

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

The Regular Meeting of the Board of Directors was called to order at 6:34 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

VISITORS

Tyler Cutler

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 Dion and carried 3-0 to accept the Consent Calendar consisting of:

1. Minutes of the Regular Meeting of June 13, 2006.
2. Assessor/Collector's Report for June 2006.
3. Adjustments to the 2006 Assessor's Roll.
4. Treasurer's Report for June 2006.
5. Bills to be Paid for June 2006.
6. Approve CAL-Card Purchases for June 2006.
7. Summary of 2006 Directors, Officers and Employees Training, Seminars and Conference Expenses.
8. Accept and pay the claim from Pacific Gas & Electric Company for repairs to their gas line at 7712 Wooddale Way in Citrus Heights in the amount of \$1,031.84, and refer it to the Association of California Water Agencies – Joint Powers Insurance Authority for reimbursement under the ACWA-JPIA Small Claims Settlement Option.
9. Approve Check No. 43810 in the amount of \$58,978.94 payable to Union Band of California in payment of the District's second semi-annual installment for 2006 on the San Juan Water District Revenue Certificates of Participation.

President Dains adjourned the Regular Board of Directors Meeting to the Annual Meeting of the Citrus Heights Water District Financing Corporation at 6:36 p.m.

President Dains reconvened the Regular Board of Directors Meeting at 6:40 p.m.

PRESENTATIONS

Meter Retrofit Installations

Senior Engineering Technician Dietrich, Construction Inspector Cutler and PM Rossi delivered a presentation on the planning, contracting, implementation, construction and inspection of water meter retrofit installations. They discussed the many steps taken to ensure the success of the installation projects, and how they worked with both the contractors and the customers. It was noted that this presentation will be featured at the Sacramento Area Water Works Association meeting on July 14, 2006.

OLD BUSINESS

Acceptance of 2005 Residential Meter Retrofit Project

PM Rossi presented a report on completion of the 2005 Residential Meter Retrofit Project. On May 24, 2005 a contract was executed with Cox & Cox Construction, Inc. to install 2,006 residential water meters, meter boxes and related construction in Citrus Heights Water District. A total of 1,910 meters were actually installed under the contract.

The original contract amount was \$1,509,556.00. The total amount paid to the contractor was \$1,145,303.28, averaging \$599.64 for each meter installation, not including the cost of the water meter and meter setter supplied by the District. With 16 additional work days allotted for inclement weather, the contractor completed the project 15 days ahead of schedule on May 25, 2006. The project had four change orders totaling \$16,371.28. Directors and staff discussed the project.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to adopt Resolution 12-2006 Accepting the 2005 Residential Meter Retrofit Project, and authorizing the District Secretary to execute and record a Notice of Completion for the Project.

NEW BUSINESS

Training/Continued Education/Meetings

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

Geographical Information System Map Graphical Conversion

GM Churchill presented a report on proposals received for converting the District's

Geographical Information System (GIS) feature data to match the revised Sacramento County Base Map. Sacramento County recently revised its parcel land base map to correct errors that have propagated over the years. The District uses the County base map as its underlying reference in graphically depicting the District's water distribution system and related features. With the changes to the base map, the District's GIS attributes are no longer depicted accurately.

The District requested two proposals for converting the District's point and line features to match the new County base map. The proposal from Westin Engineering, Inc., with Nobel Systems as a sub-consultant, was the most attractive in both price and in the anticipated scope of work. A second proposal received from Forsgren Associates was significantly higher than the Westin proposal, and the scope of work did not describe the work to be done as thoroughly. Westin's estimated cost to complete this work is \$14,716. The Forsgren Associates proposal exceeded \$95,000. Directors were provided with copies of both proposals. Directors and staff discussed the proposals and the work to be performed.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to accept Westin Engineering's proposal in the amount of \$14,716 and provide a contingency amount of \$1,500 for the work.

Bonita Way Groundwater Well California Environmental Quality Act Documentation

GM Churchill presented a report on a proposal to provide environmental review services related to construction of a proposed groundwater well on Bonita Way in Citrus Heights, including preparation of an appropriate environmental document pursuant to the California Environmental Quality Act (CEQA). To date, the District has determined that the site at 7101 Bonita Way is a viable site for the installation of a groundwater production well. This determination was made pursuant to: an entry agreement with the property owners; the drilling of a test hole completed under contract with Bradley and Sons; and the analysis of the test hole cuttings and e-log by Luhdorff and Scalmanini Consulting Engineers.

Prior to having the property appraised in anticipation of negotiating a purchase with the property owners, it is prudent to determine the environmental effects, if any, that the project may have. This review and determination is accomplished in compliance with CEQA and is best performed by a consultant routinely familiar with the process.

James Roberts, who prepared the environmental documentation for the Mitchell Farms Groundwater Well project, was initially contacted regarding performing this work. However, Mr. Roberts is not able to undertake the project at this time and he highly recommended the services of Bob Klousner with Planning Partners. Mr. Klousner and GM Churchill met to review the project and the previous work associated with the Mitchell Farms project. Directors were provided with a copy of Planning Partner's proposal. Directors and staff discussed the proposal, and the CEQA process.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to accept Planning Partner's proposal to provide environmental review services inclusive of proposal Tasks 1 through 11 at a cost not to exceed \$11,810, and to authorize the General Manager to execute an agreement for the work.

Amendments to Agreements with California-American Water Company

GM Churchill presented a report on proposed amendments to two agreements with California-American Water Company for conveyance of water through interconnections, to extend the terms of the agreements. California-American Water Company has requested and executed amendments to these agreements.

Directors were presented with copies of the following proposed Amendments for consideration:

1. Amendment Number 5 to Agreement CUCC/CHWD-002-1999 Concerning Conveyance of Water through the Sandalwood Drive Interconnection. This amendment extends the term of the agreement to December 31, 2006.
2. Amendment Number 3 to Agreement CUCC/CHWD-003-2001 Concerning Conveyance of Water through the Stock Ranch / Crosswoods Interconnection. This amendment extends the term of the agreement to December 31, 2006

It was stated that for both Amendments, the billing rates are the same as contained in preceding Amendments that were last addressed in 2003. Directors and staff discussed the proposed Amendments.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to approve Amendments to Agreements with California-American Water Company as follows:

1. Amendment Number 5 to Agreement CUCC/CHWD-002-1999 Concerning Conveyance of Water through the Sandalwood Drive Interconnection.
2. Amendment Number 3 to Agreement CUCC/CHWD-003-2001 Concerning Conveyance of Water through the Stock Ranch / Crosswoods Interconnection.

Interconnection Agreement with Sacramento Suburban Water District

GM Churchill presented a report on a proposed agreement with Sacramento Suburban Water District concerning construction and operation of a 12-inch interconnection at 7655 Van Maren Lane. Due to a water main being placed out of service because of leaks, CHWD began experiencing low pressure complaints in the Verne Tract area of the District. A viable solution to this problem was to connect to an existing 12-inch valved outlet off of Sacramento Suburban Water District's (SSWD) 48-inch transmission main at the intersection of Van Maren Lane and Navion Drive and installing a connection to the District's 8-inch water distribution main to enhance pressure and capacity in the Verne Tract service area of the District. Project components consisted primarily of

approximately 90 lineal feet of 12-inch water main, 20 lineal feet of 6-inch water main, a 6-inch meter, a 6-inch pressure control valve and two large vaults to house the aforementioned meter and pressure control valve.

Bids for this work were received in June 2005 and rejected by the CHWD as the low bid was more than double the CHWD's preliminary estimate of \$36,662.00. CHWD then undertook this construction completing it in August 2005. The interconnection and pressure control valve have been operational since then and the low pressure complaints have stopped with minimum and maximum pressures set as 60 pounds per square inch (psi) and 80 psi, respectively.

The attached "Agreement Between Sacramento Suburban Water District and Citrus Heights Water District Concerning Construction and Operation of a 12-Inch Interconnection at 7655 Van Maren Lane to the Sacramento Suburban Conveyance Pipeline" serves to memorialize the project and establish parameters regarding its ownership, operation and maintenance. The following matters regarding the agreement were noted:

- Water delivered through the interconnection is water purchased by CHWD from San Juan Water District.
- The portion of the interconnection from the 12-inch connection to the SJWD Conveyance Pipeline up to and including the 6-inch water meter is to be owned and maintained by SSWD. This portion of the project will be transferred to SSWD per a Bill of Sale for \$1.00.
- Exhibit B of the agreement sets the delivery charge at \$23.05 per acre foot, the same rate that CHWD charges SSWD for water deliveries at other interconnections..

A total of 4.11 acre feet of water passed through the connection in 2005. Water deliveries totaling 4.45 acre feet have occurred in 2006 to date. The document has been reviewed by Legal Counsel Judy Albietz and her comments and revisions have been incorporated. Directors were provided with a copy of the proposed agreement. Directors and staff discussed the interconnection and the agreement.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to approve and execute the "Agreement Between Sacramento Suburban Water District and Citrus Heights Water District Concerning Construction and Operation of a 12-Inch Interconnection at 7655 Van Maren Lane to the Sacramento Suburban Conveyance Pipeline."

8131 Heritage Meadow Lane Easement Quitclaim

GM Churchill presented a report on a proposed Quitclaim Deed for a portion of a District easement at 8131 Heritage Meadow Lane. The property owners of 8131 Heritage Meadow Lane are interested in placing a raised patio structure on the north side of their dwelling. Their proposed construction encroaches into a 25-foot District easement that

contains a 30-inch water transmission main.

District staff has inspected the site with respect the proposed construction and the location of the water transmission main. The water main is located at or near the center of the easement at this location. Reducing the easement width from 25 feet to 20 feet still provides the District with 6 feet of working space from the south side of the main to the new easement line. Quitclaiming the south five feet of the easement should not impair the District's ability to operate and maintain the transmission main at this location. Directors were provided with a copy of the proposed Quitclaim Deed and resolution approving the deed.

Directors and staff discussed the proposed Quitclaim Deed. Directors expressed concern about quitclaiming a portion of an easement that might possibly be needed by the District in the future. They acknowledged the property owners' desire to build on a portion of the easement, but noted that it was the owners' responsibility to be aware of the easements and restrictions on their property at the time they purchased it. Directors also stated a concern that the District could be setting an unfavorable precedent by quitclaiming a portion of the easement to one property owner. No action was taken on the matter. GM Churchill was directed to inform the property owner that the Board of Directors does not wish to quitclaim any portion of the easement.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion reported on an upcoming meeting of the Regional Water Authority (RWA), and a meeting of the San Juan Water District Executive Committee that he recently attended along with Director Rose, GM Churchill and AGM Kane.

GM Churchill reported on a meeting that he, Director Rose, AGM Kane and Engineering Consultant Bill Dendy attended with staff and consultants of the Sacramento Groundwater Authority (SGA) on development of the water accounting framework.

Director Rose reported on an upcoming meeting of the Association of California Water Agencies (ACWA) Finance Committee, and a meeting of the California Special District Association (CSDA) that he recently attended. He also reported on recent matters of interest regarding the City of Citrus Heights.

Director Dains reported on the American Water Works Association Annual Conference and Exhibition in San Antonio, Texas that he attended recently.

PROJECT MANAGER'S REPORT

PM Rossi reported on the following activities during the month of June 2006 by the Project Management group: 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 228 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.

OS Townsel also reported on a letter received from District customer Eva Honegger of Citrus Heights regarding restoration of the driveway at her home on Eva Retta Court following the installation of a water meter at that location. Directors were provided with a copy of Ms. Honegger's letter addressed to Director Dains, as well as photographs of the driveway in its current state of restoration. OS Townsel explained Ms. Honegger's letter contains a number of factual inaccuracies, including stating that the District assured her that the driveway could be restored to its "original condition." Neither the District nor its contractor ever made such a promise, since it is rarely possible to achieve an exact match of color, pattern or texture on concrete restoration work.

OS Townsel recounted the extensive efforts to restore the concrete to Ms. Honegger's satisfaction. It is staff's opinion that her expectations are not reasonable and beyond the ability of the District and its concrete contractor to accommodate further. Therefore, District staff has determined that the best course of action will be to offer to allow Ms. Honegger to arrange for a contractor of her choosing to complete the work and to reimburse her in an amount up to \$800, which was the estimated amount for the District's contractor to complete the work. Directors concurred with this approach, and directed staff to respond with a letter on the Board's behalf.

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. The deadline date for payment of the second semi-annual flat rate installments for 2006 was June 20, 2006. As of July 5 there were 2,063 accounts still unpaid. Overdue notices with the 10 percent late penalty applied were mailed to customers on July 6, 2006. This is only slightly fewer delinquent accounts than during the previous semi-annual billing cycle. Three-Day Notices are scheduled to be delivered on July 26-27, at least 20 days after the late notices were mailed. Delivery of Three-Day Notices will once again be done using FedEx delivery, with printing of the notices performed by Dataprose, the District's bill printing/mailing vendor.
2. Two Water Forum Water Conservation Negotiation Team meetings were held during June. Water Caucus members appear to be supporting adoption of the California Urban Water Conservation Council (the Council) Best Management Practices (BMPs), including the Council's method for deferring BMPs if they can

be shown to not be cost-effective. Negotiations are continuing.

3. District staff continues to be in discussion with Alexander's Contract Services about an extension of the meter reading services agreement. Staff agrees that an increase in Alexander's pricing is warranted since it has not changed since 1999. Staff will also be proposing to include additional language regarding meter-reading performance. Language will also be included regarding the change to weekly meter-reading routes that will occur in mid-2007 in preparation for the January 2008 conversion to metered billing for current flat-rate customers.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. As of June 30, 2006, the District has 18,374 metered services, representing 95.35 percent of all of the District's services. The total number of non-metered services remaining is 897. The number of residential customers who have voluntarily converted to metered rates is 640.
2. District-wide water consumption for the calendar year was 7,379.80 acre-feet through June 2006, a decrease of 11.54 percent compared with the average water consumption to date during the previous five years, 2001-2005.
3. Nineteen District employees received recognition for outstanding attendance, customer service and quality of work during the month of June 2006. Directors were provided with a list of the employees and items for which each received recognition.
4. The American River Basin Proposition 50 Implementation Grant Application was submitted to the California Department of Water resources on June 28, 2006. This application is a combined effort of the Regional Water Authority (RWA) and the Freeport Regional Water Authority (FRWA) and includes the District's Old Auburn Road Groundwater Production Well (also known as the Bonita Way Groundwater Production Well).
5. The third annual Citrus Heights Relay for Life benefiting the American Cancer Society was held at San Juan High School on June 10-11, 2006. A Citrus Heights Water District team of employees, family and friends, under the leadership of Team Captain Jason Tupper, participated in this 24 hour event. The event was a rousing success with over \$172,000 raised community-wide by over forty teams. The District team was fifth in total donations with \$5,710 in contributions to date, \$1,000 more than last year and exceeding the District team's goal of \$5,000. GM Churchill thanked Jason Tupper and Jason's wife, Mindy, the Team Co-Captain, for their leadership. He also expressed appreciation to those who participated on the relay team and to those that contributed to or solicited donations for the cause.

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. Copy of The Edgewood Newsletter, June 2006 edition, spotlighting and thanking the District's crew of employees that installed water meters for the Edgewood Community.
2. Letter dated June 9, 2006 from customer Kathleen Koppe regarding water on her property.

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 9:24 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