

CITRUS HEIGHTS WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
May 13, 2008

The Regular Meeting of the Board of Directors was called to order at 6:34 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  
Joseph P. Scherrer, Special Programs Coordinator  
Rex W. Meurer, Conservation Specialist

VISITORS

Judith K. Albietz, Albietz Law Firm  
Jeremy Minor, Student, Oakview Elementary School, and Family  
Svetlana Antonova, Student, Skycrest Elementary School, and Family  
Mariya Uspenskaya, Student, Skycrest Elementary School, and Family  
Robert Kill, Teacher, Oakview Elementary School  
Brian Beaver, Teacher, Skycrest Elementary School

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 April 8, 2008.
2. Minutes of the Special Meeting of May 2, 2008.
3. Assessor/Collector's Report for April 2008.
4. Assessor/Collector's Cancellation Letter for April 2008.
5. Treasurer's Report for April 2008.
6. Bills to be Paid for April 2008.
7. Approve CAL-Card Purchases for April 2008.
8. Summary of 2008 Directors, Officers and Employees Training, Seminars and Conference Expenses.
9. Deny the claim from Alice Murray for property damage in the amount of \$310.00, and forward it to the District's insurance carrier, ACWA-JPIA, for further consideration and action.
10. Award the bid for printing of two editions of the WaterLine newsletter to GSL Fine Lithographers in the amount of \$6,120.20, including sales tax; with a

contingency of \$300 for additional services beyond those included in the bid specifications.

11. Approve a request from Swinger Construction (Mark & Dawn Swinger) for a refund of the Capacity Fees paid for the Lawrence Avenue / Wyatt Ranch Subdivision in the amount of \$64,014.
12. Approve a refund check in the amount of \$29,705.43 to Mount Vernon Memorial Park.

## PRESENTATIONS

### Water Awareness Poster Contest

Directors welcomed the 2008 Water Awareness Poster Contest winners and their families and teachers. District employees Joe Scherrer and Rex Meurer presented a report on the contest. The District's water conservation staff, in conjunction with San Juan Water District, Orange Vale Water Company and Fair Oaks Water District sponsored the eleventh annual Water Awareness Poster Contest. A total of 852 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> grade students at elementary schools within the service area of the District submitted posters based on this year's theme, "My Role in Saving Water."

Each agency awards a first-place prize of a \$100.00 savings bond and two runner-up prizes of \$50.00 savings bonds. In addition, each winning student's school receives an award of \$100.00 for the winning entry. The winning entries will also be featured in the 2009 Water Conservation Awareness Calendar.

Awards were presented for the winners for schools within the Citrus Heights Water District as follows:

- |                     |   |
|---------------------|---|
| First Place Winner: | Jeremy Minor, 6 <sup>th</sup> Grade, Oakview Elementary School<br>Teacher: Robert Kill        |
| Runner-Up:          | Svetlana Antonova, 6 <sup>th</sup> Grade, Skycrest Elementary School<br>Teacher: Brian Beaver |
| Runner-Up:          | Mariya Uspenskaya, 6 <sup>th</sup> Grade, Skycrest Elementary School<br>Teacher: Brian Beaver |

The winners were congratulated for a job well done and thanked for their efforts to help promote water conservation.

The poster contest winners and their families and teachers left the meeting.

## 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. He reported that accomplishing the final punch list remedies continues to be a challenge. Directors and staff discussed the project.

### Bonita Way Groundwater Well

GM Churchill presented a report on bids received for construction of the Bonita Way Groundwater Well pump station and site improvements. On April 30, 2008 the District opened bids for this work. Ten firms submitted bids for the project. Directors were provided with a summary of the bidders and bids received. GM Churchill explained that Bid Items 1 through 19 are identified as the base bid items while Bid Items 1 through 20 include the addition of the perimeter concrete masonry block wall. The Engineer's estimate for this project, not including the block wall and storm drain, was \$1,088,995.

All bids received were well-balanced except for a misinterpretation on the block wall alternate from BRC Construction. The bids received for the block wall ranged from \$81,713 to \$170,355, averaging \$121,752, except for BRC's bid of \$1,320. BRC's wall bid was for twenty feet of 2-foot-high retaining wall instead of the 545 feet of 8-foot-high block wall.

District staff has not yet determined whether a standard block wall is the best alternative from the standpoints of cost and constructability. Other options currently being explored are tilt-up concrete wall panels and drop-in concrete wall panels. This item will be brought back before the Board of Directors for consideration at a future time. As such, GM Churchill presented the recommendation that all bids for Items 1 through 20 be rejected and that the bid be awarded to Sierra National Construction in the amount of \$946,074.00 for Bid Items 1 through 19. Sierra National's bid for the Block Wall Item 20 was \$102,214. Directors and staff discussed the project and the bids.

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

1. Reject all bids for Bid Items 1 through 20.
2. Accept the Bid from Sierra National Construction in the amount of \$946,074.00 for Bid Items 1 through 19.
3. Provide a change order contingency of \$75,000.00.
4. Authorize the General Manager to execute the Agreement for Construction Services.

### MTBE Litigation

GM Churchill and Legal Counsel Albietz presented a report on proposed modifications to the Legal Services Agreement with Sher-Leff LLP. On October 7, 2003 the District executed the agreement with Sher & Leff and Baron & Budd, PC for legal representation regarding the potential of groundwater contamination due to methyl tertiary butyl ether (MTBE).

Directors were provided with a copy of a letter from Sher & Leff regarding modification to the Legal Services Agreement to address fees related to the future treatment obligations. Directors also received a memorandum from Legal Counsel Albietz

regarding this request. Legal Counsel Albietz summarized the new language that is proposed to be included in the agreement Sher-Leff, which adds a provision for a payment of \$45,000 from the initial cash recovery under the proposed partial Settlement Agreement. Directors and staff discussed the proposed modifications to the Legal Services Agreement.

It was moved by Director Dains, seconded by Director Rose and carried 3-0 to accept the modification to Legal Services Agreement with Sher-Leff, LLP and authorize the President of the Board of Directors to execute the Agreement.

#### District Payday Policy

AGM Kane presented a report on proposed amendments to Human Resources Policy No. 4113, Payroll and Payday. He reviewed discussion from the Board's April 8, 2008 meeting, detailing the District's current payroll practices and why the proposed changes are needed. Directors were provided with a draft of Human Resources Policy No. 4113, Payroll and Payday, with proposed changes. The proposed additions and amendments are a major overhaul to the existing policy. The revised policy will achieve compliance with the Fair Labor Standards Act (FLSA) and provide for a more orderly and complete preparation of payroll by District staff.

AGM Kane summarized the significant changes and additions to the policy, including: changing from a twice-monthly to a bi-weekly payroll period starting in September 2008, with payday occurring on the Friday following the end of pay period; establishing practices for payroll withholding and direct deposit of payroll checks; establishing procedures related to employee time sheets and defining the work week for purposes of work time reporting; and providing language expressly prohibiting payroll advances and cashing of payroll checks by the District.

The proposed amendments will create pay periods that are always equal in length, eliminating the problem with payroll periods of varying lengths. Setting payday to be five days after the end of the payroll period will allow time for complete preparation of payroll with all hours worked during the pay period reported and compensated. As stated in the policy, the new bi-weekly payroll process will not begin until September 1, 2008, giving more than three months' advance notice of the change to employees so that they will have time to plan for the change. The changes have been discussed with District employees, and a memorandum provided to employees that explains the changes. Directors and staff discussed the proposed changes to the payroll and payday policy.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to adopt Human Resources Policy No. 4113, Payroll and Payday, as presented.

#### Shuman Lane Property Purchase

GM Churchill presented a report on the proposed purchase of four parcels of land on Shuman Lane, adjacent to the District's administration and corporation yard facilities. The District has been in negotiations with the Melee Family Trust since November 13, 2007 regarding the

purchase of property on Shuman Lane adjacent to the District's administration and corporation yard facilities. At a Special Meeting on May 2, 2008, the Board of Directors accepted an alternate proposal to purchase four parcels of land instead of three. GM Churchill stated that the owners had agreed to the District's terms of having all of the dwellings uninhabited and empty before the purchase will be completed. Directors and staff discussed the acquisition of the parcels of land, and the easement that will be granted for access to one of the parcels that will still be owned by the Melee Family Trust.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to adopt Resolution 04-2008 Authorizing Purchase of Four Parcels of Land on Shuman Lane and Granting of an Easement to the Melee Family Trust.

#### San Juan Water District Surface Water Supply and Shortage Plan

GM Churchill presented a report on the proposed San Juan Water District (SJWD) Surface Water Supply and Water Shortage Management Plan. Directors were provided with a copy of the March 11, 2008 report to the Board of Directors in which a draft of the SJWD Surface Water Supply and Water Shortage Management Plan was discussed. Directors were also provided with a copy of GM Churchill's response to recent questions and suggestions dated March 12, 2008, including a summary of the Board's concerns and comments from the March 11 Board meeting.

The Plan has subsequently been revised and is now presented for consideration of adoption. Directors were provided with a copy of the Plan in its final form. The Plan has been reviewed by Legal Counsel Albiets and Consultant Bill Dendy without objection to approval.

Adoption of the Plan was considered by the Board at their April 8, 2008 Regular Meeting. The Board continued the matter until this May 13, 2008 Regular Meeting to allow additional time for review of the Plan.

Directors and staff discussed the Plan. Directors expressed satisfaction that the Plan provides a sound basis for allocating water supplies under shortage conditions while protecting the interests of Citrus Heights Water District's customers.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to approve SJWD Surface Water Supply and Water Shortage Management Plan.

#### NEW BUSINESS

##### Training/Continued Education/Meetings

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

##### Water Conservation Stage Declaration

AGM Kane presented a report on declaration of a Water Conservation Stage for the Citrus Heights Water District. The District annually declares or reaffirms water supply conditions for the District when water delivery forecasts and other factors become known for the year ahead. The 2007-08 rainfall season has produced below-average amounts of precipitation and snowfall in the Sierra Nevada watershed. The California Department of Water Resources has announced that the state is in its second dry year in a row and could face a critical situation if the dry spell continues. Water runoff into streams and reservoirs is 55 percent to 65 percent of normal. Our region, and the entire state, has not faced water supply conditions like this since the early 1990s.

Based on recent communication with the U.S. Bureau of Reclamation (USBR), San Juan Water District (SJWD) expects a 20 percent reduction in its USBR contract water supply for this year. Although it is likely that the District can meet normal water demands with a combination of surface water from SJWD and groundwater from its own wells, it is prudent for CHWD to join other purveyors in the region in asking its customers to increase their water conservation efforts during the coming year. The managers of all of the San Juan Family agencies have agreed to carry forward a recommendation to their respective Board of Directors for adoption of a Stage 2 – Water Alert.

Directors were provided with a copy of the Water Conservation Stages for the District. An identical set of Stages were adopted by all of the San Juan Family agencies in the spring of 2007. The main difference between the current Stage 1 – Normal Water Supply and the proposed Stage 2 – Water Alert is that under Stage 2, customers are asked to reduce indoor and outdoor water use by 5 to 10 percent. Customers with “smart” irrigation controllers are asked to set their controllers to achieve 90 to 95 percent of the evapotranspiration (ET) rate. Stage 2 also calls for the District to monitor users of fire hydrant/construction water meters for efficient water use. Stage 1 requirements have been in effect since May 2002.

The Stage 2 – Water Alert is proposed to be accompanied by a public information effort by the District to raise the level of customers’ awareness of water supply conditions and the importance of greater conservation efforts. The opportunity for customers to now save money on their water bill by using less water will also be emphasized. The upcoming edition of the WaterLine will feature this information, as will the District’s website. The Regional Water Authority’s Water Efficiency Program is also discussing ways in which the Program can help to provide regional messages to support the efforts of individual agencies.

Directors and staff discussed water supply conditions and the declaration of a Stage 2 Water Conservation Stage for the District. Directors agreed that existing water supply conditions warrant the District moving to a Stage 2 – Water Alert.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to adopt Resolution No. 05-2008 Declaring a Stage 2 – Water Alert Within Citrus Heights Water District.

Employees Joe Scherrer and Rex Meurer left the meeting.

### Wholesale Water Supply Agreement

GM Churchill presented a report on a proposed Wholesale Water Supply Agreement with San Juan Water District. The District has been receiving its surface water supply from San Juan Water District for several years pursuant to an Interim Agreement pending finalization of the Surface Water Supply and Water Shortage Management Plan approved previously at this meeting of the Board of Directors. Directors were provided with a copy of the proposed Agreement.

As proposed, the term of the Agreement will be the same as San Juan's Central Valley Project (CVP) Water Supply Contract, including any renewals or extensions. The CVP Water Supply Contract currently extends through February 28, 2045.

Concurrently, San Juan Family Agency managers, counsels and consultants have prepared and are recommending approval of the Wholesale Water Supply Agreement. Directors and staff discussed the proposed Agreement.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to adopt Resolution 06-2008 approving a Wholesale Water Supply Agreement between Citrus Heights Water District and San Juan Water District, with Exhibit 1 as corrected to reflect renumbering of the Points of Delivery.

### PROJECT MANAGER'S REPORT

PM Rossi reported on the following activities during the month of April 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 361 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. District-wide water consumption for the calendar year was 2088.60 acre-feet through April 2008, a decrease of 12.8 percent compared with the average annual water consumption during the previous five years, 2003-2007.

President Dion called for a five-minute recess at 7:50 p.m. OM Townsel and PM Rossi left the meeting.

President Dion reconvened the meeting at 7:55 p.m.

#### DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion reported on a recent meeting of the Regional Water Authority (RWA) Executive Committee that he attended. He also reported on a recent meeting of the San Juan Water District Executive Committee that he attended along with Director Rose, GM Churchill and AGM Kane. He also reported on the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA) Conference that he attended recently in Monterey, prior to the start of the ACWA Conference at the same location. In addition, he reported on the California Special Districts Association Legislative Day that he attended recently in Sacramento.

Directors Dains, Dion and Rose, GM Churchill and AGM Kane all reported on the ACWA Town Hall Meeting that they recently attended along with PM Rossi in Sacramento, which Citrus Heights Water District helped to sponsor. They also reported on training and activities at the ACWA Spring Conference in Monterey that they all attended recently.

Director Rose reported on a meeting of the California Special District Association (CSDA) that he attended recently. He also reported on recent matters of interest regarding the City of Citrus Heights.

#### ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. The District's customer service and accounting staff continues to experience an extraordinarily high level of activity as customers adjust to bi-monthly metered billing. The five-member office staff logged over 64 hours of overtime during April to keep up with the many telephone calls, delinquent accounts, credit card payments by telephone and other time-intensive customer support activities. As discussed with the Board previously, staff has been lenient in excusing late charges and service fees for those customers that have had a good payment history in the past. More customers are now choosing to pay via credit card, with 523 credit card payments processed during the month. Workload for District Operations staff has also increased with the higher number of service disconnections for non-payment.
2. The new Water Meter Technician, Kelly Drake, started work with the District on May 5, 2008. Kelly has 20 years of experience in construction, operation and repair of water systems, most recently with Carmichael Water District. He has a Grade 4 Water Distribution Operator certification and a Grade 2 Water Treatment Operator certification from the California Department of Public Health. Kelly joins Joe Scherrer and Rex Meurer as the newest member of the District's water use efficiency staff.

3. District employees staffed a booth at the U.S. Bureau of Reclamation's 7<sup>th</sup> Annual Get W.E.T. (Water Education Today) event at the American River Water Education Center at Folsom Dam on May 10, 2008. The event included games and live entertainment, with a theme of the water conservation and environmental stewardship.

Special Programs Coordinator Joe Scherrer and Water Conservation Specialist Rex Meurer delivered a presentation on "How to Create Resourceful Special District Partnerships" at the California Association of Recreation and Park Districts (CARPD) annual conference in Monterey on April 19, 2008. Staff from Sunrise Recreation and Park District participated in the presentation, which was delivered to an audience of about 30 CARPD members, including several members from other park districts in the Sacramento region.

4. As requested by the Board at its April 8, 2008 meeting, District staff prepared letters for President Dion's signature that were sent to Senator Dianne Feinstein, Senator Barbara Boxer and Representative Dan Lungren, requesting their help in moving forward with the Flow Management Standard for the Lower American River. Directors were provided with a copy of one of the letters.
5. AGM Kane attended the 2008 Association of California Water Agencies Spring Conference in Monterey, California on May 6-9, 2008. He reported on workshop sessions, committee meetings and ethics training that he attended at the conference.

#### GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Eighteen District employees received recognition for superior attendance, customer service and quality of work during the month of April 2008. Directors were provided with a list of the employees and items for which each received recognition.
2. The District recently received a refund in the amount of \$153,473.82 from San Juan Water District (SJWD) for overpayment for water deliveries for calendar year 2007. SJWD invoices the retail agencies quarterly in advance for estimated surface water use based on prior average usage. SJWD annually reconciles actual water deliveries with the estimated delivery quantity and either invoices or refunds the retail agencies for additional or lesser water use.
3. GM Churchill attended the 2008 Association of California Water Agencies Spring Conference in Monterey, California on May 6-9, 2008. He reported on educational and training sessions that he attended at the conference.

4. A list of the General Manager's significant assignments and activities was not prepared this month due to time constraints in preparing the Board Meeting agenda.

#### 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 8:40 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