

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
March 12, 2013

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
David L. Goforth, Vice President
Allen B. Dains, Director
Robert A. Churchill, General Manager
David B. Kane, Assistant General Manager
John J. Townsel, Operations Manager
Paul A. Dietrich, Project Manager
Timothy R. Cutler, Water Distribution Specialist

VISITORS

Judith K. Albietz, CHWD Legal Counsel
Steven Stenzler, Assemblyman Ken Cooley's Office
Bori Touray, Parsons Brinckerhoff

Director Dion led the Pledge of Allegiance.

PUBLIC COMMENT

None.

ADDITION TO MEETING AGENDA

GM Churchill reported that a matter requiring immediate action by the Board of Directors came to the attention of Citrus Heights Water District on March 8, 2013 subsequent to the March 7, 2013 posting of the agenda for the March 12, 2013 meeting. The matter involves an item appearing on the San Juan Water District (SJWD) Board of Directors meeting agenda for March 13, 2013, regarding a proposed action to waive legal counsel's potential conflict of interest in jointly representing SJWD and Sacramento Suburban Water District on a potential consolidation of the Districts to form a new agency, and to direct the SJWD Board President to sign a consent to legal counsel's joint representation.

It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to place the item on the agenda for consideration following the Consent Calendar.

CONSENT CALENDAR

President Dion asked for the Consent Calendar. Director Goforth requested that Consent Calendar Item No. 9, a claim against the District for property damage, be removed from

the Consent Calendar for separate consideration. President Dion stated that the matter would be moved for consideration under the New Business portion of the agenda. It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to accept the Consent Calendar consisting of:

- 1) Minutes of the Regular Meeting of February 12, 2013.
- 2) Assessor/Collector's Report for February 2013.
- 3) Assessor/Collector's Cancellation Letter for February 2013.
- 4) Treasurer's Report for February 2013.
- 5) Bills to be Paid for February 2013.
- 6) Approve CAL-Card Purchases for February 2013.
- 7) Summary of 2012 Directors, Officers and Employees Training, Seminars and Conference Expenses.
- 8) Adopt Resolution No. 04-2013 Concurring in the Nomination of Lou Reinkens of the Tahoe City Public Utility District to the ACWA-JPIA Executive Committee.

NEW BUSINESS

San Juan Water District / Sacramento Suburban Water District Legal Counsel Conflict of Interest

GM Churchill presented a report on an item that appeared on the San Juan Water District (SJWD) Board of Directors meeting agenda for their March 13, 2013 meeting. The item, placed under the Presentations portion of the agenda, is entitled "Consolidation Issues" and lists SJWD Legal Counsel Joshua Horowitz as the presenter. The action recommended in the agenda is to consider a motion to waive legal counsel's potential conflict of interest in jointly advising SJWD and Sacramento Suburban Water District (SSWD) on a potential consolidation of the Districts to form a new agency, and to direct the Board President to sign a consent to legal counsel's joint representation. The action is recommended by Mr. Horowitz because his law firm represents both SJWD and SSWD.

CHWD Directors, staff and Legal Counsel Albiets discussed some of the possible outcomes and ramifications of such a waiver, and whether such a waiver was advisable. Directors expressed concerns about one party providing legal services to both agencies in this matter due to the obvious impacts of a proposed consolidation that each agency would need to address separately. Directors concurred that it was in CHWD's best interest to go on record with SJWD with a recommendation that, in regard to matters related to consolidation with another agency, SJWD engage representation from legal counsel with allegiance solely to SJWD and to the agencies that it was created to serve.

Directors were presented with a copy of a draft letter proposed to be sent from the CHWD Board President to the Board of Directors of SJWD expressing CHWD's concerns and recommendation in the matter. Directors reviewed the letter.

It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to authorize a letter to be sent from the President of the Board of Directors of the Citrus

Heights Water District expressing concerns about a proposed waiver of legal counsel's potential conflict of interest by San Juan Water District in advising both San Juan Water District and Sacramento Suburban Water District on a potential consolidation of the Districts, and recommending that San Juan Water District engage representation in this regard from legal counsel with allegiance solely to San Juan Water District and to the agencies that it was created to serve.

OLD BUSINESS

7101 Bonita Way Sewer Lower Lateral Relocation

PM Dietrich presented a report on a proposed Notice of Completion for the 7101 Bonita Way Sewer Lower Lateral Relocation project. A contract was executed with Performance Piping, Inc. in December 2012 for installing a sewer lower lateral at 7101 Bonita Way in Citrus Heights. The Bonita Way Groundwater well site is located at 7117 Bonita Way on a parcel of land purchased from Don and Connie Weber. The Weber's residence is south of what is now the District's parcel. The existing sewer service for the Weber residence crossed the front of the District's parcel. The Weber's sewer service was relocated such that it connects to the sewer line directly in front of their residence rather than crossing the District's lot.

The original contract amount was \$19,742.00, which is exactly the amount paid to the contractor for material, labor and equipment. There were no change orders on the project. Work began on the project on January 2, 2013; and Performance Piping successfully completed the project by January 8, 2013. The Sacramento Area Sewer District issued a Notice of Field Acceptance of Work on February 13, 2013 after reviewing and accepting required "As-built" drawings. Directors and staff discussed the project.

It was moved by Director Dains, seconded by Director Dion and carried 3-0 to adopt Resolution 06-2013 Accepting the 7101 Bonita Way Sewer Lower Lateral Relocation, and authorize the District Secretary to execute and record a Notice of Completion for the Project.

NEW BUSINESS continued

Training/Continued Education/Meetings

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

Backhoe Purchase

OM Townsel presented a report on bids received for the purchase of a new backhoe. The Board authorized \$89,000.00 under Project No. 2013-03, Annual Fleet and Field Operations Equipment Improvements/Replacements, to purchase one new backhoe. The new backhoe will replace Unit 40, a 2002 John Deere 410G backhoe with about 2,650

hours of operation. It is used by the service installation crew to support work such as leak repairs, service replacements and fire hydrant replacements.

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

<u>Supplier</u>	<u>Total Bid</u>
Sons Ray Machinery (Case)	\$93,168.51
Pape' Machinery (John Deere)	\$97,173.00

Directors and staff discussed the backhoe replacement. Director Goforth asked if a minimum bid could be set on the auction of the existing Unit 40 to ensure that the District would receive enough to make up the difference between the \$89,000 budget and the \$93,168.51 actual cost of the new backhoe. OM Townsel replied that the auction service used by the District will not accept items for auction with minimum bid requirements. Directors and staff discussed the likely surplus value of the existing Unit 40. OM Townsel stated that a used backhoe of this type and age would likely bring well above the difference between the budgeted and actual cost, perhaps as much as \$20,000. It was also discussed that the new backhoe would meet the upcoming California Air Resources Board (CARB) emission requirements for diesel engines, which the existing backhoe does not.

It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to authorize staff to proceed with the purchase a new Case backhoe from Sons Ray Machinery of Sacramento in the amount not to exceed \$93,168.51.

Retirement of Gerald H. "Jerry" Lee

GM Churchill presented a report on the upcoming retirement of Gerald H. "Jerry" Lee, Water Distribution Supervisor, who will be retiring from the District on April 4, 2013 after providing over 34 years of service to the District. A luncheon retirement celebration is planned to be held at the Citrus Heights Community Center beginning at noon on his final day.

Directors were presented with a proposed resolution acknowledging and commending Jerry's service. Directors and staff discussed the upcoming retirement.

It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to adopt Resolution No. 05-2013 Commending Gerald H. Lee for Outstanding Service.

Milligan Claim for Damages

AGM Kane presented a report on a claim from Sharon Milligan in the amount of \$805.00 for repairs to the water service that serves a home she owns at 7904 Clearview Drive in Citrus

Heights. The claimant's water service had a leak that was repaired by a plumber at a cost of \$805.00. Directors were presented with a copy of the claim form submitted by Ms. Milligan along with a copy of the invoice from the plumber. The plumber's opinion, as stated in the notes on the invoice, is that substandard installation by the District was the cause of the leak. Although the claimant states that photographs were taken of the damage, no photographs were submitted with the claim.

Directors were also provided with a copy of Operations Manager John Townsel's memorandum regarding the claim. OM Townsel states that the installation on this meter was performed on September 15, 2000, more than 12 years ago. The District warrants its meter installation and customer reconnection work for one year. District staff believes that the claim lacks merit and recommends denying it.

Director Goforth asked for clarification regarding the connection to the meter. It was explained that the connection to the meter on the customer's side of the service belongs to the customer, but that CHWD provides a warranty of one year on the materials and workmanship when a connection to the customer's service from the water meter is performed. Because it has been over 12 years since the reconnection work was performed, any repairs to that connection or to any of customer-side plumbing is the customer's responsibility.

Director Goforth stated that he believed that by not paying the claim and forwarding it to the District's insurance carrier, the District would just be creating a situation where the claim would be contested between the claimant and the insurance carrier. Director Goforth made a motion that the District pay the \$805.00 claim. In regard to the motion, Director Dains stated that this would break with established precedent regarding claims for damages to plumbing on the customer's side of the water meter, and that he supported the recommendation to deny the claim and forward it to the District's insurance carrier. Director Dion stated his agreement that denying the claim and forwarding to the District's insurance carrier was the proper action, and that this was why the District has insurance professionals to handle matters like these. The motion by Director Goforth died for lack of a second.

It was moved by Director Dains, seconded by Director Goforth and carried 3-0 to deny the claim from Sharon Milligan for property damage in the amount of \$805.00, and forward it to the District's insurance carrier, ACWA-JPIA.

PROJECT MANAGER'S REPORT

PM Dietrich presented a report on the following activities during the month of February 2013 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 Old Auburn Road 18-Inch Water Main and Mariposa Avenue 12-Inch Water Main project; the

Palm Avenue 12-Inch Water Main, Castle Street 8-Inch Water Main and Kilborn Drive/Ronnie Street/Billie Street 8- and 6-Inch Water Mains project; the Northgrove Way 6-Inch Water Main and Walnut Drive 8-Inch Water Main project; the Mariposa Avenue 24-Inch Water Main and San Juan High School 24-Inch Water Main project; and the Old Auburn Road 14-Inch Water Main project;

- District Capital Improvement Projects currently under construction by contractors, including: the Sunrise Boulevard Valve Box Raising and Setting; the Livoti Tract 8-Inch Water Mains and the Old Auburn Road 18-Inch Water Main; and
- Design coordination underway with the City of Citrus Heights on the City's Sunrise Boulevard Complete Streets Improvement Project, the Auburn Boulevard Joint Trench Utility Undergrounding Project, the Auburn Boulevard Resurfacing Project, and drainage improvement projects on Cedar Drive, Loleta Avenue, Poppy Way and Sycamore Drive.

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 83 work orders were performed during the past month by Field Operations crews, Administration Field crews and District contractors. 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 2013 through the end of February 2013 was 1,208.88 acre-feet, a decrease of 3.5 percent compared with the average annual water consumption during the previous five years, 2008-2012.

Director Dion called a recess to the meeting at 7:24 p.m. OM Townsel, PM Dietrich, WDS Cutler, Steven Stenzler and Bori Touray left the meeting.

Director Dion reconvened the meeting at 7:29 p.m.

CLOSED SESSION

Pursuant to subdivision (b)(3)(A) of Government Code Section 54956.9 (two cases), Anticipated Litigation, significant exposure to litigation, the Board of Directors convened in Closed Session at 7:30 p.m to receive a report from District Legal Counsel Judy Albietz. Directors Dains, Dion and Goforth, GM Churchill, AGM Kane and Legal Counsel Albietz were in attendance.

President Dion reconvened the meeting into Open Session at 7:44 p.m. He reported that no action was taken by the Board in Closed Session.

Ms. Albietz left the meeting and Steven Stenzler returned to the meeting at 7:45 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dains reported on a meeting of the Sacramento Groundwater Authority (SGA) that he attended recently along with GM Churchill.

GM Churchill reported on a recent San Juan Water District Executive Committee meeting that he attended along with Director Goforth and AGM Kane.

GM Churchill presented a letter from the Association of California Water Agencies (ACWA) to California State Assemblyman Henry Perea expressing ACWA's opposition to Assembly Bill 145 (Perea) that proposes to move the State's drinking water program from the California Department of Public Health to the State Water Resources Control Board.

Director Dion reported on an upcoming meeting of the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA).

GM Churchill reported on recent matters of interest regarding the City of Citrus Heights.

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

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. Directors were provided with a summary of Water Efficiency Program activities during the month of February 2013, including the number of ultra-low-flush toilet rebates issued. Work on the annual poster contest continued.
2. The District's auditor, Richardson & Company, completed their on-site work on the District's 2012 financial audit during the final week in February 2013. District staff must still prepare the District's Management Discussion and Analysis (MD&A) that is required to accompany the financial statements. The auditor will present the audit report at the Board's April 9, 2013 meeting.
3. District Human Resources staff continued its expedited recruitment to fill the position of Water Distribution Supervisor that will be open after April 4, 2013 when the incumbent, Jerry Lee, retires. The seven most-qualified candidates for the position were invited to participate in testing and an interview panel that was conducted on February 25, 2013. A conditional offer has been made to a candidate pending completion of pre-employment conditions.
4. Work continues on the design and installation of the new pay-by-telephone system for the District. This includes work to integrate the system with the District's Cogsdale billing system and the telephone system. Initial testing of the system is expected to take place in mid-March 2013.

5. Directors were provided with information regarding surface water supply conditions, including a U.S. Bureau of Reclamation news release announcing the initial 2013 Central Valley Project (CVP) water supply allocation, including a 75 percent allocation for Municipal and Industrial (M&I) Water Service Contractors North-of-Delta. Copies of the Monthly Runoff Report for February 2013 from the Water Forum Successor Effort were also provided, along with a California Department of Water Resources news release regarding their February 28, 2013 snow survey. Rain and snowfall since the beginning of 2013 continue to lag far behind seasonal averages.
6. AGM Kane reported on a Water Forum Water Caucus meeting that he attended during February 2013.
7. Development of a Request for Proposals (RFP) is underway to obtain consulting services for a new financial plan and rate model for the District. A draft RFP will be presented for review and feedback from the Board at their April 9, 2013 meeting before moving ahead with soliciting proposals.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Nineteen District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of February 2013. Directors were provided with a list of the employees and items for which each received recognition.
2. A list of the General Manager's significant assignments and activities was provided.
3. Assessor / Collector Nancy Alaniz has announced her intent to retire from the District on November 10, 2013. At that time she will have served the District for over 37 years. A November retirement celebration will be planned to acknowledge Nancy for her service to the District. Planning to fill this position will begin immediately.
4. As reported at the District's February 12, 2013 Board of Directors Meeting, District staff met with representatives of California American Water Company (CAWC) on January 30, 2013, regarding CAWC efforts to find a suitable location for a 1.5 million gallon storage tank to provide peaking and fire flow for their Lincoln Oaks service area. Directors were provided with a map showing the proposed location of the storage tank. The plan as discussed would involve a pipeline connection from CAWC's existing wells to fill and distribute water from the tank. A well at the proposed tank site is impractical due to the close proximity of CHWD wells.

Directors were provided with a copy of an electronic mail message from CAWC, received by the District on February 25, 2013. In this message, CAWC proposes prohibition of a CAWC well at the site, inclusion of a future supply connection to

CHWD if desired, notification of public meetings and provision of project status reports to CHWD.

CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

1. Letter dated February 12, 2013 from Rita Schmidt Sudman, Executive Director of the Water Education Foundation, thanking CHWD for its \$1,000 contribution to the Foundation for 2013.

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 8:20 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