

CITRUS HEIGHTS WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
December 14, 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
Christopher J. Nichols, Maintenance/Construction Worker II

VISITORS

None

Director Rose led the Pledge of Allegiance.

SPECIAL CEREMONY

GM Churchill administered the Oath of Office to Joseph M. Dion, Director, Division 2, and Allen B. Dains, Director, Division 3, and presented them with Certificates of Election for their election as Directors of the Citrus Heights Water District. Fellow Directors and staff congratulated Directors Dion and Dains on their reelection to the Board.

PUBLIC COMMENT

None

CONSENT CALENDAR

President Rose asked for the Consent Calendar. GM Churchill requested that Check Number 50923 in the amount of \$24,866.34 to San Juan Water District be removed from the list of checks to be approved under Item 5 on the Consent Calendar. He explained that approval of this expenditure would be considered by the Board under the hydraulic modeling agenda item under Old Business on the agenda.

It was moved by Director Dion, seconded by Director Dains and carried 3-0 to remove Check Number 50923 in the amount of \$24,866.34 to San Juan Water District from the list of checks to be approved, and to accept the Consent Calendar consisting of:

1. Minutes of the Regular Meeting of November 9, 2010.
2. Assessor/Collector's Report for November 2010.

3. Assessor/Collector's Cancellation Letter for November 2010.
4. Treasurer's Report for November 2010.
5. Bills to be Paid for November 2010.
6. Approve CAL-Card Purchases for November 2010.
7. Summary of 2010 Directors, Officers and Employees Training, Seminars and Conference Expenses.
8. Deny the claim from John Hereford for property damage in the amount of \$270.00, and forward it to the District's insurance carrier, ACWA-JPIA, for further consideration and action.

OLD BUSINESS

Bonita Way Storage Building Construction

OM Townsel presented a status report on the construction phase of the Bonita Way Storage Building as follows:

- The framework of the building is complete.
- Roofing and gutters are complete.
- 500 feet of concrete curbing is complete.
- Sprinkler line installation is pending.
- Electrical system installation is pending.
- Walk-in and roll-up door installation is pending.
- Interior and exterior finish work is pending.
- Interior and exterior painting is pending.
- Fence installation is pending.
- Plant installation is pending.

Hydraulic Modeling

GM Churchill presented a report on the final accounting for the CHWD Hydraulic Model and the San Juan Water District (SJWD) Wholesale Hydraulic Model. In March 2008, the Board of Directors approved a Modeling Services Proposal from Brown & Caldwell Engineers in an amount of \$54,000 to develop a detailed water system hydraulic model specifically for CHWD. This modeling effort provided a comprehensive model of all District facilities, not just those of a large scale that was needed to facilitate the development of the SJWD Wholesale Hydraulic Model. In June 2008, the Board of Directors approved \$22,000 for the purchase of InfoWater hydraulic modeling software needed to support the model developed by Brown & Caldwell.

The final costs associated with this CHWD-specific effort were as follows:

Engineering Consultant	Brown & Caldwell	\$ 49,499
Modeling Software	InfoWater	<u>\$ 15,200</u>
Total		\$ 64,699

This model, supported by Water Quality Specialist Brian Hensley, has become a valuable tool in evaluating water demands associated with the interagency conveyance planning

currently underway with the City of Roseville and Sacramento Suburban Water District. In addition, the model is being utilized to provide fire flow information for construction purposes for developers. The District charges \$250 for each hydraulic model evaluation including the fire flow verification letter.

In January 2008, the Board of Directors approved CHWD participation and financial contribution in an initial amount not to exceed \$40,000.00 toward the development of a Hydraulic Model of the SJWD Family of Agencies water transmission and production facilities. SJWD’s initial budget for this project and the basis for the initial CHWD-approved amount was \$249,963. The general costs for this project were to be paid from SJWD Wholesale funds for those tasks that were common to all SJWD Family of Agencies Members. In addition, inasmuch as the individual agencies own hydraulic models, or the lack thereof in the case of CHWD, would require varying degrees of additional effort to integrate into the Wholesale Model, it was determined that those costs would be borne by the individual agencies.

Through the course of the now-completed project, the scope of the project was modified and additional costs were identified, justified and allocated as follows:

SJWD Wholesale	\$ 117,896
CHWD	\$ 56,216
FOWD	\$ 42,562
SJWD Retail	\$ 34,617
Folsom	\$ 28,710
OVWC	<u>\$ 12,513</u>
Total	\$ 292,514 (17% above initial budget)

GM Churchill has reviewed the project costs and is in agreement with the final allocations. A partial payment of \$34,319 was provided to SJWD in July 2010 leaving a net amount due of \$21,897.

In summary, the 2008 CHWD CIP budget estimated \$81,000 for hydraulic modeling. As of June 2008, \$116,000 had been approved for the SJWD Wholesale and CHWD projects. The final total model development expenses for CHWD were \$120,915 for both efforts. Directors and staff discussed the hydraulic modeling efforts and the applications of the hydraulic model by CHWD.

It was moved by Director Dion, seconded by Director Dains and carried 3-0 to approve an additional \$16,216 for the SJWD Wholesale Hydraulic Model Project and authorize final payment in the amount of \$21,897 to San Juan Water District; and to authorize Check Number 50923 in the amount of \$24,866.34 to San Juan Water District.

Auburn Boulevard – Cedar Drive to Linden Avenue

GM Churchill presented a report on a proposed Amendment No. 2 to Professional Services Agreement with Mark Thomas & Company Engineers for engineering consulting work associated with the Auburn Boulevard water main replacement project. In July 2005, the District entered into a Consulting/Professional Services Agreement for

Engineering Design Services with Mark Thomas and Company Engineers for services for the Auburn Boulevard Water Infrastructure Relocation and Replacement Project from Cedar Drive to Linden Avenue. The original contract amount was \$45,000.

In October 2007, Amendment No.1 to the Scope of Work was accepted for \$47,000. This amendment included the preparation of boilerplate specifications, development and preparation of Storm Water Pollution Prevention Plan Details, additional coordination meetings, public workshops, bid and construction assistance and construction staking.

This project was deferred for several years due to District revenue and budget constraints. It is now included on the schedule of 2011 Capital Projects with a budget of \$937,204. In order to proceed with this project in the coming year the improvement plans and specifications must be updated and additional coordination meetings held. Amendment No. 2 to the Agreement at a fee of \$13,468 is proposed. Directors were presented with a copy of the draft Amendment No. 2 to Consulting/Professional Services Agreement for Engineering Design Services with Mark Thomas & Company. A summary of costs under this engineering agreement for the Auburn Boulevard project is as follows:

Original Agreement (2005)	\$ 45,000.00
Amendment No. 1 (2007)	\$ 47,000.00
Amendment No. 2 (2010 proposed)	\$ 13,468.00
Total Not to Exceed Amount	\$ 105,468.00

The amount paid to date per the original Agreement and Amendment No. 1 is \$66,428.81. Directors and staff discussed the contract and the work remaining to be performed.

It was moved by Director Dains, seconded by Director Dion and carried 3-0 to approve Scope of Work Amendment No. 2 to the Professional Services Agreement with Mark Thomas & Company Engineers in an amount not to exceed \$13,468.00 and authorize the General Manager to execute the Amendment.

Legal Services Agreement

GM Churchill presented a report on a proposed amendment to the agreement for legal services with Albietz Law Firm, the District’s Legal Counsel. The District’s current Professional Services Agreement for Legal Services with Albietz Law Firm was last updated and executed on January 22, 2007. Legal Counsel Judith Albietz has re-drafted ten-page agreement and combined its four elements (Agreement, Scope of Services, Rates & Fees, General Contract Provisions) into one six page document. Directors were presented with a copy of the draft agreement. The content remains essentially the same other than the hourly rates which are proposed to be amended as follows:

	<u>Prior</u>	<u>Proposed</u>
All Attorneys	\$ 225.00 per hour	\$ 250.00 per hour
Law Clerks & Paralegals	\$ No Rate	\$ 150.00 per hour

Directors and staff discussed the proposed revised agreement and the services provided

by Albietz Law Firm.

It was moved by Director Dains, seconded by Director Dion and carried 3-0 to approve Professional Services Agreement for Legal Services with Albietz Law Firm and authorize execution by the President of the Board of Directors.

Wholesale Water Supply Agreement Amendment

GM Churchill presented a report on proposed amendments to Section 11.B. "Water Rates and Charges / Schedule for Payment" of the District's Wholesale Water Supply Agreement with San Juan Water District (SJWD). The District's current Wholesale Water Supply Agreement with SJWD contains payment provisions whereby all monies due SJWD are billed quarterly in advance. The service charge and debt service components of the bill are flat rate amounts and typically do not change over the course of a year. Conversely, the advance charges for water deliveries have been based on the average deliveries for the same quarter during the previous six years followed by an annual reconciliation to actual water deliveries.

In nine of the past 11 years, actual water deliveries from SJWD to CHWD have been less than the quantity billed in advance. This has resulted in overpayments to and refunds from SJWD. With more accurate accounting now in place for water deliveries to all SJWD Wholesale customers due to the recent installation of new Wholesale water meters, CHWD and other agencies have asked that the water charges be billed in arrears based upon actual deliveries rather than in advance based upon estimated deliveries. SJWD is receptive to this concept and has drafted an amendment to the CHWD's Wholesale Water Supply Agreement with SJWD to effect the change. Directors were provided with a copy of the proposed amendment to Section 11.B. "Water Rates and Charges / Schedule for Payment." Directors and staff discussed the proposed amendment.

In accordance with direction of the Board, the amendment will be placed on the District's January 11, 2011 Board Meeting Agenda for consideration of approval. If approved, billing for water deliveries in arrears will begin effective January 1, 2011 with receipt of an invoice for January through March 2011 deliveries forthcoming in April 2011.

NEW BUSINESS

Training/Continued Education/Meetings

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

Mariposa Avenue – Greenback Lane to Limerick Way

GM Churchill presented a report on a proposed agreement with Ruggeri-Jensen-Azar (RJA) Engineers for design and related services for replacement of water main facilities on Mariposa Avenue from Greenback Lane to Limerick Way. The City of Citrus Heights as part of the "Safe Routes to Schools" program will construct sidewalk improvements on both sides of Mariposa Avenue from Greenback Lane south to Limerick Way beginning

in June of 2011. Through a competitive proposal process, the City selected RJA Engineers of Rocklin, California, to provide the engineering work for this project.

The District operates a 16-inch OD coal-tar-dipped and wrapped steel water main beneath the paved bike lane on the west side of Mariposa Avenue in this location. This water main is estimated to be 50 years old. It has been subject to periodic leaks and should be replaced prior to the City improvements. Preliminary staff analysis indicates that a 12-inch main along the east side of Mariposa Avenue is a preferred alternative. Project elements include the installation of approximately 1,310 lineal feet (lf) of 12-inch ductile iron pipe (DIP) water main, 50 lf of 8-inch DIP water main, 22 water services and two fire hydrants. It is anticipated that construction of the replacement water facilities will begin in late March 2011 and be completed by mid-May 2011. Directors were provided with a map showing the location of the project and a copy of the 2011 Capital Projects Budget detail for the project.

Inasmuch as RJA Engineers will be developing the base plan and profile drawings for the sidewalk improvements project for the City, it is recommended that RJA provide engineering services in preparing the necessary plans for the District's work. Directors were provided with a draft agreement for RJA Engineers' services for the project. Compensation will be on a Time and Materials basis, not to exceed \$48,500.

This water main replacement project is included in the District's 2011 Capital Projects Budget with a total budget of \$408,885, of which \$20,000 was initially estimated for an engineering design services and \$1,900 for construction staking. RJA's Compensation Schedule allocates \$26,000 to Final Improvement Plans and Traffic Control plans and \$5,000 to Construction Staking. Directors and staff discussed the project and the proposed agreement for engineering services.

It was moved by Director Dion, seconded by Director Dains and carried 3-0 to approve a Professional Services Agreement with RJA Engineers in an amount not to exceed \$48,500 and authorize the General Manager to execute the Agreement.

Policy Amendments

GM Churchill presented a report on proposed amendments to several District policies. The amendments are partially in response to recommendations presented in the 2009-2010 Sacramento County Grand Jury final report on the Survey of Independent Special Districts. In the District's response to the Grand Jury report, it was stated that the District would consider for future discussion and possible action the following two items related to District policies:

- Amending the CHWD Board of Directors and Officers Policy Series 2000 and Board of Directors Meetings Policy Series 3000 to provide for review at an interval not to exceed four years.
- Amending the CHWD Education Assistance Program Policy No. 4401 to reference accreditation by the U.S. Department of Education, Office of Postsecondary Education (OPE) and the California Bureau for Private

Postsecondary Education (BPPE).

Directors were provided with copies of proposed amended policies with the amendments stemming from the Grand Jury's findings and recommendations highlighted in Policies 2000, 3000 and 4401.

In addition to the amendments related to the Grand Jury recommendations, several related District policies were also reviewed and amendments proposed. Directors were provided with copies of these policies as well.

The Policies presented for consideration of amendment are as follows:

General Policies

Policy No. 1010: Adoption/Amendment of Policies and Procedures

Amended to provide for periodic review of all policies as necessary to assure compliance with applicable laws, ethical and appropriate practices and relevance to current District operations.

Board of Directors and Officers Policies

Policy No. 2000: Authority and Responsibility of the Board of Directors

Amended to provide for review of Board and Officer policies at least every four years.

Policy No. 2060: Educational and Training Functions

Amended to update language related to training and travel expenses and other minor language modifications.

Board of Directors Meetings Policies

Policy No. 3000: Board of Directors Meetings

Amended to provide for review of Board of Directors meeting policies at least every four years

Human Resources Policies

Policy No. 4401: Education Assistance Program

Amended to specify accrediting agencies for determining eligibility of educational institutions for reimbursement of employee off-duty education; and increasing the maximum reimbursement amount per calendar year.

Policy No. 4901: Employee Expenses

Amended to modify the maximum mileage radius for determining eligibility for reimbursement for use of a personal vehicle for approved District travel, updating language related to training and travel expenses and other minor language modifications

Directors and staff reviewed and discussed the draft policy amendments. Directors and staff discussed accessibility to Board of Director meetings and whether this needed to be addressed within District policy. It was recommended that the third paragraph of Policy No. 3000, Section 3000.20, be amended to read "The General Manager shall insure that

physical facilities for said meetings are function, appropriate and accessible.”

It was moved by Director Dains, seconded by Director Dion and carried 3-0 to adopt the following District Policies with amendments as presented:

Policy No. 1010: Adoption/Amendment of Policies and Procedures

Policy No. 2000: Authority and Responsibility of the Board of Directors

Policy No. 2060: Educational and Training Functions

Policy No. 3000: Board of Directors Meetings, to include the modification to the third paragraph of Policy No. 3000, Section 3000.20, as discussed.

Policy No. 4401: Education Assistance Program

Policy No. 4901: Employee Expenses

Cost-of-Living Adjustment to Salary Schedule, Retiree Insurance Benefits and Directors' Compensation

AGM Kane presented a report on a proposed cost-of-living-adjustment (COLA) to the District's Salary Schedule and to Policy No. 4831, Insurance Benefits for Retirees Retiring After March 19, 1996 for consistency with the amended Salary Schedule.

District Human Resources Policy No. 4102 provides for considering a cost-of-living adjustment (COLA) to the District's salary schedule upon recommendation by the General Manager and approval by the Board of Directors. The consumer price index for all urban west consumers (CPI-U) has increased by 0.6 percent for the 12-month period ending in October 2010. Directors were provided with a copy of the October 2010 CPI-U information from the U.S. Department of Labor. This is the baseline that the District uses annually in determining the COLA.

Directors were also provided with a copy of the current Salary Schedule (Policy No. 4101.A1), and also a proposed amended Salary Schedule that includes salary range adjustments that reflect the recommended 0.6 percent increase. The effective date of the amended policy will be January 3, 2011, which is the start of the first full bi-weekly pay period in 2011.

District Policy No. 4831, Insurance Benefits for Retirees Retiring After March 19, 1996 provides that the amount of District financial participation in retiree health insurance set forth in the policy will be amended annually in the amount of the percent change in the CPI-U during the latest 12-month reporting period. Directors were provided with a copy of Policy No. 4831 with the monthly amounts amended by 0.6 percent.

Because there was a negative change in the CPI-U last year (-0.3%) the salary ranges in the Salary Schedule for 2010 were adjusted downward by 0.3%. However, the actual salaries paid to employees were not adjusted downward but were held at their current point within the salary range. Therefore, when the COLA is applied to actual employee salary amounts for 2011, the prior year's decrease will be factored in. The actual COLA amount applied to salaries paid to employees for 2011 will be a maximum of about 0.3% within the limits of the amended salary schedule. The 0.3% includes the 2011 0.6% increase minus the 2010 0.3% decrease. This action is consistent with the District's 2011

labor budget which was approved with an estimated 0.8% COLA increase for 2011. Directors and staff discussed the proposed changes to the Salary Schedule and related policies.

AGM Kane also provided information to Directors regarding a COLA for Directors' meeting compensation. The Board of Directors approved Ordinance No. 01-2008 on January 8, 2008 setting Directors' compensation at \$145.00 per day for attending Board meetings and other Board-sanctioned functions. Directors were provided with a copy of the ordinance. Under this Ordinance and District Policy 2040, changes in compensation of Directors requires approval of the Board of Directors by adoption of a new ordinance adjusting the compensation during an Open Session at a Regular Meeting held at least 60 days prior to the effective date of the change.

Directors were presented with information about the effect of a 0.6 percent COLA increase in Directors' compensation as well as the cumulative effect of all CPI-U changes since the date of the most recent increase. Directors discussed the COLA information related to Directors' compensation. Directors stated that in light of current economic conditions and in the best interest of District customers, they would not consider changing the current daily compensation rate for Directors.

It was moved by Director Dion, seconded by Director Dains and carried 3-0 to amend District Policy Nos. 4101.A1, Salary Schedule, and 4831, Insurance Benefits for Retirees Retiring After March 19, 1996 as presented to include a +0.6 percent cost-of-living adjustment to the District's Salary Schedule effective January 3, 2011 and to amend the monthly insurance benefit amount for retirees to reflect adjustments in the CPI-U.

Selection of President and Vice President

GM Churchill presented a report on the process to select a President and Vice President of the Board of Directors. Directors were provided with a copy of District Board of Director and Officers Policy No. 2010, which states that a President and Vice President of the Board of Directors are to be elected by a majority vote of the Board in December of each year. The terms of office will begin as soon as acted upon by the Board.

Directors discussed nominations for President and Vice President of the Board. Director Rose nominated Director Dion to serve as President, with the nomination seconded by Director Dains. Director Rose nominated Director Dains to serve as Vice President, with the nomination seconded by Director Dion. Both motions were carried by a 3-0 vote of the Board.

Director Rose yielded to Director Dion to preside over the remainder of the Board meeting.

Appointment of District Officers

GM Churchill presented a report on proposed reconfirmations of District Officers. Directors were provided with a copy of District Board of Directors and Officers Policy No. 2200, which sets forth the Officers of the District and their respective duties and

related matters. Directors were also provided with a list of the District's Officers, whose appointments to these positions were last reconfirmed in December 2009. It was recommended that the Board reconfirm all of the existing Officers. Directors and staff discussed the District's Officers.

It was moved by Director Dains, seconded by Director Rose and carried 3-0 to confirm the appointment of District Officers as follows:

<u>Office</u>	<u>Officer</u>	<u>Deputy Officer</u>
Assessor/Collector	Nancy E. Alaniz	Pamela L. Peters
Treasurer	David B. Kane	Pamela L. Peters
Secretary	Robert A. Churchill	David B. Kane

Appointment of Board Representatives and Alternates

GM Churchill stated that, pursuant to District Policy No. 2300, the Board of Directors shall appoint its Members or Officers to serve as District representatives to various organizations and associations. Directors discussed the current 2010 appointments, and their interests related to serving as representatives for the coming year.

It was moved by Director Rose, seconded by Director Dains and carried 3-0 to reconfirm the appointment of the following Directors and Officers to serve as District representatives to the following organizations:

Organization	Representative	Alternate Representative
Association of California Water Agencies - Joint Powers Insurance Authority (ACWA JPIA)	Joseph M. Dion	Charles T. Rose
Association of California Water Agencies Region 4	Joseph M. Dion	Allen B. Dains
San Juan Family of Agencies Executive Committee	Joseph M. Dion (Director) Robert A. Churchill (Staff)	Charles T. Rose (Director) David B. Kane (Staff)
Regional Water Authority	Joseph M. Dion (Director) Robert A. Churchill (Staff)	Allen B. Dains (Director) David B. Kane (Staff)
Sacramento Groundwater Authority	Charles T. Rose	Allen B. Dains
Citrus Heights Chamber of Commerce Government Issues Committee	David B. Kane	Robert A. Churchill
Sacramento Water Forum	David B. Kane	Robert A. Churchill

PROJECT MANAGER'S REPORT

PM Rossi reported on the following activities during the month of November 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 or completed by contractors on the District's behalf including the recently-completed San Juan Avenue at Madison

Avenue Water Main Replacement project. 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 systems, added to the District's water distribution system by an independent contractor on behalf of a private developer/owner, have been inspected by the District and formally accepted:

Manor Care Facility, 7907 Uplands Way, Citrus Heights

95 lineal feet of 8-inch PVC water main, 4 lineal feet of 6-inch PVC water main, 1 fire hydrant, and 1 8-inch gate valve.

Value: \$ 12,940.00

Panera Bread Bakery Cafe, 7901 Greenback Lane, Citrus Heights

No new constructed additions, only moderate cosmetic improvements made.

OPERATIONS MANAGER'S REPORT

OM Townsel reported as follows:

1. A total of 232 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 72 samples, have met all California Department of Public Health requirements. A leak detection project was completed recently with the assistance of a leak detection contractor. A number of leaks were detected, and these leaks have been repaired.
2. District-wide water consumption for the calendar year 2010 through the end of November 2010 was 13,082.56 acre-feet, a decrease of 17.1 percent compared with the average annual water consumption during the previous five years, 2005-2009.

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

DIRECTOR'S AND REPRESENTATIVES REPORTS:

Director Dion reported on an upcoming meeting of the Regional Water Authority (RWA). He also reported on highlights of the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA) Fall Conference that he attended recently in Indian Wells, California.

Directors Dion and Rose reported on a recent San Juan Water District Executive Committee meeting that they both attended recently along with GM Churchill and AGM Kane.

Director Rose reported on a meeting of the Sacramento Groundwater Authority (SGA) that he attended recently along with Director Dains and GM Churchill. He also reported on recent meetings of the Sacramento Local Agency Formation Commission (LAFCO) that he was unable to attend, and reported on recent matters of interest concerning the City of Citrus Heights.

Director Rose inquired as to the status of CHWD membership in the California Special Districts Association (CSDA). GM Churchill responded that CSDA membership dues had been eliminated from the District's budget for 2010, which effectively terminated the District's membership. No funding for CSDA dues was included in the 2011 budget. Director Rose stated that CSDA continues to offer programs and services of value to the District, and requested that information be brought back to the Board regarding costs for reinstating membership in CSDA. GM Churchill affirmed that this information would be made available for the Board at its next meeting.

Directors Dains, Dion and Rose all reported on their recent attendance at the Association of California Water Agencies (ACWA) Fall Conference in Indian Wells, California, including workshop sessions and other programs and activities that they attended

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

ASSISTANT GENERAL MANAGER'S REPORT

AGM Kane reported as follows:

1. The final design for the Winter 2011 edition of the District's WaterLine newsletter has been completed. Printing work will commence on December 15, 2010, once the outcome of selection of District officers is known from the December 14 Board meeting. A "design comp" version of the newsletter is included in Directors' agenda binders. This edition of the WaterLine should begin arriving in customers' mailboxes around the first week in January 2011
2. Directors were provided with a summary of Water Efficiency Program activities during the month of November 2010, including the number of ultra-low-flush toilet rebates and high-efficiency clothes washer rebates issued. AGM Kane also reported on efforts underway to organize the Water Conservation Poster Contest for 2011.
3. Preliminary work on the District's financial audit for 2010 is underway with the District's new auditor, Richardson & Company. Financial and accounting information has been transmitted to the auditor. The auditor is planning to be on site to observe the District's year-end inventory of supplies and materials that will take place during the final week of December.
4. District Water Meter Technician Kelly Drake has received an H.R. LaBounty Safety Award from the Association of California Water Agencies – Joint Powers Insurance Authority (ACWA-JPIA). The award was announced recently at

ACWA-JPIA's 2010 Fall Conference for his design and fabrication of a wheeled dolly for transporting and using the District's large water meter test equipment more safely. His large water meter testing dolly is featured in the December 2010 of ACWA-JPIA's Risk Control Bulletin.

5. AGM Kane reported on the most recent Water Forum Successor Effort meeting that he attended recently. Presentations on the Sacramento Regional County Sanitation District's (SRCSD) Discharge Permit Renewal Process were delivered at the meeting by both SRCSD staff and Central Valley Regional Water Quality Control Board staff.

Directors were provided with a copy of a report on the American River Flow Standard Stakeholder Assessment that was commissioned by the Water Forum. The assessment was prepared by the Center for Collaborative Policy (CCP) at CSU Sacramento, and is intended to help determine the best path for completing the Flow Management Standard which is one of the Water Forum's 7 Integrated Elements. The Assessment is based on interviews conducted with 25 Water Forum Stakeholder representatives who are specifically identified in an appendix to the Assessment. Recommendations include conducting a "Mini Education & Negotiating Scoping" in an intensive process with Water Forum Stakeholders over a period of about two months, after which time an assessment as to "Go / No Go" on negotiations would be performed to determine if there are shared conditions that can be pursued by Stakeholders.

Directors affirmed CHWD's commitment to the Water Forum Agreement and directed AGM Kane, as the District's representative to the Water Forum, to participate in the Mini Education and Negotiating Scoping process.

6. AGM Kane provided a report on workshop sessions and other programs and activities he attended at the 2010 Association of California Water Agencies (ACWA) Fall Conference in Indian Wells, California on November 30 to December 2, 2010.
7. District staff has received insurance quotations for health plan coverage for District employees for 2011. These include quotes for staying with the District's current Kaiser and Western Health Advantage (WHA) Plans as well as options for other plans. The quotes presented include a 10% overall premium increase for the Kaiser plan, and a 14.3% overall premium increase for the WHA plan. District staff will be reviewing the various plan options and will present recommendations for coverage for 2011 at the Board's January 11, 2011 meeting.

GENERAL MANAGER'S REPORT

GM Churchill reported as follows:

1. Fifteen District employees received recognition for superior attendance, outstanding customer service and quality of work during the month of November 2010. Directors were provided with a list of the employees and items for which

each received recognition.

2. CHWD is collaborating with representatives of the City of Roseville (RV) to investigate opportunities for conveying water between the agencies during planned outages or in emergency situations. The primary source of water for both CHWD and RV is surface water from Folsom Reservoir. Surface water supplied to CHWD is treated by San Juan Water District while RV operates its own treatment plant. Information was provided on the two existing interconnections between CHWD and RV that are typically closed. Five additional interconnection locations have been evaluated and two sites identified for further analysis. Preliminary hydraulic modeling by CHWD indicates that potentially all of CHWD's service area north of Old Auburn Road could be served by RV through the two existing and potential two new interconnections. Similar modeling by RV indicates that all of RV south of Cirby Way could potentially be served by CHWD through the four interconnections.

The agencies are currently preparing conceptual design and cost estimates for the proposed new interconnections as well as for metering one of the existing interconnections that is currently not metered. Draft agreements for construction, operation and maintenance of the interconnections are also being prepared. CHWD's 2011 Capital Projects Budget includes \$73,235 as CHWD's share of the proposed Fair Way interconnection with RV. Costs for the other work now being contemplated have not yet been identified.

3. Discussions are underway between representatives of CHWD and Sacramento Suburban Water District (SSWD) regarding the viability of installing a large booster pump at the SSWD storage tank site on North Antelope Road. The booster pump would be used to convey water easterly through SSWD's 48-inch water conveyance pipeline to CHWD. This facility could be valuable for conjunctive use purposes, during time of surface water shortage or during emergency conditions. Potential delivery points to CHWD's system at existing or planned interconnections from SSWD's 48-inch pipeline were identified. Partial funding for this project may be available through RWA's Proposition 84 Grant Application. This project would also be a good fit for the San Juan Family of Agencies Water Shortage Management Plan. A preliminary study in this regard was undertaken by Brown & Caldwell Engineers on behalf of the City of Folsom.
4. The District's Alternative Work Schedule (AWS), consisting typically of a four-day, ten hours per day, Monday through Thursday work week, continued its trial period that began on May 10, 2010. GM Churchill reported that he is continuing to consolidate information related to employee overtime, operational efficiencies and other factors regarding the AWS to present to the Board at a future meeting.
5. 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 November 8, 2010, from Citrus Heights property owner Marjorie Hoff protesting the District's proposed 2011 rate increase. This protest letter was retrieved from the CHWD payment drop box on the morning following the November 9, 2010 Public Hearing on 2011 water rates.
2. Note written on District's Public Hearing Notice received November 9, 2010 from Citrus Heights property owner Fredrick Stumpf with accompanying news article regarding increases in water rates.

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