

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS MEETING
June 9, 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

VISITORS

Shauna Lorance, General Manager, San Juan Water District (6:45 p.m.)

Director Dains led the Pledge of Allegiance.

PUBLIC COMMENT

None

CONSENT CALENDAR

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

1. Minutes of the Regular Meeting of May 12, 2009.
2. Assessor/Collector's Report for May 2009.
3. Assessor/Collector's Cancellation Letter for May 2009.
4. Treasurer's Report for May 2009.
5. Bills to be Paid for May 2009.
6. Approve CAL-Card Purchases for May 2009.
7. Summary of 2009 Directors, Officers and Employees Training, Seminars and Conference Expenses.

OLD BUSINESS

Surface Water Supply Conditions

AGM Kane presented a report on the most recent information on water supply conditions and on a proposed resolution changing the District's water conservation stage in consideration of recent water allocation increases.

Late-season storms have increased the Sierra snowpack and runoff to levels much greater

than initially forecast early in 2009. The U.S. Bureau of Reclamation (USBR) issued a May Update to the Central Valley Project (CVP) Water Supply Allocations, and San Juan Water District (SJWD) will receive 100 percent of its contract water supply from the USBR for the 2009 water year (March 2009 through February 2010). Directors were provided with a copy of the USBR's May Update.

The level of Folsom Lake was about 96 percent of capacity near the end of May 2009, significantly higher than in February when the CHWD Board of Directors declared the Water Warning water conservation stage. Directors were provided with a copy of the June 2 Weather and Climate News electronic newsletter from the Department of Water Resources which states that the Northern Sierra has received 95 percent of its average precipitation so far this season. Recent precipitation may have increased precipitation for the season to near-normal levels. However, three years in a row of below-average total statewide precipitation has left soil conditions dry and runoff is lower than the precipitation figures alone would suggest

Directors declared a Stage 3 – Water Warning Within Citrus Heights Water District at a special meeting on February 24, 2009. This declaration was based on the USBR's initial projection of 50 percent of contract deliveries for SJWD for water year 2009. The other SJWD Family agencies, and the cities of Roseville and Folsom, made similar declarations of their water conservation stages at the same time. With SJWD now scheduled to receive 100 percent of its contract water supply, there appears little justification for continuing to declare a Stage 3 – Water Warning.

At the May 26, 2009 SJWD Executive Committee meeting, representatives of the SJWD Family Boards of Directors and staffs discussed the mutual stage declaration. Consensus among the group was that returning to a Stage 1 – Normal Water Supply was warranted based on current water supply conditions. The SJWD Board of Directors recently declared a Stage 1, and Fair Oaks Water District was scheduled to consider their declaration at their June 8 meeting. Directors were provided with a draft resolution declaring a Stage 1 – Normal Water Supply. Directors and staff discussed the proposed change to a stage declaration of Stage 1. Directors agreed that it would be difficult to support anything other than a Stage 1 declaration given the assurance of full surface water supplies.

District staff will continue to pursue increased conservation efforts that are already underway with the Sunrise Recreation and Park District, the San Juan Unified School District, the City of Citrus Heights and with restaurants in the service area. If the Board elects to declare a Stage 1, the upcoming edition of the WaterLine newsletter will announce this return to Stage 1, but will continue to emphasize the need for increased water conservation and water use efficiency among District customers.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to adopt Resolution No. 08-2009 Declaring a Stage 1 – Normal Water Supply Within Citrus Heights Water District.

NEW BUSINESS

Training/Continued Education/Meetings

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

Water Forum Water Conservation Element

AGM Kane presented a report on the revised Water Conservation Element of the Water Forum Agreement. He summarized the background of the Water Forum Agreement and the Water Conservation Element.

Water Forum signatories began the process of updating their conservation plans in 2004. Negotiations regarding revisions to the Water Conservation Element ensued from 2004 to the present. A few key principles guided the discussions:

- All parties were seeking to maximize water conservation in a way that is accountable, easy to monitor and track, and effective.
- A water conservation program has merit and all Water Forum water purveyor signatories agree to implement a water conservation program that is consistent with the California Urban Water Conservation Council Memorandum of Understanding (Council MOU).
- Many water purveyors are not yet fully metered, and these purveyors may need flexibility in implementing certain water conservation actions.
- In seeking a broad “universal” solution that applies to all purveyors, it must be recognized that each purveyor has unique water sources, decision-makers and structures, and constraints and opportunities.

After years of negotiations and revisions, agreement has been reached by Water Forum stakeholders on an updated Water Conservation Element.

Directors were provided with a copy of the full text of the new Water Conservation Element. AGM Kane summarized with key requirements and features of the new Water Conservation Element, which uses the Council MOU, including its Best Management Practices (BMPs), schedules, targets, procedures and requirements, as the new standard for water conservation efforts by purveyors under the Water Forum Agreement. This will simplify BMP compliance and reporting for those agencies such as CHWD that are already required to follow the Council BMPs. AGM Kane also summarized the process for purveyors that wish to consider BMP modifications, known as deferrals.

It is hoped that by tying the Water Conservation Element to the Council MOU and BMPs, which are the de facto State-wide standard for water conservation best management practices, it will allow the Water Forum’s Water Conservation Element to evolve along with the Council BMPs and avoid the need for another complete overhaul of this Element in the future. Directors and staff discussed the new Water Conservation Element.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to adopt Resolution No. 09-2009 Approving the Revised Water Conservation Element of the Water Forum Agreement.

PRESENTATIONS

San Juan Water District FY 2009-10 Wholesale Budget

San Juan Water District (SJWD) General Manager Shauna Lorance delivered a presentation on SJWD's 2009-10 Wholesale Budget. Ms. Lorance outlined steps taken by SJWD to keep costs down, provided information of SJWD funds and reserves, reviewed the 2009-10 budget compared with the 2008-09 budget, and discussed major expense items in the budget including staffing, cost of water, chemicals, energy, and materials for the water treatment plant.

Directors, staff and Ms. Lorance discussed the Wholesale Budget and issues related to financing of capital improvements.

Ms. Lorance left the meeting at 7:27 p.m. after the conclusion of her presentation.

Bill Insert of Water-Saving Device Discount Coupons

AGM Kane presented a report on a proposal to include a discount coupon bill insert in CHWD customer bills for water-saving devices and products from Orchard Supply Hardware (OSH). The District has been approached by OSH with an offer to provide District customers with a coupon giving a 15 percent discount on a wide range of water-saving devices and products, including drought-resistant plants. Directors were provided with a copy of the initial letter from OSH proposing the program. As proposed, the coupon would be included in customer bills mailed to all accounts over a full eight-week billing cycle.

Potential benefits to the District and its customers would be:

- Encouraging customers to buy water-saving devices and products.
- Making these water-saving devices and products available at a discounted price from a retailer with a store in the District's service area.
- Helping the District meet its Best Management Practices requirements, particularly BMP 2: Residential Plumbing Retrofit, at little or no expense to the District.

Possible concerns include customer perceptions regarding using a District mailing to promote a retail store, and concerns about the using District funds to support the program. It appears that OSH is willing to pay for printing and inserting the coupons, but as of now there is not an official response from OSH on this matter. The cost for inserting by the District's bill printing/ mailing vendor, DataProse, is estimated to be 2 cents per insert. The cost for inserting in bills for an entire billing cycle would be about \$400.

Directors and staff discussed the proposed coupon program. There is currently no official written offer of what commitments OSH is willing to make in order to gain District approval and move ahead. However, staff believes that this is a great opportunity to take advantage of a public-private partnership to the benefit of the District and its customers. AGM Kane outlined conditions under which the Board may wish to consider authorizing staff to proceed with the coupons:

1. Coupons to be printed and shipped to the District's bill mailing vendor at OSH expense.
2. Costs of inserting coupons to be borne by OSH.
3. Coupon content to be approved by CHWD, including a disclaimer stating that the coupon was printed and distributed at no cost to District customers.

The greatest benefit of this coupon offering is likely to be gained by distributing it during the summer months. This is when outdoor water use is at its peak, and customers can use the discount to purchase devices and plants that will reduce outdoor water demands. Therefore, it was recommended that the Board authorize staff to proceed immediately if OSH can fulfill the above-stated conditions, or any other conditions that the Board may wish to specify.

Directors and staff discussed the conditions that should be specified to OSH for District approval. In addition to those conditions outlined by staff, the Board stated the following additional conditions that they wished to have met in order to proceed with the coupons:

4. Coupon shall be valid only at the Citrus Heights OSH store location.
5. The expiration date of the coupon, if any, should be such that it allows ample time for redemption by all District customers. This is important since distribution of the coupons will occur with customer statements over the course of a two-month billing cycle.

Staff will explore ways in which the success of the program may be measured by OSH.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to authorize District staff to proceed with implementing the inserting of discount coupons for water-saving products from Orchard Supply Hardware, subject to Orchard Supply Hardware meeting conditions set forth by Citrus Heights Water District.

Auction of Surplus Equipment

OM Townsel presented a report on equipment that is surplus to the needs of the District that is proposed to be sold at public auction. The District is preparing to sell the following equipment items as surplus:

1. Equipment No. 13, a 1995 Ford 1/2-ton pickup truck with approximately 68,070 miles.
2. Equipment No. 16, a 1999 Dodge 1/2-ton pickup truck with approximately 119,740 miles.

3. Equipment No. 20, a 1996 Ford dump truck with approximately 50,942 miles.

Under District Policy No. 5750, Disposal of Surplus Property, any District personal property with an estimated value of greater than \$4,000 shall be disposed as surplus *with the authorization of the Board of Directors*. It is possible that each of these trucks could bring more than \$4,000 at auction. In order to avoid any possible non-compliance with District policy, this matter is being brought to the Board of Directors for consideration and action before sending the equipment items to auction.

District staff has researched three local auction companies. The criteria for choosing a new auction company were: auction fees; transportation costs; and contract quality. The companies considered were:

1. Bar None Auctions
2. Ritchie Bros. Auctions
3. Huisman Auctions

Bar None Auctions in Sacramento is recommended as the vendor that best meets the selection criteria. Directors and staff discussed the selection of Bar None Auctions and the process for disposing of surplus property.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to authorize the disposal of District Equipment No. 13, No.16, and No. 20 by public auction at Bar None Auctions in Sacramento.

California-American Water Company Agreements

GM Churchill presented a report on proposed amendments to two agreements with California-American Water Company for Conveyance of Water through interconnections. The District currently has two agreements with California-American Water Company for conveyance of water through interconnections. California-American Water Company has requested and executed amendments to these agreements.

Directors were provided with copies of the following Amendments for consideration:

1. Amendment Number 6 to Agreement CUCC/CHWD-002-1999 Concerning Conveyance of Water through the Sandalwood Drive Interconnection.

This amends the Agreement retroactive to January 1, 2007 and extends the term of the Agreement to December 31, 2009.

2. Amendment Number 4 to Agreement CUCC/CHWD-003-2001 Concerning Conveyance of Water through the Stock Ranch / Crosswoods Interconnection.

This amends the Agreement retroactive to January 1, 2007 and extends the term of the Agreement to December 31, 2009.

Directors and staff discussed the agreements and the proposed amendments.

It was moved by Director Rose, seconded by Director Dion and carried 3-0 to approve Amendments to Agreements with California-American Water Company as follows:

1. Amendment Number 6 to Agreement CUCC/CHWD-002-1999 Concerning Conveyance of Water through the Sandalwood Drive Interconnection.
2. Amendment Number 4 to Agreement CUCC/CHWD-003-2001 Concerning Conveyance of Water through the Stock Ranch / Crosswoods Interconnection.

PROJECT MANAGER'S REPORT

PM Rossi reported on the following activities during the month of May 2009 by the Project Management and Engineering Department: projects under construction or pending construction by private contractors and developers; project development/design underway by District staff; and projects under construction by contractors on the District's behalf. He reported on design coordination underway with the City of Citrus Heights on the City's Auburn Boulevard Joint Trench Utility Undergrounding Project.

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:

Sunrise at Pebble Beach, 5500 and 5550 Sunrise Boulevard, Citrus Heights
41 lineal feet of 8-inch ductile iron water main, 21 lineal feet of 6-inch ductile iron water main, 2 steamer fire hydrants, 1 8-inch gate valve, 2 6-inch gate valves, and 2 post indicator valves.
Value: \$74,000.00

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 188 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 8:17 p.m. OM Townsel and PM Rossi left the meeting. President Dains reconvened the meeting at 8:20 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Directors discussed a recent meeting of the Regional Water Authority (RWA) that was attended by Director Dains, Director Rose, GM Churchill and AGM Kane.

Director Rose announced an upcoming meeting of the Sacramento Groundwater Authority (SGA).

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 Dains, Dion and Rose reported on educational and training sessions that they attended at the recent 2009 Association of California Water Agencies (ACWA) Spring Conference in Sacramento, California.

Director Dion reported on a his recent attendance at the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA) conference that was held immediately preceding the ACWA Spring Conference.

Director Rose reported on a meeting of the Sacramento Local Agency Formation Commission (LAFCO) that he attended recently. He also reported on a recent meeting of the City of Citrus Heights that he attended where a presentation on water conservation was delivered by District Special Programs Coordinator Joe Scherrer.

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

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. San Juan Water District (SJWD) is preparing to execute its next financing for capital improvements, an issuance of approximately \$30 million in Certificates of Participation (COPs) on June 18, 2009. Fitch Ratings recently issued a "AA" rating to SJWD for its Series 2009A COPs. As a wholesale customer of SJWD, CHWD has provided information to the Preliminary Official Statement (POS) for the COPs. District staff has provided written certification of the accuracy of the information contained in the Appendix B, District Information, to the POS.
2. District staff and newsletter consultant CirclePoint are putting the finished touches on the written copy for the Summer 2009 WaterLine newsletter. AGM Kane summarized the content of the upcoming newsletter. The newsletter is scheduled to begin arriving in customers' mailboxes during the first week in July.
3. Directors were provided with an update on the work to modify the existing customer water statements to include itemized information on water consumption and charges by tier. Staff hopes to be ready to implement the revised water statements in October 2009.
4. AGM Kane reported on his recent attendance at the 2009 Association of California Water Agencies (ACWA) Spring Conference in Sacramento, California on May 20-21, 2009.
5. The District has been in discussions with a representative of the Crossroads Employment Services Summer Youth Program about the possibility of bringing

- on a youth employee for the summer. The program, funded by a grant from stimulus dollars received from the American Recovery Act, provides paid employment for young people aged 16-21 for 20 hours per week during the summer. The employee would be provided at no cost to the District except for costs of supervision and items such as safety equipment that may be required depending upon the assignment. The District will submit an application in an effort to gain the services of a youth employee under the program.
6. AGM Kane attended the Water Forum Successor Effort meeting on May 14, 2009. He reported on highlights of that meeting.
 7. The District plans to implement the Voyager Fleet Card program for fueling its gasoline-powered vehicles. Directors were provided with a report on the features and benefits of the program. The program will greatly increase the number of gas stations where District vehicles can be fueled, reducing special trips to a single gas station location as has been the practice for many years. Staff also expects to realize a small savings on the cost of fuel as well by offering the option of fueling at stations offering the lowest gasoline prices.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Nineteen District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of May 2009. Directors were provided with a list of the employees and items for which each received recognition.
2. GM Churchill participated in two Sacramento County District 4 Ad Hoc Budget Review Committee meetings on behalf of the Citrus Heights Regional Chamber of Commerce. The 20-plus member Committee was assembled by Supervisor Robert MacGlashan and chaired by former US Congressman Doug Ose. Other individuals participating included Ted Costa (People's Advocate & SJWD), Kerri Howell (City of Folsom) and Marcia Fritz (CPA).
3. GM Churchill reported on his recent attendance at the 2009 Association of California Water Agencies Spring Conference in Sacramento on May 20-21, 2009, including educational and training sessions that he attended at the conference.
4. A list of the General Manager's significant assignments and activities was provided.

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.

ADJOURNMENT

There being no other business to come before the Board, the meeting was adjourned at 9:10 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