

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING MINUTES
AUGUST 30, 2017

The Special Meeting of the Board of Directors was called to order at 6:10 p.m. by President Sheehan and roll was called. Present were:

Caryl F. Sheehan, President
Raymond A. Riehle, Vice President
Allen B. Dains, Director

Absent:

None.

Staff:

Hilary Straus, General Manager
Susan Sohal, Administrative Services Manager
Chris Castruita, Management Services Supervisor/Chief Board Clerk
David Gordon, Operations Manager
Missy Pieri, Engineering Manager/District Engineer
Paul Dietrich, Project Manager
Rex Meurer, Water Efficiency Supervisor
Alberto Preciado, Senior Accountant

VISITORS:

None.

PLEDGE OF ALLEGIANCE:

Board President Caryl Sheehan led the Pledge of Allegiance.

PUBLIC COMMENT:

None.

CONSENT CALENDAR:

None.

PRESENTATIONS:

None.

BUSINESS:

2018 Budget Workshop

General Manager Straus provided the Board with background concerning the proposed 2018 Budget and Rate Model. A PowerPoint presentation was used to guide the discussion. He then gave an overview of 2018 Budget and advised the Board that staff was seeking direction on the budget and rates for 2018.

The budget process was reviewed: The process began with an overview of the Board/Leadership Staff Strategic Planning Session, followed by a Rate Model Update and Budget Study Session (August), presentation of the proposed budget (September) and Board consideration/adoption of the budget and rate schedule for the following calendar year (November). District Key Issues for 2017 were discussed. Those include: Citrus Heights Water District Policy updates; a review of Easements and Annexations; the 2018 Election and Board Candidates Orientation; Expanded Public Information/Public Engagement programs; Long Term Planning including the New Rate Model, Project 2030 Study, and Meter Replacement Study; Organizational Development and Employee Training; Staffing Levels/Service Delivery including a Water Efficiency Technician and Principal Information Technology (IT) Analyst; Water Supply Agreement Update with San Juan Wholesale Water District; and Well Development Planning and Design. Administrative Services Manager Sohal then reviewed the Budget structure, including the Operating Fund, and Reserve funds.

As the Citrus Heights Water District plans for 2018, some of the key issues the budget addresses are as follows:

- **Addition of Water Efficiency Technician and Principal IT Analyst.** The proposed budget options reflects the addition of both a Water Efficiency Technician and a Principal IT Analyst to better staff the District's Water Efficiency Division and provide organization-wide IT support, respectively. Costs for the new positions are offset by the reduction of temporary hours for the Water Efficiency Division and contractor dollars budgeted for the District's IT services consultant.
- **Retirement Benefits including Pensions and Other Post-Employment Benefits (OPEB).** Changes to Government Accounting Standards require unfunded liabilities including PERS pension costs and retiree healthcare benefits to be reported on Financial Statements. Senior Accountant Preciado described the potential impacts these new Government Account Standards could have on the District and its financial position. The proposed budget would prefund OPEB over 20 years, rather than paying costs as they are incurred, thereby saving the District an estimated \$140,000 over the next 30 years. At the same time, the proposed budget would move the District to a 15-year Amortization Schedule for CalPERS Unfunded Accrued Liability, saving the District \$320,820 on its 2018 Unfunded Accrued Liability (UAL) Contribution, smoothing UAL contributions over the next 15 years, and saving the District \$1,201,244 over the next 30 years.
- **Well Development's Impact on other Capital Improvement Projects.** With the expected acceleration of the development of two wells prior to 2022, Operations Manager Gordon explained that staff expects well development projects to redirect the majority of Capital Improvement Program funds away from water main projects in the years that a well development project is scheduled to be constructed. This would have a negative impact on both schedule of replacing water mains and workload of Engineering staff. To resolve this issue the recommended budget

would propose transfers of \$1,150,000 annually into Water Supply Reserve to develop adequate reserve levels for use during the years that well development projects are scheduled.

After further discussion, the Board directed staff to return with a budget reflecting a 3% rate increase for consideration at the September 13 Board Meeting.

CONSULTANTS' AND LEGAL COUNSEL'S REPORTS:

None.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

None.

MANAGEMENT SERVICES REPORT:

None.

CORRESPONDENCE:

None.

CLOSED SESSION:

None.

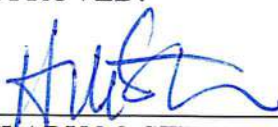
FUTURE CHWD BOARD OF DIRECTORS MEETING DATES:

Dates and locations of upcoming Regular Meetings of the Board of Directors were noted for the calendar.


ADJOURNMENT:

There being no other business to come before the Board, the meeting was adjourned at 8:26 p.m.

APPROVED:



HILARY M. STRAUS
Secretary
Citrus Heights Water District



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