

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
July 10, 2012

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

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

VISITORS

None

Director Dains led the Pledge of Allegiance.

PUBLIC COMMENT

None

CONSENT CALENDAR

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

- 1) Minutes of the Regular Meeting of June 12, 2012.
- 2) Assessor/Collector's Report for June 2012.
- 3) Assessor/Collector's Cancellation Letter for June 2012.
- 4) Treasurer's Report for June 2012.
- 5) Bills to be Paid for June 2012.
- 6) Approve CAL-Card Purchases for June 2012.
- 7) Summary of 2012 Directors, Officers and Employees Training, Seminars and Conference Expenses.

President Dains adjourned the Regular Board of Directors Meeting to the Annual Meeting of the Citrus Heights Water District Financing Corporation at 6:32 p.m.

President Dains reconvened the Regular Board of Directors Meeting at 6:39 p.m.

OLD BUSINESS

Auburn Boulevard Water Facilities Replacement Project – Sylvan Corners to Rusch Park

GM Churchill presented a report on the project status and cost estimate update for the Auburn

Boulevard Water Facilities Replacement Project – Sylvan Corners to Rusch Park. The City of Citrus Heights is planning to provide for undergrounding of aerial facilities within the project area. The majority of this work will occur on the east side of Auburn Boulevard and will also include a complete street makeover of Auburn Boulevard from Pratt Avenue to Rusch Park.

At the District's February 14, 2012 Board of Directors Meeting, the General Manager was authorized to execute any necessary agreements, subject to legal counsel approval and within the constraints of the project budget, to facilitate the design and construction of water distribution system facilities concurrent with the City's Auburn Boulevard Complete Streets and Revitalization Project.

The District plans to abandon a 6-inch steel water main on the west side of Auburn Boulevard and provide water main and service connections to the existing 8-inch ACP water main on the east side of the street. Also included is replacement of 8-inch steel water mains at or near the intersection of Auburn Boulevard and Watson Way. The scope of work also includes installation, replacement and/or relocation of other water system attributes including water services and fire protection facilities. A short extension of an 18-inch water transmission main at Pratt Avenue is also proposed.

The February 2012 preliminary estimated costs for the water distribution system-related work on the project, exclusive of mobilization and paving, was approximately \$560,000 with the preliminary cost share being \$140,000 City (25%) and \$420,000 District (75%).

The City's low bidder on this project is Teichert Construction at a total of \$10,288,857. Teichert's bid for the water distribution system-related work inclusive of mobilization, traffic control, staking, signage, storm water protection and paving is initially estimated by the District to be \$602,267 with the estimated cost share now being \$181,884 City (30%) and \$420,383 District (70%). The City's current estimate of the District's share is \$416,500. The District's 2012 Capital Projects Budget allocates \$590,259 to this project including \$547,745 for construction.

The City is drafting a reimbursement agreement for review by the District. Upon receipt, the draft agreement will be reviewed by the District's legal counsel. Directors and staff discussed the project.

Antelope Road Water Main Replacement Project

GM Churchill presented a report on a proposed Cooperative Agreement with the City of Citrus Heights for water main replacement, relocation and installation work. The work is to be performed in conjunction with the City's 2011 Antelope Road Accessibility and Safety Improvement Project – Lauppe Lane to Auburn Boulevard.

The District has been working in cooperation with the City of Citrus Heights to include replacement of approximately 258 lineal feet (lf) of 8-inch water distribution main and approximately 142 lf of 24-inch water transmission main in the plans for the City's Antelope Road Project. The Board of Directors took action to approve elements of this work at the February 14, 2012 and March 13, 2012 Board Meetings.

Directors were provided with a draft Cooperative Agreement between the City of Citrus Heights and the District for their consideration. The Agreement will memorialize the responsibilities of the parties with respect to this work. An initial draft Agreement was prepared by the City, and subsequently edited by District staff and legal counsel before being returned to the City for further review.

At their June 28, 2012 Meeting, the City Council authorized the City Manager to execute the Cooperative Agreement with the District. The City received bids for this project on July 9, 2012. The revised total authorized project budget is \$220,000 of which \$166,800 is for construction. The Antelope Road 8-Inch represents approximately 40 percent of the construction cost, \$66,000, while the Lauppe Lane 24-Inch represents 60 percent of the cost, \$100,800. Directors and staff discussed the project and the Cooperative Agreement.

It was moved by Director Dion, seconded by Director Rose and carried 3-0 to:

1. Approve a Cooperative Agreement with the City of Citrus Heights for water main replacement, relocation and installation work in conjunction with the City's 2011 Antelope Road Accessibility and Safety Improvement Project – Lauppe Lane to Auburn Boulevard; and
2. Authorize the General Manager to execute the Agreement subject to revisions, if any, being non-substantive in nature.

NEW BUSINESS

Training/Continued Education/Meetings

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

Funds and Reserves Transfers

AGM Kane presented a report with recommendations for transfers among District Funds for specified purposes. The transfers are typically grouped together for Board consideration a one time during the year. AGM Kane explained the recommended transfers, and the reason and justification for each transfer, including a number of transfers that were specifically earmarked in the 2012 Operating Budget. He also provided information about the resulting fund balances after all of the transfers had been made. Directors and staff discussed the proposed fund transfers.

It was moved by Director Dion, seconded by Director Rose and carried 3-0 to direct the Treasurer to make the following transfers within District Funds and Reserves:

1. Transfer \$21.00 from the Operating Fund to the Connection Fund to allocate interest earnings on District investments from the previous year;
2. Transfer \$24,343.00 from Connection Fund to the Capital Improvement Reserve as partial repayment of Connection Fund debt to the Capital Improvement Reserve;

3. Transfer \$1,000,000.00 from the Operating Fund to the Capital Improvement Reserve to set aside funds to evaluate and construct new capital facilities and equipment to benefit existing District customers;
4. Transfer \$855,000.00 from the Operating Fund to the Depreciation Reserve to set aside funds to replace or rehabilitate capital facilities and equipment at the end of their useful life;
5. Transfer \$100,000.00 from the Depreciation Reserve to the Fleet Equipment Reserve to funds for future equipment replacements;
6. Transfer \$113,900.68 from the Fleet Equipment Reserve to the Operating Fund to offset monies expended to date for fleet equipment replacement;
7. Transfer \$73,765.22 from the Capital Improvement Reserve to the Operating Reserve to offset monies expended to date for capital projects and expenditures;
8. Transfer \$2,979,525.60 from the Depreciation Reserve to the Operating Fund to offset monies expended to date for capital projects and expenditures.
9. Transfer \$120,000.00 from the Operating Fund to the Employment-Related Benefits Reserve to provide funding related to retiree benefit and employee benefit costs.
10. Transfer \$89,297.96 from the Employment-Related Benefits Reserve to the Operating Fund to offset monies expended to date from the Operating Fund related to retiree benefit and employee benefit costs.

Auction of Surplus Equipment

OM Townsel presented a report on disposal of equipment that is surplus to the needs of the District by sale at public auction. He reported that the District is preparing to sell as surplus a 2000 Case 580-L Backhoe with approximately 1,584.5 operating hours, District Equipment No. 39.

Under District Policy No. 5750, Disposal of Surplus Property, any District property with an estimated value of greater than \$4,000 shall be disposed as surplus with the authorization of the Board of Directors. It is possible that this piece of equipment could bring more than \$4,000 at auction. In order to avoid any possible non-compliance with District policy, this matter is being brought to the Board of Directors for consideration and action before sending the equipment items to auction.

A number of other miscellaneous small surplus items will also be sent to auction at the same time; however, these items do not require Board action due to their low estimated dollar value. The recommended auction company is Huisman Auctions in Sacramento. Directors and staff discussed the equipment to be sold as surplus.

It was moved by Director Dion, seconded by Director Rose and carried 3-0 to authorize the disposal of District Equipment No. 39 by public auction at Huisman Auctions in Sacramento.

Policy Amendments

GM Churchill presented a report on proposed amendments to various District policies as follows:

General Policy 1020 – Commitments

The Policy is being amended to reflect current telephone answering practices.

Human Resources Policy 4090 – Job Descriptions

The Policy is being amended to authorize General Manager to prescribe job classes, and provides additional reference to Organizational Structure Policy 1030 thereby eliminating the need for duplicate language.

Human Resources Policy 4103 – Salary Merit Adjustments

The Policy is being amended to provide verbiage consistent with the current employee performance Evaluation Form.

Human Resources Policy 4305 – Administrative Leave

The Policy is being amended to require surrender of specified District property by employees being placed on Administrative Leave.

Human Resources Policy 4610 – Performance Evaluation

The Policy is being amended to delete reference to certain timing requirements for specified steps in the performance evaluation process.

Directors were provided of copies of the policies showing the proposed amendments. Directors and staff discussed the proposed amendments to the policies.

It was moved by Director Rose seconded by Director Dion and carried 3-0 to adopt the amendments, as presented, to the following District Policies:

General Policy 1020 – Commitments

Human Resources Policy 4090 – Job Descriptions

Human Resources Policy 4103 – Salary Merit Adjustments

Human Resources Policy 4305 – Administrative Leave

Human Resources Policy 4610 – Performance Evaluation

PROJECT MANAGER'S REPORT

PM Dietrich presented a report on the following activities during the month of June 2012 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 Livoti Tract 8-Inch Water Mains, the Baird/Northlea/Kalamazoo 8-Inch and 6-Inch Water Mains, the Antelope Road 8-Inch and 24-Inch Water Mains and the Old Auburn Road 18-Inch Water Main;
- District Capital Improvement Projects currently under construction by contractors; and
- Design coordination underway with the City of Citrus Heights on the City's Mariposa Avenue Safe Sidewalks to School Project, the Auburn Boulevard Joint Trench Utility Undergrounding Project, the Sunrise Boulevard Complete Streets Improvement Project, the Antelope Road Sidewalk and Storm Drain Improvements Project, and the Auburn Boulevard Resurfacing Project.

It was reported that the following water attribute, connected to the District's water distribution system by an independent contractor on behalf of a private developer/owner, has been inspected and approved by the District:

7-Eleven Store, 7598 Greenback Lane, Citrus Heights
 1-inch backflow prevention assembly
 Value: \$0.00 (backflow prevention assembly belongs to property owner)

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 96 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 2012 through the end of June 2012 was 5,976.90 acre-feet, a decrease of 8.7 percent compared with the average annual water consumption during the previous five years, 2007-2011.

PM Dietrich and OM Townsel left the meeting at 7:41 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion and GM Churchill discussed matters regarding an upcoming meeting of the Regional Water Authority (RWA).

Directors Dion and Rose discussed a meeting of the San Juan Water District Executive Committee that they attended recently along with GM Churchill and AGM Kane.

Director Dion reported on a meeting of the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA) that he attended recently.

Director Rose reported on recent matters of interest regarding the City of Citrus Heights.

AGM Kane reported on a meeting of the Citrus Heights 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 June 2012, including the number of ultra-low-flush toilet rebates and high-efficiency clothes washer rebates issued.
2. The Summer 2012 edition of the District's WaterLine newsletter has been printed and is in the mail to customers. Directors were provided with a copy of the newsletter.
3. Recruitments for four vacant employee positions have been mostly completed. Jobs offers to candidates for all four positions were made and accepted during the second week in June, and all but one candidate has satisfied their pre-employment conditions to date. The new Engineering Technician started work on July 2, 2012. The other two confirmed candidates for the Senior Engineering Technician and Water Distribution Operator positions have start dates later in July.
4. Water Forum activity has focused primarily on meetings of the sub-groups that are discussing and negotiating specific issues related to the Flow Management Standard (the FMS Steering Committee) and the City of Sacramento's Fairbairn intake (the Fairbairn Issues Group). AGM Kane reported on a Water Forum Water Caucus meeting that he attended in mid-June where the main topics were the status of the FMS and Delta plan and Bay-Delta Conservation Plan issues.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Twenty District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of June 2012. 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. GM Churchill attended the American Water Works Association (AWWA Annual Conference and Exposition in Dallas, Texas from June 10-14, 2012. He reported

on conference sessions attended, along with his conference expenses and attendance and travel hours.

4. Directors were provided with a copy of a letter from the District to a producer for local television affiliate CBS13 in response to an investigation of a complaint from a District customer whose claim for damages was rejected by the Board. CBS13 has indicated that they may request an on-camera interview from a District representative.

CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

1. Letter from the North State Water Alliance (signed by Regional Water Authority Executive Director John Woodling and others) to Joe Grindstaff, Executive Director Delta Stewardship Council, expressing concerns about Northern California water supply issues in the Sixth Draft Delta Plan.
2. Letter from various signatories including the Western Growers Association, the California Business Properties Association, the California Chamber of Commerce and others to Ken Salazar, Secretary, Department of Interior and John Laird, Secretary, Natural Resources Association, urging them to make the “key necessary decisions” regarding the Bay Delta Conservation Plan (BDCP).
3. Letter from Chris Rayburn, Director, Subscriber and Research Services for the Water Research Foundation, to Citrus Heights Water District expressing gratitude for CHWD’s continued support of the Water Research Foundation.

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.

CLOSED SESSION

Pursuant to subdivision (a) of Government Code Section 54957, Public Employee Performance Evaluation --General Manager, the Board of Directors convened in Closed Session at 8:33 p.m. Directors Dains, Dion and Rose and GM Churchill were in attendance.

President Dains reconvened the meeting into Open Session at 9:35 p.m.

President Dains reported that that the Board met with GM Churchill for the purpose of evaluating his performance and that of the District. He reported GM Churchill’s performance “exceeds expectations” and that the Board was pleased with the leadership

and staff of the District. Topics discussed during the evaluation included staffing levels, succession planning and the building improvement project.

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned at 9:40 p.m.

APPROVED:

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

Original signed by: Allen B. Dains
ALLEN B. DAINS, President
Board of Directors
Citrus Heights Water District