

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS MEETING
February 10, 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
Joseph M. Dion, 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

None

Director Dains led the Pledge of Allegiance.

PUBLIC COMMENT

None

CONSENT CALENDAR

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

1. Minutes of the Regular Meeting of January 13, 2009.
2. Assessor/Collector's Report for January 2009.
3. Assessor/Collector's Cancellation Letter for January 2009.
4. Treasurer's Report for January 2009.
5. Bills to be Paid for January 2009.
6. Approve CAL-Card Purchases for January 2009.
7. Summary of 2009 Directors, Officers and Employees Training, Seminars and Conference Expenses.
8. Adopt Resolution No. 05-2009 Approving Granting an Easement to Sacramento Municipal Utility District for utility facilities at the Bonita Way Well property.
9. Adopt Resolution No. 01-2009 Concurring in the Nomination of E. G. "Jerry" Gladbach to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority.
10. Adopt Resolution No. 02-2009 Concurring in the Nomination of Thomas A. Cuquet to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority.

11. Adopt Resolution No. 03-2009 accepting an easement at Patriots Park, 6827 Palm Avenue from the Carmichael Recreation and Park District.
12. Adopt Resolution No. 04-2009 quitclaiming an easement at Patriots Park, 6827 Palm Avenue from the Carmichael Recreation and Park District.

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, electrical meter installation, paving, and pump and motor installation. The following items are in progress: concrete sidewalks and driveway; and perimeter fence construction.

42-Inch Valve Installations

GM Churchill presented a report on a proposed change order to the project for installing two 42-inch butterfly valves on the District's 1958 water transmission main. The work is being performed on the west sides of Granite Avenue and Hazel Avenue by a contractor performing large wholesale water replacements for San Juan Water District. At their November 12, 2008 meeting, the Board approved this project at a cost of \$86,320 with a change order contingency fund of \$12,680 for a total project authorization of \$99,000

The District has reviewed the installation design and has modified it to include four weld-on 8-inch outlets to the steel water transmission main; a pair of these outlets to be installed with each valve installation. The District will provide the contractor with the necessary weld-on outlets, elbows and valves. Upon completion of the contractor's work, the District will connect to these outlets and install a downstream 6-inch air/vacuum valves and an upstream flushing hydrant at each valve location. The contractor's change order cost for the labor required to install these outlets is \$4,544.11 per pair.

The District excavated to determine the exact location of the inoperable gate valve on the west side of Hazel Avenue. The excavation slowly filled up with water and further investigation revealed a slow leak at a bell joint in the steel pipe approximately 10 feet away from the valve installation location. To repair this leak, the District has proposed that 12 feet of 42-inch ductile iron pipe be installed from the end of the new 42-inch butterfly valve. The contractor's change order cost for the labor, equipment and materials to install this additional piping is \$17,738.95.

Directors were presented with a revised summary of the District's cost to San Juan Water District for performance of this work by their contractor. With the proposed changes, the total cost for the work will now be \$112,499. In order to provide a contingency for any additional minor change orders that may arise during construction, staff is recommending that the total project authorization be increased to \$117,000, an increase of \$18,000 over

the Board's original project authorization. Directors and staff discussed the project and the additional work being proposed.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to increase the funds authorized for the contractor portion of the project from \$99,000 to \$117,000, an increase of \$18,000.

NEW BUSINESS

Training/Continued Education/Meetings

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

Investment of District Funds Policy

AGM Kane presented a report on the annual review of District Policy No. 6300, Investment of District Funds. Section 6300.90 of the District's investment policy specifies that the policy shall be reviewed, modified as necessary and re-adopted or amended at least annually. The policy was last reviewed and amended by the Board in February 2008. Directors were provided with a copy of the policy.

The policy has been reviewed by District staff and by District Legal Counsel Judy Albietz. Ms. Albietz' annual review covers the existing Policy and the current California Government Code Sections related to public agency investments. Directors were provided with a copy of Ms. Albietz' memorandum dated February 3, 2009 stating that there were no changes in the Government Code during 2008 affecting the current Investment Policy. Review by District staff also did not reveal any changes required. Directors and staff discussed the policy.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to re-adopt District Policy No. 6300, Investment of District Funds with no changes.

Auburn Boulevard Water Main Replacement Project

GM Churchill presented a report on the preparation and filing of an environmental Notice of Exemption for the Auburn Boulevard Water Main Replacement Project from Cedar Drive to Linden Avenue. Directors were provided with a copy of the Final Draft Notice of Exemption.

As explained in the Notice of Exemption, underground pipeline projects such as the Auburn Boulevard project are statutorily exempt from the requirements of the California Environmental Quality Act (CEQA). Further, because all above-ground construction on the project will occur within public-right-of-way in a developed area, no significant environmental effects of cumulative impacts are expected. The project area is not located adjacent to a scenic highway, on or adjacent to a hazardous waste site, or within or

adjacent to a historical resource. Directors and staff discussed the Notice of Exemption.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to authorize preparation and filing of an environmental Notice of Exemption for the Auburn Boulevard Water Main Replacement Project from Cedar Drive to Linden Avenue.

2009 Fleet Vehicle Purchases

OM Townsel presented a report on the purchase of vehicles to replace existing District vehicles that are nearing the end of their service life. Staff has proposed that the two 1999 ½-ton pickup trucks, Units 15 and 16, be replaced with a one new hybrid-type sport utility vehicle (SUV) and one new ½-ton pickup truck.

Unit 15 is scheduled to be reassigned to fire hydrant painting duties, which is currently accomplished with Unit 13, a 1995 ½-ton Ford pickup that was replaced in 2006. Unit 13 and unit 16 will be sold at auction in 2009 after the two replacement vehicles are received.

The 2009 Capital Improvement Budget provided for replacement of one of the pickup trucks with a hybrid vehicle as a step toward increasing the fuel economy and decreasing the overall emissions of the District’s fleet. An amount of \$27,000 was included in the adopted budget for this purpose. Pricing was obtained for both hybrid and non-hybrid vehicles as follows:

<u>Qty.</u>	<u>Description</u>	<u>Unit Price</u>	<u>Terms</u>	<u>Vendor</u>
1	2009 SUV Escape 4X2 Hybrid (Ford)	\$31,040.09	\$500-20 days	Future Ford
1	2009 SUV Escape 4X2 Hybrid (Ford)	\$32,946.72	\$500-20 days	Downtown Ford
1	2009 SUV Escape 4X2 Non-Hybrid (Ford)	\$17,249.70	\$500-20 days	Downtown Ford

The pricing from Future Ford is a competitive bid received from the dealer. The pricing from Downtown Ford is from the State of California Bid (Contract No. 1-09-23-20). The vehicle will be used by water conservation personnel. Directors and staff discussed the merits of purchasing a hybrid vehicle versus a non-hybrid vehicle. Directors expressed a desire to obtain the fuel efficiency and emissions benefits of a hybrid vehicle, but noted that the cost of the hybrid is significantly higher than the non-hybrid. This difference in cost is unlikely to be offset by fuel savings over the life of the vehicle.

The other replacement vehicle is budgeted in the amount of \$20,000 for a conventional ½-ton pickup truck. Staff has proposed that this vehicle be purchased from the State Bid. By using the State Bid, the District fulfills its public bidding responsibility and benefits from the State pricing while avoiding the time and expense involved in the competitive bidding process. The State charges a service fee of 1.99 percent of the total purchase, before tax or cash discount. For these vehicle purchases, the service fee will total about \$342.

The pickup to be purchased under the State Bid is as follows:

<u>Qty.</u>	<u>Description</u>	<u>Unit Price</u>	<u>Terms</u>	<u>Vendor</u>
1	2009 ½ ton pickup 4X2 (Ford)	\$18,610.58	\$500-20 days	Future Ford

Directors and staff discussed the vehicle replacements. Directors stated that in the interest of staying within budget, purchasing the non-hybrid SUV and the ½-ton pickup truck from the State Bid appears to be the most prudent course of action.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to authorize the purchase of the following vehicles from the State of California Bid: one 2009 SUV Escape 4X2 Non-Hybrid from Downtown Ford in the amount of \$17,249.70; and one 2009 Ford ½ ton pickup 4X2 from Future Ford in the amount of \$18,610.58.

Surface Water Conditions

GM Churchill presented a report on current and forecasted water supply conditions for 2009. This year has been one of the driest years on record for California. As a result, Folsom Reservoir is currently around 25 percent of capacity, and the snow pack is slightly above 50 percent of average. The water surface elevation in Folsom Reservoir is approximately 377 feet. The minimum water surface elevation that can still supply San Juan Water District's (SJWD) intake and pump station is at 332 feet.

Unless the region receives significant rain and snow this spring, staff expects that the water surface elevation of Folsom Lake will drop to a level that may limit the physical pumping capacity at the Folsom Pump Station. As a result, the wholesale surface water supply available to Citrus Heights Water District from SJWD could be reduced by at least 20 percent unless the water supply conditions change. In addition, the SJWD Shortage Policy will likely be implemented this year. The amount of groundwater to be pumped by those agencies that have groundwater (CHWD and Fair Oaks Water District) will be identified as soon as more information on the 2009 water supply conditions is available.

The process for reducing the demand for surface water is up to each individual retail agency. The SJWD general managers have discussed the possibility of a joint declaration of a "Water Warning" conservation stage together with the cities of Roseville and Folsom. The District is presently in a "Water Alert" conservation stage. Directors were provided with a copy of the District's adopted water conservation stages.

Directors and staff discussed surface water supply conditions, and actions that the District may wish to take in anticipation of a significant reduction in supplies later in 2009. Directors agreed that the District would be prudent to elevate the conservation stage level to a "Water Warning" stage if surface water conditions remain as poor as they are now. Further, they agreed that a coordinated declaration among the agencies that rely upon Folsom Lake for surface water supply would send the most powerful message to

customers about the need for increased conservation. Directors and staff discussed the tentative plans for such an announcement that had been discussed among the agencies.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to call for a Special Meeting of the Board of Directors at 5:30 PM on Tuesday, February 24, 2009 to consider declaring a water conservation stage.

PROJECT MANAGER'S REPORT

PM Rossi reported on the following activities during the month of January 2009 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:

Commercial Development, 8400 Auburn Boulevard, Citrus Heights:
35 lineal feet of 8-inch ductile iron pipe; 17 lineal feet of 6-inch PVC pipe; 2 fire hydrants; 1 8-inch gate valve; 1 6-inch gate valve; 1 post indicator valve; 1 1½-inch metered water service and 1 1-inch metered water service.
Value: \$20,500.00

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 198 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 continue to be unavailable due to lack of accurate transmission main water meter data from both San Juan Water District and Citrus Heights Water District. As previously discussed, water consumption information should be available within the next few months when the all of the new meters are installed. CHWD developed consumption statistics for 2008 using the total recorded consumption from all of its individual customer water meters, but this information does not account for any unmetered water uses such as fire suppression, leaks or theft.

President Dains called a recess to the meeting at 7:25 p.m. OM Townsel, PM Rossi, and Tim Cutler left the meeting. President Dains reconvened the meeting at 7:30 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

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

Directors Dains, Dion and Rose and GM Churchill reported on the RWA Strategic Planning Workshop that they attended recently.

Director Rose reported on meetings of the Sacramento Groundwater Authority (SGA) and the Sacramento Local Agency Formation Commission (LAFCo) that he attended recently. He also reported on recent matters of interest regarding the Association of California Water Agencies and the City of Citrus Heights.

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. Work on the District's financial audit for the year ending December 31, 2008, is underway. District staff has been preparing year-end information for the District's auditor, Gallina, who is scheduled to perform work at the District's offices during the week of February 16, 2009. The goal is to have the audit prepared in time for presentation at the Board's April 14, 2009 meeting.
2. The District has received a check in the amount of \$8,216.23 from the Association of California Water Agencies – Joint Powers Insurance Authority. This check represents a refund of liability, property and workers' compensation premiums paid in excess of the current "attachment point" which is set at 60 percent of the basic liability premium. Directors were provided with a copy of the letter from ACWA-JPIA that accompanied the refund, and a summary of the RPA Stabilization Fund Report for the District.
3. After nearly two months in service, the web bill pay service on the District's web site continues to work flawlessly. About 380 customers have used the service to pay their bills to date. Many positive comments have been received from customers about the convenience and ease of use of this service.
4. Recruitment activity will resume during the week of February 9, 2009, for the vacant Customer Service Representative position. The first recruitment did not produce any hireable candidates. An employee from a temporary agency continues to fill the position while recruitment is underway.
5. The lock box address for processing mailed payments to the District will be changing in April 2009. The new address, yet to be determined, will be a

Southern California post office (PO) box address. The change is necessary due to a new lock box processing service being implemented by Bank of the West in an effort to keep customers' payment processing costs as low as possible. Bank of the West has affirmed keeping the District's current lock box pricing in place for another three years, making a total of eight years with no increase. The District will only need to have the bill printing vendor change the mailing address on the payment coupon, and to notify customers that may have the old PO box address set up on automatic bill payment services through their financial institution. A bill insert will be included when the change takes place to alert those customers that may need to make changes with their bill payment services.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Twenty-one District employees received recognition for outstanding attendance, superior customer service and quality of work during the month of January 2009. Directors were provided with a list of the employees and items for which each received recognition.
2. Nationwide Auction Services, an auction service used by the District for over 12 years for disposal of surplus equipment and goods, has defaulted on payment of the proceeds for two air compressors, one pickup truck and a pallet of obsolete computer equipment consigned to them by the District in July 2008. All items were sold with net proceeds in the amount of approximately \$5,355 due the District. Attempts by OM Townsel and Legal Counsel Albietz to contact Nationwide's Los Angeles office to secure payment have not been successful. The matter has been referred to the District's legal counsel with advice likely to be forthcoming regarding small claims court filings.
3. A list of the General Manager's significant assignments and activities was provided to Directors.

CORRESPONDENCE

None

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 subdivision (a) of Government Code Section 54957, Public Employee Performance Evaluation --General Manager, the Board of Directors convened in Closed Session at 8:25 p.m. Directors Dains, Dion and Rose and GM Churchill were in attendance.

President Dains reconvened the meeting into Open Session at 8:45 p.m. He reported that there was no reportable action taken by the Board of Directors during the Closed Session, and that this Closed Session item will be continued to the Regular Board of Directors meeting of March 10, 2009.

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned at 8:47 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