

**BOARD MEETING AGENDA
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
CITRUS HEIGHTS WATER DISTRICT (CHWD)
July 28th, 2026 beginning at 6:00 PM**

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



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.

Members of the public may attend the meeting in person at the District headquarters.

Materials related to an agenda item for an open session of a regular meeting of the Citrus Heights Water District are posted on the Citrus Heights Water District website at www.chwd.org.

CALL TO ORDER:

Upon request, agenda items may be moved to accommodate those in attendance wishing to address that item. Please inform the Chief Board Clerk or Deputy Board Clerk.

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

CLOSED SESSION:

CL-1. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION
(Paragraph (1) of subdivision (d) of Section 54956.9)
CHWD v. San Juan Water District, Sacramento Superior Court,
Case No. 26WM000117

CL-2. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION
(Paragraph (1) of subdivision (d) of Section 54956.9)
CHWD v. San Juan Water District, Sacramento Superior Court,

CL-3. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Section 54956.8:

Property: Parcel Number 243-0180-002-0000

Agency Negotiators: Steve Anderson, Brian Hensley, Josh Nelson, Hilary Straus, Annie Liu, Brittney Moore, Missy Pieri, Carlos Urrutia, Kayleigh Shepard, Todd Jordan, Jace Nunes, Mary Elise Conzelmann, Greg Snarr

Negotiating Parties: Ashwani Kumar, Teresita Kumar

Under Negotiation: Price and Terms of Payment

CL-4. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code, section 54957.6

Agency designated representatives: Hilary Straus, General Manager

Teresa Highsmith, Employment Practices Counsel

Annie Liu, Director of Administrative Services

Brittney Moore, Administrative Services Manager/Chief Board Clerk

Employee Organization: Unrepresented Employees

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.

- C-1. Discussion and Possible Action to Adopt Resolution No. 13-2026 Authorizing and Designating the Citrus Heights Water District's August 19, 2026 Special Meeting as a Regular Meeting (A)

Recommendation:

Adopt Resolution No. 13-2026 authorizing and designating the Citrus Heights Water District's August 19, 2026 Special Meeting as a Regular Meeting

STUDY SESSION:

- S-1. 2027 Budget and Financial Planning Workshop (I/D)

Recommendations:

1. Direct staff to schedule a Public Hearing in August 2026 to adopt the 2027 Budget;
2. Direct staff to update the District's Reserve Policy and bring it back to the Board in February 2027 for approval;
3. Direct staff to prepare documentation to pay off an existing bond;
4. Direct staff to not increase the 2027 Miscellaneous Fees and Charges schedule

BUSINESS:

- B-1. Transfer operational surplus for FY 2026 and 2027 (A)

Recommendation:

Approve transfer of operational surplus or \$500,000, whichever is less, from fiscal years 2026 and 2027 to the Water Meter Replacement Reserve

- B-2. Discussion and Possible Action to Adopt Resolution No. 14-2026 Authorizing the General Manager or his designee to Apply for Financing from the California Infrastructure and Economic Development Bank (IBank) and Sign Related Documents (A)

Recommendations:

1. Adopt Resolution No. 14-2026 authorizing the General Manager (or other designated officers) to apply for financing from the California Infrastructure and Economic Development Bank (IBank), and to execute all required application and loan documents, and take all actions necessary to obtain financing for the District's Facilities Modernization & Expansion Project, and
 2. If the Financing Application and the Obligation is approved by IBank, the General Manager and his designee are authorized to negotiate, enter into and sign financing documents and any amendments thereto, including, but not limited to the Financing Agreement and the Replacement Agreement, with IBank for the purposes of financing the Obligation.
- B-3. Discussion and Possible Action to Adopt Resolution No. 15-2026 Temporarily Suspending the Assessment of Late Payment Penalty Charges for Water Service Accounts (A)

Recommendation:

Adopt Resolution No. 15-2026 Temporarily suspending the assessment of late payment penalty charges for water service accounts.

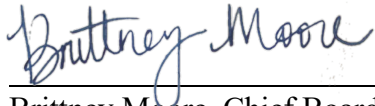
FUTURE CHWD BOARD OF DIRECTORS MEETING DATES:

August 25, 2026	6:30 PM	Regular Meeting
September 22, 2026	6:30 PM	Regular Meeting
October 27, 2026	6:30 PM	Regular Meeting
November 17, 2026	6:30 PM	Regular Meeting
December 15, 2026	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.

A handwritten signature in blue ink that reads "Brittney Moore". The signature is written in a cursive style with a horizontal line extending from the end of the name.

Brittney Moore, Chief Board Clerk

Dated: July 27, 2026

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JULY 28, 2026 SPECIAL MEETING

Subject:	Discussion and Possible Action to Adopt Resolution No. 13-2026 Authorizing and Designating the Citrus Heights Water District's August 19, 2026 Special Meeting as a Regular Meeting.
Status:	Action Item
Report Date:	June 24, 2026
Prepared By:	Kayleigh Shepard, Senior Management Analyst/Deputy Board Clerk Annie Liu, Director of Administrative Services

OBJECTIVE:

Consider adoption of Resolution No. 13-2026 authorizing and designating the Citrus Heights Water District's ("District") August 19, 2026 Special Meeting as a Regular Meeting.

BACKGROUND AND ANALYSIS:

Under Policy 3000.01, the Board of Directors generally holds a regular District meeting on the fourth Tuesday of each month. For August 2026, the regular meeting was originally scheduled for August 25, 2026. Subsequent to the adoption of the 2026 regular meeting dates, a significant scheduling conflict was identified: a professional conference is scheduled during the week of August 24, 2026, and two (2) Board Directors, along with key executive staff, are slated to attend this conference.

The absence of these individuals would present the following operational challenges:

- Quorum risk: the absence of multiple Board members poses a risk to establishing a legislative quorum, preventing the Board from conducting official District business.
- Staff availability: the absence of key staff would limit the District's ability to present critical work program updates and answer specialized technical inquiries.

To maximize Board participation, establish a quorum, and ensure staff availability, staff recommend the adoption of Resolution No. 13-2026. Without this adjustment, the Board would only be able to hold special meetings in August 2026. Under the Brown Act, special meetings are more limited in scope, and adopting Resolution No. 13-2026 ensures the Board can conduct necessary business under a regular meeting format.

RECOMMENDATION:

Adopt Resolution No. 13-2026 authorizing and designating the Citrus Heights Water District's August 19, 2026 Special Meeting as a Regular Meeting.

ATTACHMENT:

Resolution No. 13-2026 authorizing and designating the Citrus Heights Water District's August 19, 2026 Special Meeting as a Regular Meeting.

ACTION:

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

CITRUS HEIGHTS WATER DISTRICT
RESOLUTION NO. 13-2026

RESOLUTION OF THE BOARD OF DIRECTORS
AUTHORIZING AND DESIGNATING THE CITRUS HEIGHTS WATER DISTRICT'S
AUGUST 19, 2026 SPECIAL MEETING AS A REGULAR MEETING

WHEREAS, the Citrus Heights Water District ("CHWD") currently holds its regular meetings on the fourth Tuesday of the month under Policy 3000.01; and

WHEREAS, several CHWD Board of Directors and District staff have scheduling conflicts on the fourth Tuesday of August 2026, which date is August 25, 2026; and

WHEREAS, CHWD staff recommend authorizing and designating August 19, 2026 as a Regular Meeting; and

WHEREAS, the Board of Directors of CHWD have reviewed and considered authorizing and designating August 19, 2026 as a Regular Meeting; and

WHEREAS, the Board finds it in the best interest of CHWD to authorize and designate August 19, 2026 as a Regular Meeting; and

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and designates August 19, 2026 as a Regular Meeting.
2. This Resolution shall be effective immediately and shall be included in the official records of the Citrus Heights Water District.

PASSED AND ADOPTED by the Board of Directors of the CITRUS HEIGHTS WATER DISTRICT, this 28th day of July, 2026, by the following vote:

AYES: Board Members-
NOES: Board Members-
ABSTAIN: Board Members-
ABSENT: Board Members-

CARYL F. SHEEHAN, President
Board of Directors
Citrus Heights Water District

SEAL

BRITTNEY C. MOORE, Chief Board Clerk
Citrus Heights Water District

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JULY 28, 2026 SPECIAL MEETING

Subject:	2027 BUDGET AND FINANCIAL PLANNING WORKSHOP
Status:	Information Item
Report Date:	July 27, 2026
Prepared By:	Brittney Moore, Administrative Services Manager/Chief Board Clerk

OBJECTIVE:

Review and discuss key revenue and cost drivers related to the draft Operating & Maintenance and Capital Improvement Budgets for 2027.

BACKGROUND AND ANALYSIS:

Following the Strategic Planning Session On May 20, 2026, and Board direction related to water rates for 2027; staff has prepared the proposed 2027 Operating & Maintenance and Capital Improvement Budgets. At the July 28, 2026, Special Board Meeting, staff will provide a presentation regarding projected Operating & Maintenance and Capital expenses for the coming year and seek Board direction to present a finalized budget for further consideration at a future Board Meeting.

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JULY 28, 2026 SPECIAL MEETING

Subject:	Discussion and Possible Action to Approve a Transfer of Operational Surplus from Fiscal Years 2026 and 2027 to the Water Meter Replacement Reserve
Status:	Action Item
Report Date:	July 27, 2026
Prepared By:	Annie Liu, Director of Administrative Services

OBJECTIVE:

District staff will provide a presentation on the potential transfer of operational surplus for fiscal years 2026 and 2027.

RECOMMENDATION:

Approve transfer of operational surplus or \$500,000, whichever is less, from fiscal years 2026 and 2027 to the Water Meter Replacement Reserve.

ACTION:

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

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JULY 28, 2026 SPECIAL MEETING

Subject:	Consider Adoption of Resolution No. 14-2026 Authorizing the General Manager (or his designee) to apply for Financing from the California Infrastructure and Economic Development Bank (IBank) and Sign Related Documents
Status:	Action Item
Report Date:	June 28, 2026
Prepared By:	Annie Liu, Director of Administrative Services

OBJECTIVE:

Consider adoption of Resolution No. 14-2026 authorizing the General Manager (or his designee) to apply for financing from the California Infrastructure and Economic Development Bank (IBank), and to execute all required application and loan documents, and take all actions necessary to obtain financing for the District's Facilities Modernization & Expansion Project, and if the Financing Application and the Obligation is approved by IBank, the General Manager and his designee are authorized to negotiate, enter into and sign financing documents and any amendments thereto, including, but not limited to the Financing Agreement and the Replacement Agreement, with IBank for the purposes of financing the Obligation.

BACKGROUND AND ANALYSIS:

Beginning in 2026, the District implemented a comprehensive funding strategy aimed at promoting intergenerational equity. This approach utilizes financing mechanisms to more fairly allocate the costs of major capital improvements among both current and future customers who will benefit from these long-term investments, including the Facilities Modernization and Expansion (FME) Project and other 2030 Water Main Replacement initiatives. By spreading project costs over time, the District can reduce immediate rate impacts on existing customers, while ensuring that future beneficiaries contribute to the associated infrastructure investments. To support the 2026 budget, \$13 million in financing proceeds have been included as other financing sources.

During March and May 2026, the District conducted study sessions regarding funding options for the FME Project. On May 26, 2026, the District Board approved creation of the Citrus Heights Water District Public Financing Authority – a joint powers authority (JPA), partnering with the California Stateside Communities Development Authority (CSCDA) as the mechanism to financing public capital improvements for the benefit of the community. With the formation of

the JPA, the District will be able to issue tax-exempt Bonds as one of the funding options for the district's public capital improvements for the benefit of the community.

At the Association of California Water Agencies (ACWA) Spring Conference in May 2026, District staff learned about financing opportunities offered through the California Infrastructure and Economic Development Bank (IBank). The program was also recommended by the District's neighboring agency, San Juan Water District. IBank administers the Infrastructure State Revolving Fund (ISRF) Program, which provides low-cost financing to state and local government agencies for a wide range of public infrastructure and economic development projects.

The ISRF financing process generally consists of six key phases: (1) IBank consultation, (2) pre-application, (3) IBank Credit Risk Committee review, (4) formal financing application, (5) IBank Board of Directors review, and (6) access to capital.

During June 2026, District staff held several consultation meetings with IBank representatives to discuss the District's capital improvement program and the ISRF financing requirements. IBank staff confirmed that the District's proposed capital projects—including the Facilities Modernization and Expansion (FME) Project and groundwater well construction projects—are eligible for ISRF financing and encouraged the District to submit a pre-application.

The District plans to submit its pre-application package to the IBank Credit Risk Committee in early August 2026. According to IBank staff, the preliminary review process typically takes approximately six to eight weeks. The Credit Risk Committee will determine whether to invite the District to submit a formal Financing Application. If invited, the application will proceed to the IBank Board of Directors for consideration. According to IBank staff, the loan application will be presented to the IBank Board, with a decision expected to be made at the Board meeting. The Enterprise Fund application process for projects like CHWD's is typically completed within one to two months.

At least three weeks before the IBank Board considers the application, the District must submit a Borrower's resolution adopted by the District's Board of Directors authorizing the financing request. The applicable interest rate is established by the IBank Board at the time of financing approval. IBank funds its loans through the issuance of AAA-rated ISRF bonds, with interest rates based on the Reuters Municipal Market Data (MMD) index.

ISRF financing offers fixed interest rates for terms of up to 30 years. For financings exceeding \$1 million, borrowers are required to pay a one-time origination fee equal to the greater of \$25,000 or 1% of the original financing amount. The origination fee may either be financed as part of the loan or paid separately by the borrowing agency.

Following IBank Board approval and closing of the financing, loan proceeds are generally available within approximately two to three months. Loan repayment is made on a semiannual basis, consisting of a principal, interest, and annual fee payment each August, and an interest-only payment each February. Prepayment is permitted after the first 10 years without penalty.

Resolution No. 14-2026 authorizes the District to apply for an Infrastructure State Revolving Fund (ISRF) loan through the California Infrastructure and Economic Development Bank (IBank) in an amount of up to \$21 million to help finance the District's Facilities Modernization and Expansion (FME) Project. The resolution also authorizes the General Manager, or his designee, to execute and submit the loan application, provide any additional information required by IBank, execute the Financing Agreement, and sign any amendments, certifications, or other documents necessary to complete the financing process. In addition, the resolution affirms the District's commitment to repay the loan in accordance with the terms of the Financing Agreement using legally available revenues or other pledged funding sources. Once the Financing Agreement is negotiated, staff will return to the Board for approval of the form of the Financing Agreement.

RECOMMENDATION:

Adoption of Resolution No. 14-2026 authorizing the General Manager (or other designated officers) to apply for financing from the California Infrastructure and Economic Development Bank (IBank), and to execute all required application and loan documents, and take all actions necessary to obtain financing for the District's Facilities Modernization & Expansion Project.

ATTACHMENT:

Resolution No. 14-2026 authorizing the General Manager to apply for financing from the California Infrastructure and Economic Development Bank (IBank).

ACTION:

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

CITRUS HEIGHTS WATER DISTRICT
RESOLUTION NO. 14-2026

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITRUS HEIGHTS WATER DISTRICT AUTHORIZING THE SUBMISSION OF AN APPLICATION TO THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (“IBANK”) FOR FINANCING THE FACILITIES MODERNIZATION & EXPANSION (FME) CAPITAL IMPROVEMENT PROJECT, AUTHORIZING THE INCURRING OF AN OBLIGATION PAYABLE TO IBANK FOR THE FINANCING OF THE FME CAPITAL IMPROVEMENT PROJECT IF IBANK APPROVES SAID APPLICATION, DECLARATION OF OFFICIAL INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM THE PROCEEDS OF AN OBLIGATION, AND APPROVING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the California Infrastructure and Economic Development Bank (“IBank”) administers a financing program to assist local governments with the financing of eligible projects in accordance with Section 63000 *et seq.* of the California Government Code (the “Act”); and

WHEREAS, IBank created the Infrastructure State Revolving Fund Program (“ISRF Program”) pursuant to the provision of the Act; and

WHEREAS, IBank has instituted an application process for financing under its ISRF Program; and

WHEREAS, IBank’s Criteria, Priorities and Guidelines for the Selection of Projects for Financing under the ISRF Program, dated June 28, 2023, and as may thereafter be amended from time to time (the “Criteria”), establishes requirements for the financing of projects under the ISRF Program; and

WHEREAS, the Citrus Heights Water District (“Applicant”) desires to submit an application (“Financing Application”) to IBank under the ISRF Program for financing the costs of the Facilities Modernization & Expansion Capital Improvement (“Project”) in an amount not to exceed \$21,000,000; and

WHEREAS, the Act and the Criteria require the Applicant to make, by resolution of its governing body, certain findings prior to a project being selected for financing by IBank; and

WHEREAS, the Applicant expects to incur or pay certain expenditures in connection with the Project from its Enterprise Water Fund that are reimbursable with the proceeds of tax exempt bonds or other tax exempt securities under Federal Tax Law (defined below) prior to incurring indebtedness for the purpose of financing costs associated with the Project on a long-term basis (the “Reimbursement Expenditures”); and

WHEREAS, the Applicant reasonably expects that a financing arrangement (“Obligation”) in an amount not expected to exceed \$21,000,000 will be entered into under and memorialized by one or more financing agreements and related documents (collectively, the “Financing Agreement”) and that certain proceeds of such Obligation will be used to reimburse the Applicant for Reimbursement Expenditures incurred or paid prior to incurring the Obligation; and

WHEREAS, the Applicant acknowledges that IBank funds the ISRF Program, in part, with the proceeds of tax exempt bonds and, as such, has certain compliance obligations that may require it to have the Applicant enter into one or more new financing agreements to replace the Financing Agreement (collectively, the “Replacement Agreement”) on terms and conditions substantially identical to the original Financing Agreement.

NOW, THEREFORE, be it resolved by the Board of Directors of the Citrus Heights Water District (the Board of Directors) as follows:

Section 1. The Board of Directors hereby approves confirms, ratifies, and affirms all actions of the Applicant’s representatives, employees and officers heretofore taken in connection with, or with respect to, submitting the Financing Application, and the consideration and approval of the Obligation and the Financing Agreement, if IBank approves the Financing Application and the Obligation, and in connection therewith the Board of Directors finds and certifies:

- a. The Project facilitates the effective and efficient use of existing and future public resources so as to promote both economic development and conservation of natural resources;
- b. The Project develops and enhances public infrastructure in a manner that will attract, create, and sustain long-term employment opportunities;
- c. That the Project is consistent with the General Plan of the City of Citrus Heights, and the General Plan of the County of Sacramento;
- d. The proposed financing is appropriate for the Project;
- e. The Project is consistent with the Criteria; and
- f. It has considered (i) the impact of the Project on California’s land resources and the need to preserve such resources; (ii) whether the Project is economically or socially desirable; and (iii) whether the project is consistent with, and in furtherance of the State Environmental Goals and Policy Report (as defined in the Criteria).

Section 2. The Applicant hereby declares its official intent to use proceeds of the Obligation to reimburse itself for the Reimbursement Expenditures with the proceeds of tax exempt bonds or other tax exempt securities issued under the provisions of the Internal Revenue Code of 1986, as amended, and those Treasury Regulations implementing such provisions (collectively, “Federal Tax Law”). This declaration is made solely for purposes of establishing compliance with applicable requirements of Federal Tax Law and its date is controlling for purposes of reimbursement under Federal Tax Law. This declaration does not bind the Applicant to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. All of the Reimbursement Expenditures were made no earlier than 60 days prior to the date of this Resolution. The Applicant will allocate proceeds of the Obligation to pay Reimbursement Expenditures within eighteen (18) months of the later of the date the original expenditure was paid or the date the Project was placed in service or abandoned, but in no event more than three (3) years after the original expenditure was paid.

Section 4. The General Manager and his or designee is hereby authorized and directed to act on behalf of the Applicant in all matters pertaining to the Financing Application, and if IBank approves the Financing Application and the Obligation, the execution of related financial documents, including but not limited to, the authority to: (i) pledge the revenues of the water services and all legally available amounts in the Enterprise Water Fund, to the repayment of the Obligation, (ii) provide covenants relating to, among other things, maintaining the debt service coverage ratio required by IBank, rates and charges to be pledged, and as to any other security or collateral securing the Obligation, and (iii) take any other action necessary or desirable to enable the Applicant to enter into the Financing Agreement and incur the Obligation; provided, however, that the form of any such agreement shall be approved by the Board prior to execution by the General Manager or his designee.

Section 5. If the Financing Application and the Obligation is approved by IBank, the General Manager and his or her designee is authorized to negotiate, enter into and sign financing documents and any amendments thereto, including, but not limited to the Financing Agreement and the Replacement Agreement, with IBank for the purposes of financing the Obligation;

Section 6. This Resolution shall become effective immediately upon adoption.

PASSED AND ADOPTED by the Board of Directors of the CITRUS HEIGHTS WATER DISTRICT, this 28th day of July 2026, by the following vote, to wit:

AYES: Directors:
NOES: Directors:
ABSTAIN: Directors:
ABSENT: Directors:

SEAL

CARYL F. SHEEHAN, President
Board of Directors
Citrus Heights Water District

ATTEST:

BRITTNEY C. MOORE, Chief Board Clerk
Citrus Heights Water District

CITRUS HEIGHTS WATER DISTRICT

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JULY 28, 2026 SPECIAL MEETING

Subject:	Discussion and Possible Action to Adopt Resolution No. 15-2026 Temporarily suspending the assessment of late payment penalty charges for water service accounts
Status:	Action Item
Report Date:	July 20, 2026
Prepared By:	Ben Strange, Accounting Manager Annie Liu, Director of Administrative Services

OBJECTIVE:

Consider adoption of Resolution No. 15-2026 Temporarily suspending the assessment of late payment penalty charges for water service accounts.

BACKGROUND AND ANALYSIS:

As part of the District's implementation of the Springbrook Cirrus Enterprise Resource Planning (ERP) system, the District will transition its online payment services to Xpress Bill Pay. This transition requires changes to business processes, staff training, and system configuration.

To ensure customers are not adversely affected by potential billing, payment posting, or processing delays during the transition, staff recommends temporarily suspending late payment penalty charges. This action applies only to late fees; customers will remain responsible for paying all water service charges in accordance with the District's adopted rates and billing policies.

Temporarily suspending late fees will:

- Provide flexibility to customers during the system transition.
- Promote fairness while billing processes are stabilized.
- Reduce customer inquiries related to billing and payments.
- Allow staff to focus on completing the implementation and supporting customers.

The suspension is temporary, starting August 17, 2026 and ending on December 31, 2026, and does not forgive outstanding balances or modify the District's rates. Late payment penalty charges will automatically resume at the end of the suspension period unless otherwise directed by the Board.

Based on historical collections, the temporary suspension is expected to reduce penalty revenue by approximately **\$37,000**. Due to the limited duration of the suspension, staff does not anticipate a material impact on the District's overall financial condition.

RECOMMENDATION:

Adopt Resolution No. 15-2026 Temporarily suspending the assessment of late payment penalty charges for water service accounts.

ATTACHMENT:

Resolution No. 15-2026 Temporarily suspending the assessment of late payment penalty charges for water service accounts.

ACTION:

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

CITRUS HEIGHTS WATER DISTRICT
RESOLUTION NO. 15-2026

RESOLUTION OF THE BOARD OF DIRECTORS
AUTHORIZING THE CITRUS HEIGHTS WATER DISTRICT'S TEMPORARY
SUSPENDING OF THE ASSESSMENT OF LATE PAYMENT PENALTY CHARGES FOR
WATER SERVICE ACCOUNTS

WHEREAS, the Citrus Heights Water District ("CHWD") is authorized to establish rates, fees, and charges for water service; and

WHEREAS, CHWD has adopted policies authorizing the assessment of late payment penalty charges on delinquent customer accounts; and

WHEREAS, the Board of Directors ("Board") finds that temporary suspension of late payment penalty charges is in the best interests of CHWD and its customers due to the migration to a new enterprise resource planning software and new collections company; and

WHEREAS, the Board finds that temporarily waiving late payment penalty charges until December 31, 2026 will promote fairness to customers while allowing CHWD to complete the operational transition without unnecessary financial hardship to customers; and

NOW, THEREFORE, BE IT RESOLVED THAT:

1. CHWD suspends the assessment of late payment penalty charges for all customer accounts from August 17, 2026 through December 31, 2026
2. During the suspension period identified in Section 1:
 - Water service charges shall continue to accrue and remain due according to CHWD's adopted rates and billing schedules.
 - Customers shall remain responsible for paying all billed amounts.
 - No late payment penalties charges shall be assessed on eligible accounts during the suspension period.
3. At the conclusion of the suspension period, CHWD shall resume assessment of late payment penalty charges in accordance with CHWD's ordinances, policies, and fee schedules unless otherwise directed by the Board.
4. The General Manager, or designee, is authorized to implement this Resolution and take all administrative actions necessary to carry out its intent.
5. Nothing in this Resolution shall be construed as waiving the District's legal authority to collect delinquent utility charges or exercise any other remedies authorized by law

PASSED AND ADOPTED by the Board of Directors of the CITRUS HEIGHTS WATER DISTRICT, this 28th day of July, 2026, by the following vote:

AYES: Board Members-
NOES: Board Members-
ABSTAIN: Board Members-
ABSENT: Board Members-

CARYL F. SHEEHAN, President
Board of Directors
Citrus Heights Water District

SEAL

BRITTNEY C. MOORE, Chief Board Clerk
Citrus Heights Water District