



## TECHNICAL MEMORANDUM

June 26, 2019

TO: Citrus Heights Water District

FROM: Bryan Godbe  
President  
Godbe Research

RE: Project 2030 Water Main Replacement Survey – Summary of Results

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### ***Executive Summary:***

As part of Project 2030 Water Main Replacement Study (Study or Project 2030), a market research survey (Survey) was conducted to evaluate customer opinions on a variety of issues related to Citrus Heights Water District (CHWD or District) and the Study, including potential financial impacts. This memorandum (Memo) summarizes the methodology and key aspects of the Survey and provides recommendations to the District.

The results of the Survey show customers (voters and non-voters) have a favorable impression of the job the District is doing to provide services. District voters have a 4.4 to 1 favorable to negative impression of the District's job providing District services. The Survey also indicates that more than 60 percent of respondents were supportive of one of the two options presented for a rate adjustment to fund the District's water main replacements through the year 2080.

### ***Introduction:***

Renewal and replacement of infrastructure, funding of improvements and public understanding of the value of water are key issues to water system managers. The District is currently using a 30-year Capital Improvement Plan (Plan) that was developed in 1998 as a key planning tool in determining annual capital improvement projects, which includes water main replacement. As the above Plan is nearing the end of its term, the District is undertaking a process to review and refine its long term water main replacement program, otherwise known as the Project 2030 Water Main Replacement Study. Key elements of the Study include: 1) Asset Inventory and Project Polygon Development, 2) Water Demand Forecast, 3) Water Main Assessment, 4) Phasing Plan, 5) Cost Estimates, 6) Funding Options, including Water Rate Options and Debt Service Options, and 7) Implementation Plan.

### **Methodology Overview:**

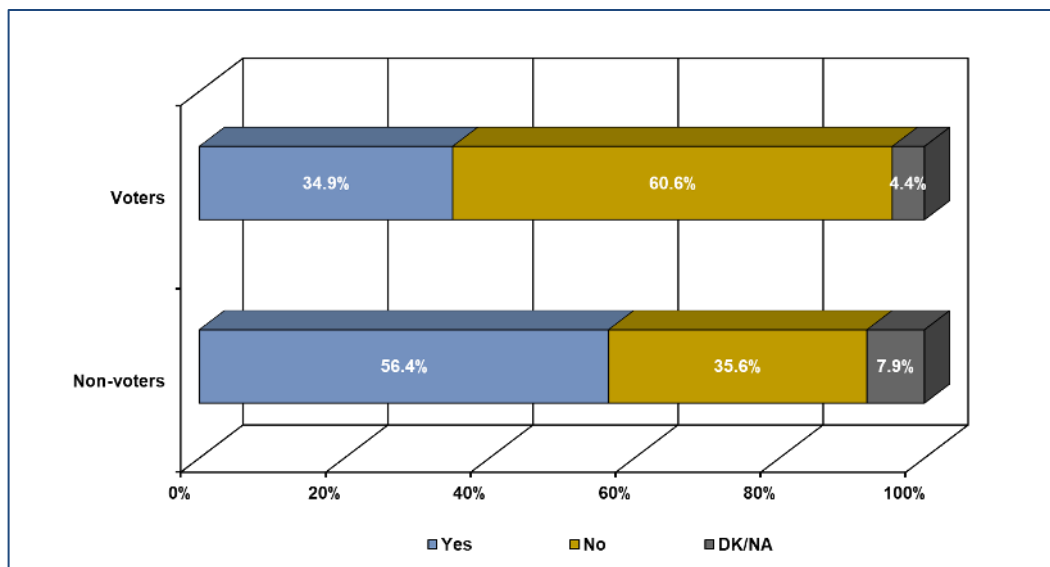
Telephone and online interviews were conducted from May 2 through May 8, 2019 and the average phone interview time was approximately 20 minutes. Methodological details included:

Data Collection	Landline (82), cell phone (29), and text to online (494) interviewing
Universe	35,194 Registered voters 4,912 Ratepayer non-voters
Fielding Dates	May 2 through May 8, 2019
Interview Length	20 minutes
Sample Size	n=504 Registered voters n=101 Ratepayer non-voters n=605 All respondents
Margin of Error	± 4.33% Registered voters ± 3.95% All respondents

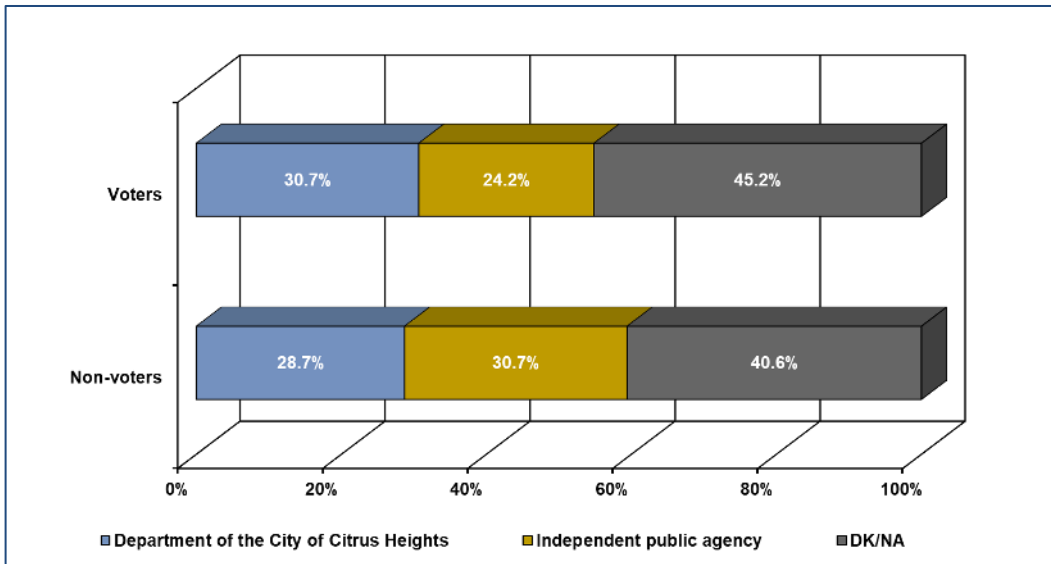
Additionally, the data has been weighted to reflect the actual population characteristics of voters in the Citrus Heights Water District in terms of their gender, age and political party.

### **Awareness of the Citrus Heights Water District**

Thirty-five percent of voters and 56 percent of non-voters heard, seen or read about CHWD, and of those, roughly 40 percent of those who know about CHWD, learned about the District from newsletters, bill inserts and flyers.

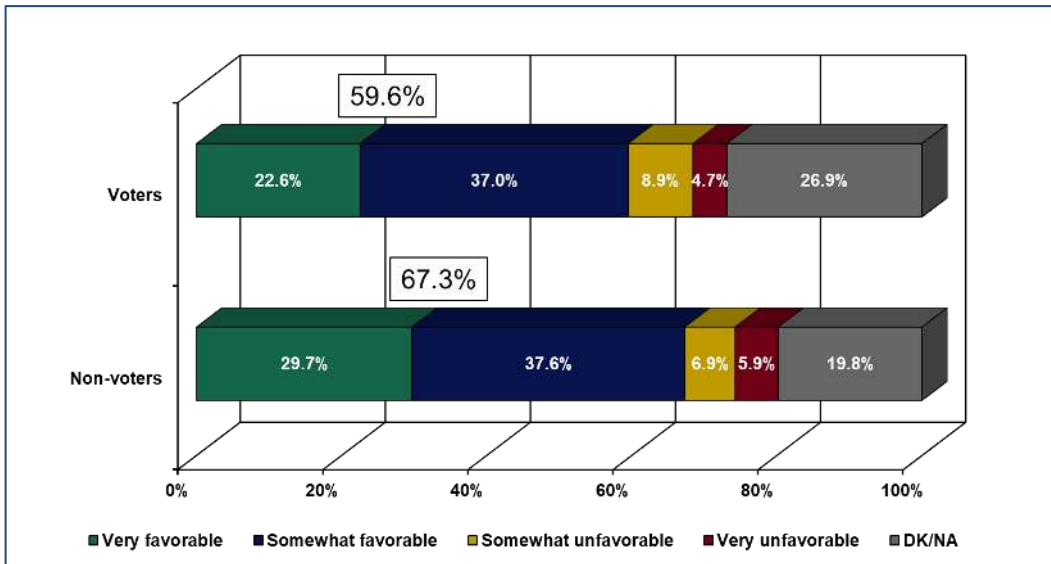


Among all respondents (voters and ratepayers), most do not know CHWD is an independent special District.

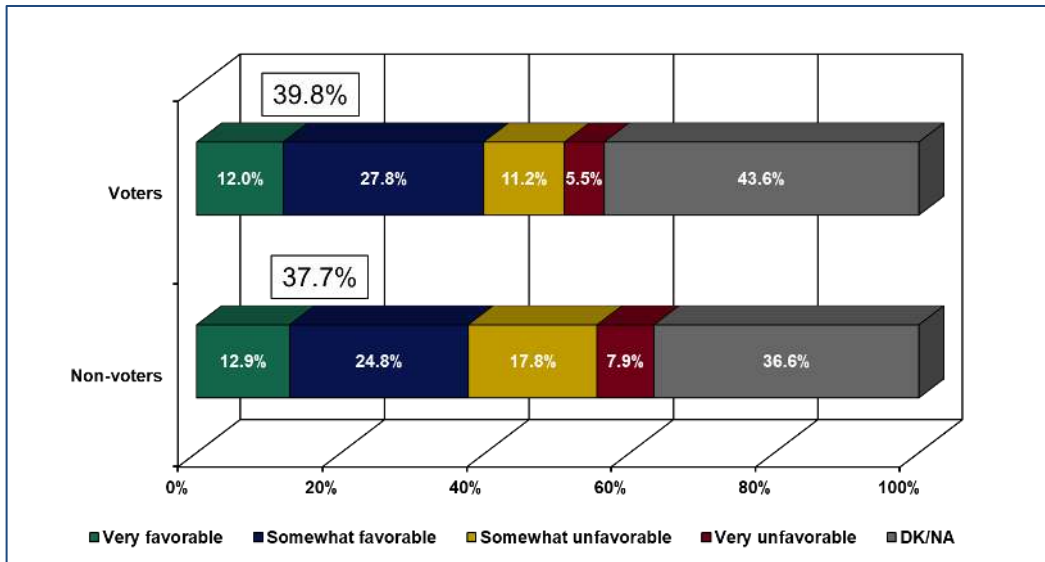


**Satisfaction with the Citrus Heights Water District’s Job Performance:**

Non-voter ratepayers indicated a slightly higher level of satisfaction with the District’s job performance than voters. Although, the ratio of favorable to unfavorable sentiments between of 4.4 to 1 (voters) and 5.2 to 1 (non-voters) were both very positive.



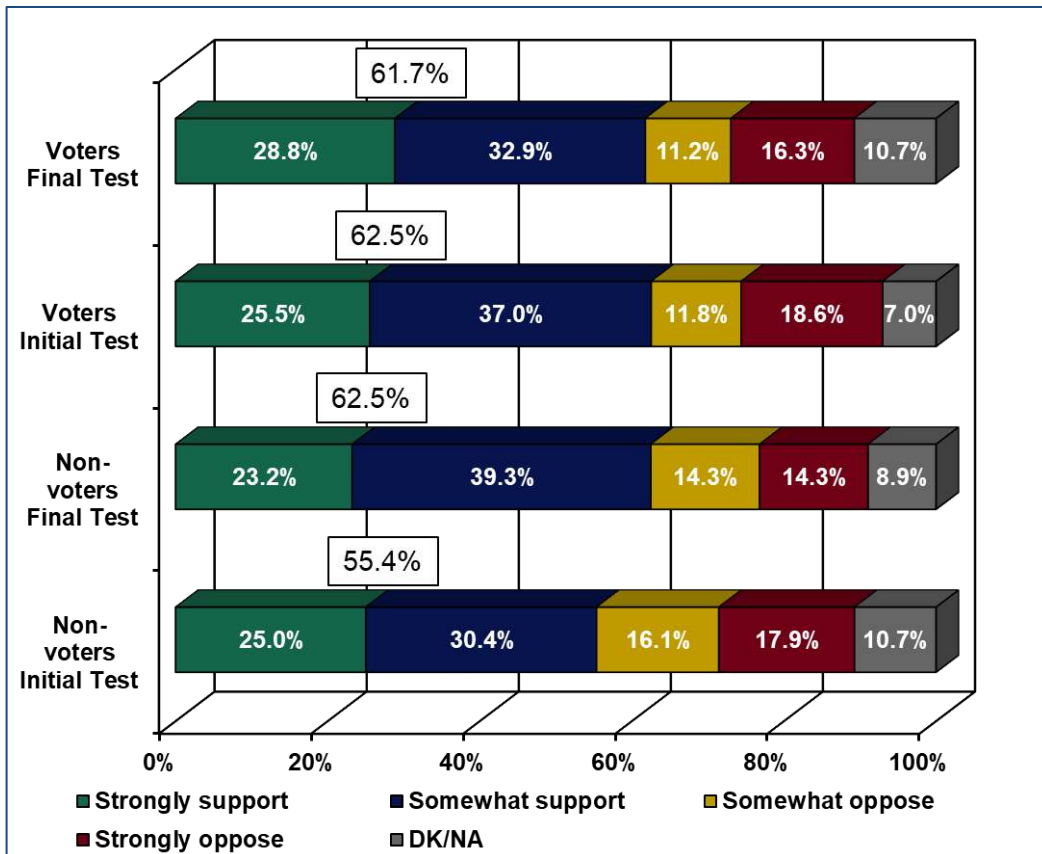
With respect to the job the District is doing to manage public funds (following page) the ratio of favorable to unfavorable between 2.4 to 1 (voters) and 1.5 to 1 (non-voters) was also reasonably positive, given that a good score is generally anything above a 1 to 1 ratio.



### Support for Project 2030 Policy Alternatives

After information, both voters (61.7%) and non-voters (62.5%) supported policy Option 6.4 at solid levels.

#### Policy Option 6.4:

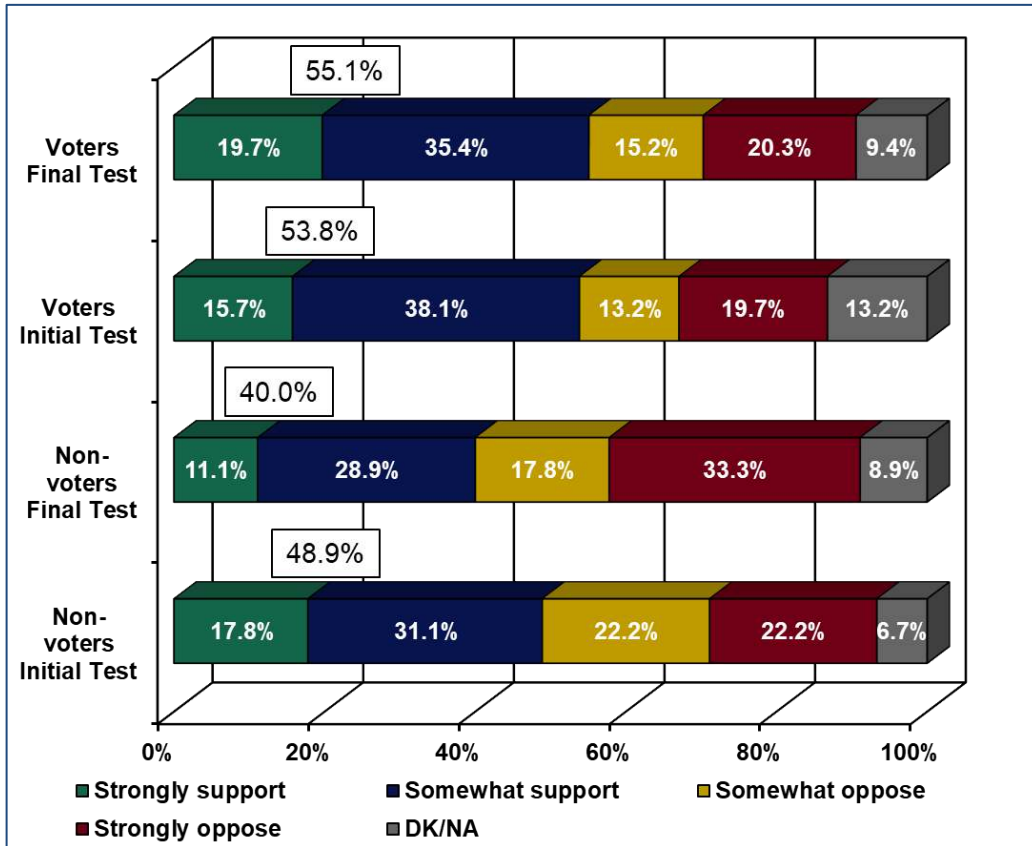


More specifically, support for the rate/surcharge increase in Option 6.4 was 62.5 percent on the first test and 61.8 percent on the second test, among registered voters.

However, when lowered by 1 percent to 2.97 percent, support for the rate/surcharge increased to 65.7 percent, but the difference is not statistically significant.

Like Option 6.4, support for the rate/surcharge increase in Option 5.4 was 53.8 percent on the first test and 55.1 percent on the second test, among registered voters.

**Policy Option 5.4:**

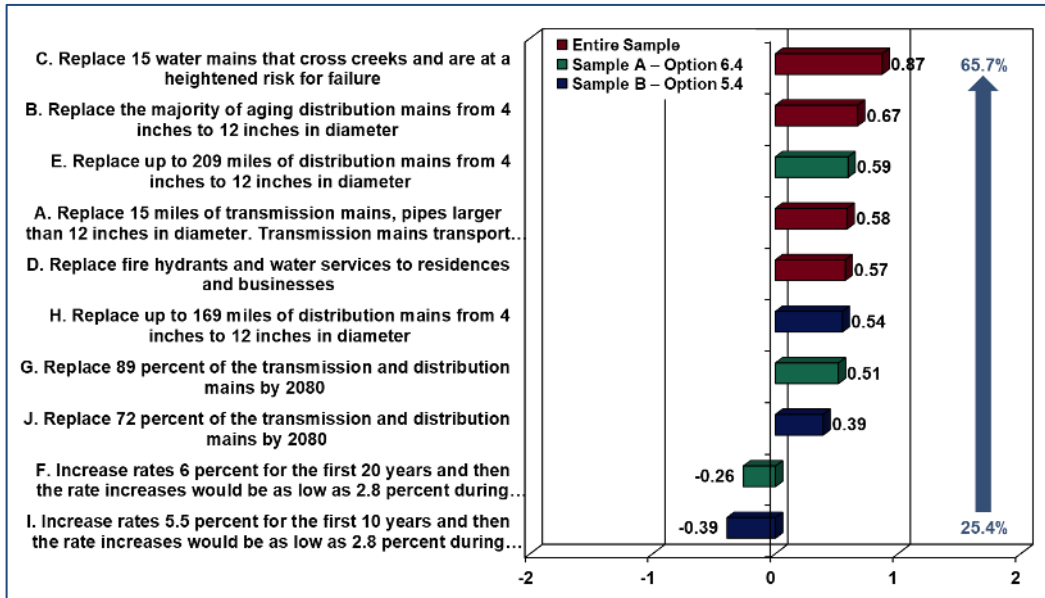


And, when lowered by 1 percent to 2.99 percent, support for the rate/surcharge increased to 62.8 percent, a larger numeric increase, but still not statistically significant.

Although within the survey's margin of error, it is important to note that there is not a statistically significant difference between the two options and the split sample for Option 5.4 was slightly more male and homeowner than for policy option 6.4, which may account for some of the variation between support for the two policies.

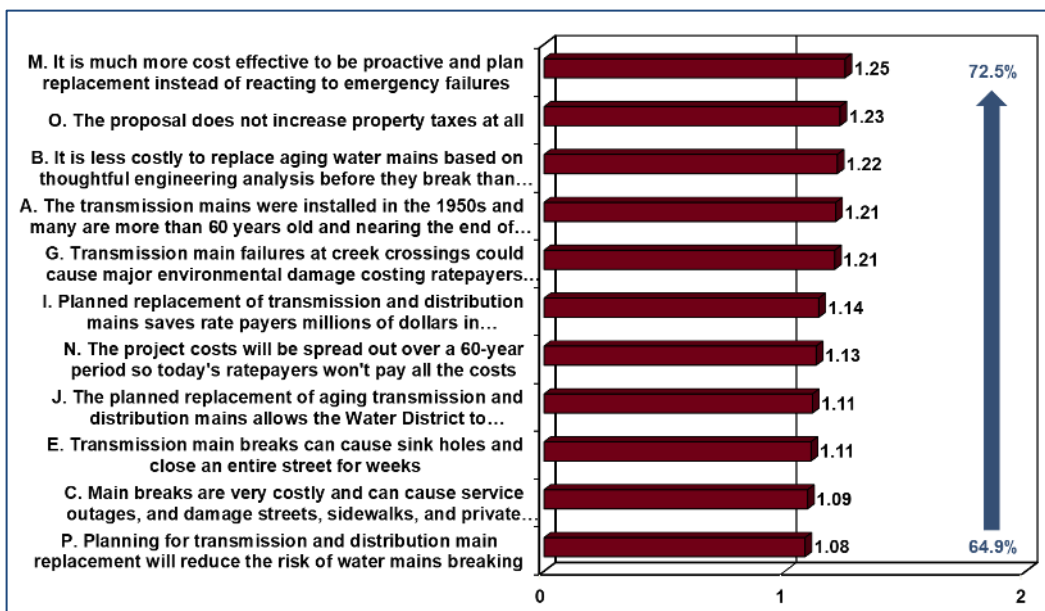
## Features of the Proposal

Respondents were presented with individual components of Project 2030 to determine their importance and the survey results suggest clear priorities. The top priorities included: “15 water mains that cross creeks and are at a heightened risk for failure”, “The majority of aging distribution mains from 4 inches to 12 inches in diameter”, and “15 miles of transmission mains, with pipes larger than 12 inches in diameter”.



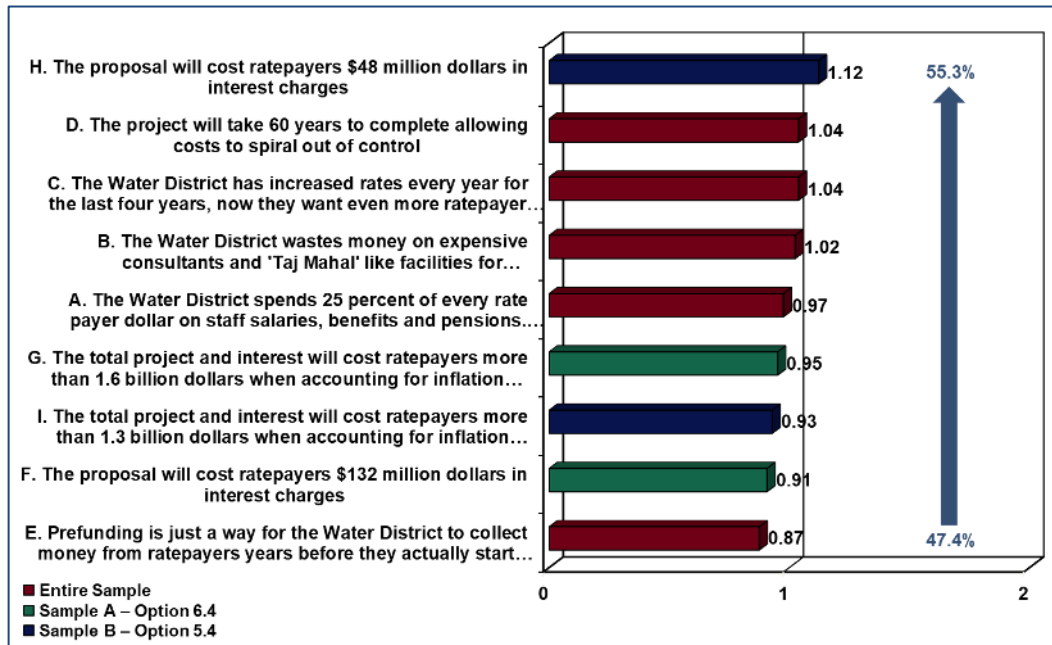
## Informational Statements

Respondents were also presented with a variety of factual statements about the proposal. Topping this list of important items were: “It is much more cost effective to be proactive and plan replacement instead of reacting to emergency failures”, “The proposal does not increase property taxes at all”, and “It is less costly to replace aging water mains based on thoughtful engineering analysis before they break than incurring emergency replacement costs”.



## Critical Statements

Critical statements were developed by the project team in order to test them. The District should be prepared to address potential critical opinions.



## Summary & Recommendations

In summary, the survey results show:

- There is limited awareness of District among registered voters, although awareness is somewhat higher among the non-voter ratepayer segment.
- Favorability ratios for job performance and management of fiscal resources were good, but again large segments of registered voters do not have any opinion.
- Awareness of the “Project 2030 Water Main Replacement Project” is also limited.
- The survey revealed a base of voter support for a rate/surcharge increase.
  - Support for the rate/surcharge increase in Option 6.4 was 62.5 percent on the first test and 61.8 percent on the second test, among registered voters. When lowered by 1 percent to 2.97 percent, support for the rate/surcharge increased to 65.7 percent, but the difference is not statistically significant.
  - Similarly, support for the rate/surcharge increase in Option 5.4 was 53.8 percent on the first test and 55.1 percent on the second test, among registered voters. When lowered by 1 percent to 2.99 percent, support for the rate/surcharge increased to 62.8 percent, a larger numeric increase, but still not statistically significant.
  - There is not a statistically significant difference between the two options.
- Top tier features of the measure (listed below) were:
  - Replace 15 water mains that cross creeks and are at a heightened risk for failure.
  - Replace the majority of aging distribution mains from 4 inches to 12 inches in diameter.

- Replace up to 209 miles of distribution mains from 4 inches to 12 inches in diameter.
  - Replace 15 miles of transmission mains, pipes larger than 12 inches in diameter. Transmission mains transport water from the local water treatment plant to the Citrus Heights Water District community.
  - Replace fire hydrants and water services to residences and businesses.
- Key messages that voters would find of interest were:
- It is much more cost effective to be proactive and plan replacement instead of reacting to emergency failures.
  - The proposal does not increase property taxes at all.
  - It is less costly to replace aging water mains based on thoughtful engineering analysis before they break than incurring emergency replacement costs.
  - The transmission mains were installed in the 1950s and many are more than 60 years old and nearing the end of their useful life.
  - Transmission main failures at creek crossings could cause major environmental damage costing ratepayers millions of dollars more to replace the main and repair the environmental damage, than replacing them before they fail.
- Potential areas of concern that were tested included:
- The proposal will cost ratepayers \$48 million dollars in interest charges.
  - The project will take 60 years to complete allowing costs to spiral out of control.
  - The Water District has increased rates every year for the last four years, now they want even more ratepayer money.
  - The Water District wastes money on expensive consultants and 'Taj Mahal' like facilities for administrators.
- Given the survey findings, Godbe Research believes that the Citrus Heights Water District Board of Directors should be confident enough in the level of community support to move the “Project 2030 Water Main Replacement Project” process forward.
- However, the limited awareness of the District, its job performance and the “Project 2030 Water Main Replacement Project” are clear indicators that a public outreach effort is essential to explaining the District’s plan for main replacement and the key features and benefits to the community.