

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
October 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

Director Dion was absent due to out-of-town travel.

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 Rose, seconded by Director Dains and carried 2-0 to accept the Consent Calendar consisting of the following items:

1. Minutes of the Regular Meeting of September 8, 2009.
2. Assessor/Collector's Report for September 2009.
3. Assessor/Collector's Cancellation Letter for September 2009.
4. Treasurer's Report for September 2009.
5. Bills to be Paid for September 2009.
6. Approve CAL-Card Purchases for September 2009.
7. Summary of 2009 Directors, Officers and Employees Training, Seminars and Conference Expenses.

OLD BUSINESS

2010 Budgets and Water Rates

AGM Kane presented a report on issues related to the draft Operating and Capital Improvement Budgets and draft water rates for 2010. The Board of Directors discussed

the draft budgets and rates at its Regular Meetings of August 11 and September 8, 2009. The September meeting was an announced public workshop. As directed by the Board, District staff prepared and mailed Proposition 218 notices of the Public Hearing on Proposed Water Rate Adjustments to District property owners. Directors were provided with a copy of the notice containing the proposed rate increase that was originally identified as Rate Option 3, an increase in the commodity charge equal to an increase of \$2.68 per month for the typical single-family residential customer. More detailed information on the proposed 2010 Budgets and Water Rates was made available on the District's web site. As of October 13, 2009, 19 letters of protest have been received. Copies of all of the letters of protest will be assembled and made available to Directors when the agenda materials for the November 10 meeting are distributed.

No changes have been made to the proposed Operating and Capital Improvement Budgets for 2010 as presented at the September Board meeting. These budgets, originally identified as Budget Option C, set forth a \$9.76 million Operating Budget and a \$1.38 million Capital Improvement Budget for 2010, representing total proposed expenditures and fund transfers of \$11.14 million. Directors were provided with a copy of the 2010 Operating and Capital Improvement Budget summaries.

Directors were also provided with a copy of the Comparison of 2009 Water Rates, Fees and Charges to Proposed 2010 Rates, Fees and Charges. This document has been posted to the District's web site. In addition to the service charge and commodity charge rates discussed at the past two Board meetings, this document also proposes a number of increases or decreases to various service charges based on staff's recent analysis of the actual cost of providing these services. Directors and staff discussed the proposed adjustments to the fees and charges, and the analyses that were performed to provide the basis for the adjustments.

An apparent mismatch between budgeted expenditures/transfers and projected revenues for 2010 was identified during discussions at the September Board meeting. Upon further analysis, what appeared to be a shortfall in projected revenue was caused by a significantly lower quantity of water sales projected compared with the quantity of water purchases budgeted. When the quantity of water sales projected was increased to correspond with the quantity of water purchases, the estimated revenues of \$11.20 million for 2010 slightly exceed the total budgeted expenditures/transfers of \$11.14 million. Directors were provided with a copy of the Revenue Estimates for 2009 and 2010, showing the estimated revenues for various revenue sources.

Directors were also provided with a copy of the document entitled 2010 Budgets and Water Rates Overview. This document, drawn from the information prepared for the September 8, 2009 Public Workshop, has been posted to the District's web site. It provides details on issues underlying the development of proposed Operating and Capital Budgets and Water Rates and Charges for 2010.

Directors and staff discussed the budgets and rates for consideration at the November 10 Public Hearings. Staff was directed to proceed with preparation of proposed budgets and

rates consistent with Budget Option C and Rate Option 3 per the Board's previous direction.

NEW BUSINESS

Training/Continued Education/Meetings

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

Alternative Work Schedule

OM Townsel presented a report on a possible change to the District's traditional work schedule and operating hours. The report was a collaborative effort of District management staff to identify ways to control costs for CHWD customers and provide work schedules that will help to attract and retain great employees. Staff researched the two most common alternate work schedules: the 9-80 Plan and the 4-10 Plan.

It was briefly described how each of these alternative work schedules is structured. Under the proposed 4-10 Plan, the District work schedule would be compressed into a four-day work week with 10-hour work days. It has been determined that with the District's lean staffing levels, the 4-10 Plan will be easier to implement and provide greater cost savings than the 9-80 Plan.

Directors were provided with a list of estimated cost savings that could be realized under a 4-10 work schedule, including reduced costs for overtime, utilities, routine groundwater pumping, and fuel, and increased standby duty costs. The annual savings have been estimated to be over \$29,000. If approved, it is proposed that the 4-10 work schedule be implemented on a trial basis to be evaluated after one year as to the savings and impact on District customers and operations.

Staff also identified additional anticipated benefits including reduced sick-leave usage with employees having one weekday each week free to schedule medical appointments. There would also be a reduction in the District's "carbon footprint" with a 20 percent reduction in employee commute travel due to reducing the number of workdays each week.

Studies of the effectiveness of 4-10 work schedules at reducing organizational costs have shown considerable cost savings for fuel, utilities, and sick leave as well as an overall increase in employee job satisfaction and productivity.

Directors and staff reviewed an analysis of the advantages and disadvantages of a 4-10 work schedule. They discussed the steps that would need to be taken before such a schedule could be implemented, including revisions to a number of District Human Resources policies related to work schedules, holidays and overtime. The proposed changes would also need to be ratified by two-thirds of the employees and notification

would need to be made to District customers to inform them of changes to the days and hours that the District is open for business.

The possible impact of a Friday closure on District customers was also discussed. Directors suggested that District customers be surveyed as to their feelings about the District being open for business only four days per week. In order to limit the time and expense of such a survey, it was discussed to offer the survey to customers who come to the District office for service.

The consensus of Directors was that the cost savings and other potential benefits made the 4-10 work schedule worthy of further consideration. Staff was directed to proceed with the next steps of developing the alternative work schedule program, and to return to the Board with more information and any recommended actions at a future Board meeting.

National Water Resources Association California Caucus Ballot

GM Churchill presented a report on an election to fill three full Board positions and two alternate positions for the National Water Resources Association (NWRA) California Caucus. Directors were provided with copies of the Association of California Water Agencies (ACWA) request, the NWRA California Caucus Ballot, and the Nominee Background Summaries. Ballots are due by November 30, 2009. An agency may vote for up to five nominees with the ballot being valid with five or less votes.

Directors discussed the slate of twelve candidates.

It was moved by Director Rose, seconded by Director Dains and carried 2-0 to cast the Citrus Heights Water District ballot for: David A. Breninger, Placer County Water Agency; Wayne A. Clark, Municipal Water District of Orange County; Bill George, El Dorado Irrigation District; and E.G. "Jerry" Gladbach, Castaic Lake Water Agency.

Schuman Lane Property Sale

GM Churchill presented a report on private party interest in the purchase of a small portion of District property at 6206 Schuman Lane. The commercially-zoned property at 7529 Greenback Lane that abuts the District's recently-acquired properties on Schuman Lane has been for sale for some time. Closing of escrow has reportedly taken place. GM Churchill spoke with the prospective buyer regarding water service to the site and also mentioned that a portion of the District's property at 6206 Schuman Lane could potentially be available for sale if it is determined to be surplus to the needs of the District.

In June of 2008, the District purchased three residential parcels and one roadway parcel totaling 40,640 square feet on Schuman Lane. The District's current investment in these properties is approximately \$454,000, equivalent to \$11.17 per square foot, including expenses for purchases, legal, engineering, utility removal, demolition and staff time.

District's staff's preliminary analysis indicates that as much as 55.38 feet of the southerly portion of the 76.5-foot-wide at parcel at 6206 Schuman Lane might be available, an area of about 4,237 sq. ft. or 0.097 acres.

Directors were provided with the prospective buyer's letter of interest in acquiring a portion of the District's property. The property at 7529 Greenback Lane measures 150 feet by 76.5 feet, an area of about 11,475 square feet, although only 110 feet by 76.5 feet (8,415 square feet) is available for development since the remainder of the site is in the Greenback Lane right-of-way. GM Churchill outlined a preliminary list of items to discuss regarding the possible sale of property. It was noted that Directors had discussed this matter in Closed Session during the Special Meeting held earlier on October 13, 2009, and that no action had been taken by the Board.

Directors discussed private party interest in purchase of District property at 6206 Schuman Lane and directed staff to proceed with exploring the possible sale of a portion of the property.

PROJECT MANAGER'S REPORT

PM Rossi reported on the following activities during the month of September 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:

7411, 7419, 7527 and 7535 Country Oaks Lane, Orangevale
8 lineal feet of 12-inch PVC pipe; 1,389 lineal feet of 8-inch PVC pipe; 35 lineal feet of 6-inch PVC pipe; 2 fire hydrants; 2 12-inch gate valves; 1 8-inch gate valve; 2 6-inch gate valves; 1 1-inch air vacuum relief valve assembly and 5 1-inch metered water services.
Value: \$80,000.00

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 355 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 79 samples, have met all California Department of Public Health requirements with the exception of one sample that showed a positive result but tested negative upon retesting.

2. District-wide water consumption for the calendar year 2009 through the month of September was estimated to be 11,828.69 acre-feet, a decrease of 22.4 percent compared with the average annual water consumption during the previous five years, 2004-2008. The surface water consumption for January through April 2009 was estimated based upon District customer water meters plus 5 percent unaccounted for water minus water wheeled to other water agencies.

OM Townsel and PM Rossi left the meeting at 8:13 p.m.

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Rose reported on a meeting of the San Juan Water District Executive Committee that he attended recently along with Director Dion and AGM Kane. He also reported on meetings of the Sacramento Groundwater Authority (SGA) and the Sacramento Local Agency Formation Commission (LAFCO) that he attended recently.

AGM Kane reported on recent meetings of the Citrus Heights Chamber of Commerce Government Issues Committee.

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. Work is nearing completion on modifying the existing customer water statements to include itemized information on water consumption and charges by tier. Water statement redesign work is now being finalized by the District's bill printing/ mailing vendor. District staff is working on the information bill insert and web site updates that will accompany the introduction of the water statement modifications. The new customer water statements are on target to be implemented during November. Directors were provided with a sample copy of the new water statement format.
2. A Water Forum Successor Effort meeting was held on October 8, 2009. AGM Kane did not attend due to his attendance at the CA/NV AWWA Conference on that date. No actions were scheduled for the meeting. Directors were provided with a copy of the meeting agenda. Directors were also provided with a letter from Water Forum Executive Director Tom Gohring to Donald Glaser, Regional Director of the USBR Mid-Pacific Region, expressing disappointment in the USBR staff's efforts to work with the Water Forum in completing the Lower American River Flow Standard. A letter to the Water Forum from U.S. Representative Doris Matsui, written in response to Mr. Gohring's letter to the USBR, was also provided to Directors.
3. Ultra-low-flush toilet rebates continue at a record pace with 352 rebates processed through the end of September 2009. The total for the entire year of 2008 was 294 rebates; and 220 in 2007. Information on Folsom Lake levels, statewide statewide

reservoir storage, and the possibility of “El Nino” conditions for the coming season was provided to Directors.

4. AGM Kane attended the American Water Works Association (AWWA) California-Nevada Section conference on October 6-8, 2009 in Las Vegas, Nevada. He reported on educational and training sessions attended at the conference.

GENERAL MANAGER’S REPORT

GM Churchill reported as follows:

1. Twenty-one District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of September 2009. Directors were provided with a list of the employees and items for which each received recognition.
2. GM Churchill attended the American Water Works Association (AWWA) California-Nevada Section conference on October 6-8, 2009 in Las Vegas, Nevada. He reported on educational and training sessions attended at the conference. He earned an estimated 11 contact hours of training applicable to his Operator and Treatment Certifications.
3. The District has received five proposals to provide architectural planning, design and construction administration services for the Bonita Way Storage Building in response to a Request for Proposals (RFP) that was sent to 13 architectural firms and to the Sacramento Regional Builder’s Exchange in early September. The proposals are being reviewed by GM Churchill, OM Townsel and Water Conservation Specialist Meurer, with the goal of presenting a recommendation for selection to Board of Directors at the November 10, 2009 meeting. Directors were provided with a copy of the RFP.
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 8:44 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