

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS MEETING
April 11, 2006

The Regular Meeting of the Board of Directors was called to order at 6:35 p.m. by President Dains and roll was called. Present were:

Allen B. Dains, President
Charles T. Rose, Vice President
Joseph M. Dion, Director
David B. Kane, Assistant General Manager
John J. Townsel, Operations Manager
David M. Rossi, Project Manager
Paul A. Dietrich, Senior Engineering Technician
Timothy R. Cutler, Construction Inspector
Richard L. Jimenez, Maintenance/Construction Worker II (7:30 p.m.)

General Manager Robert A. Churchill was absent due to illness.

VISITORS

Karen Gatherer, CPA, Bartig, Basler and Ray

President Dains led the Pledge of Allegiance.

CONSENT CALENDAR

President Dains 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 March 14, 2006.
2. Assessor/Collector's Report for March 2006.
3. Adjustments to the 2006 Assessor's Roll.
4. Treasurer's Report for March 2006.
5. Bills to be Paid for March 2006.
6. Approve CAL-Card Purchases for March 2006.
7. Summary of 2006 Directors, Officers and Employees Training, Seminars and Conference Expenses.
8. Call for a Special Joint Workshop Meeting of the San Juan Family of Water Agencies on Wednesday, April 26, 2006, beginning at 6:00 p.m. at San Juan Water District, 9935 Auburn-Folsom Road, Granite Bay, California.
9. Reschedule the May 2006 Regular Meeting of the Board of Directors to 6:30 p.m. on Tuesday, May 16, 2006 due to conflict with the Association of California Water Agencies – Joint Powers Insurance Authority (ACWA-JPIA) and Association of California Water Agencies (ACWA) Spring Conferences.

PUBLIC HEARINGS

Financial Audit Report

AGM Kane introduced Karen Gatherer, CPA, of Bartig, Basler & Ray (BBR), the District's auditors for the fiscal year ending December 31, 2005. Ms. Gatherer was the primary accountant in charge of the recently-completed audit engagement with the District.

Ms. Gatherer presented an overview of the Independent Auditor's Report for the District's fiscal year ending December 31, 2005. The report was delivered to Directors at the March 14, 2006 Board of Directors meeting, within 90 days of the end of the calendar year as set forth in District Policy No. 6010.

Ms. Gatherer stated the audit shows that the District's financial records are in good shape and that its accounting practices continue to conform with generally accepted accounting principles. The Auditor's Management Letter contains one recommendation related to review of accounting system journal entries. District staff has concurred with this recommendation and has committed to implement the recommendation by June 1, 2006.

Directors, staff and Ms. Gatherer discussed the audit. Directors thanked Ms. Gatherer for her good work on the audit. It was moved by Director Rose, seconded by Director Dion and carried 3-0 to accept the Independent Auditor's Report, Financial Statements and Supplemental Information for the Year Ended December 31, 2005.

NEW BUSINESS

Training/Continued Education/Meetings

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

Sundance Annexation

AGM Kane presented a report on the annexation of the Sundance property at 12400 Fair Oaks Boulevard in Fair Oaks to the Citrus Heights Water District.

Construction is underway on a 47-unit condominium project on 3.547 acres of property on Fair Oaks Boulevard. The property is within the sphere of influence of the District but the site has never been formally annexed to the District. Annexation fees in the amount of \$4,433.75 have been paid to the District. The annexation documents have been properly executed and approved by the Sacramento Local Agency Formation Commission (LAFCo). Directors and staff discussed the proposed annexation.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to adopt Resolution 06-2006 approving annexation of the Sundance property at 12400 Fair Oaks Boulevard to the Citrus Heights Water District.

Ethics Training Requirement for CHWD Employees

AGM Kane presented a report on requiring ethics training for designated Citrus Heights Water District employees.

Assembly Bill 1234 (Salinas) became effective on January 1, 2006. Among other requirements, this law requires all members of an agency’s governing body to receive two hours of ethics training relevant to the official’s public service every two years. The first two hours must be completed by January 1, 2007. The ethics training requirement also applies to any agency employees that the governing body designates to receive such training. While there is no formal requirement in the law that specifies how the governing body shall make such a designation, it is recommended that this designation be made by formal resolution of the Board.

Directors were provided with a draft resolution that designated the General Manager/Secretary and the Assistant General Manager/Treasurer as the two District employees required to receive ethics training every two years. These are the two positions with the greatest fiduciary and legal responsibilities for the District.

Directors and staff discussed the ethics training requirement and the District employees that would most appropriately be required to attend. Directors suggested that it might be best to require training for all employees that are required to file an annual Conflict of Interest Statement, California Fair Political Practices Commission (FPPC) Form 700. Staff was directed to determine those District employees that are subject to the annual FPPC filing requirement, and to add them to the resolution for consideration by the Board at its next meeting.

Printing Bids for WaterLine Newsletter

AGM Kane presented a report on bids received for the printing of the District’s WaterLine newsletter.

The District uses the services of a private printing vendor to print its WaterLine newsletter. The newsletter is printed twice each year. Bids for printing the next two editions of the newsletter were solicited from 12 printing vendors in the greater Sacramento area. Bidders were offered the opportunity to bid on two bid alternatives: printing the newsletter using a 3-color process as currently printed,; and using a 4-color process, which would allow the District to print a full-color newsletter including color photographs. Bidders were also instructed to provide pricing that will apply for two years, a total of four newsletter editions. Five bids were received as follows:

<u>Vendor</u>	Bid Amount 3-Color Process (per edition of newsletter)	Bid Amount 4-Color Process (per edition of newsletter)
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	printed, <u>32,000 copies</u>)	printed, <u>32,000 copies</u>)
Enterprise Printing, Sacramento	\$ 2,720.00	\$ 3,055.00
Paul Baker Printing, Roseville	\$ 2,920.81	\$ 3,026.65
Colour Press, Rancho Cordova	\$ 2,929.00	No bid
Fruitridge Printing, Sacramento	\$ 3,088.00	No bid
Capital Graphics, Sacramento	\$ 3,256.00	\$ 3,370.00

Enterprise Printing is the low bidder for the 3-color process; and Paul Baker Printing is the low bidder for the 4-color process. Both firms are established, full-service printing vendors with a full array of conventional and digital printing capabilities. Paul Baker Printing did the District's WaterLine printing during 2002-2003. The prices quoted do not include sales tax. There may also be minor additional costs for items not included in the District's specifications, such as scanning photographs. With sales tax, the total cost for four editions of printing the WaterLine under the 3 color bid from Enterprise is estimated to be \$11,723.20. The total cost for four editions under the 4-color bid from Paul Baker is estimated to be \$13,042.06. Authorization of a contingency of \$500 was recommended to provide for printing of additional quantities if needed, and for any additional printing or graphics services that are not included in the District's specifications. The 2006 budget includes \$5,900 for WaterLine printing costs. Directors and staff discussed the printing bids, and the merits of 3-color versus 4-color printing. Directors expressed the opinion that the 4-color process would create a more visually appealing newsletter that would gain the attention of more customers, at a cost of about one penny per newsletter more than the 3-color process.

It was moved by Director Rose seconded by Director Dion and carried 3-0 to award the bid for 4-color printing of four editions of the WaterLine newsletter over a two-year period to Paul Baker Printing of Roseville in the amount of \$13,042.06, including sales tax; with a contingency of \$500.00 for additional services beyond those included in the bid specifications.

San Juan Water District Water Shortage Policy

AGM Kane presented a report on a draft Statement of Principles of Agreement for guiding the development of equitable water shortage provisions for inclusion in the water supply contracts for the San Juan Water District Family of Agencies.

The District is actively engaged in discussions with other members of the San Juan Water District Family of Agencies (the "San Juan Family) on how to handle water shortages when and if they occur. The San Juan Family has functioned for years with informal understandings of mutual cooperation on occasions where there is not enough surface water available to meet all the needs of the Family agencies. However, it is recognized that there is a need to formalize arrangements and include them in water supply contracts for the Family agencies. It is hoped that this Statement of Principles of Agreement will provide the foundation for more detailed discussions on dealing with various types of

water shortage scenarios.

Directors were provided with a draft Water Shortage Policy – Statement of Principles of Agreement, along with comments received via e-mail from Engineering Consultant Bill Dendy and Legal Counsel Judy Albietz. It is intended that this Policy will be presented for consideration of adoption to the governing bodies of all of the agencies after it has been reviewed and revised to the satisfaction of all.

Directors and staff discussed the draft Policy. Directors supported the comments received from Mr. Dendy and Ms. Albietz. It was expressed that a water shortage policy, or procedures that are developed from such a policy, should address issues such as identifying who among the Family agencies will be in charge when emergency shortages occur, who will be responsible for determining or declaring that an emergency exists, and who will help pay for the wells and groundwater that is used to supplement surface water in shortage situations.

Staff was directed to respond to the Family agencies to reflect comments on the draft policy as discussed. AGM Kane indicated that it is possible that a final proposed Statement of Principles of Agreement could be presented to the Board for consideration at their May 2006 Board meeting.

Amend Regional Water Authority Joint Exercise of Powers Agreement

AGM Kane presented a report on proposed amendments to the Regional Water Authority (RWA) Joint Exercise of Powers Agreement (JPA).

Directors were provided with a copy of correspondence from RWA Executive Director Ed Winkler dated March 21, 2006. The correspondence details the action taken by the RWA Board to approve amendments to the RWA JPA Governing Documents. Unanimous written consent from one board representative of each RWA member is required to make changes to the JPA. Directors were also provided with a copy of the JPA showing proposed amendments approved by the RWA Board. Directors and staff discussed the proposed amendments.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to approve the amendments dated March 1, 2006 to the Regional Water Authority Joint Exercise of Powers Agreement and authorize the District's Board representative to the RWA, Joseph M. Dion, to approve the amendments on behalf of Citrus Heights Water District.

General Manager Compensation

AGM Kane reported that this item should be held over to a future meeting due to the absence of the General Manager. Compensation consideration was scheduled to be discussed following the conclusion of the General Manager's performance evaluation, which had been included on this meeting's agenda as a Closed Session item. Staff was directed to have this matter placed on a future Board meeting agenda for consideration.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion reported on a recent meeting of the Regional Water Authority (RWA) that he attended along with Director Rose, GM Churchill and AGM Kane. He also reported on a meeting of the Regional Water Authority (RWA) Executive Committee that he recently attended.

Director Rose reported on an upcoming meeting of the Sacramento Groundwater Authority (SGA). He also reported on a meeting of the San Juan Water District Executive Committee that he attended along with AGM Kane, and meetings of the Association of California Water Agencies (ACWA) and the Sacramento Local Agency Formation Commission (LAFCO) that he recently attended. He also reported on recent matters of interest regarding the City of Citrus Heights.

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

Directors Dains and Dion reported on the Water Education Foundation Executive Briefing that they attended recently in Sacramento.

PROJECT MANAGER'S REPORT

PM Rossi reported on the following activities during the month of March 2006 by the Project Management group: water systems that have been accepted by the District; projects under construction or pending construction by private contractors and developers; projects under construction by contractors on the District's behalf; and project development/design underway by District staff.

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

A total of 130 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 76 samples, have met all California Department of Health Services requirements.

OM Townsel also reported on the District's 2005 Annual Report to the California Department of Health Services that was submitted recently. Directors were provided with a copy of the report.

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. District staff recently submitted its annual report filing to the California Urban Water Conservation Council (CUWCC) on the status of the District's water conservation best management practices (BMPs) for 2005. Special Programs Coordinator Joe Scherrer took the lead in preparing this filing, and Office Administrator Pam Peters contributed by extracting data for the report from the District's billing system.
2. Directors were provided with a summary of ultra-low flush toilet retrofit rebates processed by the District in 2006 to date. The District continues to see good response to the supplemental \$50 rebates being offered by the Sacramento County Regional Sanitation District and the promotion of the program that is being done by SCRSD.
3. AGM Kane reported on the March 16, 2006 Water Forum Successor Effort (WFSE) meeting that he and GM Churchill attended. Nearly the entire meeting was dedicated to discussion of the Water Conservation Technical Analysis. An overview of the Analysis was presented and discussed, and copies of the lengthy report distributed on compact disc. The report presents conclusions on which quantifiable Water Forum water conservation best management practices (BMPs) are the most effective for the water purveyors in the Water Forum.
4. Office Administrator Pam Peters attended the Cogsdale User Group Meeting in Dallas, Texas on March 29-31, 2006. Directors were provided with a copy of her report on the conference.

GENERAL MANAGER'S REPORT

AGM Kane reported as follows on behalf of GM Churchill:

1. As of March 31, 2006, the District has 17,567 metered services, representing 91.24 percent of all of the District's services. The total number of non-metered services remaining is 1,687. The number of residential customers who have voluntarily converted to metered rates is 586.
2. District-wide water consumption for the calendar year 2006 was 2,228.01 acre-feet through March 2006, a decrease of 13.48 percent compared with the average water consumption to date during the previous five years, 2001-2005.
3. Sixteen District employees received recognition for outstanding attendance, customer service and quality of work during the month of March 2006. Directors were provided with a list of the employees and items for which each received recognition.
4. GM Churchill and AGM Kane were the guest speakers at the Sunrise Citrus Heights Kiwanis Club breakfast meeting on March 22, 2006. Directors were provided with a copy of the District's presentation.

5. Directors were provided with a report on the Regional Water Authority's (RWA) Proposition 50 grant application. Proposition 50 funds are administered by the California Department of Water Resources (DWR). Similar to the successful Proposition 13 Grant Application in which the region was awarded over \$22 million in State cost share for construction of water projects, RWA intends to prepare a Proposition 50 Grant Application on behalf of interested member agencies. Citrus Heights Water District could receive grant funding to assist in the construction of a groundwater production well or wells.

Citrus Heights Water District prepared a list of candidate projects that could fit into an integrated regional water supply plan . Two District wells were initially selected as a portion of the overall Proposition 50 Grant Application package. DWR is looking for regionalism to a much greater degree than with the previous Proposition 13 Grants. DWR received approximately 40 proposals to initially evaluate and has invited 13 proposers to prepare and submit more detailed proposals for final consideration. RWA and its member agencies have been invited back to this second round of the application process, as has the Freeport Regional Water Authority (FRWA). However, the invitation came with the strong DWR recommendation that RWA and FRWA prepare a joint application on behalf of the region.

RWA and FRWA are discussing how such an application might be prepared, funded and, if successful, how the grant funds could be apportioned. Only one District groundwater production well is likely to be included in the resubmittal. Furthermore, it is unlikely that the cost share will be at the 50 percent level as was the case with the Proposition 13 Grant. More realistically, DWR's cost share could be in the 30-35 percent range for a \$1.2 million groundwater well project. The District's long term financial plan assumes that new wells will be funded at 50 percent of the cost by the District and 50 percent from other sources such as grants and partnerships. Directors and staff discussed the grant process, and acknowledged the value of the District continuing to remain engaged in the process at this point. Staff will continue to participate in the meetings and provide updates to the Board of Directors regarding the viability of the District's participation in this regional effort.

6. Directors were provided with a list of the General Manager's significant assignments and activities.

CORRESPONDENCE:

Correspondence was discussed and ordered filed as follows:

1. Electronic mail message dated February 5, 2006, from customer Emma Flores of Citrus Heights, inquiring about fluoridation of the District's water supply. A copy of a letter of response from GM Churchill to Ms. Flores was attached.

2. Letter dated March 15, 2006 from customer Beryl Weeks regarding District billing, service charges and rates. A copy of a letter of response from GM Churchill to Ms. Weeks was attached.
3. Letter dated March 23, 2006 from customer Kathleen Koppe to Cece Wuchter of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA) regarding water allegedly flowing on to her property. A copy of a previous letter from Mr. Koppe to ACWA-JPIA was also attached, along with a letter of response from AGM Kane to Ms. Koppe.
4. Letter dated March 15, 2006 from Rita Schmidt Sudman, Executive Director, Water Education Foundation, thanking the District for its recent financial contribution to the Foundation for 2006.
5. Letter dated March 28, 2006 from Neil McCormick, Deputy Director, California Special Districts Association (CSDA), thanking the District for its recent renewal of its CSDA membership.

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

The Board convened in Closed Session at 8:43 p.m. to consider the following matters:

1. Pursuant to subdivision (a) of Government Code Section 54956.9, Conference with Legal Counsel Concerning Settled Litigation (one case: Morgan v. Citrus Heights Water District); and
2. Pursuant to Government Code Section 54957.6, Conference with Labor Negotiator David B. Kane, Re: CHWD Employee Rick Jimenez (Personnel).

President Dains reconvened the meeting into Open Session at 9:00 p.m. He announced that the following action was taken by the Board of Directors during the Closed Session:

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to waive the requirements of District Personnel Policy 4301.04.C.2 and 3 and authorize District staff to allow Maintenance/Construction Worker II Richard Jimenez to be paid for 80 hours of accrued annual leave without taking the same amount of hours as annual vacation, in light of a payroll error made by the District's payroll provider.

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned at 9:01 p.m.

APPROVED:

Original signed by: David B. Kane

DAVID B. KANE

Deputy Secretary

Citrus Heights Water District

Original signed by: Allen B. Dains

ALLEN B. DAINS, President

Board of Directors

Citrus Heights Water District