

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS MEETING
March 11, 2008

The Regular Meeting of the Board of Directors was called to order at 6:30 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
Rex W. Meurer, Conservation Specialist
Timothy R. Cutler, Construction Inspector

VISITORS

None

Director Dion led the Pledge of Allegiance.

CONSENT CALENDAR

President Dion 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 February 12, 2008.
2. Assessor/Collector's Report for February 2008.
3. Assessor/Collector's Cancellation Letter for February 2008.
4. Treasurer's Report for February 2008.
5. Bills to be Paid for February 2008.
6. Approve CAL-Card Purchases for February 2008.
7. Summary of 2008 Directors, Officers and Employees Training, Seminars and Conference Expenses.
8. Reject the claim from Randy Burkhalter for property damage in the amount of \$1,383.51, and forward it to the District's insurance carrier, ACWA-JPIA, for further consideration and action.
9. Approve payment in the amount of \$133,168.04 to Wells Fargo Bank for the April 1, 2008 Debt Service Payment for the Citrus Heights Water District Revenue Certificates of Participation, Series 2000.
10. Adopt Resolution 01-2008 Concurring in the Nomination of Mary M. Gibson to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority.

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 99 percent complete.
- Painting is complete.
- Pavement fog seal application is complete.
- Control systems installation is complete.
- Final walk through inspection is pending.

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 90 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 complete.
- Installation of the 18-inch and 12-inch drain line will be done by District crews.

Directors and staff discussed the project.

San Juan Water District Surface Water Supply and Shortage Plan

GM Churchill presented a report on the draft Surface Water Supply and Shortage Plan that has been prepared by managers of the San Juan Water District Family of Agencies (SJWD Family).

Historically, when there is a shortage of surface water availability for any reason, the water agencies within the SJWD Family that have access to groundwater (Citrus Heights, Fair Oaks, Orange Vale) have utilized groundwater to offset surface water use. This has enabled agencies within the SJWD Family without access to groundwater to use a proportionately greater share of the available surface water. Heretofore this has been done without any compensation to the agencies utilizing groundwater for costs associated with maintaining and operating groundwater facilities.

Discussions on developing a shortage policy began many years ago, although efforts to develop a shortage policy at that time were unsuccessful. The topic again arose within the past several years during discussions to update the wholesale water supply agreements with San Juan Water District. To allow time to develop the shortage policy,

the family of agencies entered into interim wholesale water supply agreements.

Directors were provided with a spreadsheet entitled “Analysis of Year 2030 Average Day Conditions With Existing Wells.” GM Churchill explained that this spreadsheet is based upon water demands per the SJWD Wholesale Master Plan, and that it details groundwater availability within the SJWD Family with the following assumptions and determinations:

- 10 percent Conservation reduction in a shortage year.
- Highest-producing groundwater well (collectively, not per each agency) assumed to be out of service.
- Groundwater production from existing wells (13.3 MGD) exceeds water shortage year groundwater production needs (9.1 MGD).
- San Juan Water District and City of Folsom-Ashland require 4.6 MGD and 0.3 MGD respectively during a water shortage “driest” year.

Development of the draft Surface Water Supply and Shortage Plan has been underway for about two years. The Shortage Concept was developed and presented to SJWD Family board members at a Joint Board Meeting in October 2007. At this meeting, all the agencies endorsed the Shortage Concept and directed the general managers to proceed in developing a shortage policy.

The general managers expanded the shortage concept into a shortage policy where the agencies without access to groundwater “buy-in” to the existing groundwater capacity available from the agencies with access to groundwater.

A final draft shortage policy has been developed and agreed upon by the general managers of the SJWD Family. The agreement includes a commitment by the agencies with access to groundwater to pump groundwater during a shortage condition to allow those agencies without access to groundwater to utilize surface water. The agencies without access to groundwater will pay their fair share of the costs associated with the groundwater facilities required to provide this benefit.

The cost reimbursement methodology was set up to match the methodology used for surface water costs. The agencies with groundwater facilities will receive an annual payment, funded by the agencies without access to groundwater. The payment will include annualized facility capital costs for existing and future groundwater production facilities along with operation and maintenance costs for the wells. In addition, when agencies are required to pump groundwater, they will also receive payment for the costs directly related to groundwater production, that are referred to in the draft plan as “commodity costs.” GM Churchill outlined how these costs are proposed to be determined and allocated. The annual cost is estimated to be \$17,605 per MGD for calendar year 2008.

As proposed in the draft plan, the annual expense to SJWD and Folsom-Ashland is estimated to be \$86,263 for 2008 of which \$32,430 will be credited to Citrus Heights

Water District. Commodity costs will be charged only during times of actual production. The methodology for determining the commodity cost are set forth in the draft plan, and involve taking the total costs associated with actual production of groundwater, dividing by the total groundwater produced, and determining the per unit commodity cost.

Directors and staff discussed the draft plan. Discussion included questions about how CHWD will get reimbursed for its considerable investment in groundwater wells. GM Churchill explained that the annualized facility capital charge paid by the “benefiting agencies” will reimburse CHWD and other groundwater suppliers for that portion of the groundwater production facilities that is made available for the beneficial use of the SJWD Family. He further explained that the \$32,430 annual amount cited earlier was an amount that benefiting agencies would be paying each year, whether or not there were surface water shortage conditions that called for the pumping of groundwater on behalf of the SJWD Family. It was discussed that this amount could be set aside in the Depreciation Reserve as partial funding for replacement of groundwater production facilities in the future. It was also discussed that the annualized facility capital charge, as currently calculated, does not include the cost of any transmission or distribution system improvements that might be needed to make groundwater sharing work.

Directors indicated their conceptual support for the draft plan, and directed staff to continue working toward development of a final plan to be incorporated into the wholesale water supply agreements with SJWD.

NEW BUSINESS

Training/Continued Education/Meetings

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

Citrus Heights Water District Hydraulic Model

GM Churchill presented a report on a proposal from Brown & Caldwell Engineers to prepare and calibrate a hydraulic model of the CHWD water transmission and production facilities.

At the CHWD Board of Directors meeting of January 8, 2008, approval was given to participate and contribute to the development of a hydraulic model of the water transmission and production facilities of the collective San Juan Water District Family of Agencies. 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 SJWD Family boundaries during times of shortage and emergency. The engineering firm of Brown & Caldwell was selected through a proposal evaluation process to perform the work.

CHWD’s financial contribution to the SJWD Wholesale Hydraulic Model is estimated at \$34,319 with a maximum of \$40,000 approved by the Board. Complete analysis and

calibration of all of CHWD's water distribution facilities are not included in this Wholesale modeling effort.

In addition to modeling for water shortage and emergency conditions, a functioning and calibrated hydraulic model can also be a valuable tool for use in typical water system operations including but not limited to such items as:

- Water system flushing planning and program design.
- Fire flow determination.
- Water quality monitoring.
- Modeling the impacts of future groundwater well site selection.

In order to take full advantage of a the shortage and modeling effort underway, a proposal was requested from Brown and Caldwell to expand the SJWD Wholesale modeling effort to include a more detailed model for use by CHWD. Directors were provided with a copy of a proposal from Brown & Caldwell to provide further project management, hydraulic modeling, model calibration, model documentation and training specific to CHWD. Brown & Caldwell's estimated cost for this work is \$51,266.

The District's CY 2008 Capital Improvement Budget includes \$81,000 for a water system hydraulic model. Together with the CHWD's estimated participation in the SJWD Wholesale model, total modeling costs are estimated to be \$ 85,585 -- \$34,319 for the SJWD Wholesale Hydraulic Model plus \$51,266 for the CHWD-specific model. Directors and staff discussed the proposal from Brown & Caldwell and the benefits of CHWD having a more detailed hydraulic model of its transmission and distribution system.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to approve the Modeling Services Proposal from Brown & Caldwell in an amount not to exceed \$54,000.00 toward the development of a detailed water system hydraulic model specifically for CHWD; and authorize the General Manager to execute a Professional Services Agreement with Brown & Caldwell.

District Policy on Use of Cellular Telephones

AGM Kane presented a report on a proposed new Human Resources Policy regarding the issuance and use of cellular telephones.

Directors were provided with a copy of a draft Human Resources Policy No. 4932, Cellular Telephones that assigns responsibility for the issuance of cellular telephone equipment for use by District employees, as well as caring for and securing the equipment. It establishes policy regarding reimbursement to the District for charges incurred for personal use of a District cellular telephone, similar to the District's existing policy on personal use charges for office telephones. The policy also establishes the District's right to access an employee's cellular telephone voice mail messages.

The new policy also prohibits the use of cellular telephones while driving or operating motorized equipment on District business and/or District time. This is consistent with the

policy recommended by ACWA-JPIA, and recognizes the potential liability, property and workers' compensation loss exposure posed by the distraction hazard of using cellular telephones while driving. This policy is timely because of the new California law that goes into effect on July 1, 2008, that prohibits drivers from using a wireless telephone unless a hands-free device is used. The District's proposed policy goes one step further than State law, establishing that any use of a cellular telephone while driving is a dangerous distraction and is prohibited. Directors and staff discussed the proposed policy.

It was moved by Director Dains, seconded by Director Rose and carried 3-0 to adopt Citrus Heights Water District Human Resources Policy No. 4932, Cellular Telephones, as presented.

Purchase of Laptop Computers

AGM Kane presented a report on the proposed purchase of 11 laptop computers for the District.

AGM Kane provided a summary of the District's original purchase of ten laptop computers in January 2004 as part of the Technology Improvements Program. He explained the significant work benefits that this technology has provided to the District.

After four years of service in field operation conditions, the laptops are starting to show signs of breaking down. The Board approved funds in the amount of \$54,000 for the replacement of laptop computers and servers in the 2008 Capital Improvement budget. District staff is recommending replacement of all laptop computers at the same time to maintain uniformity of the equipment. Each laptop is configured with hardware and software in a virtually identical manner, which helps with servicing the equipment and supports the "interchangeability" of laptops among employees.

The District's technology support consultant, Westin Engineering, has obtained competitive price quotations for three different laptop computers from the two major suppliers of laptop computer equipment, Dell and Hewlett Packard. A summary of the price quotations received is as follows:

Vendor/Equipment Model	Cost Per Unit	Extended Cost (including taxes, shipping and fees)
Dell Latitude D830	\$ 1,245.00	\$ 14,844.30
Hewlett Packard (HP) Compaq 6719b	\$ 1,244.00	\$ 14,832.51
Dell Latitude ATG D630 (enhanced outdoor viewing screen)	\$ 2,357.81	\$ 28,033.94

The price quotations for all units include a 3-year parts-and-labor on-site repair warranty. The total cost is for eleven laptops, replacing the existing ten laptop computers plus an

additional new laptop computer for the District's new Water Meter Technician position.

Purchase of the Dell Latitude D830 laptops is recommended based on the District's experience with the reliability of Dell products versus HP/Compaq. Dell's service, when it was needed, has been prompt and responsive, an important factor in maintaining the productivity of the employees who now rely upon the laptops as a vital tool. With a cost differential of less than \$12.00 between the two price quotes, it appears prudent to go with a product that has proven itself in the District's field operations environment.

The price quotations on the Dell Latitude ATG D630 were obtained to determine pricing on laptops with screens designed for easier viewing in bright outdoor conditions. While such a feature would be a plus for District laptop users, it adds over \$1,000 to the cost of each laptop and therefore is not recommended. Directors and staff discussed the purchase of laptop computers, and requested that staff ensure that the old laptops are purged and removed from use by the District and sold as surplus.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to approve the purchase of eleven Dell Latitude D830 laptop computers at a total cost of \$14,844.30.

Proposition 50 Regional Toilet Replacement Program

AGM Kane presented a report on a proposed agreement with the Regional Water Authority to participate in a grant-funded toilet replacement program for water use efficiency. Water Conservation Specialist Rex Meurer, the District staff person who has been working on this grant project with the Regional Water Authority (RWA), also contributed to the report.

As a member of the RWA Water Efficiency Program, the Citrus Heights Water District qualifies for participation in a grant-funded water efficiency project for replacing high-water-use toilets with more efficient ultra-low-flush toilets (ULFT) and high-efficiency toilets (HET). The project will be funded with State Proposition 50 funds awarded through the California Department of Water Resources (DWR) and administered by RWA.

The project goal is to promote the installation of up to 8,000 ULFT or HET toilets in residences and up to 4,000 toilets in commercial, industrial and institutional (CII) facilities within Sacramento, El Dorado, Placer and Yolo Counties by offering rebates for ULFT and HET retrofits in both residences and CII facilities. The rebates will be a combination of Proposition 50 funds, Sacramento Regional County Sanitation District (SRCSD) funds and funds from the participating agencies. The District's share per residential ULFT retrofits is estimated to be \$25, a savings of \$50 per ULFT compared to what the District is currently paying per toilet. The final mix of Proposition 50, SRCSD and participating agency funds cannot be determined until it is known how many of the agencies will choose to participate in the project.

Based on the assumption of participation by 17 agencies in the region, the District's

estimated dollar benefit from the grant will be up to \$22,650. All participating agencies also share in RWA's cost to administer the project. Based upon the District's estimated 2.9 percent share of the total grant funds, the District's cost for participating in the program would be about \$869. If fewer agencies participate, the District's cost will be greater, but the amount of grant money available to the District will also increase. In any event, the District's cost will be a small fraction of the amount of grant monies to be received. Directors were provided with a copy of the draft Project Agreement.

Residential and commercial toilet retrofit incentives are a requirement of California Urban Water Conservation Council (CUWCC) Best Management Practices 9 and 14. Since the District must perform these programs already as part of its BMP compliance, it makes sense to take advantage of grant funds that are available to assist with the programs. District water conservation staff has participated in the development of this grant-funded project, and will continue to be involved in preparation of a final agreement for execution by the participating agencies. With Board approval, the agreement will be presented to the General Manager for execution, subject to his review and approval. Directors and staff discussed the grant-funded project and the project agreement with RWA.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to authorize the General Manager to execute a Project Agreement with the Regional Water Authority for participation in the Proposition 50 Regional Toilet Replacement Program Grant Project.

Proposition 98 – The California Property Owners & Farmland Protection Act

AGM Kane presented a report on the District considering taking an official position, by resolution of the Board of Directors, in opposition to Proposition 98.

Proposition 98, an initiative that would substantially change California's eminent domain law, will appear on the June 5, 2008 ballot. Legal experts have expressed concern that the initiative is drafted in such a way that it could block the use of eminent domain to acquire land for water storage projects and other facilities. The Association of California Water Agencies (ACWA) Board of Directors voted in September 2007 to oppose Proposition 98, the "California Property Owners and Farmland Protection Act." ACWA is encouraging its member agencies to oppose Proposition 98.

Directors were provided with a draft resolution of the Board of Directors opposing Proposition 98. Directors were also provided with documents prepared by ACWA including a fact sheet about Proposition 98, pro and con arguments about the initiative, a list of organizations in support of, and opposed to, the initiative, and the full text of Proposition 98. Directors and staff discussed the possible benefits and drawbacks of Proposition 98. Directors expressed that they did not feel that they could support the District taking a position in opposition to Proposition 98. No action was taken.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion reported on a recent meeting of the Regional Water Authority (RWA) Executive Committee, and on recent matters of interest regarding the RWA. He also discussed recent matters of interest regarding the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA).

Director Rose, GM Churchill and AGM Kane report on a meeting of the San Juan Water District Executive Committee that they attended recently.

Director Rose reported on meetings of the Sacramento Groundwater Authority, the California Special District Association and the Sacramento Local Agency Formation Commission (LAFCO) that he attended recently. He also 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 February 2008 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 68 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 Public Health requirements.
2. Statistics on District-wide water consumption for the calendar year were not available for the second month in a row due to delays in getting metered consumption information from San Juan Water District.
3. The District has ordered new pipe and leak location equipment to replace existing equipment that is approximately ten years old. The new equipment uses new technology that provides superior results in locating underground pipes and leaks. The District obtained two bids for the Metrotech location equipment from Metrotech (\$9,678.07) and from Pinpoint Products (\$9,376.36). An order has been placed for the equipment with the low bidder, Pinpoint Products.

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. The conversion to metered water billing has continued to be a major effort for the

- District's customer service and accounting staff. As of March 12, 2008, the District will have mailed out the first metered water bills for all eight of its bi-monthly customer billing cycles. A high volume of customer calls with questions related to the new bills has been ongoing since the first new meter bills went out in mid-January. AGM Kane outlined typical questions and reactions from District customers.
2. Additions and enhancements to the District's web site have continued following the introduction of the redesigned site in early February 2008. As of late February, there were 888 visits to the web site, with about 7,400 total page views.
 3. The District's auditor, Bartig, Basler & Ray (now operating under the name of Gallina LLP) has completed on-site work at the District office. Their goal is to have the audit report prepared in time for presentation at the Board's April 8, 2008 meeting.
 4. The application period for the new Water Meter Technician position closed on February 29, 2008, with 20 applications received. Interviews with selected candidates will be conducted on March 19, 2008.
 5. The District's application for membership in the California Urban Water Conservation Council (CUWCC) submitted in November 2007 has been provisionally approved by CUWCC's Membership Committee. AGM Kane will attend the CUWCC Plenary Session on March 12, 2008 in Chula Vista (San Diego area) where approval of CHWD's membership is expected.

Judging for the annual Poster Contest was conducted on March 5, 2008. Representatives from the Citrus Heights Police Department, the City of Citrus Heights and the Sunrise Recreation and Park District volunteered their time for the judging. Three winners from within CHWD's service area have been selected, but the grand prize winner among the four San Juan Family agencies has yet to be determined. Poster contest winners will receive recognition at the Board's May 13, 2008 meeting, which takes place during National Water Awareness Month.

The USBR has announced the initial 2008 CVP water supply allocation. The current forecast is for 100 percent allocation to municipal and industrial users north of the Delta. Directors were provided with a copy of the USBR's news release on the water supply forecast.

6. AGM Kane attended the Water Forum Water Caucus meeting on February 13, 2008, and outlined the highlights of that meeting. He also reported on an upcoming meeting of the Water Forum Successor Effort.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. As of February 29, 2008, the District has fewer than 20 non-metered services remaining. GM Churchill recognized the efforts of District crews to complete a number of difficult and complicated water meter installations to reduce the number of non-metered services to smaller number than previously expected. He noted that the District will have a small number of services that will remain non-metered indefinitely due to circumstances that make them impossible or too costly to meter at this time.
2. Twenty-two District employees received recognition for superior attendance, customer service and quality of work during the month of February 2008. Directors were provided with a list of the employees and items for which each received recognition.
3. City Heights City Councilmember Jeannie Bruins is advocating the creation of a Citrus Heights Community Garden at the southwest corner of Sylvan Road and Stock Ranch Road in Citrus Heights. At her request, GM Churchill appeared before the City Council on February 28, 2008, speaking about the availability and costs associated with water service to the site. Directors were provided with additional information about the proposed Community Garden.

CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

1. Letter from Bettie Cosby, Chief Executive Officer of the Citrus Heights Chamber of Commerce, thanking the District for its sponsorship of the Chamber's 50th Anniversary event in January 2008.
2. Letter from Rita Schmidt Sudman, Executive Director of the Water Education Foundation, thanking the District for its contribution to the Foundation for 2008.
3. Letters to Senator Dave Cox, Senator Darrel Steinberg and Assemblyman Roger Niello expressing the District's concerns about a recent Legislative Analyst's Office proposal on funding a criminal justice parole realignment plan with property tax money taken from water and wastewater districts.
4. Letter from Mark Boettger, Citrus Heights Police Department Commander, Patrol Services, commending District employees Paul Dietrich, Tim Cutler and David Rossi for their assistance with traffic control and removing a fallen tree from the roadway during a major winter storm in January 2008.
5. Letter from Rhonda Sherman, Economic Development and City Information Director with the City of Citrus Heights, presenting the District with a copy of a book commemorating the City's 10-year anniversary and the accomplishments during the City's first 10 years.

6. Electronic mail message from customer Ron Losinski expressing his strong disagreement with District policies regarding Customer Account Deposits and New Account Applications. A copy of AGM Kane's response to Mr. Losinski's original message, and Mr. Losinski's reply to AGM Kane's response, were also provided.

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

Pursuant to Government Code Section 54957, the Board of Directors convened in Closed Session at 9:10 p.m. for the purpose of discussing Public Employee Discipline/Dismissal/Release. Directors Dains, Dion and Rose, GM Churchill and AGM Kane were in attendance for the Closed Session

President Dion reconvened the meeting into Open Session at 9:23 p.m. He announced that during the Closed Session, the following action was taken by the Board of Directors:

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to approve Citrus Heights Water District employee Steve Corothers' request for an extension of a Medical Leave of Absence to April 29, 2008.

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