and is consistent with the presentation of CHWD's Comprehensive Annual Financial Report. As part of the budget process, a Financial Model is updated annually to analyze revenue and expenses along with capital improvements. Also, CHWD's Board adopted an accelerated payoff schedule to reduce the District's unfunded actuarial liability to the following: 20 years (other post-employment benefits) and 15 years (pension) amortizations beginning in FY2018. This accelerated payoff will result in savings to the District's customers over the previous, longer amortization.

Financial Policies

The CHWD financial policies include many of the District's financial management practices that are used for operational and strategic decision making. These policies also allow the Board of Directors and community stakeholders to monitor how effectively the District is managing its financial responsibilities, as well as providing a means for holding the District fiscally accountable. These policies are reviewed annually to incorporate minor changes to existing policy, or major shifts in financial priorities at the discretion of the Board of Directors.

- Investment Policy – The Board has adopted an investment policy that conforms to state law, CHWD's ordinances and resolutions, prudent money management, and the "prudent person" standards. The objectives of the Statement of Investment Policy are safety, liquidity, and then yield. Currently, funds are invested in various securities as authorized by CHWD's Investment Policy, with most of the District's funds invested in California's Local Agency Investment Fund (LAIF).
- Reserve Policies – The District has ten Reserve accounts with supported policies to balance ongoing operations to capital improvement programs. These funds are allocated to the maintenance, repair, replacement, or improvement of water system infrastructure. Adequate reserves, along with sound financial policies, provide financial flexibility to counter unanticipated expenditures or revenue fluctuations.

Audit and Financial Reporting

State Law and bond covenants require CHWD to obtain an annual audit of its financial statements by an independent Certified Public Accountant. The accounting firm of Maze and Associates conducted the audit of CHWD's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section. This is the fifth year of a six year engagement with Maze and Associates.

Risk Management

CHWD participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) for the purchase of workers' compensation, liability, property, automobile, and fidelity insurance. The typical liability limits are \$5 million per incident/occurrence.

Economic Condition, Outlook and Major Initiatives

CHWD is primarily a residential community, with some commercial enterprises within its boundaries. The District's service area is almost built out; therefore, the District does not anticipate a significant growth in revenue based solely upon new development. The District is forecasting a slow but steady revenue increase based on 0.5% growth per year from the demand in small in-fill of housing or commercial development within District boundaries.

CHWD operates as an enterprise fund, meaning the costs of providing water service and protecting groundwater resources are financed by rates and fees charged to District customers. Since the District receives no revenue from taxes, operating revenues consist primarily of water sales and bi-monthly service charges. Although water use increased slightly in 2019, District customers have decreased their water use significantly since 2013 in response to state-wide drought mandates. This drop in demand created a gap between the amount of water customers were projected to use, and the amount they actually used, and contributed to the need for a new rate study and Financial Model rebuild. The rebuild of the Financial Model was completed and used in the development of the 2020 budget.

CHWD and its wholesale water supplier, San Juan Water District, continue to encounter changes in operations due to new regulations. The impact of current and future regulations, and the resulting cost impact on water supply operations, are an ongoing challenge for the District. The District anticipates a 9% rate increase from its wholesale water supplier in 2020.

As of January 1, 2019, CHWD charges a uniform commodity rate of \$1.07 per unit and a bi-monthly fixed charge of \$78.18 for a 1-inch meter. One unit of water equals 748 gallons which means that the cost per gallon is 0.14 cents. At \$725.16 per year, the cost of water service for a typical single family home using 179,520 gallons of water annually remains a good value for CHWD's customers.

The District continues to repair and replace aging infrastructure throughout its system. During 2019, the District completed 233 service replacements, as well as the testing and replacement of the District's large water meters. The District also completed main replacements on Patten Avenue and Watson Way. Capital projects scheduled for 2020 total \$6.8 million.

The outbreak of the novel coronavirus COVID-19 in the United States in the first quarter of 2020 has caused a nationwide disruption to all facets of the national economy. At this time, the financial impact on the District cannot be reasonably estimated. See Note 12 of the Notes to the Financial Statements for more information.

Through this crisis, the District remains steadfast in its commitment to the safety and well-being of its customers. Therefore, the District temporarily suspended its collection activity for delinquent accounts, and temporarily suspended shut-offs for nonpayment. Additionally, the District remains operational to continue serving its customers, and has increased its customer outreach program to provide vital information and assure our customers that their water supply is safe, clean, and dependable.

Long-Term Financial Planning

Citrus Heights Water District utilizes a number of planning strategies when considering long-term financial forecasts.

- **Strategic Plan** – Strategic planning involves establishing a vision for the future and a clear mission statement to provide direction and define what the organization stands for and what it has pledged to accomplish. Since 2016, CHWD has held a strategic planning workshop for the Board of Directors, management, and at-large customers. The purpose of the workshop has been to review the District’s mission statement and values, and to implement the District’s mission and values through an Annual Work Program. The Work Program includes three-year goals and one-year objectives, which emphasize the District’s commitment to promoting the efficient use of water, managing CHWD’s water supply, implementing capital improvements, and optimizing organizational efficiency. The Strategic Plan and its accompanying Annual Work Program form the basis for the District’s priority-based budgeting efforts.
- **Project 2030 Water Main Replacement Plan** – This plan was identified during the strategic planning process as a key strategy for engaging customers in long-range water main replacement planning and funding efforts. The purpose of this plan is to inform customers about challenges and opportunities, and the current actions being undertaken to ensure water supply reliability, and prepare for the replacement of aging infrastructure.
- **Capital Improvement Plan** – The Strategic Plan lays the groundwork for the Capital Improvement Plan, which includes project schedules and projected costs for production and water supply facilities identified in a 1999 Facilities Master Plan. The Capital Improvement Plan is a ten year forecast and a capital reinvestment plan.
- **10-Year Financial Planning Model** – The previous Financial Planning Model was prepared by NBS in consultation with District staff in June 2013, and includes short

and long-range projections of the District's revenues, operating and maintenance expenses, capital expenditures, and reserves over the next ten years. The plan is updated as changes in customer water use impact long-range financial projections and capital improvement and water supply plans evolve. Raftelis Financial Consultants were retained to work with District staff to prepare a new Financial Planning Model, which was completed and presented to the Board in 2019, and used in the development of the 2020 budget.

- **Annual Budget** – A key component of financial planning is the District's budget, which is prepared, reviewed and adopted annually. Every summer, District Finance staff prepares a draft budget, based upon an analysis of the Financial Planning Model and on revenue/expenditure submissions from CHWD's departments. The budget is presented to the Board of Directors for approval prior to the beginning of the next fiscal year. The annual budget includes forecasts for revenues, operating expenditures and capital expenditures, and is formulated using a priority-based budgeting approach.
- **Water Meter Replacement Program**– As CHWD's first generation of meters age-out, the District has taken the lead to form an 11-agency consortium to partner in the replacement and testing of meters on an on-going basis. The goal of the newly-created Meter Replacement Program consortium is to take advantage of an economies of scale of over 300,000 meters to be able to reduce meter asset management costs for CHWD and its consortium partners. The consortium's initial project is the completion of a Meter Replacement Program Study to identify opportunities for partnership and strategies for each agency in the short and long-term to optimally manage meter replacements.

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Citrus Heights Water District for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2018. This was the second year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental agency must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. CHWD believes that this CAFR continues to meet the Certificate of Achievement Program's requirements, and is submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished through the combined efforts of CHWD's staff, most notably Accounting Manager Alberto Preciado, along with support from the various departmental directors, managers, and supervisors. CHWD staff's dedicated efforts, professionalism, and contributions to CHWD's CAFR is greatly appreciated. We would also

like to thank the members of the Board of Directors for their continued support in planning and implementing the District's fiscal policies.

Respectfully submitted,



Hilary M. Straus
General Manager/Secretary



Susan K. Talwar
Director of Finance and
Administrative Services/ Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Citrus Heights Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

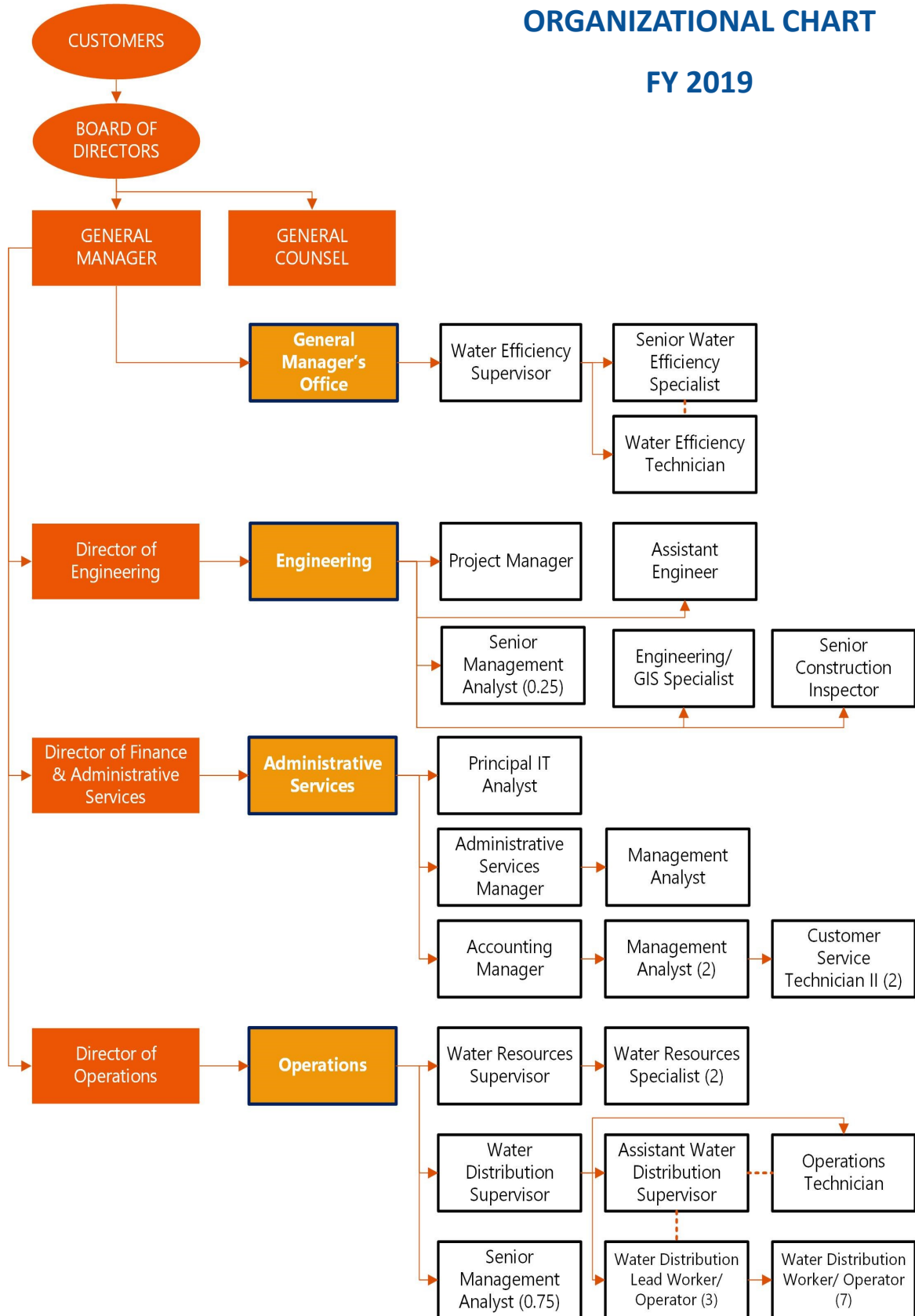
December 31, 2018

Christopher P. Morrill

Executive Director/CEO

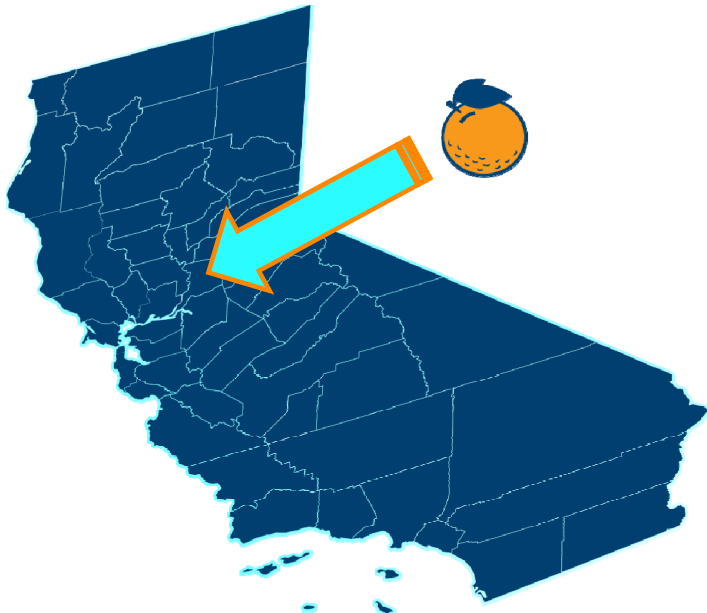
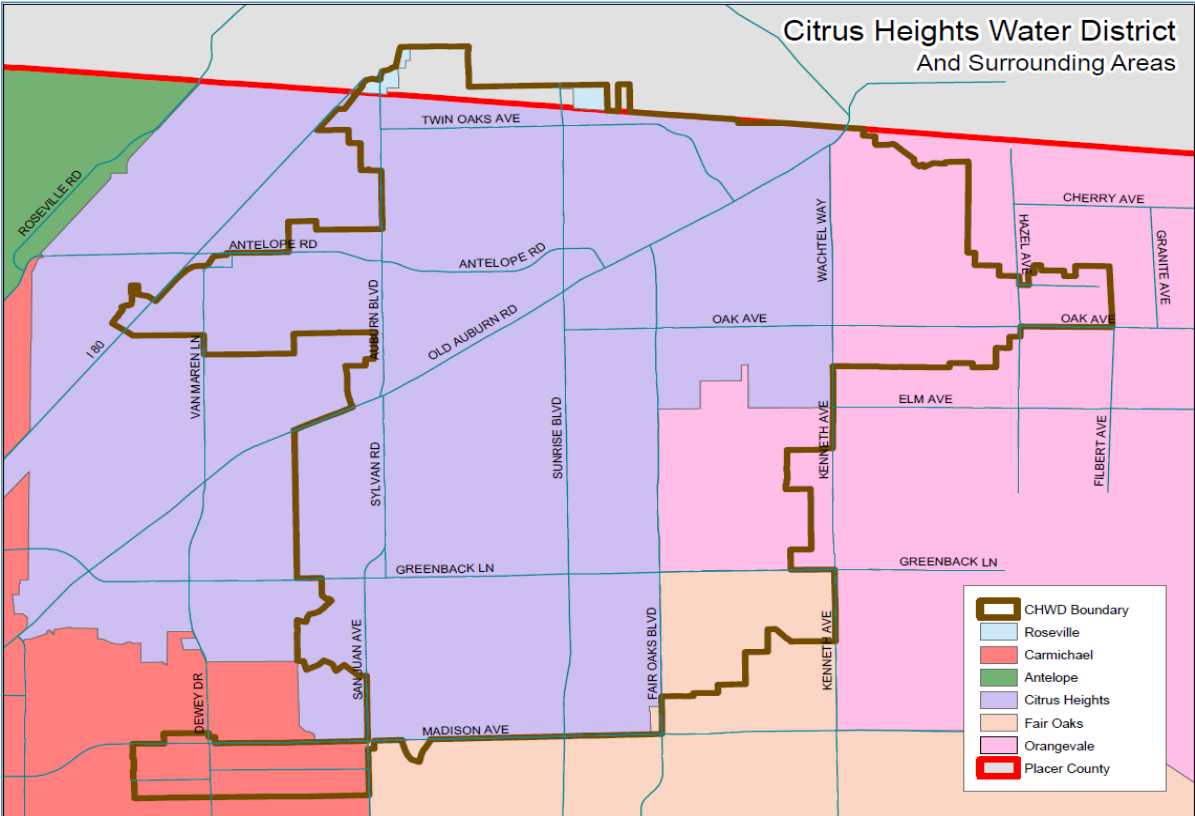
ORGANIZATIONAL CHART

FY 2019



CITRUS HEIGHTS WATER DISTRICT

Service Area Map with Cities Served



CITRUS HEIGHTS WATER DISTRICT

Board of Directors and Principal Officers

Board of Directors

President	Caryl F. Sheehan	Division One
Vice President	Raymond A. Riehle	Division Two
Director	David C. Wheaton	Division Three

Executive Staff

General Manager	Hilary M. Straus
Director of Engineering	Melissa Pieri
Director of Finance and Administrative Services	Susan K. Talwar
Director of Operations	David Gordon

Appointed Officers

Secretary	Hilary M. Straus
Treasurer	Susan K. Talwar
Assessor Collector	Alberto Preciado

Financial Section



Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Directors
Citrus Heights Water District
Citrus Heights, California

Report on Financial Statements

We have audited the accompanying financial statements of the Citrus Heights Water District (District), California, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the District as of December 31, 2019 and 2018, and the respective changes in its financial positions and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management early implemented the provisions of the Governmental Accounting Standards Board Statement 84 – *Fiduciary Activities*, for the year ended December 31, 2018. See Note 1A for relevant disclosures.

Management adopted the provisions of the Governmental Accounting Standards Board Statement, Statement No. 75 – *Accounting and Financial Reporting for Post-employment Benefit Plans Other than Pensions*, which became effective during the year ended December 31, 2018, and required a restatement to of beginning net position as discussed in Note 6 to the financial statements.

The emphasis of these matters do not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis, and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The Introductory Section, and Statistical Section, as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Maze + Associates

Pleasant Hill, California
May 7, 2020

Management's Discussion and Analysis

CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019 and 2018

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Citrus Heights Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended December 30, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

The following items are, in the opinion of District management, among the most significant in assessing the District's overall financial activities during 2019 and its financial position at the close of the year 2019:

- ❖ The District's assets exceeded its liabilities at the end of year 2019 by \$69,953,010. About 82 percent of the District's net position, \$57,193,152, is composed of the capital assets of the District – the water transmission and distribution system, water production facilities, land, buildings, and equipment belonging to the District. Unrestricted net position totaled \$12,217,198, up from \$11,717,632 at the end of year 2018. This increase is due primarily to an 11.9 percent rate increase levied by the Board of Directors at the beginning of 2019. In fiscal year 2018, unrestricted net assets increased to \$11,717,632, up from \$10,882,932 at the end of 2017. This increase was due primarily to revenue generated from a water transfer sale in 2018, and also a 3 percent rate increase levied by the Board of Directors at the beginning of 2018
- ❖ Capital improvement spending in year 2019 decreased by \$298,288 as compared with 2018. Capital improvements capitalized in 2019 amounted to \$3.0 million. Capital improvement spending in year 2018 increased by \$70,000 as compared to year 2017. Capital improvements capitalized in 2018 amounted to \$4.8 million.
- ❖ The District's operating revenues for 2019 were \$15,340,476. About 97 percent of operating revenues, \$14,823,207, came from water sales to customers.
- ❖ The District's total net long-term liabilities at the end of 2019, including the 2012 Revenue Refunding bonds, the 2010 Revenue Refunding Certificates of Participation, pension liability, liability for other postemployment benefits (OPEB), and compensated absences is \$7,945,889. GASB Statement No. 68 required the recording of pension liability amounting to \$4,611,042. GASB Statement No. 75 required the recording of OPEB liability in the amount of \$1,459,582. Liabilities from Bond debt service decreased by \$669,819 due to a reduction in principal on debt during 2019 resulting from debt service payments during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: (1) management's discussion and analysis; and (2) the financial statements, including the notes to financial statements and required supplementary information.

CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019 and 2018

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The required supplementary information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) to provide more context regarding the financial statements from an appropriate operational, economic, or historical perspective.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the District are included in the Balance Sheet.

The Balance Sheet presents the financial position of the District on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at year-end.

Balance Sheet

The following table summarizes assets, deferred outflows, liabilities, deferred inflows, and net position at December 31, 2019, 2018, and 2017:

	2019	2018	2017	% Increase (Decrease)	
				FY19 vs FY18	FY18 vs FY17
Current assets	\$18,801,764	\$17,150,069	\$16,248,823	9.6%	5.6%
Capital assets, net	59,640,444	58,109,443	57,038,900	2.6%	1.9%
Total Assets	78,442,208	75,259,512	73,287,723	4.2%	2.7%
Deferred outflows	2,113,759	2,674,857	1,981,897	(21.0)%	35.0%
Current liabilities	2,295,848	1,972,121	2,031,682	16.4%	(2.9)%
Non-current liabilities	7,945,889	8,468,101	8,280,325	(6.2)%	2.3%
Total Liabilities	10,241,737	10,440,222	10,312,007	(1.9)%	1.2%
Deferred Inflows	361,220	205,982	188,528	75.4%	9.3%
Net Position					
Net investment in capital assets	57,193,152	55,029,058	53,350,420	3.9%	2.1%
Restricted for debt service	542,660	541,475	535,733	0.2%	1.1%
Unrestricted	12,217,199	11,717,632	10,882,932	4.3%	13.2%
Total Net Position	\$69,953,010	\$67,288,165	\$64,769,085	4.0%	3.9%

CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019 and 2018

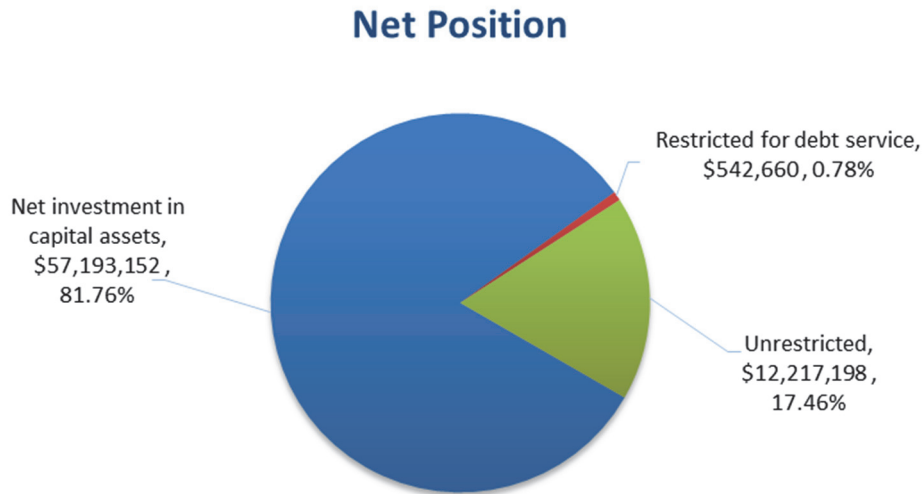
The total net position of the District increased from \$64.8 million in 2017 to \$67.3 million in 2018, and increased to \$70.0 million in 2019. The District's total assets increased by \$3.2 million, or 4.2%, in 2019 compared to 2018, and \$2.0 million, or 2.7%, in 2018 compared to 2017.

Deferred outflows decreased by 21.0% from \$2.7 million in 2018 to \$2.1 million in 2019, due to the amortization of a prior-year balance of pension deferred outflows; a 35.0% increase in deferred outflows from \$2.0 million in 2017 to \$2.7 million in 2018 was due to a prepayment of pension liability.

In 2019, the total liabilities decreased \$198,485, or 1.9%, compared to 2018, and in 2018, increased \$128,215, or 1.2%, compared to 2017.

Deferred inflows increased by \$155,238, or 75.4% to \$361,220 in 2019 from \$205,982 in 2018 as a result of changes in actuarial assumptions affecting the calculation of the pension liability; deferred inflows increased by \$17,454, or 9.3%, to \$205,982 in 2019 from \$188,528 in 2018 primarily as a result of changes in actuarial assumptions that affected the calculation of deferred inflows for pensions.

The increase in net position over the three-year period totals \$5.2 million or 8.0% and is the result of the combination of net income and capital contributions.



CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019 and 2018

Changes in Net Position

The following table summarizes the changes in net position for the fiscal years ended December 31, 2019, 2018, and 2017:

	2019	2018	2017	% Increase (Decrease)	
Operating revenues	\$15,340,476	\$14,375,044	\$14,043,049	6.7%	2.4%
Operating expenses:					
Customer service, administration and general	4,371,420	3,228,919	2,543,736	35.4%	26.9%
Water purchases	3,131,903	2,878,799	2,692,482	8.8%	6.9%
Transmission and distribution	2,425,827	2,142,451	1,963,750	13.2%	9.1%
Pumping & well maintenance	683,432	717,562	145,077	(4.8)%	394.6%
Water efficiency (Conservation)	617,732	563,708	189,336	9.6%	197.7%
Depreciation & amortization	2,435,900	2,388,634	2,345,281	2.0%	1.8%
Total operating expenses	13,666,214	11,920,073	9,879,662	14.6%	20.7%
Operating income	1,674,262	2,454,971	4,163,377	(31.8)%	(41.0)%
Net non-operating revenues (expenses)	92,499	302,184	898,144	(69.4)%	(66.4)%
Net income before capital contributions	1,766,761	2,757,155	5,061,531	(35.9)%	(45.5)%
Capital contributions:					
Contributed (donated) assets	898,084	213,121	55,813	321.4%	281.8%
Grant Revenue	-	-	-	0.0%	0.0%
Total capital contributions	898,084	213,121	55,813	321.4%	281.8%
Change in net position	2,664,845	2,970,276	5,117,344	(10.3)%	(42.0)%
Net position, beginning of year, as restated	67,288,165	64,317,889	59,651,741	4.6%	7.8%
Net position, end of year	\$69,953,010	\$67,288,165	\$64,769,085	4.0%	3.9%

Net position increased \$2.7 million, or 4.0 percent from the prior year; in 2018, net position increased \$2.5 million, or 3.9 percent from 2017. Operating revenue that exceeded operating expenses by \$1.7 million and \$2.5 million for 2019 and 2018, respectively, accounts for the majority of the increase in net position, and most of these funds were expended for the construction of capital improvements or set aside for that purpose. The receipt of \$898,084 in donated assets from private developer additions to the District's water distribution system accounted for about 33.7 percent of the increase in net position.

CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019 and 2018

Total operating revenues increased in 2019 by \$965,432 or 6.7 percent from 2018, and in 2018 by \$331,995 or 2.4 percent from 2017. An increase in water rates accounts for most of this increase. Water consumption by the District customers increased in 2019 compared with consumption in 2018 by 0.2%; this is as a result of a dryer winter than in the previous year. Consumption decreased in 2018 by 0.3% over 2017 due to increased rainfall in the winter months.

In 2019, operating expenses increased by \$1.7 million, or 14.6% from 2018, primarily due to a pension expense of \$0.9 million recorded for GASB 68, and an increase of \$253,104 in the cost of wholesale water caused by an increase in the wholesale water rate. Operating expenses increased in 2018 by \$2,040,411, or 20.7 percent from 2017, due to increases in operating costs such as the beginning of an accelerated payoff of the District's GASB 68 pension and GASB 75 OPEB unfunded liabilities, the cost of materials and supplies used to operate and maintain the District's water distribution system and groundwater production wells, including major maintenance to the Sunrise Well, and professional services for advanced planning for the Project 2030 Water Main Replacement study and the Meter Replacement program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2019, 2018 and 2017, the District's investment in capital assets, net of related debt, was \$57,193,152, \$55,029,058, and \$53,350,420, respectively, including: the water transmission and distribution system (underground pipelines, water services, water meters, fire hydrants, and other components), water production facilities (groundwater wells), land, buildings and both mobile and fixed equipment.

Replacement of aging pipelines and water service connections throughout the District's system continued to represent the majority of the \$3.0 million additions to the District's capital assets in 2019, the \$4.8 million additions in 2018, and the \$1.7 million additions in 2017. A number of private development projects resulted in the addition of \$898,084 in donated capital assets in 2019, and \$213,122 in 2018.

Additional information on the District's capital assets can be found in Note 3, Capital Assets, of the notes to the basic financial statements.

Debt Administration

The District continues to meet its debt obligations under its 2010 Refunded Certificates of Participation (COPs) and the 2012 Revenue Refunding bonds. Through scheduled debt service payments, principal on its collective debt was reduced by \$644,819 during 2019, and by \$619,820 during 2018. The District's total debt from its COP and bond issuances now stands at approximately \$2.4 million.

Total compensated absences (long-term liability and current portion combined), are composed of leave hours earned by employees that are payable upon termination or

CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019 and 2018

retirement and are valued at \$444,651 at the end of 2019, a decrease from the 2018 year-end amount of \$463,089. This decrease was due to a change in leave policies that reduced the amount of management, vacation, and compensated time off leave balances that could be carried forward to the next year. From 2017 to 2018, compensated absences increased by \$84,750. This increase was due primarily to higher rates of leave due to seniority and multiple employees becoming eligible for sick leave payouts.

The liability for other post-employment benefits (OPEB) increased by \$58,314 to 1.5 million in 2019; as a result of the annual cost of these benefits exceeding the amounts paid for premiums. OPEB liability increased by \$560,741 in 2018 due to the implementation of GASB 75. The District began prefunding its OPEB liability in 2018; if it hadn't done so, the increase would have been \$1.2 million.

Additional information on the District's debt activity can be found in Note 4, Long-Term Liabilities, of the notes to the basic financial statements.

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS

The District continued to exercise fiscal restraint in budgeting for District operations in 2020, with an overall increase of 4.8% percent compared with the 2019 Operating Budget. This budget includes:

- ❖ Maintaining the current level of services and programs for District customers;
- ❖ \$2.0 million in Professional Services, including many Strategic Planning and Special Project items, including the Project 2030 Study, Water Meter Replacement Program, ASR Study, organizational development, District policy review/updates, review of easements, annexations, website redesign and water supply agreement.
- ❖ \$482,187 increase in Salary and Benefits, which includes: Accelerated payoffs of the CalPERS pension Unfunded Actuarial Liability (UAL) and the OPEB UAL; 11% increase in the CalPERS employer contribution rate (due to factors such as the lowering of the assumed rate of return on CalPERS' portfolio); 4.5%, for merit and cost of living adjustments; and, 0.8% increase is attributable to the addition of the proposed Water Distribution Operator position.
- ❖ Designated Reserve transfers include: \$1,000,000 transfer to the Water Supply Reserve based upon projected revenue in order to begin setting aside funds for the anticipated future construction of new wells for the District, and \$200,000 transfer to the Water Meter Replacement Reserves for accrual of funds toward Meter Replacements at the end of their useful life, projected to start in 2025.

A 2019 Operating Budget Summary is included at the conclusion of this Management's Discussion and Analysis to provide an overview of the District's operating budget.

The District plans to rebuild its financial reserves to a level that supports a higher level of capital investment from reserves. Total capital improvement expenditures budgeted for

CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019 and 2018

FY2020 are about \$5.7 million compared with \$4.3 million in FY2019. This amount includes about \$2.6 million in carry-over projects from prior years, and about \$3.1 million in new projects for FY2020. Installation of new fire hydrants, as well as replacements and upgrades for \$160,000, six water main replacement or installation projects, scheduled to start design, will be undertaken in 2020 with construction targeted for 2021, as well as six projects scheduled to start construction at a total cost of \$2.1 million. Operations equipment replacements and new equipment purchases totaling \$380,000 are planned for 2020.

A 2020 Capital Improvement Budget Summary is included at the conclusion of this Management's Discussion and Analysis to provide an overview of the District's capital improvement budget.

A significant but declining portion of the District's budget continues to be the repayment of long-term debt financing in the form of Certificates of Participation originally issued in 2000 (refunded in 2010) and Certificates of Participation originally issued in 2003 (refunded as Revenue Refunding Bonds in 2012). The annual debt service for these two issuances is budgeted at \$635,000 for FY2020.

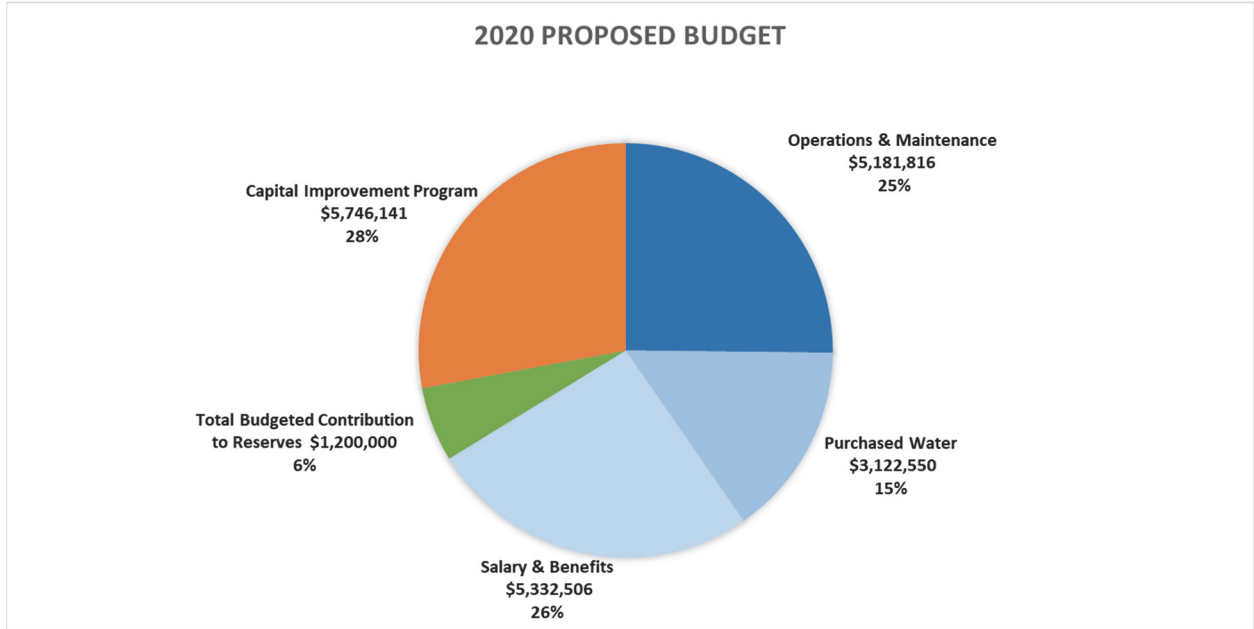
The District's Board of Directors levied a water rate increase designed to achieve an overall increase in water rate revenues of 3 percent for 2019. The District has implemented a detailed cost-of-service and financial plan study to determine the increase, taking into consideration the statewide water mandates, capital improvement program, and water meter reserves. The increase in revenues resulting from the FY2020 water rates will provide additional revenue to offset rising operating costs and the increasing costs of reinvestment in the District's aging water transmission and distribution infrastructure.

The District anticipates the need to consider future annual water rate increases to fund replacement of portions of the District's 250 miles of underground water mains, and to pay the continually-rising operating costs of the District, while maintaining financial reserves to comply with debt covenants and to provide funds for emergencies or catastrophic losses. However, water rates for years beyond FY2021 have not been adopted by the Board of Directors. District Staff worked with Raftelis Financial Consultants to create and implement a new financial plan, which was completed and presented to the Board in 2019.

CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019 and 2018

CITRUS HEIGHTS WATER DISTRICT ADOPTED BUDGET

	2017 Actual	2018 Actual	2019 Adopted Budget	2019 Projected	2020 Adopted Budget
Operating & Maintenance Budget					
<i>Operations & Maintenance</i>	\$ 1,978,192	\$ 3,061,429	\$ 4,776,093	\$ 3,418,265	\$ 5,181,816
<i>Purchased Water</i>	\$ 2,190,061	\$ 2,872,679	\$ 3,444,647	\$ 3,200,000	\$ 3,122,550
<i>Salary & Benefits</i>	\$ 3,071,341	\$ 4,327,336	\$ 4,850,319	\$ 4,831,703	\$ 5,332,506
<i>Total Expense</i>	\$ 7,239,594	\$ 10,261,444	\$ 13,071,059	\$ 11,449,967	\$ 13,636,872
Contribution to Reserves Budget					
<i>Total Budgeted Contribution to Reserves</i>	\$ 575,000	\$ 1,760,000	\$ 666,000	\$ 666,000	\$ 1,200,000
Capital Improvement Program Budget					
<i>Capital Improvement Program Budget (Funded through CIP Reserve)</i>	\$ 2,090,087	\$ 3,419,838	\$ 6,204,462	\$ 3,613,998	\$ 5,746,141



CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019 and 2018

CITRUS HEIGHTS WATER DISTRICT ADOPTED CAPITAL PROJECTS BUDGET

Project Number	Description	2019 Adopted Budget	Project Expenses Prior Years	2019 Projected Expense	2020 Proposed Expense	Adopted Project Budget through 2020	2020 Project Budget Amendment Request
C15-104B	Document Management System	250,000	5,361		239,278	250,000	-
C15-109	Blossom Hill Way 6" x 10" Interconnection w/ RV	27,777		-	27,777	27,777	-
C15-110	Crestmont Avenue 6" Interconnection w/ RV	24,288			24,288	24,288	-
C16-134	Auburn Blvd - Rusch Park to Placer County Line	10,000	609		9,391	10,000	-
C17-102	Michigan Dr - Sunrise to West	285,022	12,963	38,039	346,895	397,897	112,875
C17-104	Groundwater Well Property Acquisition (# 7, 8, 9 & 10)	890,000	208,136	530,030	151,834	890,000	-
C18-103	Cologne Way	220,471	267	44,461	222,341	267,069	46,598
C19-003	Annual Fleet Improvements/Replacements	295,000		50,000	245,000	295,000	-
C19-101	Robie Way 8" Main Replacement Project	26,846		26,846	314,536	341,382	314,536
C19-104	Admiral Avenue Water Main Replacement	30,310		30,310	261,129	291,439	261,129
C19-105	Whyte Avenue and Langley Avenue Water Main Replacement	83,235		83,235	659,420	742,655	659,420
C19-106	Wells Avenue 8-inch (San Juan to Wells)	22,460		22,460		22,460	-
C19-107	Rowan Way 8" & 6" Water Main at Grady Drive	28,419		28,419	90,676	119,095	90,676
C19-108	6230 Sylvan Road - East Wall	250,000		5,000	45,000	50,000	(200,000)
C18-106	Groundwater Well #7 - Design & Construction			-	-	-	-
Encumbered Projects Total		2,443,828	227,336	858,800	2,637,565	3,729,062	1,285,234
C20-003	Annual Fleet and Field Operations Equipment	295,000		295,000	380,000	380,000	
C20-004	Annual Technology Hardware and Software	10,000		10,000	55,000	55,000	
C20-005	Annual Facilities Improvements	140,000		140,000	100,000	100,000	
C20-010	Annual Water Main Pipeline Replacements (small)	66,843		66,843	70,000	70,000	
C20-011	Annual Valve Replacements	148,540		80,000	100,000	100,000	
C20-012	Annual Water Service Connections	957,700		800,000	850,000	850,000	
C20-013	Annual Water Meter Replacements	129,086		129,086	100,000	100,000	
C20-014	Annual Fire Hydrants - Repl, Upgrades, Infill, New	159,150		120,000	160,000	160,000	
C20-020	Annual Groundwater Well Improvements	175,000		120,000	150,000	150,000	
C20-040	Other City Partnership Opportunities	100,000		100,000	150,000	150,000	
C20-041	Other Misc Infrastructure Projects	50,000		50,000	110,000	110,000	
2020 New Annual Capital Total¹		2,231,319	-	1,910,929	2,225,000	2,225,000	-
C20-101	Fair Oaks Boulevard				56,439	56,439	
C20-102	Langley Avenue and Chance Drive				67,019	67,019	
C20	Marsala Court				7,482	7,482	
C20	Skycrest School				13,765	13,765	
C20	Walnut Drive				17,133	17,133	
C20	Wisconsin Drive				33,238	33,238	
WS20-1	Water Supply Project Design and Construction of Well				563,500	563,500	
C20	Pre-Architectural Study Corporation Yard/Master Plan				100,000	100,000	
C20	Plans, Specifications, & Estimate for Preferred Alt - Corp Yard				25,000	25,000	
2020 New Projects Total Budget		-	-	-	883,576	883,576	-
Totals		4,675,147	858,800	858,800	5,746,141	6,837,638	1,285,234

Summary	Total Budget
Prior Years Carry-Over Capital Project Total	2,443,828
Plus:	
Prior Years Projects Amendment Approval/(Savings)	1,285,234
2020 New Annual Capital Project Total	2,225,000
2020 New Capital Project Total	883,576
2020 Capital Project Total Budget Request	4,393,810
Total CIP Budget	\$ 6,837,638

¹ Prior Year Annual Projects are included for comparison purposes only as Annual Projects are completed on an annual basis



C I T R U S
H E I G H T S

W A T E R
D I S T R I C T

Basic Financial Statements

CITRUS HEIGHTS WATER DISTRICT
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and investments (Note 2)	\$14,461,764	\$13,050,305
Restricted - cash and investments (Note 2)	542,660	541,475
Accounts receivable, net	2,701,846	2,374,296
Due from other governments	199,973	398,292
Accrued interest receivable	41,599	42,558
Inventory	341,180	284,027
Prepaid expenses and other deposits	512,742	459,116
Total current assets	18,801,764	17,150,069
NON-CURRENT ASSETS		
Non-depreciable capital assets (Note 3)	1,577,867	1,408,284
Depreciable capital assets, net (Note 3)	58,062,577	56,701,159
Total non-current assets	59,640,444	58,109,443
TOTAL ASSETS	78,442,208	75,259,512
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount from refunding debt	9,788	22,839
Pension related (Note 7)	1,915,695	2,529,491
OPEB related (Note 8)	188,276	122,527
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,113,759	2,674,857
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$80,555,967	\$77,934,369
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$697,792	\$568,947
Retentions payable	37,883	-
Accrued payroll	116,071	92,439
Accrued interest payable	46,342	52,344
Deposits payable	395,166	384,835
Compensated absences (Note 4)	367,594	263,556
Long-term debt (Note 4)	635,000	610,000
Total current liabilities	2,295,848	1,972,121
NON-CURRENT LIABILITIES		
Compensated absences (Note 4)	77,057	199,533
Long-term debt (Note 4)	1,798,208	2,468,027
Net pension liability (Note 7)	4,611,042	4,399,273
Net OPEB liability (Note 8)	1,459,582	1,401,268
Total non-current liabilities	7,945,889	8,468,101
TOTAL LIABILITIES	10,241,737	10,440,222
DEFERRED INFLOWS OF RESOURCES		
Deferred amount from refunding debt	23,872	25,197
Pension related (Note 7)	337,348	180,785
TOTAL DEFERRED INFLOWS OF RESOURCES	361,220	205,982
NET POSITION (Note 6)		
Net investment in capital assets	57,193,152	55,029,058
Restricted for debt service	542,660	541,475
Unrestricted	12,217,198	11,717,632
TOTAL NET POSITION	69,953,010	67,288,165
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$80,555,967	\$77,934,369

See accompanying notes to financial statements

CITRUS HEIGHTS WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Water sales	\$14,823,207	\$14,119,865
Connection and other fees	517,269	255,179
Total operating revenues	15,340,476	14,375,044
OPERATING EXPENSES		
Customer service, administration and general	4,371,420	3,228,919
Water purchases	3,131,903	2,878,799
Transmission and distribution	2,425,827	2,142,451
Pumping and well maintenance	683,432	717,562
Conservation	617,732	563,708
Depreciation and amortization	2,435,900	2,388,634
Total operating expenses	13,666,214	11,920,073
OPERATING INCOME	1,674,262	2,454,971
NONOPERATING REVENUES (EXPENSES)		
Investment income	214,962	159,437
Miscellaneous income	69,322	107,546
Groundwater transfers and sales	38,316	347,583
Interest expense	(124,346)	(147,540)
(Loss) gain on disposal of capital assets	(105,755)	(164,842)
Total nonoperating revenues (expenses)	92,499	302,184
Net income (loss) before capital contributions	1,766,761	2,757,155
CAPITAL CONTRIBUTIONS		
Capital contributions	898,084	213,121
Total capital contributions	898,084	213,121
CHANGES IN NET POSITION	2,664,845	2,970,276
NET POSITION, BEGINNING OF YEAR, AS RESTATED (NOTE 6)	67,288,165	64,317,889
NET POSITION, END OF YEAR	\$69,953,010	\$67,288,165

See accompanying notes to financial statements

CITRUS HEIGHTS WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$15,050,809	\$14,356,677
Cash paid to suppliers for goods and services	(7,881,654)	(6,712,978)
Cash paid to employees for services	<u>(2,129,372)</u>	<u>(3,082,301)</u>
Cash Flows from Operating Activities	<u>5,039,783</u>	<u>4,561,398</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from miscellaneous non operating income	69,322	107,546
Receipts from groundwater transfers and sales	<u>38,316</u>	<u>347,583</u>
Cash Flows from Noncapital Financing Activities	<u>107,638</u>	<u>455,129</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,174,572)	(3,410,898)
Principal payments on long-term debt	(644,819)	(619,820)
Interest payments on long-term debt	<u>(130,348)</u>	<u>(148,183)</u>
Cash Flows (used for) Capital and Related Financing Activities	<u>(3,949,739)</u>	<u>(4,178,901)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	<u>214,962</u>	<u>159,437</u>
Cash Flows from Investing Activities	<u>214,962</u>	<u>159,437</u>
NET CASH FLOWS	1,412,644	997,063
Cash, beginning of year	<u>13,591,780</u>	<u>12,594,717</u>
Cash, end of year	<u><u>\$15,004,424</u></u>	<u><u>\$13,591,780</u></u>
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$14,461,764	\$13,050,305
Restricted - cash and cash equivalents	<u>542,660</u>	<u>541,475</u>
Total cash and cash equivalents	<u><u>\$15,004,424</u></u>	<u><u>\$13,591,780</u></u>

(Continued)

CITRUS HEIGHTS WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

RECONCILIATION OF NET INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	2019	2018
Net income from operations	\$1,674,262	\$2,454,971
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,435,900	2,388,634
Change in assets and liabilities:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(327,550)	58,246
Inventory	(57,153)	(48,560)
Prepaid expenses and other assets	145,652	86,131
Deferred amount from refunding of debt	13,051	13,050
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	128,845	(101,383)
Accrued payroll	23,632	26,963
Deposits payable	10,331	10,535
Retentions payable	37,883	(76,613)
Compensated absences	(18,438)	84,750
Deferred amount from refunding of debt	(1,325)	(1,325)
Net pension liability and related deferred inflows and outflows	982,128	(321,019)
Total OPEB liability and related deferred inflows and outflows	(7,435)	(12,982)
Net cash provided by operating activities	\$5,039,783	\$4,561,398
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES		
Receipt of contributed assets	\$898,084	\$213,121

See accompanying notes to financial statements

Notes to the Basic Financial Statements

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The District was established on October 25, 1920 as an irrigation district under Division 11 of the Act of Legislature of the State of California. The District constructs and maintains waterworks and supplies domestic water in an area of approximately 12 square miles to about 19,900 connections in Sacramento and Placer counties with an estimated population of 66,000. The District is governed by a Board of Directors consisting of three directors elected by residents of the District. The accompanying basic financial statements present the District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

The District has created the Citrus Heights Water District Financing Corporation (the Corporation) to provide assistance to the District in the issuance of debt. Although legally separate from the District, the Corporation is reported as if it were part of the primary government because it shares a common Board of Directors with the District and its sole purpose is to provide financing to the District under the debt issuance documents of the District. Debt issued by the Corporation is reflected as debt of the District in these financial statements. The Corporation has no other transactions and does not issue separate financial statements.

Basis of Presentation – Fund Accounting: The basic financial statements of the Citrus Heights Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District is accounted for as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting. The more significant of the District's accounting policies are described below.

The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. When such funds are received they are recorded as unearned revenue until earned. Earned but unbilled water services are accrued as revenue.

Water lines are constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. These lines are recorded as capital contributions when they pass inspection by the District, and the estimated costs are capitalized as donated pipelines.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits and restricted and unrestricted investments in money market mutual funds and LAIF.

Restricted Assets: Certain proceeds of the District's long-term debt are classified as restricted investments on the balance sheet because their use is limited by applicable debt covenants.

Investments: Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

**CITRUS HEIGHTS WATER DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Years Ended December 31, 2019 and 2018**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
 POLICIES (Continued)**

Inventory: Inventory consists primarily of materials used in the construction and maintenance of the water distribution facilities and is valued on a first-in, first-out basis.

Prepays: Prepays consist primarily of insurance, maintenance agreements and other prepaid assets.

Capital Assets: Capital assets are recorded at historical cost. Donated capital assets, works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Self-constructed assets are recorded based on the amount of direct labor, material, and certain overhead charged to the asset construction. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Description	Useful Life
Pipeline and infrastructure	20 - 40 years
Equipment and machinery	5 - 10 years
Buildings	15 - 40 years
Well improvements	40 years
Donated pipelines	40 years
Improvements	40 years

Depreciation expense aggregated \$2,415,482 and \$2,369,215 for the years ended December 31, 2019 and 2018, respectively, and is included with depreciation and amortization expense.

Maintenance and repairs are charged to operations when incurred. It is the District’s policy to capitalize all capital assets with a cost of more than \$5,000 for tangible personal property and \$15,000 for infrastructure, building or improvements. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Bond Premiums and Bond Issuance Costs: Bond premiums are deferred and amortized over the lives of the bonds. Long-term liabilities are reported net of the applicable bond premiums. Bond issuance costs are recognized as an expense in the period incurred.

Deferred Amount from Refunding Debt: The difference between the reacquisition price of refunded debt and the net carrying amount of the previously outstanding debt is deferred and reported as either a deferred outflow or deferred inflow on the balance sheet. These amounts are amortized over the shorter of the term of the old debt or the new debt.

Deferred Outflows: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

**CITRUS HEIGHTS WATER DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Years Ended December 31, 2019 and 2018**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
 POLICIES (Continued)**

Deferred Inflows: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Compensated Absences: The District’s policy allows employees to accumulate earned but unused annual leave, management leave and compensatory time-off which will be paid to employees upon separation from service to the District. The cost of annual leave, management leave and compensatory time-off is recognized in the period earned.

Upon death while employed by the District or retirement from the District, employees are paid one-third of their accumulated sick leave time. This amount is also recognized in the period earned.

A. *New Pronouncements*

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended December 31, 2019:

GASB Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local governments. It also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. GASB Statement No. 84 is effective for the District’s fiscal year ending December 31, 2019. The District has elected to early adopt the provisions of Statement No. 84 by retroactively restating financial statements for the year ending December 31, 2018. As a result, the previously reported Fiduciary Fund for Other Post-Employment Benefit Trust Fund is no longer reported as part of the District’s financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of December 31 are classified in the accompanying financial statements as follows:

	2019	2018
Cash and investments	\$14,461,764	\$13,050,305
Restricted cash and investments	542,660	541,475
Total cash and investments	\$15,004,424	\$13,591,780

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and investments as of December 31 consisted of the following:

	2019	2018
Cash on hand	\$850	\$850
Deposits with financial institutions	8,067,088	6,829,104
Total cash	8,067,938	6,829,954
Investments in Local Agency Investment Fund (LAIF)	6,393,826	6,220,351
Held by fiscal agent:		
Money market mutual fund	542,660	541,475
Total investments	6,936,486	6,761,826
Total cash and investments	\$15,004,424	\$13,591,780

Investment Policy: California statutes authorize districts to invest idle, surplus, or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy. During the year ended December 31, 2019, the District’s permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer
Local Agency Investment Program	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
State of California Obligations	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposits	5 years	30%	None
Medium Term Corporate Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-through Securities	5 years	20%	No Limit
LAIF	N/A	None	No Limit
Passbook Deposits	45 days	None	None
Supranationals	5 years	30%	None

* Excluding amounts held by the bond trustee that are not subject to California Government Code restrictions

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 2 – CASH AND INVESTMENTS (Continued)

The District complied with the provisions of the California Government Code (or the District’s investment policy, where more restrictive) pertaining to the types of investments held, the institutions in which deposits were made, and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investments Authorized by Debt Agreements: Investment of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy. The Certificates of Participation debt agreements contain certain provisions that address interest rate risk and credit risk, but not concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Program	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers Acceptances	1 year	None	None
Commercial Paper	None	None	None
Negotiable Certificates of Deposits	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	None	None	None
Money Market Mutual Funds	N/A	None	None
LAIF	N/A	None	None

Fair Value Hierarchy: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

CITRUS HEIGHTS WATER DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)
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The following is a summary of the fair value hierarchy of the fair value of investments of the District as of December 31, 2019:

	Level 1	Total
<i>Investments by Fair Value Level:</i>		
Money Market Mutual Fund	\$542,660	\$542,660
Total Investments	\$542,660	542,660
<i>Investments Measured at Amortized Cost:</i>		
Money Market Mutual Fund		542,971
<i>Cash in banks and on hand</i>		7,524,967
<i>Total Cash and Investments subject to Fair Value Hierarchy</i>		8,610,598
<i>Investments not subject to Fair Value Hierarchy</i>		
California Local Agency Investment Fund (LAIF)		6,393,826
Total Cash and Investments		\$15,004,424

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of December 31, 2018:

	Level 1	Total
<i>Investments by Fair Value Level:</i>		
Money Market Mutual Fund	\$541,475	\$541,475
Total Investments	\$541,475	541,475
<i>Investments Measured at Amortized Cost:</i>		
Money Market Mutual Fund		535,431
<i>Cash in banks and on hand</i>		6,294,523
<i>Total Cash and Investments subject to Fair Value Hierarchy</i>		7,371,429
<i>Investments not subject to Fair Value Hierarchy</i>		
California Local Agency Investment Fund (LAIF)		6,220,351
Total Cash and Investments		\$13,591,780

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing, or coming close to maturity, evenly over time, as necessary to provide the cash flow and liquidity needed for operations. All of the District’s investments mature in 12 months or less.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type for the year ended December 31, 2019.

	Minimum Legal Rating	Ratings as of Year End AAAm	Not Rated	Total
LAIF	N/A		\$6,393,826	\$6,393,826
Held by bond trustee:				
Money market mutual funds	AAAm	\$542,660		542,660
		\$542,660	\$6,393,826	\$6,936,486

The following is a summary of the minimum rating required by (where applicable) the California Government Code, the District’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type for the year ended December 31, 2018.

	Minimum Legal Rating	Ratings as of Year End AAAm	Not Rated	Total
LAIF	N/A		\$6,220,351	\$6,220,351
Held by bond trustee:				
Money market mutual funds	AAAm	\$541,475		541,475
		\$541,475	\$6,220,351	\$6,761,826

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 5% of total investments, with the exception of U.S. Treasury obligations, U.S. Agency Securities, and LAIF. There are no investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total District investments.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of the District's cash on deposit. All of the District's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the District's name.

Investment in LAIF: The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At December 31, 2019 and 2018, respectively, these investments matured in an average of 226 and 192 days.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2019 and 2018 are as follows:

	Balance December 31, 2018	Additions	Retirements	Transfers	Balance December 31, 2019
Capital assets not being depreciated:					
Land	\$955,683				\$955,683
Right of ways	26,080				26,080
Construction in progress	426,521	\$3,180,405	(\$31,538)	(\$2,979,284)	596,104
Total capital assets not being depreciated	<u>1,408,284</u>	<u>3,180,405</u>	<u>(31,538)</u>	<u>(2,979,284)</u>	<u>1,577,867</u>
Capital assets being depreciated:					
Improvements	1,079,743			165,319	1,245,062
Pipelines and infrastructure	60,794,063		(260,814)	2,435,921	62,969,170
Equipment and machinery	3,642,871	23,380	(65,400)	270,654	3,871,505
Buildings and improvements	3,889,125			43,262	3,932,387
Well improvements	7,814,290			64,128	7,878,418
Donated pipelines	17,649,248	898,084	(38,816)		18,508,516
Total capital assets being depreciated	<u>94,869,340</u>	<u>921,464</u>	<u>(365,030)</u>	<u>2,979,284</u>	<u>98,405,058</u>
Less accumulated depreciation for:					
Improvements	(41,572)	(26,724)			(68,296)
Pipelines and infrastructure	(22,013,708)	(1,526,895)	171,956		(23,368,647)
Equipment and machinery	(2,796,118)	(172,232)	53,547		(2,914,803)
Buildings and improvements	(952,486)	(94,400)			(1,046,886)
Well improvements	(1,800,782)	(195,117)			(1,995,899)
Donated pipelines	(10,563,515)	(408,806)	24,371		(10,947,950)
Total accumulated depreciation	<u>(38,168,181)</u>	<u>(2,424,174)</u>	<u>249,874</u>		<u>(40,342,481)</u>
Total capital assets being depreciated, net	<u>56,701,159</u>	<u>(1,502,710)</u>	<u>(115,156)</u>	<u>2,979,284</u>	<u>58,062,577</u>
Capital Assets, net	<u>\$58,109,443</u>	<u>\$1,677,695</u>	<u>(\$146,694)</u>		<u>\$59,640,444</u>

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

NOTE 3 – CAPITAL ASSETS (Continued)

	Balance December 31, 2017	Additions	Retirements	Transfers	Balance December 31, 2018
Capital assets not being depreciated:					
Land	\$955,683				\$955,683
Right of ways	26,080				26,080
Construction in progress	1,854,420	\$3,478,694	(\$73,905)	(\$4,832,688)	426,521
Total capital assets not being depreciated	2,836,183	3,478,694	(73,905)	(4,832,688)	1,408,284
Capital assets being depreciated:					
Improvements	55,847			1,023,896	1,079,743
Pipelines and infrastructure	58,878,496		(343,087)	2,258,654	60,794,063
Equipment and machinery	3,413,942			228,929	3,642,871
Buildings and improvements	2,777,938			1,111,187	3,889,125
Well improvements	7,604,268			210,022	7,814,290
Donated pipelines	17,436,126	213,122			17,649,248
Total capital assets being depreciated	90,166,617	213,122	(343,087)	4,832,688	94,869,340
Less accumulated depreciation for:					
Improvements	(38,657)	(2,915)			(41,572)
Pipelines and infrastructure	(20,708,602)	(1,470,040)	164,934		(22,013,708)
Equipment and machinery	(2,610,470)	(185,648)			(2,796,118)
Buildings and improvements	(882,115)	(70,371)			(952,486)
Well improvements	(1,610,611)	(190,171)			(1,800,782)
Donated pipelines	(10,113,445)	(450,070)			(10,563,515)
Total accumulated depreciation	(35,963,900)	(2,369,215)	164,934		(38,168,181)
Total capital assets being depreciated, net	54,202,717	(2,156,093)	(\$178,153)	4,832,688	56,701,159
Capital Assets, net	\$57,038,900	\$1,322,601	(\$252,058)		\$58,109,443

Capacity Entitlements: From 1993 through 1998, the District participated with four other water agencies in a cooperative transmission pipeline project for the construction of additional transmission pipeline facilities. The District's share of these pipeline costs totaled \$5,636,711. The Capacity Entitlements asset represents the capacity rights the District has purchased in the cooperative transmission pipeline project owned by San Juan Water District. The asset is being amortized over the pipeline's estimated useful life of forty years.

NOTE 4 – LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

2010 Certificates of Participation: In 2010, the District issued \$5,155,000 of Revenue Certificates of Participation (Certificates) with an interest rate of 4.00%. These 2010 Certificates were issued to retire the 2000 Certificates of Participation, which were issued to finance certain capital improvements to the District's water system. The District is required to collect rates and charges from its water system that will be sufficient to yield net revenues equal to 110% of debt service payments on any future debt issued, and to deposit the net revenues in a revenue fund pledged for such future debt service payments. Annual principal payments, ranging from \$450,000 to \$545,000 are due on September 28 through September 28, 2020 and semi-annual interest payments, ranging from \$10,900 to \$59,600 are due on March 28 and September 28 through September 28, 2020.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

NOTE 4 – LONG-TERM LIABILITIES (Continued)

2012 Revenue Refunding Bonds: In April 2012, the District issued \$2,275,000 of Revenue Refunding Bonds with interest rates ranging from 3.00% to 5.25%. These 2012 Revenue Refunding Bonds were issued to retire the 2003 Certificates of Participation, which were issued to finance the cost of certain capital improvements to the District’s water system. The District is required to collect rates and charges from its water system that will be sufficient to yield net revenues equal to 110% of debt service payments on any future debt issued, and to deposit the net revenues in a revenue fund pledged for such future debt service payments. Annual principal payments, ranging from \$70,000 to \$160,000 are due on February 1 through February 1, 2033, and semi-annual interest payments, ranging from \$4,200 to \$48,600 are due on February 1 and August 1, through February 1, 2033.

The activity of the District’s long-term liabilities during the years ended December 31, 2019 and 2018 was as follows:

	Balance December 31, 2018	Additions	Retirements	Balance December 31, 2019	Current Portion
2010 Certificates of Participation 4%, due 9/28/20	\$1,070,000		(\$525,000)	\$545,000	\$545,000
2012 Revenue Refunding Bonds 3-5.25%, due 2/1/33	1,790,000		(85,000)	1,705,000	90,000
Less: Unamortized premiums	218,027		(34,819)	183,208	
	3,078,027		(644,819)	2,433,208	635,000
Net pension liability	4,399,273	\$211,769		4,611,042	
Net OPEB liability	1,401,268	100,841	(42,527)	1,459,582	
Compensated absences	463,089	372,613	(391,051)	444,651	367,594
Total Long-Term Liabilities	\$9,341,657	\$685,223	(\$1,078,397)	\$8,948,483	\$1,002,594
	December 31, 2017 (as restated)	Additions	Retirements	Balance December 31, 2018	Current Portion
2010 Certificates of Participation 4%, due 9/28/20	\$1,575,000		(\$505,000)	\$1,070,000	\$525,000
2012 Revenue Refunding Bonds 3-5.25%, due 2/1/33	1,870,000		(80,000)	1,790,000	85,000
Less: Unamortized premiums	252,847		(34,820)	218,027	
	3,697,847		(619,820)	3,078,027	610,000
Net pension liability	4,155,588	\$243,685		4,399,273	
Net OPEB liability	1,332,951	189,545	(121,228)	1,401,268	
Compensated absences	378,339	339,346	(254,596)	463,089	263,556
Total Long-Term Liabilities	\$9,564,725	\$772,576	(\$995,644)	\$9,341,657	\$873,556

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the outstanding debt as of December 31, 2019 are as follows:

Fiscal Year Ending December 31,	2010 Certificates of Participation			2012 Revenue Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$545,000	\$21,800	\$566,800	\$90,000	\$83,588	\$173,588
2021				95,000	79,088	174,088
2022				100,000	74,338	174,338
2023				105,000	69,338	174,338
2024				110,000	64,088	174,088
2025-2029				605,000	253,200	858,200
2030-2033				600,000	8,400	608,400
Total	<u>\$545,000</u>	<u>\$21,800</u>	<u>\$566,800</u>	<u>\$1,705,000</u>	<u>\$632,038</u>	<u>\$2,337,038</u>

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2012 Revenue Refunding Bonds in an original amount of \$2,275,000. Proceeds of the Revenue Refunding Bonds were used to refund the 2003 Certificates of Participation to finance capital improvements to the District’s water system. The Revenue Refunding Bonds are payable solely from water customer net revenues, and are payable through February, 2033. Annual principal and interest payments on the Bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Revenue Refunding Bonds was \$2,409,225 and \$2,580,363 at December 31, 2019 and 2018, respectively.

The District pledged future water system revenues, net of specified expenses, to repay the 2010 Certificates of Participation in the original amount of \$5,155,000. Proceeds of the Certificates of Participation funded the acquisition and construction of certain facilities, as indicated above. The Certificates of Participation are payable solely from water customer net revenues and are payable through September 2020. Annual principal and interest payments on the Certificates of Participation are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Certificates of Participation was \$566,800 and \$1,134,600 at December 31, 2019 and 2018, respectively.

Total principal and interest paid on all debt payable from net revenues was \$738,938 and \$737,738 and the total water system net revenues were \$3,817,978 and \$4,958,578 for the years ended December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, the District’s net revenues were 517% and 672% of debt service payments, respectively.

Events of Default: The 2012 Revenue Refunding Bonds from direct borrowings related to business-type activities, contain events of default that declare the principal of all of the 2012 bonds then outstanding and the interest accrued thereon to be due and payable immediately as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the District to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the District; or if any court or competent jurisdiction shall assume custody or control of the District. There were no such events occurred during the fiscal year ending December 31, 2019.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

The 2010 Certificates of Participation’s bond covenants contain events of default that declare the entire principal amount of the unpaid Series 2010 Installment Payments and the accrued interest thereon to be due and payable immediately as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the District to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the District; or if any court or competent jurisdiction shall assume custody or control of the District. There were no such events occurred during the fiscal year ending December 31, 2019.

NOTE 5 – ARBITRAGE REBATE LIABILITY

Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all “Nonpurpose Investments” allocable to “Gross Proceeds” of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at December 31, 2019 and 2018.

NOTE 6 – NET POSITION

Restrictions: Restricted net position consist of constraints placed on net asset use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2019 and 2018 consisted of the debt service reserve on the 2010 Certificates of Participation. The restrictions represent debt service and other reserves required by the related debt covenants.

Designations: Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action.

The designations are for the following:

Designated for rate stabilization represents the amount to be used to ensure financial and customer rate stability in responding to certain conditions.

Designated for operating reserve is maintained for operating funds collected in advance for the following year, accrued leave reserve, self-insurance reserve, unanticipated operating expenses, unanticipated economic shortfall, and unallocated funds.

Designated for depreciation reserve represents amounts set aside to replace or rehabilitate capital facilities at the end of their useful life.

Designated for capital improvement reserve represents amounts set aside for use in evaluating and constructing new capital facilities to benefit existing District customers. This reserve had a negative balance in past years due to large capital expenditures, including the meter retrofit program and well construction.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 6 – NET POSITION (Continued)

Designated for fleet equipment reserve represents amounts set aside to replace fleet equipment at the end of its useful life.

Designated for employment-related benefits reserve represents amounts set aside to pay the costs of employment-related benefits for existing and retired District employees.

Designated for water meter replacement reserve represents amounts set aside for use in evaluating, designing, and replacing or rehabilitating capital facilities pertaining to water meters to benefit existing District customers.

Designated for water supply reserve represents amounts set aside for evaluating, acquiring, and constructing capital facilities related to water supply, such as groundwater production wells, aquifer storage and recovery wells, surface water projects, recycled/reclaimed water projects, and land and right-of-way acquisition.

Net Position Restatements: Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB), which became effective during the year ended December 31, 2018. In June 2015, GASB issued Statement No. 75 and the intention of this Statement is to improve the usefulness of information for decisions made by the various users of the financial reports of governments whose employees – both active employees and inactive employees – are provided with postemployment benefits other than pensions by requiring recognition of the entire net OPEB liability and a more comprehensive measure of OPEB expense.

The implementation of the Statement required the District to make prior period adjustments. As a result, the beginning net position at January 1, 2018 of the Business-Type Activities was restated and reduced by \$451,196. See Note 8.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plans

Plan Description and Summary of Balances by Plan – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous (all other) Employee Pension Rate Plan. The District's Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The District sponsors one rate plan (miscellaneous).

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Below is a summary of the deferred outflows of resources, net pension liabilities, and deferred inflows of resources by Plan for the year ended December 31, 2019:

	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
Miscellaneous	\$1,915,695	\$4,611,042	(\$337,348)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Plans’ provisions and benefits in effect at December 31, 2019, are summarized as follows:

	Miscellaneous Tier 1 Prior to January 1, 2013	Miscellaneous Tier 2 Prior to January 1, 2013	Miscellaneous PEPRA On or after January 1, 2013
Hire date			
Benefit formula	2.0% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rates	6.9%	6.9%	6.8%
Required employer contribution rates	10.2%	9.7%	7.0%

Beginning in fiscal year 2017, CalPERS collects employer contributions for the cost-sharing plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The District’s required contribution for the unfunded liability was \$361,091 in fiscal year 2019.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended December 31, 2019, the District’s contributions to the Plan were as follows:

	Miscellaneous		
	Tier I	Tier II	PEPRA
Contributions - employer	\$510,975	\$110,029	\$42,985

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of December 31, 2019 the District reported \$4,611,042 in net pension liabilities for its proportionate shares of the net pension liability of the Plan.

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

	Miscellaneous
Proportion - June 30, 2018	0.11673%
Proportion - June 30, 2019	0.11515%
Change - Increase (Decrease)	-0.00158%

CITRUS HEIGHTS WATER DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS For the Years Ended December 31, 2019 and 2018

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)
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For the year ended December 31, 2019, the District recognized pension expense of \$982,128. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$530,157	
Differences between actual and expected experience	320,256	(\$24,813)
Changes in assumptions	219,876	(77,944)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	845,406	(153,976)
Net differences between projected and actual earnings on plan investments		(80,615)
	\$1,915,695	(\$337,348)
Total		

The \$530,157 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31	Annual Amortization
2020	\$821,463
2021	216,252
2022	(5,815)
2023	16,290

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$7,457,153
Current Discount Rate	7.15%
Net Pension Liability/(Asset)	\$4,611,042
1% Increase	8.15%
Net Pension Liability/(Asset)	\$2,261,778

Actuarial Assumptions – For the measurement period ended June 30, 2019, the total pension liabilities were determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2018 and June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% (1)
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter
Mortality	Derived using CalPers Membership Data for all Funds (2)

(1) Net of pension plan investment and administrative expenses, including inflation.

(2) The mortality table used was developed based on CalPERS’ specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the CalPERS December 2017 experience study report available on CalPERS' website.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a December 2017 actuarial experience study. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Change of Assumptions – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.15% used for the June 30, 2019 measurement date was net of administrative expenses. The discount rate of 7.15% used for the June 30, 2018 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2018 measurement date were the same as those used for the June 30, 2019 measurement date.

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class (a)	Current Target Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 8 – POST-EMPLOYMENT HEALTH CARE BENEFITS

A. General Information about the District's Other Post Employment Benefit (OPEB) Plan

Plan Description – The District provides post-employment healthcare benefits for certain groups of employees that retire from the District, under the Retiree Healthcare Plan (OPEB Plan), an agent multiple-employer plan administered by the District. The OPEB Plan provides benefits for all permanent, full-time employees of the District. The OPEB Plan's assets are held in trust with the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer Section 115 trust fund plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. Benefit provisions are established through District policy and may be amended through action of the District's Board of Directors. In order to qualify for participation in the OPEB Plan, employees must meet three conditions: (1) completion of 20 years of service with the District; (2) retirement from the District and (3) employed with the District by January 30, 2019.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 8 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Benefits Provided – The following is a summary of Plan benefits by employee group as of December 31, 2019:

		<i>Hired before January 31, 2019</i>		
		Retired from District between June 3, 1992 and March 19, 1996	Retired from District after March 19, 1996	Hired After January 30, 2019
<i>20+ Years of Service</i>	Health insurance provided to employee at District expense		Maximum monthly reimbursement of \$350.00 to retiree, spouse/dependents.	Employees hired after January 30, 2019 are not eligible to receive any benefit under the OPEB plan.
<i>25+ Years of Service</i>	Health insurance provided to retiree, and spouse/dependents at the time of retirement. If no spouse/dependents, or if retiree does not wish to cover spouse/ dependents, retiree may select benefit of 30+ years of service.		Maximum monthly reimbursement of \$393.00 to retiree, spouse/dependents.	
<i>30+ Years of Service</i>	Health, dental, vision insurance provided at District expense for retiree. Health and dental insurance provided at District expense for spouse/dependents at time of		Maximum monthly reimbursement of \$439.00 to retiree, spouse/dependents.	

For the year ended December 31, 2019, the District’s contributions to the OPEB Plan were \$128,530.

Employees Covered by Benefit Terms – Membership in the OPEB Plan consisted of the following at the measurement date of December 31, 2018:

Active plan members	34
Inactive employees or beneficiaries currently receiving benefit payments	11
Inactive employees entitled to but not yet receiving benefit payments	1
Total	46

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 8 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

B. Net OPEB Liability

Actuarial Methods and Assumptions – The District’s net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2018 to determine the total OPEB liability as of December 31, 2018, based on the following actuarial methods and assumptions:

	<u>Actuarial Assumptions</u>
Valuation Date	December 31, 2018
Measurement Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75%
Payroll Growth	3.0%
Healthcare Trend Rate	7.5% for 2020, decreasing to an ultimate rate of 4.0% in
Mortality Rate	CalPERS 1997-2015 Experience Study

The underlying mortality assumptions were based on the CalPERS 1997-2015 Experience Study, and all other actuarial assumptions used in the December 31, 2018 valuation were based on the results of a December 31, 2018 actuarial experience study for the period January 1, 2018 to December 31, 2018.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	40.0%	4.82%
Fixed Income	43.0%	1.47%
TIPS	5.0%	1.29%
Commodities	4.0%	0.84%
REITs	8.0%	3.76%
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 8 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

C. Changes in Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at December 31, 2018 (12/31/17 Measurement Date)	\$1,401,268		\$1,401,268
Changes Recognized for the Measurement Period:			
Service Cost	26,682		26,682
Interest on the total OPEB liability	87,918		87,918
Changes in benefit terms			-
Difference between expected and actual experience	41,338		41,338
Changes of assumptions	23,239		23,239
Contributions from the employer*		\$122,527	(122,527)
Net investment income		(1,658)	1,658
Administrative expenses		(6)	6
Benefit payments and refunds	(42,527)	(42,527)	-
Net Changes	136,650	78,336	58,314
Balance at December 31, 2019 (12/31/18 Measurement Date)	\$1,537,918	\$78,336	\$1,459,582

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates –
The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current discount rate:

Plan's Net OPEB Liability		
Discount Rate -1% (5.25 %)	Current Discount Rate (6.25%)	Discount Rate +1% (7.25%)
\$1,727,779	\$1,459,582	\$1,245,564

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0% to 4.0%) or 1-percentage-point higher (8.0% to 6.0%) than the current healthcare cost trend rates:

Plan's Net OPEB Liability		
Health Care Cost Trend Rates -1%	Health Care Cost Trend Rates	Health Care Cost Trend Rates +1%
\$1,449,714	\$1,459,582	\$1,468,921

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018**

NOTE 8 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the District recognized OPEB expense of \$121,095. At December 31, 2018, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$36,987	
Changes in assumptions	20,793	
Net difference between projected and actual earnings on plan investments	1,966	
Employer contributions made subsequent to the measurement date	128,530	
Total	\$188,276	

\$128,530 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020. The District did not have any other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB that must be recognized as future OPEB expense.

F. Payable to the OPEB Plan

At December 31, 2019, the District reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended December 31, 2019.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Various claims have been filed against the District. In the opinion of the District’s management and legal counsel, the claims will not have a material impact on the basic financial statements.

The District has capital project commitments as of December 31, 2019 and 2018 totaling \$596,105 and \$426,521, respectively, related to construction work.

NOTE 10 – ECONOMIC DEPENDENCY

During 2019 and 2018, the District purchased 96.74% and 90.52%, respectively, of its water supply from the San Juan Water District (SJWD). Total purchases for the year ended December 31, 2019 and 2018 was \$3,131,903 and \$2,878,799 , respectively. In addition, the District owns water transmission capacity entitlements through the cooperative transmission pipeline project owned and operated by SJWD.

**CITRUS HEIGHTS WATER DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Years Ended December 31, 2019 and 2018**

NOTE 11 – INSURANCE

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public officials liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District’s deductibles and maximum coverage are as follows:

Type of Coverage (Deductible)	ACWA/ JPIA	Deductible
General and Auto Liability (Includes Public Officials Liability)	\$5,000,000	None
Property Damage *	100,000	\$2,500 - 50,000
Crime	100,000	1,000
Workers Compensation Liability	2,000,000	None
Employers Liability	2,000,000	None

* The District has additional \$500,000,000 in property damage coverage via ACWA/JAPIA through the commercial insurance.

NOTE 12 – SUBSEQUENT EVENT

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on District and the duration cannot be reasonably estimated at this time.

Required Supplementary Information

CITRUS HEIGHTS WATER DISTRICT REQUIRED SUPPLEMENTAL INFORMATION For the Years Ended December 31, 2019 and 2018

Citrus Heights Water District, a Cost-Sharing Defined Pension Plan
As of fiscal year ending December 31, 2019
**Schedule of the Plan's Proportionate Share of the Net Pension Liability and
Related Ratios as of the Measurement Date****
Last 10 Years*

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>
Plan's Proportion of the Net Pension Liability/Asset	0.05398%	0.12216%	0.11962%	0.11866%	0.11673%	0.11515%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$3,358,940	\$3,351,422	\$4,155,588	\$4,677,711	\$4,399,273	\$4,611,042
Plan's Covered Payroll	\$2,279,406	\$2,289,027	\$2,270,540	\$2,606,536	\$2,941,557	\$3,442,952
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	147.36%	146.41%	183.02%	179.46%	149.56%	133.93%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	77.44%	79.89%	75.87%	75.39%	77.69%	77.73%

* Fiscal year 2015 was the 1st year of implementation.

** Calpers provides the information based on a June 30 fiscal year end.

CITRUS HEIGHTS WATER DISTRICT REQUIRED SUPPLEMENTAL INFORMATION For the Years Ended December 31, 2019 and 2018

Citrus Heights Water District, a Cost-Sharing Defined Pension Plan
As of fiscal year ending December 31, 2019
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 468,974	\$ 347,181	\$ 572,724	\$ 700,242	\$ 663,989
Contributions in relation to the actuarially determined contributions	(468,974)	(347,181)	(572,724)	(700,242)	(663,989)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
 Covered payroll	 \$ 2,129,887	 \$ 2,362,614	 \$ 2,667,190	 \$ 3,046,586	 \$ 3,537,549
 Contributions as a percentage of covered-employee payroll	 22.02%	 14.69%	 21.47%	 22.98%	 18.77%

* Fiscal year 2015 was the 1st year of implementation.

CITRUS HEIGHTS WATER DISTRICT REQUIRED SUPPLEMENTAL INFORMATION For the Years Ended December 31, 2019 and 2018

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
 Agent Multiple Employer Plan
 Last 10 years*

Measurement Date	12/31/17	12/31/18
Total OPEB Liability		
Service Cost	\$ 25,905	\$ 26,682
Interest	83,640	87,918
Differences between expected and actual experience		41,338
Changes in assumptions		23,239
Changes in benefits	(41,228)	(42,527)
Net change in total OPEB liability	68,317	136,650
Total OPEB liability - beginning	1,332,951	1,401,268
Total OPEB liability - ending (a)	\$ 1,401,268	\$ 1,537,918
 Total Plan Fiduciary Net Position		
Contributions - employer	\$ 41,228	\$ 122,527
Contributions - employee		
Net investment income		(1,658)
Benefit payments	(41,228)	(42,527)
Administrative expenses		(6)
Other changes		
Net change in plan Fiduciary Net Position	-	78,336
Plan Fiduciary Net Position - beginning	-	-
Plan Fiduciary Net Position - ending (b)	\$ -	\$ 78,336
 Plan net OPEB liability (a)-(b)	\$ 1,401,268	\$ 1,459,582
 Covered-employee payroll	\$ 3,278,242	\$ 3,658,217
 Net OPEB liability as a percentage of covered-employee payroll	42.74%	39.90%

Notes to schedule:

* - Fiscal year 2018 was the first year of implementation.

CITRUS HEIGHTS WATER DISTRICT REQUIRED SUPPLEMENTAL INFORMATION For the Years Ended December 31, 2019 and 2018

SCHEDULE OF CONTRIBUTIONS

Agent Multiple Employer Plan
Last Ten Fiscal Years*

Fiscal Year Ended December 31,	2018	2019
Actuarially determined contribution	\$ 122,000	\$ 130,652
Contributions in relation to the actuarially determined contributions	122,527	128,530
Contribution deficiency (excess)	\$ (527)	\$ 2,122
Covered-employee payroll	\$ 3,278,242	\$ 3,658,217
Contributions as a percentage of covered-employee payroll	3.74%	3.51%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal, Level Percentage of
Amortization Method	Level percent of pay
Amortization Period	19-year fixed period for 2019
Asset Valuation Method	n/a
Discount Rate	6.25%
General Inflation	2.75% annually
Medical Trend	7.0% for 2018, decreasing to an ultimate rate of 5.0% in 2022
Mortality	CalPERS 1997-2011 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-16

* - Fiscal year 2018 was the first year of implementation.

Statistical Section



CITRUS HEIGHTS WATER DISTRICT

Statistical Section

Table of Contents

This section of the Citrus Heights Water District's (District) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

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These schedules contain information to help the reader assess the District's ability to generate water revenues, the most significant source of revenue to the District.

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These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

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These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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Financial Trends



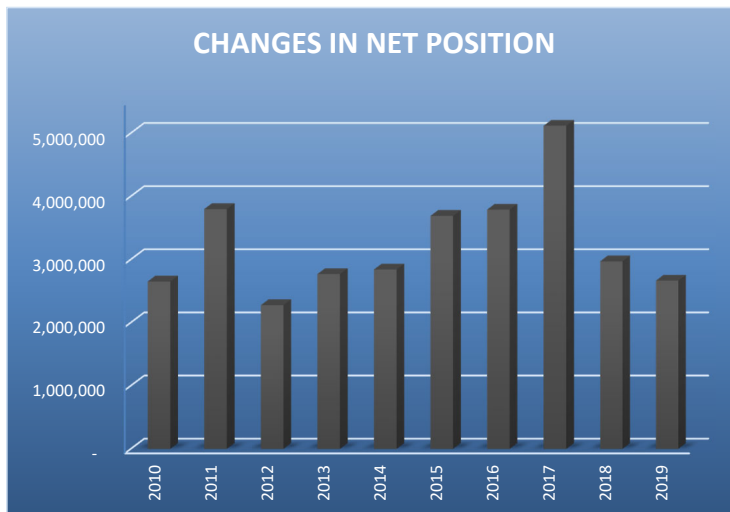
**CITRUS
HEIGHTS**

**WATER
DISTRICT**

CITRUS HEIGHTS WATER DISTRICT
Changes in Net Position and Net Position by Component

Last Ten Fiscal Years
 Schedule 1

	2010	2011	2012	2013	2014
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 10,132,776	10,227,212	10,693,408	11,358,086	11,331,301
Operating expenses (see Schedule 3)	(5,963,714)	(5,776,273)	(6,504,014)	(6,598,323)	(6,358,613)
Depreciation and amortization	(1,708,730)	(1,801,434)	(1,778,195)	(1,898,303)	(2,003,488)
Operating income(loss)	2,460,332	2,649,505	2,411,199	2,861,460	2,969,200
Non-operating revenues(expenses)					
Investment income	29,612	28,618	24,067	24,586	15,547
Miscellaneous income	41,470	1,155,861	16,127	13,616	12,716
Groundwater transfers and sales	-	-	-	-	-
Interest expense	(370,035)	(257,183)	(243,737)	(206,480)	(195,210)
(Loss) gain on disposal of capital assets	(22,187)	(30,516)	(31,125)	1,595	(30,669)
Total non-operating revenues(expenses), net	(321,140)	896,780	(234,668)	(166,683)	(197,616)
Net income before capital contributions	2,139,192	3,546,285	2,176,531	2,694,777	2,771,584
Capital Contributions					
Grant Revenues	32,884	22,699	3,126	3,178	10,310
Capital contributions	478,747	228,952	96,445	70,657	59,248
Changes in net position	\$ 2,650,823	3,797,936	2,276,102	2,768,612	2,841,142
Net position by component:					
Prior Year adjustment	\$ -	-	-	\$ -	\$ -
Net investment in capital assets	36,381,139	38,151,330	40,384,388	42,108,244	45,931,665
Restricted	741,188	731,706	536,967	536,973	536,963
Unrestricted	7,094,709	9,131,936	9,765,994	10,414,469	9,432,200
Total net position	\$ 44,217,036	48,014,972	50,687,349	53,059,686	55,900,828

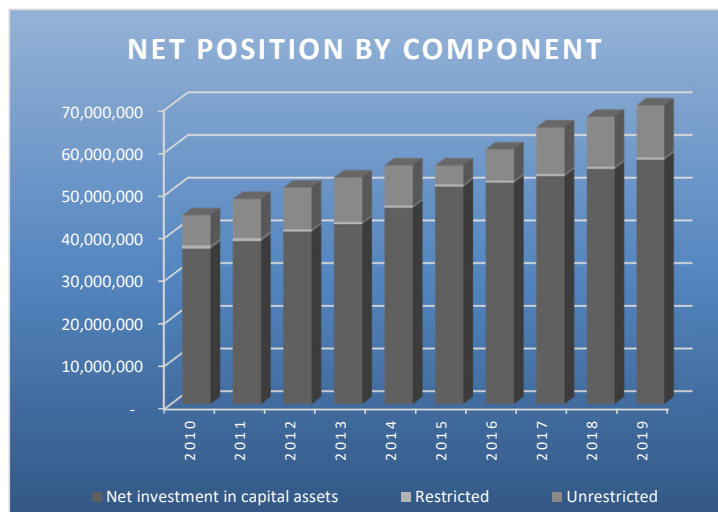


Source: District Administrative Services Department

CITRUS HEIGHTS WATER DISTRICT
Changes in Net Position and Net Position by Component

Last Ten Fiscal Years
 Schedule 1 (Continued)

	2015	2016	2017	2018	2019	
						Changes in net position:
\$	10,884,550	12,325,057	14,043,049	14,375,044	15,340,476	Operating revenues (see Schedule 2)
	(6,023,057)	(7,043,963)	(7,534,381)	(9,531,439)	(11,230,314)	Operating expenses (see Schedule 3)
	(2,098,944)	(2,203,170)	(2,345,281)	(2,388,634)	(2,435,900)	Depreciation and amortization
	<u>2,762,549</u>	<u>3,077,924</u>	<u>4,163,387</u>	<u>2,454,971</u>	<u>1,674,262</u>	Operating income(loss)
	19,093	38,313	63,531	159,437	214,962	Non-operating revenues(expenses)
	28,606	68,203	77,074	107,546	69,322	Investment income
	-	-	1,058,793	347,583	38,316	Miscellaneous income
	(173,462)	(155,214)	(145,911)	(147,540)	(124,346)	Groundwater transfers and sales
	4,834	(137,567)	(155,343)	(164,842)	(105,755)	Interest expense
	(120,929)	(186,265)	898,144	302,184	92,499	(Loss) gain on disposal of capital assets
	<u>2,641,620</u>	<u>2,891,659</u>	<u>5,061,531</u>	<u>2,757,155</u>	<u>1,766,761</u>	Total non-operating revenues(expenses), net
						Net income before capital contributions
	610,431	715	-	-	-	Capital Contributions
	438,567	896,688	55,813	213,121	898,084	Grant Revenues
						Capital contributions
\$	<u>3,690,618</u>	<u>3,789,062</u>	<u>5,117,344</u>	<u>2,970,276</u>	<u>2,664,845</u>	Changes in net position
						Net position by component:
	(3,728,767)	-	-	-	-	Prior Year adjustment
	50,895,005	51,801,433	53,350,420	55,029,058	57,193,152	Net investment in capital assets
	533,350	533,796	535,733	541,475	542,660	Restricted
	<u>4,434,324</u>	<u>7,316,512</u>	<u>10,882,932</u>	<u>11,717,632</u>	<u>12,217,198</u>	Unrestricted
\$	<u>52,133,912</u>	<u>59,651,741</u>	<u>64,769,085</u>	<u>67,288,165</u>	<u>69,953,010</u>	Total net position

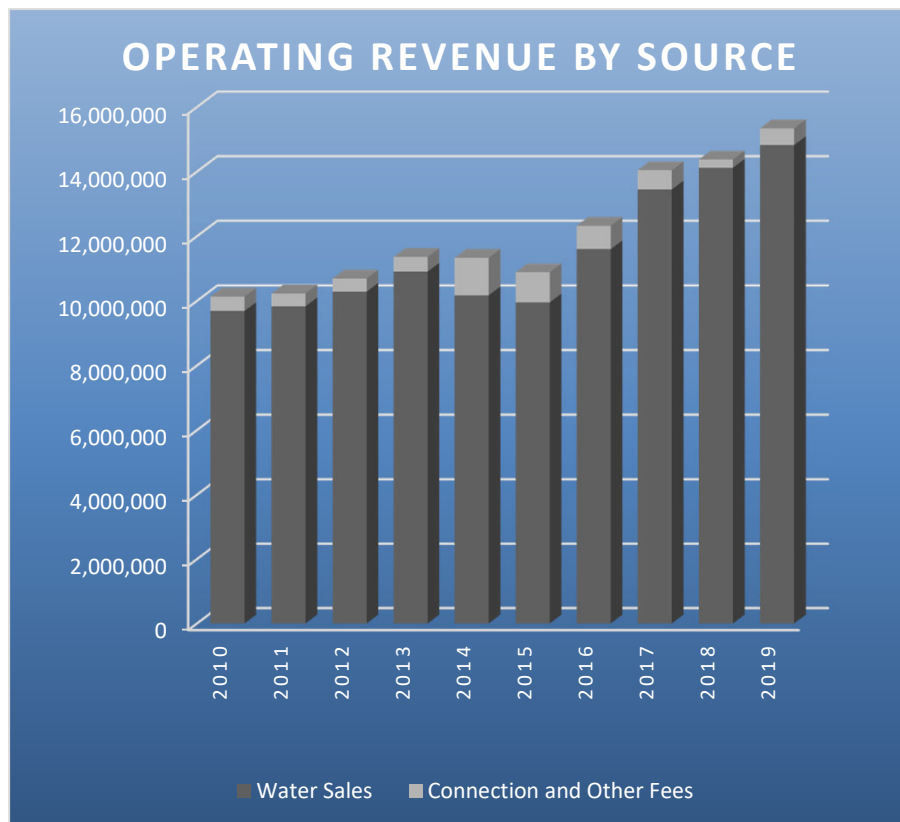


CITRUS HEIGHTS WATER DISTRICT

Operating Revenue By Source

Last Ten Fiscal Years
Schedule 2

Fiscal Year	Water Sales	Connection and Other	Total Operating
2010	\$ 9,687,869	\$ 444,907	\$ 10,132,776
2011	9,833,125	394,087	10,227,212
2012	10,285,029	408,379	10,693,408
2013	10,905,197	452,889	11,358,086
2014	10,171,473	1,159,828	11,331,301
2015	9,953,864	930,686	10,884,550
2016	11,602,622	722,435	12,325,057
2017	13,448,691	594,358	14,043,049
2018	14,119,865	255,179	14,375,044
2019	14,823,207	517,269	15,340,476

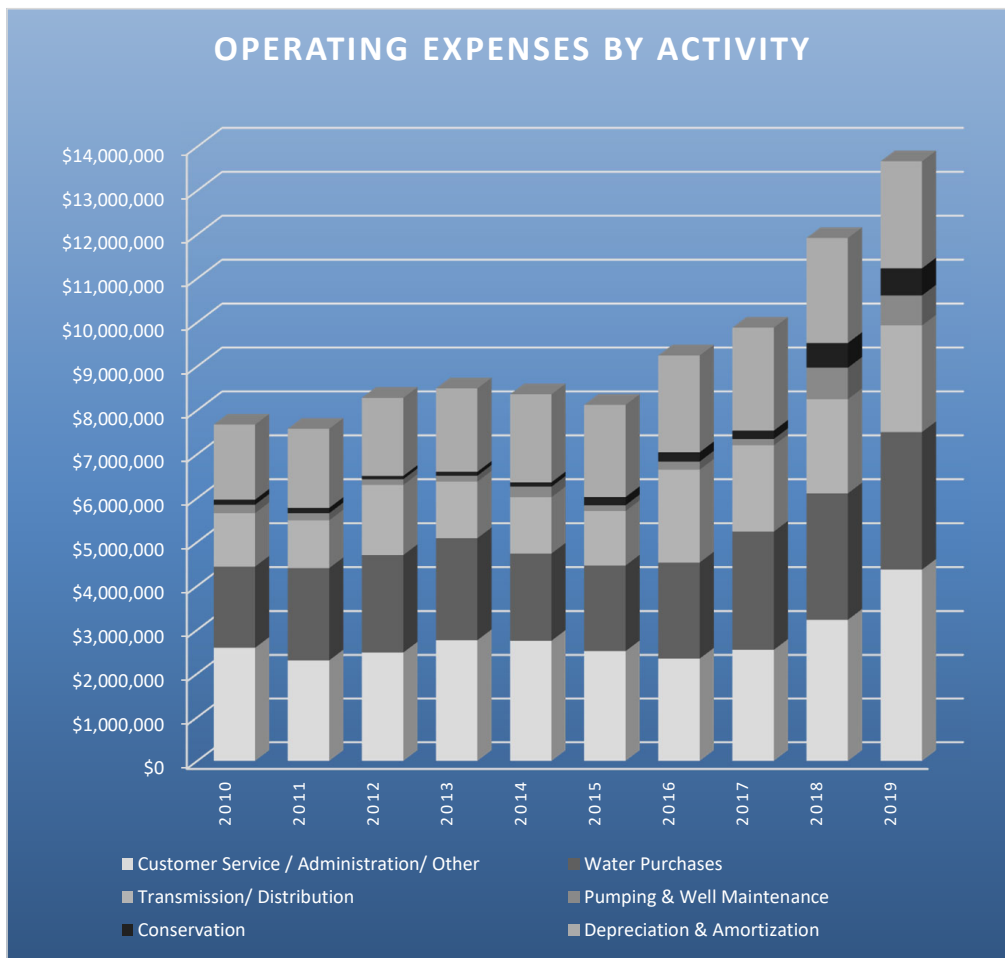


Source: District Administrative Services Department

CITRUS HEIGHTS WATER DISTRICT
Operating Expenses by Activity

Last Ten Fiscal Years
 Schedule 3

Fiscal Year	Customer Service / Administration / Other	Water Purchases	Transmission/ Distribution	Pumping & Well Maintenance	Conservation	Depreciation & Amortization	Total Operating Expenses
2010	\$ 2,591,029	\$ 1,849,440	\$ 1,215,954	\$ 192,540	\$ 114,751	\$ 1,708,730	\$ 7,672,444
2011	2,302,582	2,102,734	1,086,422	162,835	121,700	1,801,434	7,577,707
2012	2,481,956	2,219,550	1,597,456	130,129	74,923	1,778,195	8,282,209
2013	2,763,786	2,322,002	1,289,768	133,950	88,817	1,898,303	8,496,626
2014	2,752,172	1,984,921	1,282,941	239,344	99,235	2,003,488	8,362,101
2015	2,514,087	1,950,627	1,239,387	132,842	186,114	2,098,944	8,122,001
2016	2,342,957	2,190,061	2,114,019	184,776	212,150	2,203,170	9,247,133
2017	2,543,736	2,692,482	1,963,750	145,077	189,336	2,345,281	9,879,662
2018	3,228,919	2,878,799	2,142,451	717,562	563,708	2,388,634	11,920,073
2019	4,371,420	3,131,903	2,425,827	683,432	617,732	2,435,900	13,666,214



Source: District Administrative Services Department

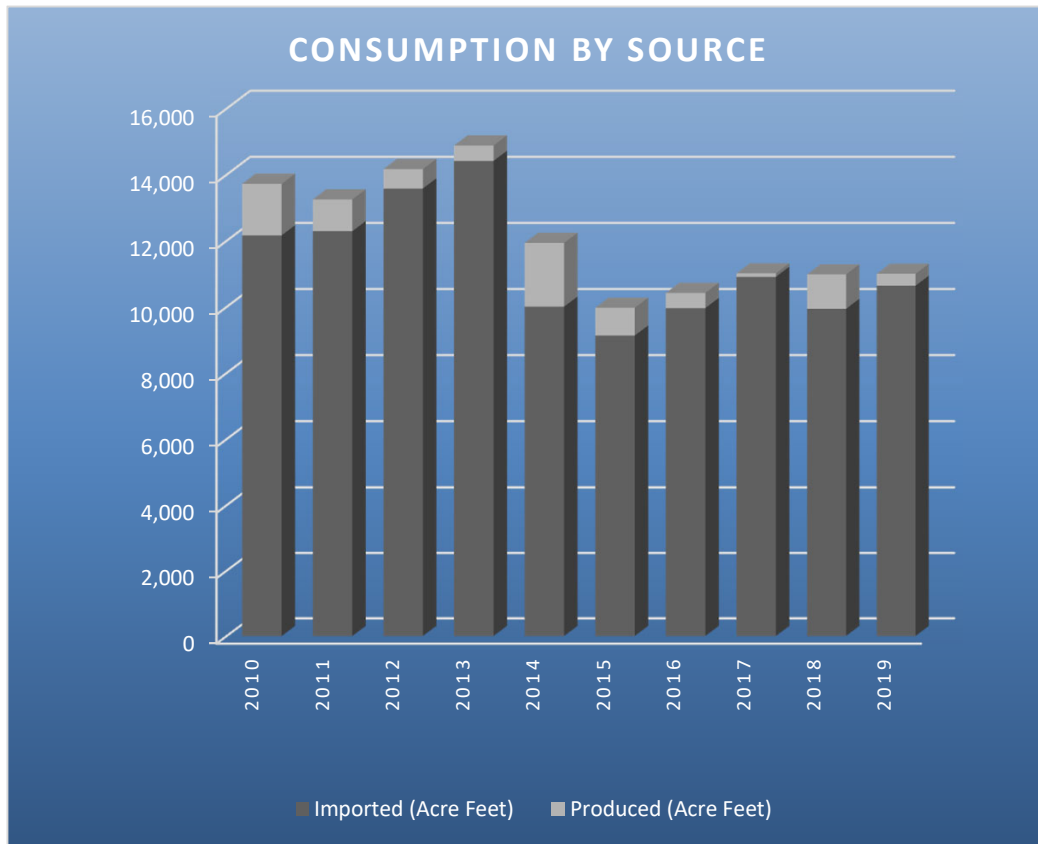
Revenue Capacity

CITRUS HEIGHTS WATER DISTRICT

Revenue Base

Last Ten Fiscal Years Schedule 4

Fiscal Year	Consumption (Acre Feet)	Water Supply		% Water Imported
		Imported (Acre Feet)	Produced (Acre Feet)	
2010	13,725.35	12,165.46	1,559.89	88.63%
2011	13,252.18	12,289.80	962.38	92.74%
2012	14,169.76	13,583.02	586.74	95.86%
2013	14,881.54	14,416.21	465.33	96.87%
2014	11,937.24	10,007.61	1,929.63	83.84%
2015	9,973.47	9,132.60	840.87	91.57%
2016	10,422.44	9,964.89	457.55	95.61%
2017	11,014.52	10,909.88	104.64	99.05%
2018	10,981.66	9,940.53	1,041.13	90.52%
2019	11,001.23	10,642.14	359.09	96.74%



Source: District Operations Department

CITRUS HEIGHTS WATER DISTRICT

Water Rates

Last Ten Fiscal Years

Schedule 5

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Flat Rate Accounts (Bimonthly) ⁽¹⁾										
Single Dwelling	\$ 87.75	\$ 89.51	\$ 89.51	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Duplex Dwelling (per duplex side)	74.29	75.78	75.78	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Condominium Dwelling	74.29	75.78	75.78	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Apartments/Mobile Homes	74.29	75.78	75.78	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Irrigation Rate	112.27	117.88	117.88	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Metered Accounts ⁽²⁾										
Consumption (per unit ccf)										
Tier 1	\$ 0.6369	\$ 0.6751	\$ 0.6751	\$ 0.6954	n/a	n/a	n/a	n/a	n/a	n/a
Tier 2	0.7494	0.7944	0.7944	0.8182	n/a	n/a	n/a	n/a	n/a	n/a
Tier 3	0.8208	0.8700	0.8700	0.8961	n/a	n/a	n/a	n/a	n/a	n/a
Per Unit CCF (No tiers)	n/a	n/a	n/a	n/a	0.7440	\$ 0.7663	\$ 0.8735	\$ 0.9871	\$ 1.0167	\$ 1.0674
Service Charge (bimonthly)										
Commercial/Domestic 3/4"	\$ 34.88	\$ 34.88	\$ 34.88	\$ 35.93	\$ 35.82	\$ 36.89	\$ 42.05	\$ 47.52	\$ 48.94	\$ 51.38
Commercial/Domestic 1"	50.04	50.04	50.04	51.54	54.50	56.13	63.98	72.30	74.46	78.18
Commercial/Domestic 1-1/2"	87.29	87.29	87.29	89.91	66.95	68.95	78.60	88.82	91.48	96.05
Commercial/Domestic 2"	132.51	132.51	132.51	136.49	129.20	133.07	151.69	171.41	176.55	185.37
Commercial/Domestic 3"	236.80	236.80	236.80	243.90	203.91	210.02	239.42	270.54	278.65	292.58
Commercial/Domestic 4"	385.88	385.88	385.88	397.46	403.13	415.22	473.35	534.89	550.93	578.47
Irrigation 3/4"	17.44	17.44	17.44	17.96	35.82	36.89	42.05	47.52	48.94	51.38
Irrigation 1"	25.02	25.02	25.02	25.77	54.50	56.13	63.98	72.30	74.46	78.18
Irrigation 1-1/2"	43.64	43.64	43.64	44.95	66.95	68.95	78.60	88.82	91.48	96.05
Irrigation 2"	66.25	66.25	66.25	68.24	129.20	133.07	151.69	171.41	176.55	185.37
Irrigation 3"	118.40	118.40	118.40	121.95	203.91	210.02	239.42	270.54	278.65	292.58
Irrigation 4"	192.94	192.94	192.94	198.73	403.13	415.22	473.35	534.89	550.93	578.47

Notes:

(1) The District completed the migration of Flat-Rate customers to meters in Fiscal Year 2012, and the Flat-Rate was eliminated for Fiscal Year 2013.

(2) The District abolished its tiered consumption charge beginning in 2014.

Source:

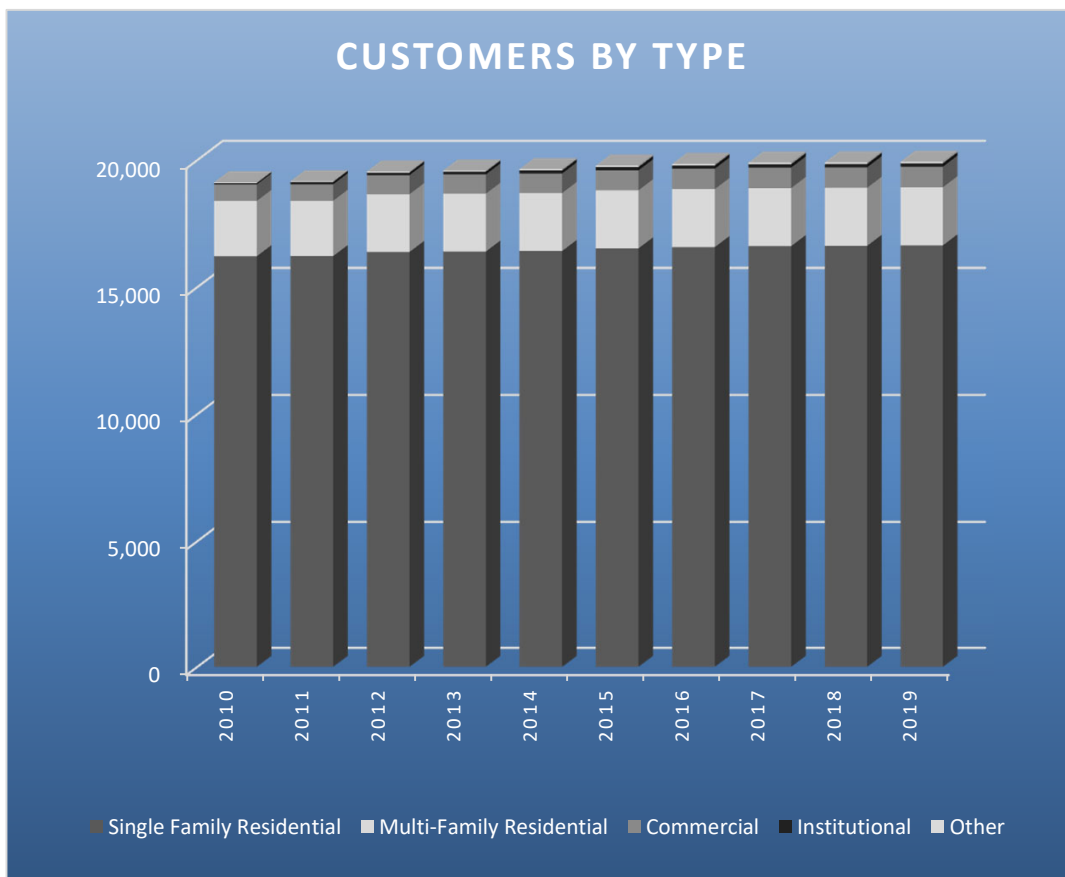
District Administrative Services Department

CITRUS HEIGHTS WATER DISTRICT

Customers by Type

Last Ten Fiscal Years
Schedule 6

Fiscal Year	Single Family Residential	Multi-Family Residential	Commercial	Institutional	Other	Total
2010	16,219	2,176	648	51	37	19,131
2011	16,223	2,176	647	95	32	19,173
2012	16,385	2,272	751	101	43	19,552
2013	16,402	2,275	758	111	45	19,591
2014	16,425	2,280	771	118	51	19,645
2015	16,527	2,285	785	130	58	19,785
2016	16,576	2,283	802	131	59	19,851
2017	16,615	2,284	807	132	64	19,902
2018	16,627	2,284	807	132	61	19,911
2019	16,645	2,286	810	132	64	19,937



Source: District Administrative Services Department
District Water Efficiency Department

CITRUS HEIGHTS WATER DISTRICT

Principal Customers

Current Fiscal Year and Ten Years Ago Schedule 7

Customer	2019	
	Billed Units (ccf's)	Percentage of Total
San Juan Unified School District	106,381	2.22%
JMK Investments	76,798	1.60%
Sunrise Recreation Park District	74,252	1.55%
JRK Investors	54,097	1.13%
Mount Vernon Memorial Park	35,751	0.75%
City of Citrus Heights	33,440	0.70%
Conference Claimants Endowment	29,417	0.61%
Wedgewood Commons Apts LLC	25,666	0.54%
Salishan Apartments	23,457	0.54%
Knaggs Meadows LLC	22,584	0.51%
Total Billed Units: Principal customers	481,843	10.15%
Total Billed Units	4,792,463	100.00%

Customer	2010	
	Billed Units (ccf's)	Percentage of Total
San Juan Unified School District	93,373	1.69%
JMK Investments	82,942	1.50%
Sunrise Recreation Park District	58,873	1.06%
JRK Investors	52,236	0.94%
Conference Claimants Endowment	40,682	0.73%
Salishan Apartments	34,213	0.62%
Mount Vernon Memorial Park	32,813	0.59%
Pacific Capital Investments	29,237	0.53%
City of Citrus Heights	27,109	0.49%
Wedgewood Commons Apts LLC	26,410	0.48%
Total Billed Units: Principal customers	477,888	8.63%
Total Billed Units	5,537,562	100.00%

Source:

District Administrative Services Department

Debt Capacity

CITRUS HEIGHTS WATER DISTRICT

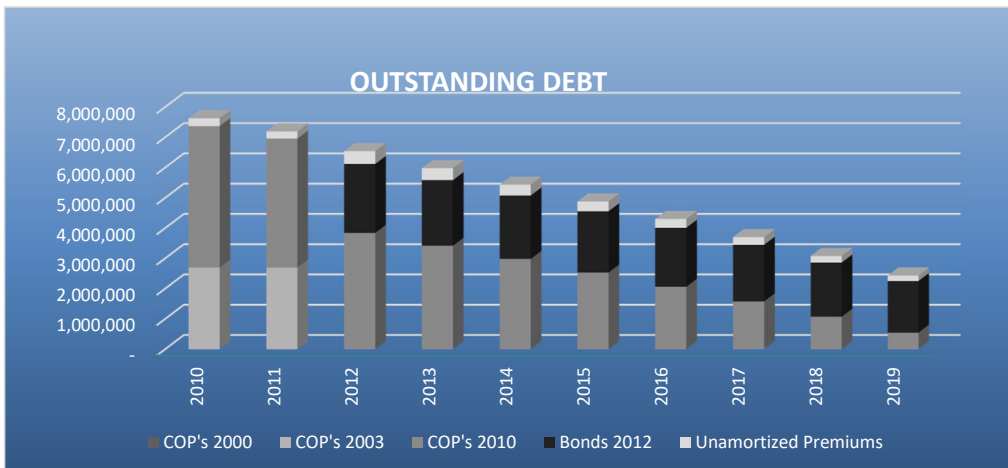
Ratios of Outstanding Debt by Type

Last Ten Fiscal Years Schedule 8

Fiscal Year	Certificates of Participation 2000 ⁽¹⁾	Certificates of Participation 2003 ⁽²⁾	Certificates of Participation 2010 ⁽³⁾	Refunding Revenue Bonds 2012 ⁽⁴⁾	Unamortized Premiums	Total Debt	Total No. of Connections ⁽⁵⁾	Debt Per Capita (Rounded) ⁽⁵⁾
	2010	\$ -	\$ 2,695,000	\$ 4,670,000	\$ -	\$ 261,835	\$7,626,835	19,131
2011	-	2,695,000	4,260,000	-	238,041	7,193,041	19,173	\$375
2012	-	-	3,840,000	2,275,000	426,944	6,541,944	19,552	\$335
2013	-	-	3,415,000	2,170,000	392,125	5,977,125	19,591	\$305
2014	-	-	2,980,000	2,095,000	357,305	5,432,305	19,645	\$277
2015	-	-	2,530,000	2,025,000	322,486	4,877,486	19,785	\$247
2016	-	-	2,060,000	1,950,000	287,666	4,297,666	19,851	\$216
2017	-	-	1,575,000	1,870,000	252,847	3,697,847	19,902	\$186
2018	-	-	1,070,000	1,790,000	218,027	3,078,027	19,911	\$155
2019	-	-	545,000	1,705,000	183,208	2,433,208	19,937	\$122

Notes:

- (1) In October 2000, the District issued \$7,900,000 of Certificates of Participation, Series 2000 to finance the cost of capital improvement projects.
- (2) In December 2003, the District issued \$2,915,000 of Certificates of Participation, Series 2003 to finance the cost of capital improvement projects.
- (3) In September 2010, the District issued \$5,155,000 of Revenue Certificates of Participation, Series 2010 to retire the outstanding 2000 Certificates of Participation.
- (4) In April 2012, the District issued \$2,275,000 of Revenue Refunding Bonds, Series 2012 to retire the outstanding 2003 Certificates of Participation.



Source: District Administrative Services Department

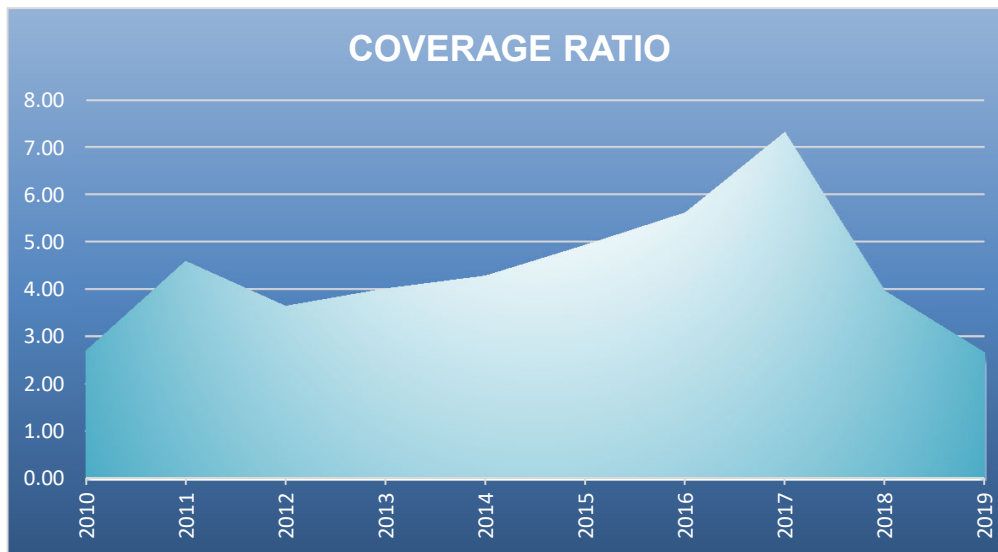
CITRUS HEIGHTS WATER DISTRICT

Debt Coverage

Last Ten Fiscal Years

Schedule 9

Fiscal Year	Net Revenues	Operating Expenses	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2010	\$ 10,181,671	\$ (7,672,444)	\$ 2,509,227	\$ 560,000	\$ 370,035	\$ 930,035	2.70
2011	11,381,175	(7,577,707)	3,803,468	570,000	257,183	827,183	4.60
2012	10,702,477	(8,282,209)	2,420,268	420,000	243,737	663,737	3.65
2013	11,457,270	(8,496,626)	2,960,644	530,000	206,480	736,480	4.02
2014	11,388,143	(8,362,101)	3,026,042	510,000	195,210	705,210	4.29
2015	11,547,514	(8,122,001)	3,425,513	520,000	173,462	693,462	4.94
2016	13,190,694	(9,247,133)	3,943,561	545,000	155,214	700,214	5.63
2017	15,087,104	(9,879,662)	5,207,442	565,000	145,911	710,911	7.33
2018	14,824,768	(11,920,073)	2,904,695	585,000	147,540	732,540	3.97
2019	15,557,321	(13,666,214)	1,891,107	585,000	124,346	709,346	2.67



Source: District Administrative Services Department

Demographic and Economic Information

CITRUS HEIGHTS WATER DISTRICT

Demographics and Economic Statistics

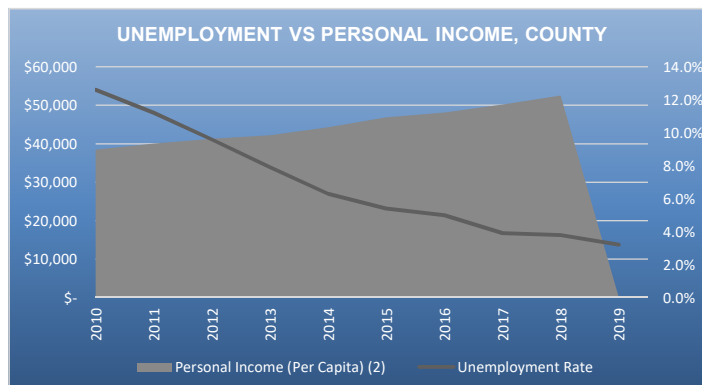
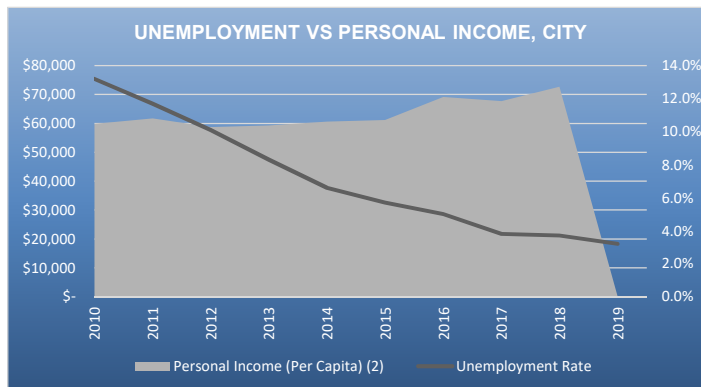
Last Ten Calendar Years
Schedule 10

Fiscal Year	Total Number of Connections	City of Citrus Heights ⁽¹⁾				County of Sacramento ⁽¹⁾			
		Population ⁽³⁾	Unemployment Rate	Personal Income (thousands of dollars) ⁽²⁾	Personal Income (Per Capita) ⁽²⁾	Population	Unemployment Rate	Personal Income (thousands of dollars) ⁽²⁾	Personal Income (Per Capita) ⁽²⁾
2010	19,131	83,365	13.2%	\$4,994,897	\$59,916	1,422,018	12.6%	\$54,666,004	\$38,443
2011	19,173	83,903	11.7%	5,178,325	61,718	1,435,002	11.2%	57,498,308	40,068
2012	19,552	84,489	10.1%	4,961,701	58,726	1,447,236	9.6%	59,775,785	41,303
2013	19,591	85,123	8.3%	5,044,729	59,264	1,460,023	7.9%	61,654,690	42,229
2014	19,645	85,891	6.6%	5,212,811	60,691	1,478,137	6.3%	65,486,553	44,303
2015	19,785	86,759	5.7%	5,308,263	61,184	1,496,644	5.4%	70,110,138	46,845
2016	19,851	87,380	5.0%	6,043,288	69,161	1,514,460	5.0%	72,878,458	48,122
2017	19,902	87,931	3.8%	5,952,753	67,698	1,530,615	3.9%	76,832,120	50,197
2018	19,911	87,910	3.7%	6,388,859	72,675	1,540,975	3.8%	80,969,087	52,544
2019	19,937	n/a	3.2%	n/a	n/a	1,552,058	3.2%	n/a	n/a

Notes: (1) Demographic and economic statistics are provided for the City of Citrus Heights (City) and the County of Sacramento (County) because these statistics are not separately available for the District's service area. As the District is primarily comprised of some areas of the City, and unincorporated areas of the County, the District believes that data from the City and the County is representative of the conditions and experience of the District.

(2) Personal income and per capita personal income is not yet available for Fiscal Year 2019.

(3) Population data for the City is not yet available for Fiscal Year 2019.



Sources: U.S. Bureau of Economic Analysis
U.S. Bureau of Labor Statistics
U.S. Census Bureau

CITRUS HEIGHTS WATER DISTRICT

Principal Employers ⁽¹⁾

Current Fiscal Year and Ten Years Ago
Schedule 12

2019			
Employer	Employees	Rank	Percentage of Employment
State of California	76,131	1	10.65%
UC Davis Health	12,674	2	1.58%
Kaiser Permanente	11,404	4	1.77%
County of Sacramento	11,330	3	1.60%
United States Government	10,227	5	1.43%
Sutter Health	8,809	6	1.23%
Dignity Health	7,000	7	0.98%
Elk Grove Unified School District	6,381	8	0.87%
Intel Corporation	6,200	9	0.74%
San Juan Unified School District	5,289	10	0.89%
<u>Total</u>	<u>155,445</u>		<u>21.76%</u>
Total County Employment	714,835		100.00%

2013 ⁽²⁾			
Employer	Employees	Rank	Percentage of Employment
State of California	69,469	1	10.31%
County of Sacramento	10,634	2	1.58%
Kaiser Permanente	5,696	8	0.85%
UC Davis Health	9,985	3	1.48%
United States Government	5,750	7	0.85%
Sutter Health	6,507	4	0.97%
Dignity Health	5,756	6	0.85%
Intel Corporation	6,000	5	0.89%
Elk Grove Unified School District	5,535	9	0.82%
San Juan Unified School District	4,700	10	0.70%
<u>Total</u>	<u>130,032</u>		<u>19.29%</u>
Total County Employment	673,727		100.00%

Notes:

(1) Data is not separately available for the District's service area. As the District serves an area comprising, in large part, the City of Citrus Heights, and unincorporated areas of the County of Sacramento, information for the County of Sacramento has been presented.

(2) Data is not available for the years prior to 2013.

Source:

Sacramento Business Journal
U.S. Bureau of Labor Statistics

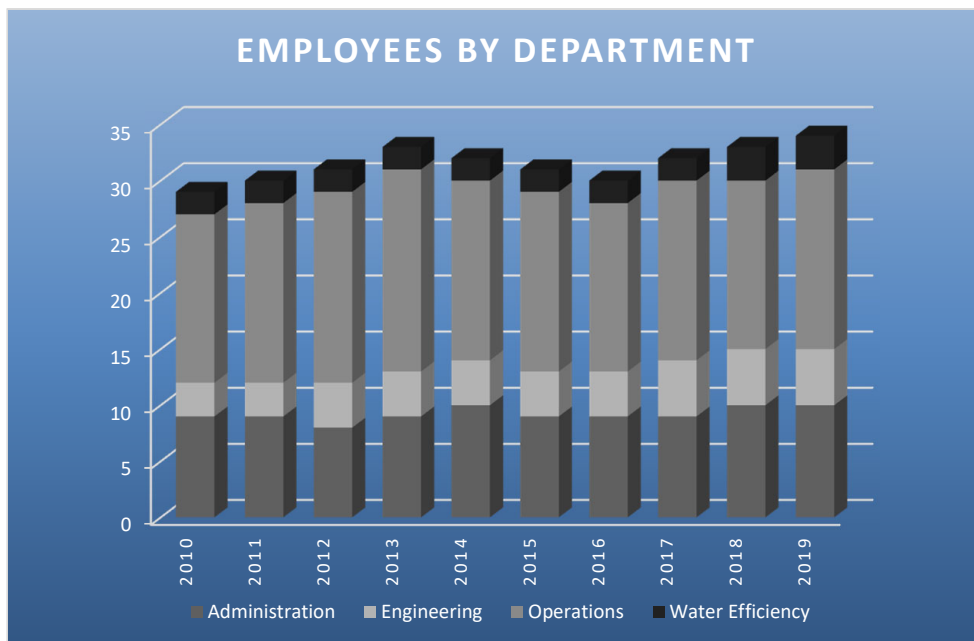
Operating Information

CITRUS HEIGHTS WATER DISTRICT

District Employees by Department

Last Ten Fiscal Years
Schedule 11

Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration	9	9	8	9	10	9	9	9	10	10
Engineering	3	3	4	4	4	4	4	5	5	5
Operations	15	16	17	18	16	16	16	16	16	17
Water Efficiency	2	2	2	2	2	2	2	2	3	3
Total	29	30	31	33	32	31	31	32	34	35



Source: District Administrative Services Department

CITRUS HEIGHTS WATER DISTRICT
Other Operating and Capacity Indicators

Last Ten Fiscal Years
Schedule 13

Fiscal Year	Total Connections	Total Annual Demand (Acre Feet)	Pipeline (mi)	Wells	Meters	Hydrants
2010	19,131	13,725.35	239.09	4	19,358	1,959
2011	19,173	13,252.18	239.72	4	19,419	1,980
2012	19,552	14,169.76	240.87	4	19,457	1,996
2013	19,591	14,881.54	242.51	4	19,488	2,037
2014	19,645	11,937.24	243.80	4	19,538	2,062
2015	19,785	9,973.47	245.56	4	19,594	2,087
2016	19,851	10,422.44	248.19	5	19,789	2,133
2017	19,902	11,014.52	249.31	6	19,912	2,160
2018	19,911	10,981.66	249.97	6	20,007	2,181
2019	19,937	11,001.23	250.26	6	20,043	2,368

Source: District Administrative Services Department
District Engineering Department
District Water Efficiency Department



**CITRUS
HEIGHTS**

**WATER
DISTRICT**





**CITRUS
HEIGHTS**

**WATER
DISTRICT**

6230 Sylvan Road

Citrus Heights, CA 95610

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Attachment 2
Memorandum on Internal Control
and Required Communications
For the Year Ended December 31, 2019

CITRUS HEIGHTS WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

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**CITRUS HEIGHTS WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended December 31, 2019

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors of
the Citrus Heights Water District
Citrus Heights, California

In planning and performing our audit of the basic financial statements of the Citrus Heights Water District (District) as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control included on the Schedule of Significant Deficiencies to be significant deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, Board of Directors, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
May 7, 2020

Accountancy Corporation
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**CITRUS HEIGHTS WATER DISTRICT
SCHEDULE OF SIGNIFICANT DEFICIENCIES**

2019-01: General Review of Journal Entries

Criteria: The District's journal entries to the general ledger should accurately recorded the accounting events they pertain to. Furthermore, journal entries should be reviewed and approved in a timely manner.

Condition: During our interim audit, we noted four exceptions out of the twenty-five journal entries selected for review:

- JE 251189 was incorrectly debited and credited. It appears that rather reducing the prepaid expenses, it increased that account when recognizing employee medical expenses.
- JE 246212, 246703, 246796 were approved around 45-58 days after the prepared date.

Cause: Appears to be staff oversight as other journal entries similar are correctly accounted for. Per staff, the late approval dates are because journal entries are given in batches to be approved, instead of giving them as they are prepared.

Effect: This results in the District's general ledger inaccurately reflecting the accounting events that have taken place. It could also increase the risk of errors and other misstatements going undetected and not corrected timely.

Recommendation: We recommend that the District staff do a thorough review before approving journal entries and approve them in a timely manner.

Management's Response: The District agrees with the recommendation. Journal entries will be reviewed thoroughly by the appropriate reviewer prior to being approved. Additionally, staff will enact an administrative procedure requiring all journal entries must be approved within 45 days of the prepared date.

**CITRUS HEIGHTS WATER DISTRICT
SCHEDULE OF OTHER MATTERS**

2019-02: Recognition of Accounts Payable

Criteria: Under the accrual basis of accounting, a government should recognize payables in the accounting period when the liability is incurred. Proper cutoffs are critical for the accuracy of the accrual basis of accounting.

Condition: During our final audit, we selected twenty-one disbursement samples to test for the accuracy of the accrual of basis of accounting and unrecorded liabilities. We noted the following exceptions:

- Disbursement #3 Martin General Engineering Inc 01/08/20
For the payments made regarding Pleasant View Dr. Water Main Project in September, October and November 2019, the District only accrued \$17,141.24 out of \$130,889.30 as a retention payable accrual. However, the District failed to accrue the remaining amount of \$113,748.06 in FY 19.
- Disbursement #20 Sacramento Municipal Utility District 02/10/20
For the payments made in electric service charges for the following periods: 12/18/19-01/17/20, 12/20/19-01/22/20 & 12/17/19-01/16/20 (Locations- Citrus Heights and Fair Oaks), the total amount \$11,825.26 is composed of small invoices. By recalculating the prorated charges according to the methodology, the District should have accrued \$4,611.97. However, the District accrued \$3,105.18 in FY19, therefore, the District under accrued the liability in the amount of \$1,506.79.

Cause: Per District staff, regarding the amount that was not accrued, it appears that the invoices were processed prior to year-end and recorded in the GL as of those dates, even though the check was not issued until after year-end. They did not realize that it had already been booked into the GL and did not include it in their calculation for accrual. For the other item noted, it appears to be for the calculation differences.

Effect: By not recording the liabilities when it incurred, the District understated for the current fiscal year. In this case, the net effects of all these adjustments understated the District's expense and liability for FY 19.

Recommendation: We recommend that the District prepares written instructions to be included as a part of the District's accounting policies and a procedures manual that indicates basic concepts of proper cutoffs and the individuals responsible for accruing payables at the accounting period end. The District should also ensure to improve the invoices/payments processing system.

Management's Response: : The District is reviewing its year-end accrual procedures, and has begun to document instructions for completing the accruals, including the proper method for calculating partial accruals, proper documentation for the calculation of accruals, and the review of the Accounts Payable aging for amounts already accrued to the general ledger prior to finalizing the accruals.

**CITRUS HEIGHTS WATER DISTRICT
SCHEDULE OF OTHER MATTERS**

2019-03: UPCOMING GASBS

There are a number of new accounting and financial reporting pronouncements that have been issued by the Governmental Accounting Standards Board, the authoritative standard setting body in the United States. We have included the one that will have an impact on the District's financial statements, effective in fiscal year ending December 31, 2020, to keep you informed about these developments on a proactive basis.

The following pronouncement are effective in fiscal year 2020 and beyond:

EFFECTIVE FISCAL YEAR 2020:

GASB 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

**CITRUS HEIGHTS WATER DISTRICT
SCHEDULE OF OTHER MATTERS**

EFFECTIVE FISCAL YEAR 2022:

GASB 91 – Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved:
 - (1) an issuer
 - (2) a third-party obligor, and
 - (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

**CITRUS HEIGHTS WATER DISTRICT
SCHEDULE OF OTHER MATTERS**

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

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REQUIRED COMMUNICATIONS

To the Board of Directors of
the Citrus Heights Water District
Citrus Heights, California

We have audited the basic financial statements of the Citrus Heights Water District (District) for the year ended December 31, 2019. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are included in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

The following Governmental Accounting Standards Board (GASB) pronouncement became effective:

GASB 84 – *Fiduciary Activities* – See Note 1A to the financial statements for relevant disclosures.

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Estimated Fair Value of Investments: As of December 31, 2019, the District held \$15 million of cash and investments as measured by fair value as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of December 31, 2019. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to December 31, 2019.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 1 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is somewhat reasonable in relation to the basic financial statements taken as a whole.

Estimate of Compensated Absences: Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 4 to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 7 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liabilities and OPEB-Related Deferred Outflows Resources: Management's estimate of the net OPEB liabilities and deferred outflows of resources are disclosed in Note 8 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the District's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated May 7, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

This information is intended solely for the use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
May 7, 2020