

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
February 9, 2010

The Regular Meeting of the Board of Directors was called to order at 6:36 p.m. by President Rose and roll was called. Present were:

Charles T. Rose, President
Joseph M. Dion, Vice President
Allen B. Dains, Director
Robert A. Churchill, General Manager
David B. Kane, Assistant General Manager
John J. Townsel, Operations Manager
David M. Rossi, Project Manager
Kelly R. Drake, Water Meter Technician

VISITORS

None

Director Rose led the Pledge of Allegiance.

PUBLIC COMMENT

None

CONSENT CALENDAR

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

1. Minutes of the Regular Meeting of January 12, 2010.
2. Assessor/Collector's Report for January 2010.
3. Assessor/Collector's Cancellation Letter for January 2010.
4. Treasurer's Report for January 2010.
5. Bills to be Paid for January 2010.
6. Approve CAL-Card Purchases for January 2010.
7. Summary of 2010 Directors, Officers and Employees Training, Seminars and Conference Expenses.
8. Deny the claim from Larry and Alice Roberts for property damage in the amount of \$1,000.00 and forward it to the District's insurance carrier, ACWA-JPIA, for further consideration and action.
9. Adopt Resolution 04-2010 Concurring in the Nomination of Thomas A. Cuquet of South Sutter Water District for the Office of Vice President with the Association of California Water Agencies – Joint Powers Insurance Authority (ACWA-JPIA).

10. Reject the claim from Patsy Lee for personal and property damage and forward it to the District's insurance carrier, ACWA-JPIA, for further consideration and action.

OLD BUSINESS

Bonita Way Storage Building

GM Churchill presented a status update on the design phase of the Bonita Way Storage Building project. He summarized progress on design of the project by Blackbird Architects as follows:

- A formal planning review application and plans were submitted to the City of Citrus Heights on January 13, 2010.
- Complete sets of reduced plans were mailed to neighbors bordering the site on January 20, 2010.
- Received a telephone message from Don Weber on January 22, 2010 saying that he is "pleased with the beautiful building."
- Received a letter from Don Wells on January 24, 2010 expressing his pleasure with the project. Directors were provided with a copy of the letter.
- A presentation to the CH Neighborhood 10 "SOAR" was given on January 25, 2010. Directors were provided with a copy of the meeting announcement, meeting agenda and SOAR comments provided to the City on January 29, 2010. It was noted that concerns expressed at the meeting were not about the building but about the difference in the groundwater versus surface water.
- The City of Citrus Heights Planning Department approved a Design Review Permit for the project on January 29, 2010. The District can now begin preparing construction plans and specifications for submittal to the City of Citrus Heights Building Department.

Directors were provided with a copy of preliminary design plans for the project. Directors and staff discussed the project.

Carmichael Water District Agreements

GM Churchill reported on proposed water supply agreements with Carmichael Water District (CWD). As reported at the January 12, 2010 Board of Directors meeting, in 1999 CHWD and CWD entered into two agreements as follows:

- Agreement 001-1999 Concerning Diversion, Production, Treatment and Conveyance of Water
- Agreement 002-1999 Concerning Conveyance of Water through the Papaya Drive Interconnection

In the interim, amendments to the 1999 agreements have been periodically although not annually adopted, primarily to update the billing rates for conveyance of water from CHWD to CWD.

As recommended by staff of both agencies, both agreements have been rewritten to include the following substantive changes:

- Provision for CWD to provide water to CHWD
- Breaking out the variable items in the Papaya Drive Interconnection Agreement and placing them in Exhibit A to make updates more practical without causing annual amendments by Board action to the Agreement.

Directors were provided with clean and edited draft versions of both agreements. Directors and staff discussed the agreements.

It was moved by Director Dains, seconded by Director Dion and carried 3-0 to approve the following two Agreements with Carmichael Water District:

- Agreement 003-2010 Concerning Diversion, Production, Treatment and Conveyance of Water
- Agreement 004-2010 Concerning Conveyance of Water through the Papaya Drive Interconnection

NEW BUSINESS

Pilot Groundwater Substitution Water Transfer Project

GM Churchill presented a report on a draft agreement for participation in a Pilot Groundwater Substitution Water Transfer Project with San Juan Water District (SJWD) and possibly Fair Oaks Water District (FOWD). Directors were provided with a copy of the draft agreement.

Under the proposed agreement, CHWD will provide about 2,500 acre-feet of groundwater, with FOWD providing a like amount if they participate, in exchange for and equal amount of surface water to be transferred to Santa Clara Valley Water District (SCVWD) and, ultimately to the San Diego County Water Agency (SDCWA). The surface water will be delivered by SJWD to the confluence of the American River and Sacramento River, at which point SCVWD and SDCWA will be responsible for its conveyance. The agreement sets forth the terms of CHWD's participation in the transfer project, including scheduling of groundwater pumping, payment for groundwater pumped, measurement of groundwater produced and other terms and conditions.

Directors and staff discussed the proposed agreement. Directors expressed their interest in participating in the transfer project, and directed the General Manager to continue to pursue the project agreement. Directors discussed the possibility of a Special Meeting later in February to consider entering into a project agreement with SJWD, and directed the General Manager to advise the regarding the timing for approval of a project agreement when more information becomes available.

GM Churchill left the meeting at 7:08 p.m. to attend a San Juan Unified School District

Board of Education Meeting regarding easements at San Juan High School.

Training/Continued Education/Meetings

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

Peerless Avenue Water Conveyance Agreement

AGM Kane presented a report on a proposed agreement concerning conveyance of water from San Juan Water District (SJWD) to Citrus Heights Water District (CHWD) customers on Peerless Avenue in Orangevale. CHWD's 42-inch water transmission main, constructed in 1958, is along the south side of the roadway adjacent to Eden Oaks Avenue in Orangevale. Over time, as water services were requested for properties on Eden Oaks Avenue, Excelsior Avenue and Peerless Avenue, connections were made to the transmission main because there was not a smaller distribution main along the street. These types of connections are strongly discouraged by today's standards.

The installation of two new 42-inch valves on the CHWD transmission main in conjunction with SJWD's Wholesale Meter Replacement Project presented an opportune time for the CHWD to construct an 8-inch distribution main along Eden Oaks Avenue and transfer the services off of the transmission main. This work was completed by CHWD crews in early 2009 and all but two of the more-than 30 services were reconnected to the new distribution main.

Connection of the two remaining services on Peerless Avenue to the new distribution main was not practical due to distance and the terrain, as well as the presence of the Linda Creek channel through the southerly portion of 7629 Peerless Avenue. The Peerless Avenue properties served by CHWD are on the common boundary with SJWD, which serves properties on the east side of Peerless Avenue. SJWD has a 4-inch water distribution main along Peerless Avenue along the boundary. At CHWD's request and expense, SJWD constructed two services in February 2009 from their main to properties served by CHWD on the west side of Peerless Avenue. CHWD crews then installed CHWD meters, connected to the dwellings and abandoned the connection to CHWD's transmission main. Directors were provided with a copy of a map showing the location of the Peerless Avenue services.

Directors were provided with a copy of the proposed "Agreement between Citrus Heights Water District and San Juan Water District Concerning Conveyance of Water through the Peerless Avenue Water Services." The agreement memorializes the project and sets forth the terms and conditions for CHWD customers to receive water through SJWD facilities and how CHWD will pay SJWD for the water delivered. Directors and staff discussed the agreement.

It was moved by Director Dains, seconded by Director Dion and carried 3-0 to approve "Agreement Between Citrus Heights Water District and San Juan Water District

Concerning Conveyance of Water Through the Peerless Avenue Water Services”.

Investment of District Funds Policy

AGM Kane presented a report on the 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 2009. Directors were provided with a copy of the policy.

The policy has been reviewed by District staff and by District Legal Counsel Judy Albiez. Ms. Albiez' annual review covers the existing Policy and the current California Government Code Sections related to public agency investments. As indicated in Ms. Albiez' confidential electronic mail memorandum dated January 29, 2010 there were no changes in the Government Code during 2009 affecting the current Investment Policy. Review by District staff also did not reveal any changes required. Therefore, it is recommended that the policy be readopted with no changes. Directors were provided with a copy of Ms. Albiez' confidential memorandum. Directors and staff discussed the policy.

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

Purchase of Water Meter Testing Equipment

AGM Kane presented a report on the proposed purchase of water meter testing equipment. The proposed equipment will be used primarily at water meter locations in the field. This equipment will help to reduce lost revenue by identifying water meters that are under-registering the amount of water being delivered, and will also allow District staff to demonstrate to customers that their meters accurately measure the amount of water being used. The District has received funding in its 2009 Water Conservation Field Services Program grant from the U.S. Bureau of Reclamation for the purchase of water meter testing equipment as a water use efficiency measure. The budget amount in the grant is \$13,015, of which 50 percent is grant funding and 50 percent District funding.

Bids were solicited from four separate vendors for both large and small meter testing equipment; however, the wide variations among the quality, accuracy and features of the equipment make it not possible to do a strict competitive bid for this equipment. The equipment recommended for purchase by the District is as follows:

1 Mars MUN-4 Utility Service Analyzer (large meter tester)	\$10,080.00 + applicable sales tax
1 Mars MUN-1 Utility Service Analyzer (small meter tester)	\$ 892.50 + applicable sales tax

Directors were provided with a table showing the meter testing models considered and bids received for each model. There was a wide variation in cost of the testing equipment,

particularly the large meter test equipment. Staff presented its justifications for selecting the Mars meter testing equipment with reliability, weight, accuracy and lifecycle cost of the units being reasons for selecting the Mars equipment. Based on staff's evaluation of the four manufacturers' meter testing equipment, the Mars equipment is superior in overall reliability and accuracy. Since the District will have only one large and one small meter tester available, reliability is a particularly important feature. Directors were provided with product specification sheets for both the large and small Mars meter testing units. Directors and staff discussed the meter testing equipment. Water Meter Technician Kelly Drake responded to questions from Directors regarding the operation of the equipment and its application for various sizes and types of water meters.

It was moved by Director Dion, seconded by Director Dains and carried 3-0 to authorize staff to purchase one Mars MUN-4 Utility Service Analyzer in the amount of \$10,080.00 plus applicable sales tax, and one Mars MUN-1 Utility Service Analyzer in the amount of \$892.50 plus applicable sales tax from Measurement Control Systems of Roseville, California.

Kelly Drake left the meeting at 7:27 p.m.

2010 Fleet Vehicle Purchase

OM Townsel presented a report on the proposed purchase of one ½ -ton pickup truck to replace an existing ½ -ton pickup truck that was stolen from in front of GM Churchill's residence in Fair Oaks on January 29, 2010. The pickup truck, District Equipment No. 2, a 2001 Dodge ½ -ton pickup truck with about 50,000 miles, may have been a candidate for replacement in 2011 due to its age.

District staff researched vehicles available for purchase as a replacement as follows:

1. 2010 Dodge Dakota King Cab new \$17,952 (State Bid)
2. 2010 Dodge Regular Cab new \$20,492 (State Bid)
3. 2010 Dodge Quad Cab new \$25,912 (State Bid)
4. 2004 Chevrolet 1500 96K miles \$13,701 (Car Max)
5. 2007 Dodge Durango 35K miles \$18,486 (Car Max)
6. 2005 Dodge Ram Quad Cab 47K miles \$15,876 (Car Max)

For purchasing of the replacement vehicle, it is proposed that the District use the State of California bid as it has done since 1998. 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 pickup truck proposed to be purchased under the bid is as follows:

<u>Qty.</u>	<u>Description</u>	<u>Unit Price</u>	<u>Vendor</u>
1	2010 ½ -ton pickup (Dodge Dakota King Cab)	\$17,952	Auto West Dodge

Directors and staff discussed the stolen truck and its proposed replacement. Staff noted that the District will likely receive an insurance payout from ACWA-JPIA for the value of the stolen pickup truck, less the District's \$1,000.00 deductible on vehicle losses.

It was moved by Director Dion, seconded by Director Dains and carried 3-0 to authorize staff to proceed with the purchase of one ½ -ton pickup from Auto West Dodge with a total cost of \$17,952.00

New Sacramento Operational Area Agreement

AGM Kane presented a report on a New Sacramento Operational Area Agreement for Emergency Services Organization. As a special district in Sacramento County, Citrus Heights Water District is a member of the Operational Area with whom the County needs to coordinate during disasters and non-emergency times. The District was a participant in the prior Operational Area Agreement that has recently been revised to include the newer cities and to establish the County as the sole lead agency. Among other items, the Agreement sets forth the Operational Area Council and the Operational Area Coordination by the County of Sacramento. Directors and staff discussed the Agreement.

It was moved by Director Dion, seconded by Director Dains and carried 3-0 to approve Resolution 05-2010 “Entering into a New Sacramento Operational Area Agreement for Emergency Services Organization.”

PROJECT MANAGER’S REPORT

PM Rossi reported on the following activities during the month of January 2010 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.

OPERATIONS MANAGER’S REPORT

OM Townsel reported as follows:

1. A total of 309 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 requirement.
2. District-wide water consumption for the calendar year 2010 through the end of January 2010 was 504.37 acre-feet, a decrease of 34.1 percent compared with the average annual water consumption during the previous five years, 2005-2009.

OM Townsel and PM Rossi left the meeting at 7:45 p.m.

DIRECTOR’S AND REPRESENTATIVES REPORTS:

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

Directors Dains and Dion and AGM Kane reported on the Association of California Water Agencies (ACWA) Regional Implementation Workshop for the recently-enacted California legislative water package that they attended recently along with GM Churchill.

Director Rose reported on a Sacramento Local Agency Formation Commission (LAFCO) meeting that he attended recently. He also reported on an upcoming meeting of the Sacramento Groundwater Authority (SGA). He reported that he had not been attending City of Citrus Heights City Council meetings recently, but continued to stay informed on City activities through meeting agendas and other materials that he receives.

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

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. The District has received a rate stabilization fund refund from the Association of California Water Agencies – Joint Powers Insurance Authority (ACWA-JPIA) in the amount of \$82,491.04. The refund check was presented personally by Director Dion, who is a member of ACWA-JPIA's Executive Committee. Technically known as the Retrospective Premium Adjustment (RPA) Stabilization Fund, the refunds encompass all ACWA-JPIA insurance programs in which the District participates – Property, Liability, and Workers' Compensation. The refunds reflect both the performance of ACWA-JPIA's risk pool as a whole and CHWD's success in limiting insurance claims. Directors were provided with a copy of the RPA Stabilization Fund Report summary page.
2. Work on the District's financial audit for the year ending December 31, 2009, 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 22, 2010. The goal is to have the audit prepared in time for presentation at the Board's April 13, 2010 meeting. Concurrently, District staff is soliciting proposals from actuarial firms to prepare an actuarial valuation of the District's OPEB (other post-employment benefits) commitments in compliance with Government Accounting Standards Board Statement 45 (GASB-45).
3. AGM Kane is currently participating on the Regional Water Shortage Contingency Plan Consistency Work Group. This group was formed as a result of discussions at the Regional Water Authority's (RWA) Regional Water Efficiency

Program Leadership Summit in December 2009. Group members are working toward establishing a common region-wide approach to water conservation ordinances and water shortage contingency plans, most commonly known as the water conservation “stages”. AGM Kane summarized the benefits of such a region-wide approach in reducing confusion among customers and supporting regional public outreach efforts. The work group has developed an initial proposal for the stages, their titles and the targets for water savings in each of the stages, but significant hurdles remain in developing an approach that will be embraced and adopted by all RWA member agencies.

4. AGM Kane attended the Water Forum Successor Effort meeting on January 14, 2010. Water Forum Executive Director Tom Gohring presented a report on the Lower American River Flow Management Standard, including the latest findings on the Interactive Coldwater Pool Management Model. John Woodling of RWA also gave a presentation on the Integrated Regional Water Management Plan.
5. The California Urban Water Conservation Council (CUWCC) is preparing to undertake an update of its five-year Strategic Plan. A letter was sent by GM Churchill to CUWCC requesting consideration of changes to the structure of its Board of Directors as part of its Strategic Plan Update. Directors were provided with a copy of the letter. The letter identifies concerns with lack of representation on the CUWCC Board from the Sacramento Valley and other regions in California and suggests changes to broaden the geographic representation. It also suggests imposing term limits for Board members. Similar letters were sent by other RWA member agencies. Feedback received from a CUWCC officer in response to the letters indicates that the concerns of CHWD and other agencies in the region have been heard and will be considered in the update process.
6. Directors were provided with a history of District Funds and Reserves at year-end from 1996 to date. Of particular note is the fact that the District’s total funds and reserves rebounded from the previous year by over \$1.4 million by the end of 2009, a direct result of the rate-setting and fiscal policies supported by the Board. Funds and reserves hit their 13-year low of \$3.03 million at the end of 2008.

GENERAL MANAGER’S REPORT

AGM Kane reported for GM Churchill as follows:

1. Twenty-one District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of January 2010. Directors were provided with a list of the employees and items for which each received recognition.
2. At the request of the City of Roseville, letters to Senators Feinstein and Boxer were executed by President Rose in support of Roseville’s Aquifer Storage and Recovery Project. Directors were provided with copies of the letters.

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

CORRESPONDENCE

Correspondence was discussed and ordered filed as follows:

1. Letter dated January 5, 2010, from Rita Schmidt Sudman, Executive Director of the Water Education Foundation, expressing appreciation for the District's financial contribution for the year 2010.
2. Letter dated February 1, 2010, from Robert C. Renner, Executive Director of the Water Research Foundation, thanking the District for its continued financial support.

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 8:50 p.m.

APPROVED:

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

Original signed by: Charles T. Rose
CHARLES T. ROSE, President
Board of Directors
Citrus Heights Water District