

CITRUS HEIGHTS WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
June 12, 2007

The Regular Meeting of the Board of Directors was called to order at 6:32 p.m. by President Rose and roll was called. Present were:

Charles T. Rose, President  
Joseph M. Dion, Vice President  
Allen B. Dains, Director  
Robert A. Churchill, General Manager  
David B. Kane, Assistant General Manager  
John J. Townsel, Operations Manager  
David M. Rossi, Project Manager  
Timothy R. Cutler, Construction Inspector

VISITORS

Ed Winkler, Executive Director, Sacramento Groundwater Authority

Director Rose led the Pledge of Allegiance.

CONSENT CALENDAR

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

1. Minutes of the Regular Meeting of May 8, 2007.
2. Assessor/Collector's Report for May 2007.
3. Adjustments to the 2007 Assessor's Roll.
4. Treasurer's Report for May 2007.
5. Bills to be Paid for May 2007.
6. Approve CAL-Card Purchases for May 2007.
7. Summary of 2007 Directors, Officers and Employees Training, Seminars and Conference Expenses.
8. Direct the Treasurer to make the following transfers within District funds and reserves:
  - a) Transfer \$8646.00 from the Operating Reserve to the Connection Fund to allocate interest earnings on District investments from the previous year;
  - b) Transfer \$869,403.00 from the Connection Fund to the Capital Improvement Reserve as partial repayment of Connection Fund debt to the Capital Improvement Reserve;
  - c) Transfer \$794,288.00 from the Operating Reserve to the Depreciation Reserve to set aside funds to replace or rehabilitate capital facilities and equipment at the end of their useful life;
  - d) Transfer \$100,000.00 from the Depreciation Reserve to the Fleet Equipment Reserve to fund future equipment replacements;

- e) Transfer \$182,537.20 from the Fleet Equipment Reserve to the Operating Reserve to offset funds expended from the Operating Fund for equipment replacements;
  - f) Transfer \$1,018,536.50 from the Capital Improvement Reserve to the Operating Reserve to offset monies expended for capital projects from the Operating Fund;
  - g) Transfer \$31,773.003 from the Depreciation Reserve to the Operating Reserve to offset monies expended for capital projects from the Operating Fund; and
  - h) Transfer \$100,000 from the Operating Reserve to the Rate Stabilization Reserve to fund the Rate Stabilization Reserve as originally proposed in the District's Long-Range Financial Plan.
- 9. Deny the claim from Marilyn K. Wicks for property damage in the amount of \$665.00, and forward it to the District's insurance carrier, ACWA-JPIA, for further consideration and action.
  - 10. Authorize the disposal of District Equipment No. 1 and No. 19 by public auction.
  - 11. Adopt Resolution No. 09-2007 Accepting an Easement at 6199 Sunrise Boulevard.

## PRESENTATION

### Sacramento Groundwater Authority – Groundwater Management: A Regional Success Story

Sacramento Groundwater Authority Executive Director Ed Winkler delivered a presentation on the SGA's mission to manage and protect the region's groundwater resources.

Created in 1998, the SGA is a joint powers authority created by the Cities of Sacramento, Folsom and Citrus Heights and the County of Sacramento. The Authority's mission is "to manage, protect and sustain the groundwater resources of the basin in Sacramento County north of the American River consistent with the Water Forum Agreement for the benefit of the water users within the basin, and to coordinate with other water management entities and activities throughout the region."

Mr. Winkler outlined the history of the SGA, its significant accomplishments, funding sources, and future efforts and challenges. Directors and staff discussed the SGA with Mr. Winkler. Directors thanked Mr. Winkler for his informative presentation and for his work on the behalf of the SGA.

## OLD BUSINESS

### Mitchell Farms Groundwater Well – Status Report

OM Townsel provided a status report on the pump station construction phase of the Mitchell Farms Groundwater Well. He reported that construction is underway for installation and connection of the site sanitary sewer main, and also for multiple utility

conduits under the building pad. Zim Industries has installed the well pump and motor.

### Bonita Way Groundwater Well

GM Churchill presented a status report on the well construction and testing phase of the Bonita Way Groundwater Well Project. Contract documents prepared by the District and plans and specifications prepared by Luhdorff & Scalmanini Consulting Engineers for the Well Construction and Testing Phase of the Bonita Way Groundwater Well have been completed. Bid packages were mailed to eight drilling contractors with the bid opening scheduled for June 27, 2007, and a recommendation for award of bid anticipated at the Board's July 10 meeting. The pre-bid estimate for this work is \$220,000.

A letter has been received from the California Department of Health Services approving the site for well construction.

The grove of eucalyptus trees on the site has been removed so as not to interfere with the well drilling and installation of the on-site water main. The District received three competitive bids for the tree work. The District anticipates performing a significant portion of the 12-inch on-site water main installation.

### Conflict of Interest Code Amendments and Policy Codification

GM Churchill presented a report on proposed amendments to and policy codification of the District's Conflict of Interest Code. The District's Conflict of Interest Code requires review every two years and, if amendments are required, a formal submittal and approval by the Fair Political Practices Commission (FPPC) and adoption by the District.

Draft amendments were prepared and reviewed by the FPPC late last year. The FPPC's review of the District's Purchasing and Procurement Policy substantiated the need to include the District's Purchasing / Inventory Specialist as a designated position inasmuch as the Policy itself addresses refraining from conflicts for all employees with purchasing authority. Those with purchasing authority also include those employees that make purchases utilizing the District's Cal Card. While there is supervisory review of their purchases, there are not methods presently in place to alert or recognize conflicts. Inclusion of those employees would add another three positions (Office Administrator, Water Distribution Foreman and Water Quality Specialist) to the designated list in addition to those proposed previously by the District (Operations Manager and Project Manager) and that recommended by the FPPC (Purchasing / Inventory Specialist). The addition of Deputy Officer positions (Deputy Treasurer and Deputy Assessor / Collector) as noted is also recommended by the General Manager as the Deputy Officers may act in an official capacity in the absence of the Treasurer or Assessor / Collector, respectively.

Senior staff recommends that the following position be added to the list of officials who manage public investments:

Deputy Treasurer

Senior staff further recommends that the following positions with purchasing authority or

deputy officer authority be added to the list of designated officials and employees

Operations Manager  
Project Manager  
Office Administrator  
Deputy Assessor / Collector  
Water Distribution Foreman  
Purchasing / Inventory Specialist  
Water Quality Specialist

The District's intent to amend its Conflict of Interest Code as attached was approved by the FPPC on May 18, 2007 with an effective date of June 17, 2007. The proposed Code was provided to employees working in the designated positions and a staff workshop meeting was conducted on May 15, 2007. A required "Notice of Intent to Amend the Conflict of Interest Code for Citrus Heights Water District" was posted on April 11, 2007 noting a 45 day comment period. No comments were received. Directors and staff discussed the proposed amendments.

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

1. Reformat the District's Conflict of Interest Code and accompanying appendices A & B into the District's standard General Policy Format with a Policy Number 1035.
2. Amend the appendices as presented:  
Appendix A – Designated Officials and Employees (1035A)  
Appendix B – Disclosure Categories (1035B)

### Inspection Services

GM Churchill presented a report on a proposed Professional Services Agreement for inspection services on the Auburn Boulevard 12-inch Water Main Replacement Project. As reported at the Board's May 8, 2007 meeting, the project involves the replacement of approximately 3,000 lineal feet of water main and related appurtenances on Auburn Boulevard from Cedar Drive to Linden Avenue. Preparation of plans for the project is nearing completion. Requests for bids will likely be in middle to late July 2007 with construction anticipated to begin in September 2007. Construction is estimated to take four months. This project, due to its significant public exposure, will need full-time on-site inspection and coordination services for which the District is not staffed.

A proposal from the Sharp Inspection Group to provide inspection services for this project was presented for consideration of approval in May. The May proposal estimated 1,056 hours (26.4 weeks) of work at \$95.00 per hour totaling \$100,320. At the Board's request, staff has assembled some comparative inspector hourly rates and reviewed the estimated time requirement for the project. Directors were provided with a list of typical construction inspector hourly rates from various firms in the region, ranging from \$80.00

an hour to \$143.00 an hour. The average hourly rate of those surveyed was \$102.75.

The Auburn Boulevard project duration is estimated at 5 months to account for pre and post construction activities, an estimated total of 20 weeks or 800 inspection hours. At the \$95.00 per hour rate proposed by Sharp Inspection Group, this equates to \$76,000 for the project duration.

The District has previously entered into agreements for inspection services on District projects with the Sharp Inspection Group and is familiar with and has confidence in the expertise of the firm. Mr. Sharp is a Registered Construction Inspector with the American Construction Inspectors Association. Directors and staff discussed the proposal.

It was moved by Director Dion, seconded by Director Dains and carried 3-0 to approve entering into a Professional Services Agreement with the Sharp Inspection Group for Inspection Services related to the Auburn Boulevard. 12-inch Water Main Replacement Project for an amount not to exceed \$76,000.00; and to authorize the General Manager to execute the Agreement.

## NEW BUSINESS

### Training/Continued Education/Meetings

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

### Technology Support Services

GM Churchill presented a report on a proposed agreement with Westin Engineering, Inc. for network and information systems support services. Task Release No. 1 of the Professional Services Agreement between the District and Westin Engineering executed on October 7, 2002 in the total amount of \$1,970,839 contained an element for Software Vendor Maintenance and Support Services in the amount of \$410,404. These maintenance and support services began in January 2004 and have averaged \$9,166 per month through the end of April 2007. This amount is split almost equally between labor and expenses. The expenses include Westin's purchase of annual maintenance agreements and upgrades of the District's primary software packages: CIS (Cogsdale), FIS (Great Plains), CMMS (Azteca City Works) and GIS (ESRI). Of the original contract amount, \$366,646 has been expended, leaving \$34,758 which should be sufficient for May, June and July of 2007.

The District has requested and received a proposal from Westin (attached) to continue with technology support services for the District. This proposal includes the same level of monthly labor and services as in the current Agreement for technology management, network support and application support. In addition the scope of work includes technology support services for the planned network server replacements and laptop computer replacements. Inasmuch as the software applications are meeting the needs of

the District, the District will now become responsible for purchase of the annual maintenance agreements and system upgrades for these applications. This will eliminate the 10 percent overhead mark-up by Westin thereby resulting in an annual savings to the District of approximately \$5,400.

Westin Engineering's proposal is to provide technology support services to the District for 41 months (August 1, 2007 through December 31, 2010) in the amount of \$266,000, averaging \$6,487 per month. Furthermore, Westin's rates will be locked at their 2007 rates for the duration of the Agreement. Directors and staff discussed the agreement and Westin's services.

It was moved by Director Dion, seconded by Director Dains and carried 3-0 to approve a Professional Services Agreement with Westin Engineering, Inc. for network and information systems support services in the amount of \$266,000 and authorize the General Manager to execute the Agreement.

#### DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion reported on a meeting of the Regional Water Authority (RWA) that he attended recently along with Director Rose and AGM Kane. He also reported on a recent meeting of the San Juan Water District Executive Committee that he attended along with GM Churchill and AGM Kane. He reported on meetings of the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA) that he attended recently.

Director Rose reported on meetings of the Sacramento Groundwater Authority (SGA), the California Special District Association (CSDA) and the Sacramento Local Agency Formation Commission (LAFCO) that he attended recently. He also reported on the appointment of the Association of California Water Agencies (ACWA) new Executive Director, Timothy Quinn. He reported on recent matters of interest regarding the City of Citrus Heights.

#### PROJECT MANAGER'S REPORT

PM Rossi reported on the following activities during the month of May 2007 by the Project Management and Engineering Department: 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:

1. A total of 138 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

2. District-wide water consumption for the calendar year was 6,040.11 acre-feet through May 2007, an increase of 9.58 percent compared with the average annual water consumption during the previous five years, 2002-2006.

#### ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. Customer bills for the second semi-annual flat rate installments for 2007 were mailed out in early May. A total of nearly 16,000 bills were mailed, with anticipated revenue of \$3.18 million. For most District customers, this will be the last flat-rate water bill that they will receive.
2. In preparation for the January 2008 conversion of all residential water accounts to metered water billing, the District has implemented a change to the schedule for meter reading and billing. Reading of meters has now been divided into eight weekly cycles, with one cycle to be read and billed every week. Previously, reading of meters was divided into two cycles, with one cycle being read and billed each month. The change to weekly cycles will help to spread the meter reading and billing workload out more evenly.
3. Staff is currently considering a change to its credit card processing vendor. The District's current vendor, Nova, was selected when the District initially began accepting credit card payments due to Nova's affiliation with the District's banking services provider, Bank of the West. Staff has been in discussions with another vendor that may be able to provide these services to the District at a savings compared with Nova. A recommendation on this matter is expected to be presented to the Board at the July 10, 2007 meeting.
4. AGM Kane reported on the Water Forum Successor Effort meeting that he attended on May 17, 2007. Significant items of business at the meeting included an update on development of the Lower American River Flow Management Standard, an update on the Water Forum Dry Year Procedures, and consideration of the Water Forum's Fiscal Year 2007-08 Budget. A report on the City of Folsom's efforts to develop a method of conveying water to its Sphere of Influence (SOI) area south of State Highway 50 was also presented.

CHWD's annual update for its Water Forum Water Conservation Plan has been submitted to the Water Forum. The update documents progress that the District has made in carrying out the Plan, while also noting those areas where CHWD continues to have difficulty in hitting the targets set forth in the Plan. Water Forum staff will consolidate CHWD's update along with those of other water agencies into an overall report on the status of water conservation efforts under the Water Forum Successor Effort.

## GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. As of May 31, 2007, the District has 19,225 metered services, representing 98.48 percent of all of the District's services. The total number of non-metered services remaining is 297. The number of residential customers who have voluntarily converted to metered rates is 1,186.
2. Sixteen District employees received recognition for superior attendance, customer service and quality of work during the month of May 2007. Directors were provided with a list of the employees and items for which each received recognition.
3. GM Churchill attended the 2007 Association of California Water Agencies' (ACWA) Spring Conference in Sacramento on May 9-10. He reported on educational and training sessions that he attended during the conference.
4. GM Churchill, PM Rossi and Special Programs Coordinator Joe Scherrer made a presentation to the Citrus Heights Sylvan-Old Auburn Road (SOAR) Neighborhood No. 10 Neighborhood Association on May 21, 2007 at the Pioneer Baptist Church on Old Auburn Road. District staff made 20-30 minute presentations on the history of the District, water conservation programs, and on the upcoming Auburn Boulevard Water Main Replacement Project.
5. Directors were provided with a list of the General Manager's significant assignments and activities.
6. Directors were provided with a copy of GM Churchill's letter to the Arcade Lake Homeowners Association outlining options for metering the 88-unit development. This site represents the largest single remaining development in the District without water meters.

## CORRESPONDENCE:

1. Letter dated May 17, 2007 from Rita Schmidt Sudman, Executive Director of the Water Education Foundation (WEF), thanking the District for its contribution to the WEF and providing the District with a DVD copy of a WEF public television documentary entitled: Drinking Water: Quenching the Public's Thirst.

## 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 8:59 p.m.

APPROVED:

Original signed by: Robert A. Churchill

ROBERT A. CHURCHILL  
Secretary  
Citrus Heights Water District

Original signed by: Charles T. Rose

CHARLES T. ROSE, President  
Board of Directors  
Citrus Heights Water District