

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS MEETING
May 12, 2009

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

VISITORS

Devon Smith, Student, Citrus Heights Elementary School, and Family
Samantha Nishimura, Student, Trajan Elementary School, and Family
David Rogers, Teacher, Citrus Heights Elementary School
Ronette Belasco, Teacher, Oakview Elementary School
Mark Siewert, Principal, Oakview Elementary School

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 April 14, 2009.
2. Assessor/Collector's Report for April 2009.
3. Assessor/Collector's Cancellation Letter for April 2009.
4. Treasurer's Report for April 2009.
5. Bills to be Paid for April 2009.
6. Approve CAL-Card Purchases for April 2009.
7. Summary of 2009 Directors, Officers and Employees Training, Seminars and Conference Expenses.
8. Deny the claim from Barbara T. Lawrie for property damage in the amount of \$2,100.00, and forward it to the District's insurance carrier, ACWA-JPIA, for further consideration and action.

9. Deny the claim from Rob Rash for property damage in the amount of \$224.00, and forward it to the District's insurance carrier, ACWA-JPIA, for further consideration and action.
10. Extend the bid from GSL Fine Lithographers for printing of the WaterLine newsletter for two more editions in the amount of \$5,680, plus applicable sales tax; with a contingency of \$200 for additional services beyond those included in the bid specifications.

PRESENTATIONS

Water Awareness Poster Contest

Directors welcomed the 2009 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 thirteenth annual Water Awareness Poster Contest. A total of 728 4th, 5th and 6th grade students at elementary schools within the service area of the District submitted posters based on this year's theme "How I Conserve H₂O for Tomorrow."

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.

The winners for schools within the Citrus Heights Water District are:

- | | |
|---------------------|---|
| First Place Winner: | Devon Smith, 6 th Grade, Citrus Heights Elementary School
Teacher: David Rogers |
| Runner-Up: | Samantha Nishimura, 6 th Grade, Trajan Elementary School
Teacher: Julie Abrams |
| Runner-Up: | Grace Geniella, 4 th Grade, Oakview Elementary School
Teacher: Ronette Belasco |

The contest entries in the Citrus Heights Water District service area were judged by: Cathy Capriola and Amy Van from the City of Citrus Heights staff; Virgil Anderson from the Sunrise Recreation and Park District staff; and Brian Wegesser from the City of Citrus Heights Police Department.

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

Surface Water Supply Conditions

AGM Kane presented a report on the most recent information on water supply conditions and the forecast of these conditions for 2009, and actions being taken by the District in support of its Stage 3 – Water Warning water conservation stage.

Recent storms have increased rainfall and snowpack levels for the season to date. The level of Folsom Lake has risen to over 456 feet as of May 7, 2009, about 90 percent of capacity, compared with 446 feet as of April 10 and 398 feet on February 24 when the Board declared the Water Warning. Even with recent rains, precipitation levels lag behind average year-to-date amounts. Directors were provided with a copy of the most recent Weather and Climate News electronic newsletter issued by Elissa Lynn, Senior Meteorologist with the Department of Water Resources.

Directors were also provided with a copy of the U.S. Bureau of Reclamation's (USBR) water supply allocation updated issued on April 21, 2009, which lists the allocation for North of Delta Municipal & Industrial (M&I) customers at 65 percent. Recent information from San Juan Water District staff indicates that the USBR will increase SJWD's allocation to 100 percent, but written verification of this allocation has not yet been received. Increases in USBR allocations and the late-season rainfall have continued to generate discussion among San Juan Family members about whether a change from the current Stage 3 – Water Warning is warranted. Directors and staff discussed water supply conditions. Directors reaffirmed their position that it is prudent to remain at Stage 3 in view of the Governor's drought declaration and the call for a 20 percent statewide reduction in water use.

Rex Meurer and Joe Scherrer delivered a presentation on Stage 3 water conservation efforts that is scheduled to be delivered to the Citrus Heights City Council meeting on May 28, 2009. Directors and staff discussed the presentation and efforts to gain the City's support in water conservation efforts.

Staff's presentation to the Sunrise Recreation and Park District Board of Directors on April 16 was well received by SRPD Directors and staff. At their May 21, 2009 meeting, the SRPD Board will consider adopting a resolution pledging their support for conservation measures to achieve a 20 percent savings.

Staff shared with Directors the recently-designed "table tents" that will be distributed to restaurants in the District's service area. The table tents advise customers that the restaurant is doing its part for water conservation by serving water only upon request.

Special Programs Coordinator Scherrer and Water Conservation Specialist Meurer left the meeting at the conclusion of this agenda item.

General Manager Employment Agreement

GM Churchill presented a report on a proposed employment agreement between himself and the District. Currently, the General Manager serves at the pleasure of the Board with no written agreement to define the terms and conditions of employment. At a March 3,

2009 Special Meeting of the Board, the Directors, Legal Counsel Judith Albietz and GM Robert Churchill reviewed and discussed an employment agreement for the General Manager. GM Churchill was instructed to develop a draft Agreement and submit it to the Board for consideration. The basic structure of the draft Employment Agreement was drawn from similar agreements from neighboring water agencies.

Directors were provided with a revised draft Employment Agreement that reflected the modifications to the March 3, 2009 draft recommended by the Board and Legal Counsel.

The revised draft also contained edits to conform to language in District policies. District Legal Counsel reviewed the revised draft, and Directors were provided with a written response from Ms. Albietz regarding her review.

Directors were provided with rating and cost information for the term life insurance policy proposed in the draft Employment Agreement. The fixed cost for a \$1,000,000 ten year term policy effective April 16, 2009 is \$3,100.00 annually. GM Churchill explained that the proposed Employment Agreement specifies that the policy will remain in effect and paid by the District regardless of whether he remains employed for the full ten-year term.

The salary compensation adjustment proposed in the current draft Employment Agreement is 2.35 percent. Together with the proposed annual payment for term life insurance, the proposed modifications are collectively within the District's 2009 budget for the General Manager's compensation.

Directors were provided with a proposed job description for the General Manager, included as Exhibit B to the Employment Agreement. GM Churchill noted that the job description is consistent with and formatted after a model job description developed by ACWA-JPIA.

Directors and the General Manager discussed the proposed Employment Agreement including the term life insurance policy and the job description for the General Manager position.

Director Rose suggested that before taking action on the General Manager's Employment Agreement that the Board consider acting on the proposed amendment to CHWD Policy 1040, Executive Officer. The policy amendment specifies that the General Manager will serve pursuant to an Employment Agreement with District instead of simply at the pleasure of the Board. Directors agreed that, procedurally, it made sense to consider this item before acting upon the Employment Agreement. President Dains stated that the Board would move to consideration of the policy amendment under New Business on the meeting agenda, and then return to consideration of the Employment Agreement.

NEW BUSINESS

General Policy Amendments

GM Churchill presented a report on proposed amendments to District General Policy No. 1040, Executive Officer. The policy is recommended for amendment to update the language to reflect that the General Manager serves pursuant to an employment

agreement between the District and the General Manager. Directors and staff discussed the proposed amendments.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to amend District General Policy No. 1040, Executive Officer, as presented.

OLD BUSINESS continued

General Manager Employment Agreement

Directors and the General Manager resumed discussion of the proposed Employment Agreement.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to: Approve the Employment Agreement with General Manager Robert A. Churchill including terms, conditions, compensation and benefits; to approve the job description for General Manager, set forth as District Policy 4090.20.01; and to approve annual payment in the amount of \$3,100.00 for the term life insurance policy.

NEW BUSINESS continued

Training/Continued Education/Meetings

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

PROJECT MANAGER'S REPORT

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

PM Rossi also reported on the completed installation of two butterfly valves on the District's 42-inch Transmission Main by a contractor working for San Juan Water District. In addition, he reported on the District's review of the design of the Auburn Boulevard Joint Utility Undergrounding Project from Sylvan Corner to Rusch Park being proposed by the City of Citrus Heights.

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

Mariposa Manor, 6250 Mariposa Avenue, Citrus Heights
Fire hydrant access pads and fire hydrant painting.
Value: \$590.00

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 217 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.

President Dains called a recess to the meeting at 8:00 p.m. OM Townsel and PM Rossi left the meeting. President Dains reconvened the meeting at 8:04 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion and GM Churchill reported on recent and upcoming meetings of the Regional Water Authority (RWA). They discussed a recent special meeting of RWA regarding policy principles on water conservation and water efficiency that was attended by Director Dion, GM Churchill, Special Programs Coordinator Scherrer and Conservation Specialist Meurer.

Director Rose discussed a meeting of the Sacramento Groundwater Authority (SGA) that he attended recently, along with other matters of interest regarding SGA. He also discussed a meeting of the Sacramento Local Agency Formation Commission (LAFCO) that he attended recently, and matters of interest regarding the City of Citrus Heights.

Director Dion reported on a meeting of the San Juan Water District Executive Committee that he attended recently along with GM Churchill and AGM Kane.

Directors, GM Churchill and AGM Kane collectively discussed the upcoming Association of California Water Agencies (ACWA) and Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA) conference that they will be attending in Sacramento.

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. The District will staff a booth at the U.S. Bureau of Reclamation's 8th Annual Get W.E.T. (Water Education Today) event at the American River Water Education Center at Folsom Dam on Saturday, May 16, 2009 from 10:00 a.m. to 4:00 p.m. The event is designed as a fun way to share the water conservation and water quality messages with the public.
2. Work has started on the next edition of the District's WaterLine newsletter. The newsletter will continue to focus on encouraging conservation efforts by District customers and provide information on the budget and rate workshop and public hearing for 2010. The tentative production schedule calls for mailing of the newsletter in late June 2009.

3. Work is continuing on modifying the existing customer water statements to include itemized information on water consumption and charges by tier. As previously reported, the preliminary design has been completed by District staff, and it is now in the hands of the District's billing software vendor, Cogsdale. Cogsdale has not finished their assessment of the modifications needed to the software in order to accommodate the billing changes, and they have not established a date for completion of this work. Staff will continue to keep Directors apprised of the progress of this project.
4. The new Customer Service Representative, Teresa Gallman, began work with the District on April 20, 2009. Ms. Gallman, whose experience includes customer service positions with SureWest, Wells Fargo Bank and AT&T, distinguished herself from more than 180 applicants for the position.
5. The new lock box service through Bank of the West was implemented on May 5, 2009. The new Southern California mailing address for the lock box is now being printed on CHWD customer invoices. For one full two-month billing cycle, a message will be included in the message space on the customer invoice to notify customers of the change and alert them to change the address with their on-line banking bill payment accounts.
6. AGM Kane participated in a Water Forum "webinar" meeting to discuss the most recent draft of the revised Water Conservation Element of the Water Forum Agreement. Approximately 20 stakeholder representatives participated in the meeting, which resulted in additional proposed revisions to the document. It is anticipated that the revised Water Conservation Element will be ready to presented to all stakeholders for adoption in June.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Twenty-two District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of April 2009. Directors were provided with a list of the employees and items for which each received recognition.
2. Former Citrus Heights Water District Superintendent Charles "Bill" Haymart passed away on March 28, 2009. Bill was the District's Superintendent from July 1974 to August 1975. After leaving the District, Bill's work as a pipeline contractor included many projects installed in the District on behalf of private developers. Directors were provided with a copy of Mr. Haymart's obituary.
3. The purchase of surface water from San Juan Water District represents the single largest recurring expenditure in the District's annual operating budget. Directors were provided with a spreadsheet showing the effective water purchase costs from 1999 through 2008. The effective water rate, inclusive of service charges,

commodity charges and treatment plant debt service, for purchase of surface water in 2009 was \$116.25 per acre foot.

4. A list of the General Manager's significant assignments and activities was provided.

CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

Letter from customer Melanie Hirsch of Citrus Heights received May 8, 2009, complaining about District bill payment policies and treatment received from District employees.

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 9:05 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