

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS MEETING
January 8, 2008

The Regular Meeting of the Board of Directors was called to order at 6:31 p.m. by President Dion and roll was called. Present were:

Joseph M. Dion, President
Allen B. Dains, Vice President
Charles T. Rose, Director
Robert A. Churchill, General Manager
David B. Kane, Assistant General Manager
John J. Townsel, Operations Manager
David M. Rossi, Project Manager
Pamela L. Peters, Office Administrator

VISITORS

None

Director Dion led the Pledge of Allegiance.

CONSENT CALENDAR

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

1. Minutes of the Regular Meeting of December 11, 2007.
2. Minutes of the Special Workshop Meeting of December 17, 2007.
3. Minutes of the Special Meeting of December 17, 2007.
4. Assessor/Collector's Report for December 2007.
5. Assessor/Collector's Cancellation Letter for December 2007.
6. Treasurer's Report for December 2007.
7. Bills to be Paid for December 2007.
8. Approve CAL-Card Purchases for December 2007.
9. Summary of 2007 Directors, Officers and Employees Training, Seminars and Conference Expenses.

OLD BUSINESS

Mitchell Farms Groundwater Well – Status Report

OM Townsel presented a status report on the pump station construction phase of the Mitchell Farms Groundwater Well project:

- Fence construction is 95 percent complete.
- Painting is 99 percent complete.

- Control systems installation is pending.
- Water disinfection equipment installation is complete.
- Landscape installation is 25 percent complete.

Directors and staff discussed the project.

Bonita Way Groundwater Well

OM Townsel presented a status report on the Bonita Way Groundwater Well project:

- Design of the site and pump station is at the 85 percent stage.
- GM Churchill is obtaining an easement for a 12-inch water main and a 12-inch drain line to the west.
- The 12-inch C900 water main through the property is 65 percent complete.

Directors and staff discussed the project.

Board of Directors Compensation

GM Churchill presented a report on the possible adjustment of compensation of the Board of Directors. Directors were provided with a copy of the proposed Ordinance No. 01-2008 that was drafted pursuant to discussion by the Board of Directors at their December 11, 2007 meeting. The current ordinance, Ordinance No. 1-2004, set Directors' compensation at \$140.00 per day not exceeding ten days in any calendar month. No adjustments in Directors' compensation have occurred since that time. The proposed Ordinance No. 01-2008 fixes Directors' compensation at \$145.00 per day, which is a 3.6 percent increase over the current amount. This \$145.00 will remain in effect until such time as Directors act to change it.

If adopted at this meeting, Ordinance No. 01-2008 will become effective as of March 8, 2008, 60 days from its adoption. Directors discussed their compensation and the proposed ordinance.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to adopt District Ordinance No. 01-2008, Fixing the Compensation of the Board of Directors.

NEW BUSINESS

Training/Continued Education/Meetings

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

San Juan Water District Wholesale Hydraulic Model

GM Churchill presented a report on possible District participation in and financial

contribution to the development of a hydraulic model of the San Juan Water District Family of Agencies (SJWD Family) water transmission and production facilities. One of the elements of preparing and implementing a water shortage plan and emergency plan for the SJWD Family is the development of a hydraulic model that is specific to the distribution system of the SJWD Family. The SJWD Wholesale Hydraulic Model is intended to depict the integrated water production, transmission, and distribution systems that are anticipated to be employed to share resources across Family agency boundaries during times of shortage and emergency.

Directors were provided with a copy of the Request for Proposals (RFP) that was developed by the Water Shortage Planning Technical Committee composed of staff members from the Family agencies. This RFP was distributed to 12 engineering consulting firms from which six responses were received. The proposals were evaluated individually by the Technical Committee, without respect to cost, with consensus reached on the recommendation of Brown & Caldwell Engineers to perform the work.

Cost estimates from the proposing firms ranged from \$250,000 to \$435,000. Brown & Caldwell's estimated cost to perform the requested modeling and analyses is \$249,963.

As noted in the RFP, different member agencies are at different stages with respect to hydraulic modeling, with CHWD requiring the most work to achieving a par status among the agencies. Brown & Caldwell's development of a CHWD model to be incorporated into the Wholesale Model is estimated to cost \$34,319. This effort will produce a model of sufficient detail (all wells and water mains 8-inch and larger) to be useful for water shortage and emergency planning. Development of a more detailed model of the CHWD water distribution system will be considered further as the modeling effort progresses. The District has \$81,000 budgeted in the CY 2008 Capital Improvement Budget for hydraulic modeling. Directors and staff discussed the District's participation in the hydraulic model for the SJWD Family, and the benefits to the District of having a hydraulic model of its system.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to approve District participation and financial contribution an initial amount not to exceed \$40,000.00 toward the development of a Hydraulic Model of the SJWD Family of Agencies water transmission and production facilities.

Health Plan Coverage for District Employees for 2008

AGM Kane and Office Administrator Peters presented a report on health care insurance coverage for District employees for the health plan year beginning February 1, 2008. The District's current health care coverage for employees expires after January 31, 2008.

At the beginning of the current health plan year in February 2007, the District implemented a Self Managed Reimbursement Account (SMRA) in conjunction with switching to Health Net and Kaiser health plans with higher co-payments for medical services and prescriptions. The District offset the higher co-pay costs by reimbursing employees for their co-payments through the use of a SMRA.

This approach has been successful in both reducing the District's health care benefit costs and maintaining a high level of health-care benefit for employees. With the success of this approach, staff initially planned to focus on continuing it for 2008. However, renewal premiums for the District's existing Health Net coverage for 2008 were 31 percent above the 2007 rates, far exceeding the dollar amounts approved in the District's 2008 budget. This created a need to seek other alternatives to continuing with the current Health Net plan. Premiums for the Kaiser coverage also increased an average of 18 percent for 2008. However, this is an increase on premiums that were already significantly lower than the comparable Health Net premiums. The premium costs for Kaiser within the amounts budgeted for health care benefits for 2008.

After reviewing a wide variety of possible plans and coverages for 2008, District staff focused on the following two options for coverage to maintain the existing level of health care benefit while remaining within the 2008 adopted budget limits:

1. Continuing the District's current Kaiser plan, and offering a lower-cost Western Health Advantage (WHA) plan for employees currently enrolled in Health Net; or
2. Continuing the District's current Kaiser plan, offering a lower-cost WHA plan while also offering a third plan, from Health Net, that would allow employees to retain Health Net coverage but require them to pay the difference in cost between the WHA plan and the higher-cost Health Net plan.

Both options assumed the District self-funding its employee co-payments through the Self Managed Reimbursement Account. Under Option 2, a condition of offering the Health Net plan is that a minimum of five employees must elect coverage under that plan. It appears that there are no employees interested in electing the Health Net plan due to the cost of premiums shared by the employee. Therefore, staff is recommending Option 1, continuing the District's current Kaiser plan and offering a WHA plan, as the best option for health care coverage for 2008.

Directors were provided with a comparison of our current health care plan with 2008 renewal rates and the premium rates from the SMRA Plan, and the number of employees currently covered under each plan. The total estimated cost for the plan year under staff's recommended Option 1 is \$304,304, which is within the \$308,000 budgeted for this benefit by the District.

The only known drawback to the WHA plan versus the current Health Net plan is that Sutter hospitals and medical offices will not accept WHA insurance. However, a number of District employees that are currently covered under Health Net and using "Sutter" physicians have discovered that their physicians also accept WHA insurance. Therefore, it is believed that the need for employees to change medical providers due to the switch to WHA will be minimal. However, there may be employees or their family members that will have to change from their current medical providers due to this change. Directors were provided with a copy of District Policy No. 4210, Health Insurance, for review. As recommended, premiums for both offered health care plans will remain

within the current dollar “cap” of \$1,274.00 per month that is set forth in Policy No. 4210. Therefore, no changes are needed to the policy. Directors and staff discussed the employee health care insurance benefits and the recommended plans.

It was moved by Director Dains, seconded by Director Rose and carried 3-0 to approve the Kaiser Permanente for Small Business Plan 30 and the Western Health Advantage Premier 40 Plan as the District’s employee health care plans for 2008; and continue to provide 100 percent health care reimbursement through a third-party Administrator

DIRECTOR’S AND REPRESENTATIVES REPORTS:

Director Dion reported on recent matters of interest regarding the Regional Water Authority (RWA), and on an upcoming RWA meeting. Directors discussed the upcoming election of RWA Executive Committee members. Director Dion also reported on a meeting 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) and on a meeting of the Sacramento Local Agency Formation Commission (LAFCO) that he attended recently. He also reported on recent matters of interest concerning the California Special Districts Association and the City of Citrus Heights.

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

PROJECT MANAGER’S REPORT

PM Rossi reported on the following activities during the month of December 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.

It was reported that the following water systems, added to the District’s water distribution system by an independent contractor on behalf of a private developer/owner, have been inspected by the District and formally accepted:

Office Depot, 5425 Sunrise Boulevard, Citrus Heights
One 1-inch metered water service
Value: \$ 10,827.21

The engineering department accepted seven new projects that were completed by Owner / Developers and State Licensed Contractors. The total value of facilities accepted for the year is \$435,468.34.

OPERATIONS MANAGER’S REPORT

OM Townsel reported as follows:

1. A total of 122 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 16,635.30 acre-feet through December 2007, a decrease of 14.6 percent compared with the average annual water consumption during the previous five years, 2002-2006.
3. On November 16, 2007 the District received notice of the issuance of a citation from the California Department of Public Health (CDPH). The citation, of a non-finable nature, was issued because of a delay in testing and reporting to the CDPH. Due to a miscommunication between District staff and BSK Laboratories, a set of samples for the Disinfection Byproduct Rule Stage-1 was delayed from September 17, 2007 until October 11, 2007. Unfortunately, this delay caused the sample to be taken in a different sampling quarter.

The CDPH has required the District to resubmit its sampling plan for the Disinfection Byproduct Rule Stage-1 and to notify the public of the violation via our Consumer Confidence Report in June of 2008. The District has already submitted the new sampling plan to CDPH and intends to add the necessary language to the Consumer Confidence Report in June. Directors were provided with a copy of the letter of response from the District to CDPH regarding the citation. The letter explains the scheduling problem and requests that the citation be rescinded. No response has been received from CDPH to date.

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. The Winter 2008 edition of the WaterLine newsletter has been sent to the printers. A full-color "design-comp" version of the newsletter was provided to Directors. Mailing of the newsletters to District customers should occur during the week of January 21-25, and will coincide with the arrival of the first bi-monthly metered water bills.
2. Redesign work on the District's internet web site, www.chwd.org, is continuing. A full-color graphic representing the general appearance of the redesigned "home page" for the web site was provided to Directors. The schedule calls for the initial redesign to be complete at the time the newsletter goes out so that customers who are prompted to visit the web site after reading the newsletter will find a new, more functional and visually-attractive site.
3. Citrus Heights Water District has received a President's Special Recognition Award from the Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA) for achieving a low ratio of "Paid Claims and Case

- Reserves” to “Deposit Premiums” in the Property Program for a three-year period ending March 31, 2006. Directors were presented with a copy of the award certificate.
4. Work on the District’s financial audit for the year ending December 31, 2007, has commenced. Representatives from the District’s auditor, Bartig, Basler & Ray, were on-site in late December to observe the District’s year-end physical inventory. Work on the financial statements and audit is tentatively scheduled to commence in late January or early February after the District has completed its closing the books for 2007.
 5. Recruitment for the new Water Meter Technician position is slated to get underway in mid-January.
 6. For 2007, the District processed a total of 233 ultra-low-flush toilet rebates for District customers. A total of \$28,868.85 in rebates were paid out, with \$11,266.12 of this amount coming via the Regional Water Authority Water Efficiency Program from funds provided by the Sacramento Regional County Sanitation District.
 7. AGM Kane attended the Water Forum Successor Effort meeting on December 13, 2007. He reported on items on the agenda at that meeting.

GENERAL MANAGER’S REPORT

GM Churchill reported as follows:

1. As of December 31, 2007, the District has 19,445 metered services, representing 99.73 percent of all of the District's services. The total number of non-metered services remaining is 53. With the exception of those accounts remaining without a water meter, all customer accounts have been converted to metered-rate accounts as of January 1, 2008.
2. Fifteen District employees received recognition for superior attendance, customer service and quality of work during the month of December 2007. Directors were provided with a list of the employees and items for which each received recognition.
3. Project Manager David Rossi was congratulated on successfully completing the requisite experience, examination and continuing education needed to qualify him as a Registered Construction Inspector: Division IV Public Works I, by the American Construction Inspectors Association (ACIA).
4. GM Churchill was reappointed as a member of the Association of California Water Agencies Insurance & Personnel Committee representing Region 4.
5. Directors were provided with a list of the General Manager’s significant assignments and activities.

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

President Dion adjourned the meeting to Closed Session at 8:12 p.m. to consider the following matters:

1. Conference with Real Property Negotiators; pursuant to subdivision (b) of Government Code Section 54956.8:
 - Property: 6206 and 6221 Shuman Lane
 - Agency Negotiators: GM Churchill and Legal Counsel
 - Under Negotiation: Price Offer and Terms of Payment

2. Conference with Real Property Negotiators; pursuant to subdivision (b) of Government Code Section 54956.8:
 - Property: 7601 Poplar Avenue
 - Agency Negotiators: GM Churchill and Legal Counsel
 - Under Negotiation: Price Offer and Terms of Payment

President Dion reconvened the meeting into Open Session at 8:24 p.m. It was announced that no reportable actions were taken by the Board of Directors during the Closed Session. He also announced that negotiations for the 7601 Poplar Avenue were being discontinued at the recommendation of Agency Negotiators.

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned at 8:25 p.m.

APPROVED:

Original signed by: Robert A. Churchill
ROBERT A. CHURCHILL
Secretary
Citrus Heights Water District

Original signed by: Joseph M. Dion
JOSEPH M. DION, President
Board of Directors
Citrus Heights Water District