

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

The Regular Meeting of the Board of Directors was called to order at 6:30 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

VISITORS

James Ferro  
Tim Cutler  
Tyler Cutler

Director Dion 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 February 9, 2010.
2. Assessor/Collector's Report for February 2010.
3. Assessor/Collector's Cancellation Letter for February 2010.
4. Treasurer's Report for February 2010.
5. Bills to be Paid for February 2010.
6. Approve CAL-Card Purchases for February 2010.
7. Summary of 2010 Directors, Officers and Employees Training, Seminars and Conference Expenses.
8. Adopt Resolution Nos. 07-2010, 08-2010 and 09-2010 Accepting Easements at 7551 Greenback Lane, Citrus Heights – San Juan High School from the San Juan Unified School District.
9. Adopt Resolution 06-2010 Concurring in the Nomination of Merle J. Aleshire for the Office of Vice President with the Association of California Water Agencies – Joint Powers Insurance Authority (ACWA-JPIA).

## OLD BUSINESS

### Bonita Way Storage Building

GM Churchill presented a status update on the design phase of the Bonita Way Storage Building project. He reported that the design of the project by Blackbird Architects is progressing. Submittal of plans to the City of Citrus Heights Building Department is anticipated to occur on March 11, 2010.

### Pilot Groundwater Substitution Water Transfer Project

GM Churchill presented a report on a proposed agreement with San Juan Water District (SJWD) for a Pilot Groundwater Substitution Water Transfer Project. Directors were provided with a copy of a staff report prepared by San Juan Water District that was presented at the February 9, 2010 Board of Directors Meeting. The report discusses the value in participating in the Pilot Groundwater Substitution Water Transfer Project with SJWD. Fair Oaks Water District (FOWD) is not a participant in this project at this time.

Directors were provided with a proposed Project Agreement that has been modified from the draft that was presented at the Board's February 9, 2010 meeting as follows:

- Project participants are San Juan Water District and Citrus Heights Water District
- The surface water transfer and groundwater production amounts have been reduced from 5,000 acre-feet to 2,500 acre feet.
- The payment for groundwater produced by Citrus Heights Water District has been reduced from \$148 per acre-foot to \$140 per acre-foot.
- The estimated revenue has been reduced from \$1,000,000 to \$500,000.
- SJWD's pre-project estimated net for the project has been reduced from \$206,000 to \$50,325.
- CHWD's pre-project estimated net for the project has been reduced from \$206,000 to \$186,000.

CHWD Legal Counsel Judith Albietz has reviewed both the February 8, 2010 draft document and the March 1, 2010 document now under consideration by the Board. Her comments, primarily with respect to dispute resolution, have been incorporated into the proposed agreement. Directors and staff discussed the proposed agreement, including the effect of FOWD not being a participant in the agreement. GM Churchill noted that the amount of water proposed to be transferred under the agreement is only half of what was initially proposed with FOWD's participation, and that this lesser amount could affect San Diego County Water Authority's interest in the transfer.

It was moved by Director Dion, seconded by Director Dains and carried 3-0 to authorize execution of Agreement with San Juan Water District for a Pilot Groundwater Substitution Water Transfer Project.

### Alternative Work Schedule

OM Townsel and AGM Kane presented a report on a proposed change to the District's work schedule and operating days and hours of the District on a trial basis. Efforts have been undertaken by District management staff to research a change to the traditional work schedule and operating hours. This topic was discussed at the October 13, 2009 Board of Directors meeting. Staff summarized the 9-80 Plan and the 4-10 Plan, the two most common alternate work schedules to the traditional 5-day, 40-hour work schedule now in use by many public and private companies. Both plans have been researched by District staff.

It has been determined that for the District's staffing levels, the 4-10 Plan will provide a higher cost savings and be easier to implement. As proposed, under a 4-10 Plan the typical work schedule for employees would be Monday through Thursday, 7:00 a.m. to 5:30 p.m. with a one-half-hour lunch period. It was noted that there will need to be flexibility in work hours and days for different individual employees or work groups to meet the needs of the District and its customers. Lobby hours for customer service would be Monday through Thursday, 8:00 a.m. to 5:30 p.m.

Staff presented a summary of the potential operating cost savings of changing to a 4-10 work schedule, estimated to be over \$38,000 annually net of some additional costs. Areas of savings include overtime expense, utilities for office and shop buildings and fuel for equipment, with additional costs identified for the Standby Program and holiday pay. Other benefits to the District, its customers and its employees that are more difficult to quantify on a cost basis include:

- Reduced sick-leave costs since employees can use Fridays for medical appointments.
- Reduced commuter pollution due to 20 percent fewer employee commute trips.
- Increased flexibility in work scheduling with revised overtime policy.
- Office open until 5:30 p.m. for customers just getting off work.

In order to implement a 4-10 work schedule, a number of District Policy amendments will need to be made. Many of these amendments are minor in nature; for example, eliminating the reference to the number of days of annual leave accrued under the Annual Leave policy and referring only to the number of hours accrued. However, a few of the policies will require significant revisions, primarily the policies regarding overtime pay and the standby program. Staff discussed proposed revisions to these policies. As proposed, overtime at 1.5 times regular hourly pay would be paid only after the first 40 hours worked in a work week, instead of after 8 hours in a work day. Pay at 2.0 times regular hourly pay, which is currently paid after 12 hours in a work day, would now be paid after 48 hours in a work week. Standby duty time would be changed since there would now be three regular non-work days each week instead of two. Directors were provided with copies of the affected policies with proposed amendments.

Directors and staff discussed the proposed change to the work schedule and operating days and hours of the District. Director Dains expressed support for the trial program,

noting that the schedule change could be a boost for employee morale while also producing a savings for the District. Director Rose agreed while expressing some reservations about the possible effects on customers. He suggested that if the trial program were approved that staff should provide status reports to the Board periodically during the course of the program.

Director Dion expressed opposition to the trial program, stating that the savings to be realized would be insignificant compared to the effect on customers. He questioned whether the savings identified in the staff report would truly be achieved, and whether it would be sustained over time or would gradually disappear over time as the 4-10 schedule became the routine.

Directors discussed the merits and drawbacks of the proposed changes. Directors Dains and Rose expressed that they were in favor of giving the program a chance, and to allow the employees to vote on whether to proceed with the change in work schedule.

It was moved by Director Dains, seconded by Director Rose and carried 2-1, Director Dion opposed, to approve the change to the work schedule and operating hours of the District for up to a one-year trial basis contingent upon an affirmative vote by District employees and subsequent adoption of policy amendments by the Board of Directors.

Maintenance & Construction Worker II James Ferro spoke concerning the potential impacts to him with respect to child care if alternative work hours were to be implemented.

James Ferro and Tim and Tyler Cutler left the meeting at 7:20 p.m.

## NEW BUSINESS

### Training/Continued Education/Meetings

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

### Public Information Services Consultant

AGM Kane presented a report on a proposed amendment to the agreement with CirclePoint. The District executed an agreement with CirclePoint in August 2008 for public information services to produce the WaterLine customer newsletter, maintain and update the District's web site and other public information services as requested. This agreement succeeded the initial agreement with MMC Communications that began in November 2007 after they merged with CirclePoint during 2008. MMC/CirclePoint coordinated an extensive overhaul of the District's web site and has helped to maintain and update the redesigned site. They have also helped to produce five editions of the WaterLine.

District staff has been very pleased with the quality and responsiveness of CirclePoint's services. Their work greatly enhanced the appearance and functionality of the District's website and created a consistent and professional design that ties together the website and the newsletter. They have worked with the District to contain costs for the newsletter and website. As a result, less than \$30,000 of the total authorized \$41,280 was expended over the term of the agreement.

The agreement with CirclePoint lapsed at the end of 2009, and an amendment to extend the agreement is needed if the District is to continue using their services. CirclePoint has submitted a proposal for continuing the web site and newsletter services through February 2011 at hourly rates that are mostly lower than those provided under the existing agreement. Directors were provided with a copy of the proposal from CirclePoint. The estimated cost for these services through February 2011 is \$19,970.00.

An additional \$5,000.00 in the contract authorization is recommended to provide for services that are not included in CirclePoint's proposed scope but may arise during the course of the agreement. In particular, should there be any need to develop new content or features for the web site, this work would fall outside the scope in CirclePoint's proposal. The total recommended authorization limit under this agreement is \$24,970.00. Directors and staff discussed the proposed agreement and CirclePoint's services.

It was moved by Director Dion, seconded by Director Dains and carried 3-0 to authorize the General Manager to execute an Amendment No. 1 to the Agreement for Public Information Services with CirclePoint of Sacramento, California, in an amount not to exceed \$24,970.00.

#### Purchasing and Procurement Policy

AGM Kane presented a report on proposed amendments to District Fiscal Management Policy No. 6500, Purchasing and Procurement. The amendments will update the dollar thresholds for various types of procurement activity and more clearly define the purchasing authority at those dollar thresholds. This policy was first adopted in June 1995 and amendments were last made in July 1996. The policy sets forth standards of conduct for District employees making purchases, outlines and defines the six broad categories of services and sets forth the purchasing levels and procedures.

For the most part, the policy remains an effective document for guiding the District's purchasing activities. However, the dollar thresholds for the level at which written quotations and formal bidding must be performed are quite low compared to those of most other public agencies and set a standard that can be difficult and time-consuming to achieve. Also, the policy does not clearly define District staff's authority to make various types of purchases at various dollar thresholds. Draft amendments to the policy have been prepared in an effort to address both of these matters.

In reviewing the District policy, staff conducted a review of policies of other public agencies in the area. Of the agencies whose policies were obtained – San Juan Water District, Carmichael Water District, City of Citrus Heights and Sacramento Suburban Water District -- most of the policies are similar in regard to competitive bidding

processes, solicitation for professional services and other types of purchasing activities. Each agency's policy differs are when it comes to defining the thresholds for various types of purchases, making a direct comparison between the all policies problematic. However, the thresholds for all agencies reviewed for using formal bids or proposals for all types of goods and services were from \$5,000 to \$90,000 higher than CHWD's levels. Similarly, dollar levels for authorization for expenditures, typically assigned to the General Manager or City Manager, were from \$5,000 to \$90,000 higher than CHWD's levels at all of the agencies reviewed.

Directors were presented with a copy of District Policy No. 6500 with proposed revisions. The revisions would raise the threshold for conducting formal bids or proposals to \$25,000, with the General Manager being assigned authority to award purchases under this amount based on written quotations, or informal quotations at lower dollar amounts. Directors and staff discussed the proposed changes.

It was noted that these changes to the dollar thresholds and authority levels for purchasing activity do not affect the authority levels for signing of checks. This authority is set forth in District Fiscal Management Policy No. 6460, Check Signing Authority, and specifies that checks in the amount of \$8,000 or greater shall be signed by two members of the Board of Directors.

It was moved by Director Dion, seconded by Director Dains and carried 3-0 to amend District Fiscal Management Policy No. 6500, Purchasing and Procurement, as presented.

#### PROJECT MANAGER'S REPORT

PM Rossi reported on the following activities during the month of February 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 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 76 samples, have met all California Department of Public Health requirement.
2. An updated final report of District-wide water consumption for 2009 was presented. The report show that total annual water consumption for 2009 was 14,898.51 acre-feet, a decrease of 20.0 percent compared with the average annual water consumption during the previous five years, 2004-2008.

3. District-wide water consumption for the calendar year 2010 through the end of February 2010 was 1,078.46 acre-feet, a decrease of 28.0 percent compared with the average annual water consumption during the previous five years, 2005-2009.

OM Townsel and PM Rossi left the meeting at 7:43 p.m.

#### DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion reported on an upcoming meeting of the Regional Water Authority (RWA). He also reported on a forum on California's water issues that he recently attended at the McGeorge School of Law entitled "California Water: After the 2009 Legislative Water Package: Where Are We and Where Do We Go from Here?," He also reported on a San Juan Water District Executive Committee meeting that he attended recently along with GM Churchill and AGM Kane.

Director Rose reported on a Sacramento Local Agency Formation Commission (LAFCO) meeting that he attended recently.

Director Rose and Director Dains reported on a Sacramento Groundwater Authority (SGA) meeting that they attended recently along with GM Churchill.

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. Directors were provided with copies of two reports related to water supply conditions for the year ahead. An Informational Release from the US Bureau of Reclamation (USBR) provides the Water Year 2010 Water Supply Announcement for February 2010 for the USBR's Mid Pacific Region. The Median Forecast forecasts a 100 percent allocation for M&I (municipal and industrial) water users north of the Delta. The Conservative Forecast forecasts a 55 percent allocation for M&I water users north of the Delta.

A copy of the Monthly Runoff Report for February 2010 from the Water Forum Successor Effort was also provided. This report shows the projected March-November Unimpaired Inflow into Folsom Reservoir (UIFR). The UIFR is an index that is used to determine the type of water year for Water Forum purposes, which affects allocations of American River water for certain users. Currently the projected UIFR is 1485 TAF (thousand acre feet). This places projected allocations in a "Hodge Year" which does not affect allocations for San Juan Water District (SJWD). SJWD allocations may become affected during a "Wedge" year when the UIFR drops below 950 TAF.

2. The District's auditor, Gallina, performed their on-site work at the District's offices during the week of February 22, 2010. Gallina is still working toward the goal of having the audit prepared in time for presentation at the Board's April 13, 2009 meeting. However, the District's actuarial valuation of the District's OPEB (other post-employment benefits) commitments in compliance with Government Accounting Standards Board Statement 45 (GASB-45) must be completed before Gallina can finish the report. The actuarial work, being performed by Steven T. Itelson, Consulting Actuary, may not be completed in time for the audit report to be finished and presented at the Board's April 2010 meeting. Therefore, the audit report may be presented at the Board's May 11, 2010 meeting.
3. Water Efficiency Program activities during the month of February 2010 included
  - 47 ultra-low-flush toilet rebates issued to 32 customers.
  - 3 high efficiency clothes washer rebates issued to customers (by SMUD).
  - 1 violation notice issued to the customer at 7925 Greenback Lane for failure to repair leak on property after prior notifications received. The customer made the repairs within a week after receiving the violation notice.
  - Poster Contest judging for schools in CHWD service area was conducted.

AGM Kane's activities on the Regional Water Shortage Contingency Plan Consistency Work Group continued. The work group has formulated a recommendation for a common regional approach to water conservation ordinances and water conservation stages that will soon be presented to all RWA members. CHWD staff will likely be advocating adoption of the new region-wide standard, which will be similar in most respects to CHWD's existing ordinance.

#### GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Eighteen District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of February 2010. Directors were provided with a list of the employees and items for which each received recognition.
2. Fair Oaks Water District (FOWD) has requested a meeting to discuss metered billing implementation. FOWD is in the process of installing meters on all of its customer water services. Participating in the meeting by a CHWD Director, GM Churchill and AGM Kane is recommended and could possibly include a CHWD supervisor familiar with Accounts Receivable processes and software.
3. 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 8:35 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