

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
March 8, 2011

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

Joseph M. Dion, President
Allen B. Dains, Vice President
Charles T. Rose, Director
Robert A. Churchill, General Manager
David B. Kane, Assistant General Manager
John J. Townsel, Operations Manager
David M. Rossi, Project Manager

VISITORS

Bori Touray, Parsons Brinckerhoff

Director Dion led the Pledge of Allegiance.

PUBLIC COMMENT

Bori Touray asked if the application form for ultra-low-flush toilet rebates could be made available on the District's website. AGM Kane responded that the District had opted to not make it available on the website due to problems that had occurred with people who completed the form and performed toilet replacement work only to be found to be ineligible for the rebate for various reasons. Requiring customers to contact the District to obtain a form allows District staff to "pre-screen" for eligibility to avoid such problems. Mr. Touray was provided with a rebate form by District staff.

CONSENT CALENDAR

President Dion asked for the Consent Calendar. It was moved by Director Rose, seconded by Director Dains and carried 3-0 to accept the Consent Calendar consisting of:

1. Minutes of the Regular Meeting of February 8, 2011.
2. Assessor/Collector's Report for February 2011.
3. Assessor/Collector's Cancellation Letter for February 2011.
4. Treasurer's Report for February 2011.
5. Bills to be Paid for February 2011.
6. Approve CAL-Card Purchases for February 2011.
7. Summary of 2011 Directors, Officers and Employees Training, Seminars and Conference Expenses.

OLD BUSINESS

Bonita Way Storage Building Construction

OM Townsel presented a status report on the construction phase of the Bonita Way Storage Building as follows:

- The framework of the building is complete.
- Roofing and gutters are complete.
- 500 feet of concrete curbing is complete.
- Security/Fire system is complete.
- Sprinkler line installation is complete.
- Electrical system installation is complete.
- Walk-in and roll-up door installation is complete.
- Interior and exterior painting is complete.
- Fence installation is complete.
- Plant installation is complete.
- Interior finish work is complete.
- Exterior finish work is pending.
- Storage shelving is complete.
- Concrete drive and walk way construction is proceeding.

A substantial completion inspection is tentatively scheduled for March 15, 2011.

Sacramento Local Agency Formation Commission Municipal Service Review

AGM Kane presented a report on the draft of CHWD's response to the Sacramento Local Agency Formation Commission (LAFCo) Municipal Service Review Worksheet and Questionnaire. The draft response was presented to Directors for review at the Regular Meeting of the Board on February 8, 2011. Due to the 30-page length of this document, Directors agreed to defer discussion on the matter to the March 8, 2011 Board meeting to allow more time for review. Directors were provided with a new copy of the draft MSR response that contains minor revisions to the version presented in February. Exhibits to the response, composed of routine existing maps, charts and documents, were excluded from the draft but will be compiled for submittal with the final MSR response.

Directors and staff discussed the document. Director Dains noted an extra "of" in the first bulleted item on Page 13 of the draft that needed to be removed. He also suggested that language be added on Page 15 of the draft to provide additional explanation of the "system buy-in" approach used by the District to determine capacity fees. No other edits or modifications to the document were noted. Staff will incorporate comments from Directors into the final MSR document to be submitted to Sacramento LAFCo before the end of March 2011.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to approve the Citrus Heights Water District response to the Sacramento Local Agency Formation

Commission (LAFCo) Municipal Service Review Worksheet and Questionnaire for submission to Sacramento LAFCo with changes as discussed.

NEW BUSINESS

Training/Continued Education/Meetings

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

Regional Water Authority Public Relations Program

GM Churchill presented a report on a proposed Program Agreement with the Regional Water Authority (RWA) for the development and implementation of a campaign of strategic public relations. Directors were presented with two documents related to the proposed Program:

- A description of RWA's proposed Public Relations/Public Affairs Subscription Program and Phase 1 Scope of Work (first two months) which is designed to enhance the ability of RWA and its members to advocate on legislative and regulatory matters that may affect the region (the Delta, Water Efficiency requirements, etc.). RWA's contract with the public relations firm will be structured to terminate on short notice if funding does not materialize as necessary to carry out more extensive scope development for the subsequent 10 months of the first contact year.
- A Program Agreement for participants in the Program. The District's anticipated share of the initial year's \$200,000 cost is \$10,000 which is 5 percent of the public relations effort. This price of legislative advocacy equates to approximately \$0.51 per connection for 2011. Although unbudgeted for 2011 for Dues and Subscriptions (Account #56200), the ability for the District to share in a Sacramento region voice at a small cost is important.

Directors and staff discussed the proposed Public Relations/Public Affairs Subscription Program. Directors expressed that it was important for CHWD and the region to have a voice in state and federal legislative and regulatory matters, and that the proposed RWA program is a cost-effective way to achieve this. Director Dains requested information on the selection of the public relations firm.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to approve entering into a Program Agreement with the Regional Water Authority (RWA) for the development and implementation of a campaign of strategic public relations at a cost not-to-exceed \$10,000 for the first twelve months of District participation.

Investment of District Funds Policy

AGM Kane presented a report on review of District Policy No. 6300, Investment of District Funds. Section 6300.90 of the District's investment policy specifies that the policy shall be reviewed, modified as necessary and re-adopted or amended at least annually. The policy was last reviewed and amended by the Board in February 2010. Directors were provided with a copy of the policy

The policy has been reviewed by District staff and by District Legal Counsel Judy Albietz. Ms. Albietz' annual review covers the existing Policy and the current California Government Code Sections related to public agency investments. Directors were provided with a copy of Ms. Albietz' electronic mail memorandum dated February 24, 2011 stating that there were no changes in the Government Code during 2010 affecting the current Investment Policy. Review by District staff also did not reveal any changes required. Therefore, it is recommended that the policy be readopted with no changes. Directors and staff discussed the Policy and current District investments. .

It was moved by Director Dains, seconded by Director Rose and carried 3-0 to readopt District Policy No. 6300, Investment of District Funds with no changes.

PROJECT MANAGER'S REPORT

PM Rossi reported on the following activities during the month of February 2011 by the Project Management and Engineering Department: projects under construction or pending construction by private contractors and developers; project development/design underway by District staff including: the Mariposa Avenue to Limerick Way 16-Inch Steel Pipe Cement Lining Project; and the Auburn Boulevard – Cedar Drive to Linden Avenue 12-Inch Ductile Iron Pipeline Replacement Project, and projects under construction or completed by contractors on the District's behalf. He reported on design coordination underway with the City of Citrus Heights on the City's Auburn Boulevard Joint Trench Utility Undergrounding Project and the Old Auburn Road Sidewalk Infill Project.

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 417 work orders were performed during the past month by Field Operations crews, Administration Field crews and District contractors. This total included 349 valve exercises at various locations throughout the District. The results of recent bacteriological testing, a total of 72 samples, have met all California Department of Public Health requirements.
2. District-wide water consumption for the calendar year 2011 through the end of February 2011 was 1,190.20 acre-feet, a decrease of 13.2 percent compared with the average annual water consumption during the previous five years, 2006-2010.

President Dion called a brief recess to the meeting at 7:05 p.m.. OM Townsel left the meeting. The Board reconvened at 7:16 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion reported on an upcoming meeting of the Regional Water Authority (RWA), expected to be attended by several Directors and staff members.

GM Churchill reported on a meeting of the Regional Water Authority (RWA) Executive Committee that he attended recently.

Directors Rose and Dains reported on a meeting of the Sacramento Groundwater Authority (SGA) that they attended recently along with GM Churchill.

Directors Dion and Rose reported on a meeting of the San Juan Water District Executive Committee that they attended recently along with GM Churchill and AGM Kane. Scheduling for an upcoming SJWD Executive Committee workshop meeting is pending.

Director Rose discussed recent matters of interest regarding the City of Citrus Heights. GM Churchill reported on a recent meeting with City Manager Henry Tingle.

Director Rose reported on a meeting of the Sacramento Local Agency Formation Commission (LAFCO) that he attended recently.

AGM Kane reported on a meeting of the Chamber of Commerce Government Issues Committee that he attended recently.

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. Staff has continued to compile and provide information to the auditor, Richardson & Company, prior to the auditor's on-site work that was performed during the week of February 21, 2011. The final audit report is scheduled to be presented to the Board at the April 12, 2011 Board meeting.
2. Directors were provided with a summary of Water Efficiency Program activities during the month of February 2011, including the number of ultra-low-flush toilet rebates and high-efficiency clothes washer rebates issued, a school presentation delivered to fifth-grade classes at Woodside Elementary School, and a conservation presentation to the SERTOMA Club in Citrus Heights.
3. Directors were provided with copies of two reports related to water supply conditions for the year ahead. A News Release from the US Bureau of Reclamation (USBR) provided the Initial 2011 Water Supply Allocation for California's Central Valley Project. The initial allocation forecasts a 100 percent allocation for M&I (municipal and industrial) water users north of the Delta. The other report provided, the Monthly Runoff Report for February 2011 from the Water Forum Successor Effort, shows the projected March-November

Unimpaired Inflow into Folsom Reservoir (UIFR). Currently the projected UIFR is 1790 TAF (thousand acre feet). This places projected UIFR above the 1600 TAF threshold beyond which no annual Water Forum Agreement water supply restrictions are applied. Based upon current surface water supply conditions, there is not likely to be a need to consider a change in the District's Stage 1 – Normal Water Supply declaration. Staff will continue to monitor and report on water supply conditions over the next few months.

4. Recruitment efforts continued during February to hire a new Accounts Payable / Human Resources Specialist. A total of 82 applications were received and reviewed and the 17 most-qualified candidates were invited to an interview panel on March 1, 2011. Following these interviews, six candidates have been invited to participate in testing and a more in-depth interview. It is hoped to have a new employee hired and on board by mid-April 2011.
5. The District has received a rate stabilization fund refund from the Association of California Water Agencies – Joint Powers Insurance Authority (ACWA-JPIA) in the amount of \$54,167.76. Technically known as the Retrospective Premium Adjustment (RPA) Stabilization Fund, the refunds encompass all ACWA-JPIA insurance programs in which the District participates – Property, Liability, and Workers' Compensation. The refunds reflect both the performance of ACWA-JPIA's risk pool as a whole and CHWD's success in limiting insurance claims. Directors were provided with copies of information regarding the refund.
6. AGM Kane attended the Water Forum Successor Effort meeting on February 10, 2011. Items on the agenda included a presentation on the Regional Water Authority's AB 1420 Compliance Assistance for RWA member agencies including CHWD. A main topic of discussion was the planned process for the eight-week Flow Management Standard (FMS) negotiation. Meetings and educational sessions for this process are expected to begin later in March.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. The District's annual Employee Recognition Luncheon will be held on March 23, 2011 from 11:00 a.m. to 1:00 p.m. at the Citrus Heights Community Center. Directors are invited and encouraged to attend.
2. Seventeen District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of February 2011. Directors were provided with a list of the employees and items for which each received recognition.
3. The District's Alternative Work Schedule (AWS), consisting typically of a four-day, ten hours per day, Monday through Thursday work week, continued its trial period that began in May 2010. GM Churchill reported that he is continuing to track information related to employee overtime, operational efficiencies and other

factors regarding the AWS, and that a report on the results of the trial period to date will be presented at the April 12, 2011 Board meeting.

4. A list of the General Manager's significant assignments and activities was provided.
5. As previously reported, Water Distribution Specialist Lonnie Moore will be retiring in early May 2011. An internal recruitment to assume his duties was undertaken leading to the selection of current District Construction Inspector Tim Cutler from among four candidates. OM Townsel and PM Rossi are collaborating on a work transition plan for Mr. Cutler. Recruitment will be underway shortly to find a replacement Construction Inspector. The recruitment will be both for in-house and external candidates.

CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

1. Letter dated February 2, 2011 from customer Patricia Kemp of Citrus Heights, regarding a senior discount or low income rate for water service; and a letter of response from AGM Kane dated February 16, 2011.

FUTURE MEETINGS

A list of upcoming Board meetings and other meetings related to the business of the District that may involve the participation of Directors or District staff was presented and reviewed.

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned at 8:06 p.m.

APPROVED:

Original signed by: Robert A. Churchill
ROBERT A. CHURCHILL
Secretary
Citrus Heights Water District

Original signed by: Joseph M. Dion
JOSEPH M. DION, President
Board of Directors
Citrus Heights Water District