

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS MEETING
January 13, 2009

The Regular Meeting of the Board of Directors was called to order at 6:30 p.m. by President Dains and roll was called. Present were:

Allen B. Dains, President
Charles T. Rose, Vice President
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

Director Joseph M. Dion was absent due to a previously-scheduled out-of-town obligation.

VISITORS

John Woodling, Executive Director, Regional Water Authority and Sacramento Groundwater Authority

Director Dains led the Pledge of Allegiance.

PUBLIC COMMENT

John Woodling discussed some of the accomplishments and benefits of the Regional Water Authority (RWA) and Sacramento Groundwater Authority (SGA). He also discussed the upcoming development of a strategic plan for RWA.

CONSENT CALENDAR

President Dains asked for the Consent Calendar. It was moved by Director Rose, seconded by Director Dains and carried 2-0 to accept the Consent Calendar consisting of:

1. Minutes of the Regular Meeting of December 9, 2008.
2. Minutes of the Special Meeting of December 8, 2008.
3. Assessor/Collector's Report for December 2008.
4. Assessor/Collector's Cancellation Letter for December 2008.
5. Treasurer's Report for December 2008.
6. Bills to be Paid for December 2008.
7. Approve CAL-Card Purchases for December 2008.
8. Summary of 2008 Directors, Officers and Employees Training, Seminars and Conference Expenses.

OLD BUSINESS

Bonita Way Groundwater Well

OM Townsel presented a status report on the pump station construction phase of the Bonita Way Groundwater Well Project. He reported that the following items are completed: building pad; masonry wall construction; roof construction; electrical conduit extension and pump and motor installation. The following items are in progress: paving; concrete sidewalks and driveway; and perimeter fence construction. The electrical meter installation is pending.

NEW BUSINESS

Training/Continued Education/Meetings

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

Health Insurance Coverage for 2009

AGM Kane presented a report on health care insurance coverage for District employees for the health plan year beginning February 1, 2009. The District's current health care coverage for employees expires after January 31, 2009. At the beginning of the current health plan year in February 2008, the District switched from Health Net to Western Health Advantage (WHA) as a measure to control health insurance premium costs. Previously, in February 2007, the District also implemented a Self-Managed Reimbursement Account (SMRA) in conjunction with switching to 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.

The SMRA approach continues to be successful in both reducing the District's health care benefit costs and maintaining a high level of health-care benefit for employees. The District's total health care benefit cost for 2008, including co-payment reimbursements, was \$278,205. This amount is more than \$9,000 below the total cost in 2006. This reduction has been achieved even though health insurance premium costs overall have increased by more than 20 percent since 2006, and two new positions have been added to the District organization since that time.

After reviewing a variety of possible plans and coverages for 2009, District staff is recommending staying with the current Kaiser and WHA plans. These plans will continue to maintain the existing level of health care benefit while remaining within the 2009 adopted budget limits. Rates for Kaiser and WHA are slated to increase for 2009 by 8.8 percent and 10.5 percent respectively.

AGM Kane presented a summary of proposed 2009 renewal rates and premium rates

from the SMRA Plan, the number of employees currently covered under each plan, and the estimated total cost of the District's health insurance benefit for 2009. The total estimated District cost for 2009 is \$327,525, while the total approved budget is \$349,900. It was noted that three employees have elected the option to not enroll in a District-provided health insurance plan and obtain their health insurance coverage through a spouse's employer, receiving a \$400 monthly credit per District policy. The savings to the District of the employees electing this option, versus keeping coverage under the District-sponsored plan, is estimated to be more than \$16,700 for 2009. Under District policy, employees making this election must provide written documentation to the District verifying their health insurance coverage at least every six months.

Directors were provided with a copy of District Policy No. 4210, Health Insurance. As recommended, average 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 proposed health insurance coverage for 2009.

It was moved by Director Rose, seconded by Director Dains and carried 2-0 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 2009; and continue to provide 100 percent health care reimbursement through a third-party Administrator.

Human Resources Policy Amendments

GM Churchill presented a report on proposed amendments to two District Human Resources Policies: Policy No. 4102, Salary Cost of Living Adjustments (COLA); and Policy No. 4831: Insurance Benefits for Retirees Retiring After March 19, 1996. The two policies are interconnected by provisions regarding cost of living adjustments. As such, some of the language amendments in each policy are proposed to be the same.

The proposed amendments to Policy No. 4102, Salary Cost of Living Adjustments (COLA) include minor edits for clarity and reference, and additional language to clarify application of the policy if the Consumer Price Index for all Urban West Consumers (CPI-U) is zero or less including reconsideration in a year rather than in six months.

The proposed amendments to Policy No. 4831: Insurance Benefits for Retirees Retiring After March 19, 1996 include: minor edits for clarity and reference; a 3.3 percent increase in Maximum Monthly District Participation based upon the October 2008 CPI-U; a change from an annual amendment based upon the salary COLA to annual amendment based upon CPI-U; and additional language to clarify application of the policy if the CPI-U is zero or less including reconsideration in a year rather than in six months.

Directors and staff discussed the proposed policy changes.

It was moved by Director Rose, seconded by Director Dains and carried 2-0 to amend the

following Human Resources Policies as presented:

Policy 4102: Salary Cost of Living Adjustments (COLA)

Policy 4831: Insurance Benefits for Retirees Retiring After March 19, 1996

Lobbying Services

GM Churchill presented a report on a proposal to provide lobbying services for funding infrastructure replacement in connection with Federal Economic Stimulus Package. On December 19, 2008, GM Churchill met with Jason Larrabee at the recommendation of former Congressman Doug Ose to inquire about lobbying efforts that might be undertaken with respect to the proposed Federal Economic Stimulus Package. The purpose of the lobbying efforts would be to seek grant funding for District infrastructure projects, most particularly the Auburn Blvd. 12-Inch Water Main Replacement Project with a preliminary construction budget of \$1.2 million.

Mr. Larrabee has provided a Government Relations Consulting Services Proposal and Agreement for Services for consideration by the District. A copy of the proposal was provided to Directors. The proposed fee for services is \$4,000 per month plus expenses. Currently, the Auburn Blvd 12-Inch Water Main Replacement Project is being considered for addition to project lists being developed by the Regional Water Authority and the Sacramento Metropolitan Chamber of Commerce.

Directors and staff discussed the proposal to provide lobbying services for funding infrastructure replacement in connection with Federal Economic Stimulus Package. Directors and staff agreed that the cost of lobbying services was not a worthwhile investment for the unlikely chance that it would lead to grant funding for the District. No action was taken on the matter.

PROJECT MANAGER'S REPORT

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

PM Rossi also presented a Summary of Donated Water Systems for the calendar year 2008. The Engineering Department accepted ten projects completed by contractors and owner/developers with a total value of \$970,789.00.

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:

Family Fitness Center, 7700 Sunrise Boulevard, Citrus Heights:

Upgraded existing facilities: fire hydrant extensions, fire hydrant access pads and

fire hydrant protection barricades.
Value: \$5,742.00

Jehovah's Witness Kingdom Hall, 6965 Sylvan Road, Citrus Heights:
85 lineal feet of 8-inch ductile iron pipe; 3 8-inch gate valves; and 1 fire hydrant.
Value: \$34,000.00

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 72 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 through the month of December 2008 were not available due to inaccuracies with the meter readings from both San Juan Water District and Citrus Heights Water District. As previously discussed, with the accuracy of District-wide water consumption data in doubt it is likely that the consumption figures that have been reported for 2008 may significantly understate actual consumption. San Juan Water District is replacing all of its water meters that measure water deliveries to CHWD and the other Family agencies. More accurate water consumption information will be available when the new meters are installed. CHWD will develop some consumption statistics for 2008 using the total recorded consumption from all of its individual customer water meters.

President Dains called a recess to the meeting at 7:21 p.m. OM Townsel, PM Rossi, and Tim Cutler left the meeting. President Dains reconvened the meeting at 7:25 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

GM Churchill reported on a recent meeting of the Regional Water Authority (RWA) that he attended along with Directors Dion and Rose. He also reported on an upcoming RWA strategic planning workshop. He also reported on an upcoming meeting of the San Juan Water District Executive Committee.

Director Rose reported on an upcoming meeting of the Sacramento Groundwater Authority (SGA). He also reported on recent matters of interest regarding the Sacramento Local Agency Formation Commission (LAFCo).

GM Churchill reported on a Safety Award from the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA) that was awarded to District Water Distribution Foreman David Wright.

GM Churchill reported that, pursuant to the 2009 Operating Budget and the Board's direction, the District's membership in the California Special District Association (CSDA) was not renewed for 2009.

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

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. The District has concluded its first full year under metered water billing. The workload related to foreclosures and delinquent accounts, along with the regular workload associated with metered billing, remains high. Overtime hours needed to meet customer service needs declined in December, the third straight month of declines in overtime hours worked. Staff continues to consider additional measures to reduce and manage workload during the coming year.
2. AGM Kane was appointed to serve on an ad hoc committee to review the current formula for collection of SGA fees, including some of the broader equity issues associated with the formula. The first, and possibly final, meeting of this committee was conducted on January 13, 2009. Recommendations of the committee will be carried forward to the SGA Budget Committee that will be instituted in February 2009 to work on SGA's budget and fees for the coming fiscal year.
3. The web bill pay option on the District's web site was activated on December 12, 2008. It has worked flawlessly since inception. A very small number of customers have called to report difficulties in registering for the site, and in all cases the problem was due to customer error in entering account information exactly as presented on their bill. The numbers of customers using the site has been increasing steadily since its introduction.
4. Recruitment activity continues for the new Customer Service Representative position approved in the 2009 Operating Budget. Eight candidates have been invited for interviews and testing on January 14, 2009. The goal is to have the new employee on board by mid-February.
5. The Winter 2009 edition of the WaterLine newsletter was delivered to customers between December 31, 2008 and January 6, 2009. A copy of the newsletter was included in Directors' agenda binders.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Twenty-three District employees received recognition for outstanding attendance,

superior customer service and quality of work during the month of December 2008. Directors were provided with a list of the employees and items for which each received recognition.

2. The Citrus Heights Regional Chamber of Commerce is holding its 51st Annual Installation and Community Awards Dinner on January 24, 2009 at the Holiday Inn on Date Avenue. Last year was the Chamber's 50th Anniversary and the District participated as a Ruby Sponsor and was recognized as a 1958 founding member. The District has been requested to be a sponsor once again. The General Manager has declined this request since the 2009 budget does not provide for this expenditure. Directors are invited and welcome to attend. GM Churchill requested that Directors advise him if they plan to attend so that reservations can be secured. Inasmuch as this is a social event, all expenses are the responsibility of the attendee unless the District elects to be a sponsor
3. A list of the General Manager's significant assignments and activities was provided to Directors.

CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

1. Electronic mail message dated December 24, 2008 from Ursula Bigler with a suggestion that the District offer an internet payment option; and the District's message of response.
2. Letter dated December 23, 2008 from Rita Schmidt Sudman, Executive Director, Water Education Foundation, thanking the District for its financial support for 2009.
3. Letter received January 9, 2009, from customer Allen D. Strong, AIA, requesting that the District consider offering a rebate program for residences that replace their grass lawns with artificial turf.
4. Electronic mail message dated December 31, 2008 from customer Manuel Cereceres stating water quality concerns at his residence; and the District's message of response.

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

Due to the absence of Director Dion, President Dains declared that the Closed Session item, scheduled pursuant to subdivision (a) of Government Code Section 54957, Public

Employee Performance Evaluation --General Manager, will be continued to the Regular Board of Directors meeting of February 10, 2009.

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned at 8:16 p.m.

APPROVED:

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

Original signed by: Allen B. Dains
ALLEN B. DAINS, President
Board of Directors
Citrus Heights Water District