

EXECUTIVE SUMMARY

RECOMMENDATION

Staff recommends that the Sacramento Local Agency Formation Commission accept the Municipal Service Review for the Citrus Heights Water District and make the following determinations:

1. Citrus Heights Water District provides efficient and adequate water service to its customers within its service territory. The Sphere of Influence shall be coterminous with District boundaries.
2. Municipal Service Review Determinations:

a. Regarding growth in population expected for the District area:

The Commission determines that the District is capable of continuing to provide water service in the future. The District has adequate water supply to serve existing residents and the anticipated population growth within its service area. The District utilizes a conjunctive water supply system of groundwater wells and treated surface water to meet the demands of its customers. The service population demand is not expected to grow significantly. New growth will primarily result from reuse and infill development activity.

b. Regarding present and planned capacity of public facilities, and adequacy of public services, including infrastructure needs or deficiencies:

The Commission determines that the Citrus Heights Water District currently provides adequate services and facilities throughout its service area. However, the District recognizes that continued water line replacement, water meters, and infrastructure replacement are required and necessary to sustain current levels of service and meet future demands. The District has established a rate structure and capital improvement program to facilitate a sustainable water system.

c. Regarding financial ability of the Citrus Heights Water District to provide services:

The Commission determines that Citrus Heights Water District has mutual aid agreements with adjacent water service providers and participates in several Joint Power Agreements that facilitate cooperation and management of water resources including ground water. The District is committed to exploring and implementing available opportunities to reduce overhead and operational costs, and has reduced its operating budget in the past two budget years.

d. Regarding status of and opportunities for, shared facilities:

The Commission determines that Citrus Heights Water District has mutual aid agreements with adjacent water service providers and participates in several Joint Power Agreements that facilitate cooperation and management of water resources including ground water.

e. Regarding accountability for community service needs, including governmental structure and operational efficiencies:

The Commission determines that the District encourages public participation at its Board meetings and provides many different public education programs and outreach efforts to the community it serves. The District has a three-member Board. Directors qualify by geographic Division but are elected at large by the voters of the District as a whole.

f. Regarding other information as requested by the Commission:

The Commission determines that the District is managed effectively and efficiently.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
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MUNICIPAL SERVICE REVIEW WORKSHEET
AND QUESTIONNAIRE
DISTRICT PROFILE

Date: August 3, 2011

Agency Name: Citrus Heights Water District

Date Established: October 25, 1920

Address: 6230 Sylvan Rd., Citrus Heights, CA 95610

Website: www.chwd.org

Telephone: (916) 725-6873
FAX: (916) 725-0345

Administrator Name: Robert A. Churchill

Title: General Manager

Name of Contact: Robert A. Churchill David B. Kane
General Manager Asst. General Manager

Contact's E-mail Address: rchurch@chwd.org dkane@chwd.org

Agency's Principal Act: Irrigation District Act, State Water Code, Division 11,
Sections 20500 - 29978

Services Provided: Municipal Water Services

Latent Powers: Irrigation, Drainage, Electric Power, Recreational
Facilities

Governing Body: Board of Directors (3)

Total Number of Employees: 28, All Unrepresented

Acreage/ sq. Miles within Agency: 7,782 acres/12.2 square miles (144 acres in Placer
County)

Total Population within Agency: 64,101 (958 in Placer County)

Total Registered Voters within Agency: Sacramento County: 32,159
Placer County: 479
Total: 32,638

INTRODUCTION

Background Information

The Citrus Heights Water District is an Independent Special District of the State of California.

- **Mission:** It is the mission of the Citrus Heights Water District to furnish a dependable supply of safe, quality water delivered to its customers in an efficient, responsive, and affordable manner.
- **Setting:** Map of Citrus Heights Water District Service Area attached as Exhibit A.

History

Citrus Heights Water District formally came into existence as Citrus Heights Irrigation District on October 25th, 1920, the last of three such Districts formed in northeast Sacramento County. The District was organized under the State Water Code Irrigation District Act. It encompassed slightly more than 4.7 square miles (3,028 acres) in northeast Sacramento County at its inception and served approximately 225 farms. Additional history is attached as Exhibit B.

Services Provided

Citrus Heights Water District provides municipal water service to residential, commercial, institutional and irrigation customers within its service area.

Management and Staffing Structure

Management Structure

General Manager: Appointed by and reports to the District's Board of Directors.

Department Managers (3): Appointed by and report to the General Manager to manage the District's three departments:

- Operations and Water Quality;
- Administration and Water Demand Management; and
- Project Management and Engineering.

The General Manager and three Department Managers are the only District positions that are classified as exempt under the Fair Labor Standards Act.

Employment Structure

A total of 24 non-exempt employees report to the three Department Managers to carry out the water system operations, water quality, administration, water demand management, project management and engineering functions for the District. Appointment of all District employees is performed in accordance with District Human Resources Policies under the authority of the General Manager, with the exception of the General Manager's position which is appointed by and serves under contract at the pleasure of the Board of Directors.

The District employs 28 full time positions.

The District does not typically budget for or employ part-time, seasonal or temporary employees. Temporary employees are employed occasionally to fill vacancies in authorized District positions created by resignations and terminations, extended medical leaves of absence and other similar situations.

A Citrus Heights Water District organization chart is attached as Exhibit C.

- The type and purpose of contracts and consultants.

The District utilizes a variety of contractual and consulting services to support its mission and the delivery of services. Examples include, but are not limited to, the following types of services:

- Legal Counsel services
- Engineering Design services
- Architectural Design services
- Construction services
- Water Quality Sampling and Testing services
- Information Technology services
- Financial Advisory and Investment services
- Financial Auditing services
- Public Information and Outreach services
- Customer Billing and Mailing services
- Customer Payment Processing services
- Water Meter Reading services

The District leverages its small workforce through the use of contractual and consulting services where these services can be more efficiently and cost-effectively provided by contractors, vendors and consultants.

- Describe purchasing process and competitive bidding practices.

The District's purchasing and competitive bidding practices are designed to assist the District in obtaining the best value in supplies, materials, equipment, operating and maintenance services, consultant services, and public works projects from various suppliers, contractors, and consultants. District Fiscal Management Policy No. 6500, Purchasing and Procurement, is attached as Exhibit D.

- Please feel free to mention any awards or recognition the agency has received.

The District has received numerous President's Special Recognition Awards from the Association of California Water Agencies – Joint Powers Insurance Authority (ACWA-JPIA) for excellence in workplace safety and low incidence of claims under ACWA-JPIA insurance programs. In the past three years, two District employees have received an H.R. LaBounty Safety Award from ACWA-JPIA for their contributions to workplace safety.

The District was featured in the Summer 2010 edition of the *Energy & Infrastructure* magazine with a focus on the District's successful Technology Improvement Program. The District continues to receive wide recognition for this program and has served as a model for a number of other public agencies throughout California for using information technology to improve service and increase operating efficiency.

The District, along with many other stakeholders of the Sacramento Water Forum, received the Association of California Water Agencies' Clair A. Hill Water Agency Award for Excellence in 2000 for its contributions to the development of the Water Forum Agreement. The District has been a stakeholder and supporter of the Water Forum Agreement and the Water Forum Successor Effort for more than 15 years.

Most importantly, the District and its employees routinely receive letters, emails and telephone calls from its customers commending the service they receive from the District. This recognition from customers is a yardstick by which the District measures its success in fulfilling its mission.

- Describe ongoing training and personnel policies.

The District develops, maintains and enforces a comprehensive set of human resources policies that are designed to promote an effective, efficient and well-trained workforce and to ensure compliance with applicable state and federal laws. These policies most recently underwent a complete review and updating in 2008. The 75 individual policies cover all aspects of human resources management and administration including: Employment; Employee Compensation and Payroll Practices; Employee Benefits and Services; Standards of Conduct and Employee Discipline; Training and Development; Safety and Health; and Separation and Retirement. The District has opted not to furnish a copy of the District's 160+ pages of human resources policies as a part of this MSR response. However, the District will be pleased to provide copies of any or all of its policies to LAFCo upon request.

A series of policies specifically directed to employee training and development, employee orientation, performance evaluation and promotional opportunities encourages a high level of professionalism and skill among District employees. The District staff includes:

22 employees who possess a Water Distribution Operator Certification from the State Department of Water Resources (DWR),
12 employees who possess a DWR-issued Water Treatment Operator Certification,
2 employees certified as Cross Connection Specialists and
2 employees certified as Water Conservation Practitioners.

Funds are budgeted annually to provide ongoing in-service training to maintain and enhance job knowledge and skills. An Education Assistance Program is provided to support employees who wish to pursue college education or professional/technical training on their own time to enhance their job skills.

The District's workforce averages more than 15 years of District service per employee, which speaks to the success of the District's policy of attracting, training and keeping great employees.

- Are salaries, pay scales, and benefits comparable/ competitive with regional and industry standards?

In keeping with its policy of attracting, training and keeping great employees, the District offers salaries and benefits that are comparable and competitive with regional and industry standards. The District conducts a Salary Survey every three years to review the salaries of District personnel as they compare to the regional marketplace for similar work functions. Based upon these comparisons, recommendations are presented to the District's Board of Directors for any needed adjustments to align District salaries to the marketplace consistent with District policy. District policy expresses a specific goal of setting the maximum salary for each salary range at the 75th percentile of the best matches of salaries in the regional marketplace. The most recent Salary Survey and adjustments to the salary schedule based on Survey results was completed in 2009.

The District also offers a package of employee benefits that are comparable to and competitive with other water utilities and public agencies in the region. These include: CalPERS pension benefits; health, dental and vision insurance; life insurance; short- and long-term disability insurance; paid vacation leave, sick leave and holidays; education assistance program and others. Exempt employees are afforded management leave benefits.

- Describe pension system and practices.

District employees are members of the California Public Employees' Retirement System (CalPERS) and receive pension benefits in accordance with CalPERS requirements and regulations. The District's CalPERS retirement plan is the "Miscellaneous 2% at 55" plan based on a Final Average Compensation Period of 12 months. The District does not offer the CalPERS health insurance benefit. The CalPERS pension system requires a contribution by both the employer and the employee based on a percentage of each employee's salary as determined by CalPERS. The District pays both the employer contribution and the employee contribution to CalPERS.

- Describe financial reporting and auditing practices.

The District prepares a comprehensive set of financial reports on a monthly basis for review and acceptance by the Board of Directors. These reports include:

- Assessor/Collector's Report on accounts receivable, accrued revenue and adjustments, including a detailed accounts receivable analysis ;
- Treasurer's Report on receipts, disbursements, cash and investments and allocations to District funds and reserve accounts;
- Operations Budget and Capital Improvement Budget analyses showing current month and year-to-date expenditures and account balances;
- List of all warrants (checks) issued by the District for the month including a description of the expense for which the warrant was issued;

- Summary of all purchase/credit card (Cal-Card) expenditures by user and expense category;
- Summary of all training, conference and seminar expenses for Directors and District employees.

The District retains the services of a single independent financial auditor to assist in preparing the District's annual financial statements and to audit the financial statements in accordance with government accounting standards. The auditor is appointed by, and reports to, the District Board of Directors, but works directly with District staff in performing the annual audit. The annual audit is presented to the Board of Directors in April of each year, within 120 days of the end of the District's fiscal year that runs from January 1 to December 31. The Board of Directors' policy is to retain the same auditor for not more than five consecutive years of service to maintain the highest level of objectivity and impartiality. The District has engaged the services of a new auditor for its FY 2010 audit after a five-year engagement with its previous auditor.

The District makes copies of budget summary information, financial audit reports and other financial information available for public review on its website and at the District Office.

- Is organization structure similar with like service providers?

The District believes that its organization structure is typical of public water agencies. The organization is divided into the following three logical functional units of Operations and Water Quality; Administration and Water Demand Management; and Project Management and Engineering.

- Operations and Water Quality. Responsible for operating, maintaining and repairing the District's water transmission and distribution system, monitoring and maintaining water quality to meet or exceed all state and federal standards, and operating District groundwater wells.
- Administration and Water Demand Management. Responsible for financial management, human resources, customer service, information systems, water meter reading and maintenance, and water use efficiency and conservation.
- Project Management and Engineering. Responsible for preparing and administering plans and specifications for system improvements, inspecting construction by District contractors and private developers, and preparing and maintaining water system maps and the geographic information system (GIS).

Municipal Service Review Information and Determinations

1. Growth and Population Projections (This provides the public with a “snapshot” of your community.)

- Please provide growth rate and population projections.

Since the time of the District’s most recent MSR in 2005, the growth in terms of the number of water service connections has been 1.7% over the five years, with a total of 332 connections added since 2005. The current number of service connections is approximately 19,550. Most of this growth occurred during the years 2005-07. The District’s growth rate since 2008 has been near zero with the effects of the economic downturn bringing construction of new homes and commercial buildings to a standstill. The 2010 US Census numbers show the population of the District’s service area to be 64,101, which is about 1,200 less than estimated in the District’s 2005 MSR.

Based on historical trends, the District could reasonably expect its growth rate to continue at about one-quarter of one percent for the foreseeable future. At this rate of growth, the District’s number of service connections will grow by about 1,000 to 20,550 service connections by 2030, and the population will reach 67,400 by the year 2030. In light of the current economic conditions and building activity in the District’s service area, growth rates below these projections appear likely in the near term.

- What is the current level of demand for services?

The demand for water service by District customers for 2010 was 13,725 acre-feet (AF) of water, based on actual water consumption data through December 2010. Demand for the previous year, 2009, was about 14,900 AF. It is not possible to conclusively determine the reasons for reduced demand, but it is likely a combination of the effects of metered water billing, greater water efficiency practices by District customers and the continued downturn in the economy resulting in a higher number of vacant homes and commercial properties. The average water demand per single-family connection was about 0.50 acre-feet in 2010 versus 1.72 acre-feet per connection for commercial/institutional customers.

- What is the projected demand for services?

The projected 2011 demand for water service by District customers is 14,840 AF. Based on an estimated growth rate of 0.25% annually, the projected 2030 demand for water service is estimated to be about 15,560 AF. However, it is important to note that demand for water service can vary greatly depending upon seasonal rainfall and other climatic conditions as well as other factors. For example, an extended cool and rainy spring season can delay the start of outdoor watering by customers for weeks or months with a resulting decrease in water demand compared with a year with a more normal seasonal pattern of temperature and precipitation. Likewise, a hot, dry spell in early spring can have customers turning on outdoor water well in advance of a “normal” year, driving up demand for that year.

- What is the current and projected water supply?

Current and projected surface and groundwater supplies are believed adequate to meet District demands. The District shares in a current surface water supply of 82,300 AF annually available to San Juan Water District (SJWD). Current total demand from the water agencies that receive treated water from SJWD is about 55,000 AF annually.

CHWD also has groundwater supply available from its five groundwater wells. The groundwater supply available from these wells during typical non-drought years is estimated at 1,144 AF annually. Exhibit E presents a summary of groundwater pumping scenarios for the District's five groundwater wells under various conditions.

- Please provide any other information relevant to planning for future growth or changing demographics.

The Citrus Heights Water District service area is completely surrounded by service areas served by other water purveyors. Therefore, growth in the number of water service connections and water demands will occur entirely within the District's current service area boundaries. Since there is very little undeveloped land within the District's service area, this means that growth will occur primarily by infill or redevelopment of existing properties. The District will develop a process to evaluate the 142 unannexed parcels or portions of parcels within its service area, most of which do not receive water service, and work with LAFCo and the public and private property owners to consider annexation of these parcels or public rights-of-way within the next five years.

Statewide water efficiency requirements imposed as a result of the state legislature's November 2009 water legislation (20% statewide reduction in water consumption by 2020, among others) may affect future water demands.

LAFCo MSR Determination

The Commission determines that the District is capable of continuing to provide water service in the future. The District has adequate water supply to serve existing residents and the anticipated population growth within its service area. The District utilizes a conjunctive water supply system of groundwater wells and treated surface water to meet the demands of its customers. The service population demand is not expected to grow significantly. New growth will primarily result from reuse and infill development activity.

2. Facilities and Programs

A. Facilities

Summary of Facilities

NAME	LOCATION	SIZE (Acres)	AMENITIES/SPECIAL FEATURES	DESCRIPTION
District Office and Corporation Yard	6230 Sylvan Rd., Citrus Heights		10,226 sf of office and shop facilities, Board meeting room, storage for equipment and materials, emergency generator	District headquarters. Customer service, office and shop facilities to support District operations.
Sylvan Well	6230 Sylvan Rd, Citrus Heights		Not applicable	Groundwater well with wellhead treatment system for production of potable water for District customers.
Sunrise Well	7251 Canelo Hills Rd, Citrus Heights		Not applicable	Groundwater well with wellhead treatment system for production of potable water for District customers.
Palm Well	7349 Palm Av, Fair Oaks		Not applicable	Groundwater well with wellhead treatment system for production of potable water for District customers.
Mitchell Farms Well	12625 Fair Oaks Bl, Citrus Heights		Not applicable	Groundwater well with wellhead treatment system for production of potable water for District customers.
Bonita Well	7117 Bonita Wy, Citrus Heights		1,632 sf of indoor storage area and demonstration residential water-efficient landscape along property frontage.	Groundwater well with wellhead treatment system for production of potable water for District customers.

A Facilities Map is attached as Exhibit F.

Present and Planned Capacity of Public Facilities

- What is the current and projected service capacity?

The theoretical existing service capacity is approximately 22,560 acre-feet of water annually. Aside from the hydraulic limitations to service capacity, service capacity limitations are also a factor of the amount of water treatment plant capacity available from the San Juan Water District that supplies Citrus Heights Water District's treated surface water supply. This capacity exceeds anticipated demands at least through the year 2030. The District's service capacity is projected to remain at this level indefinitely.

- What is the level of adequacy of services and facilities to serve current and future population?

The District's level of services and facilities is more than adequate to serve current and future demands. There are no known inadequacies that would render the District unable to fulfill its mission to its customers.

- What Performance Measures are used by the District to determine service adequacy?

The primary performance measures used by the District to determine service adequacy are: water quality; water supply; and water pressure. The District continuously meets or exceeds all State of California and federal regulations and standards in regard to all three performance measures.

- Demonstrate the District's ability to meet water quality standards.

A demonstration of the District's ability to meet water quality standards is its ongoing record of meeting or exceeding all State of California and federal regulations and standards related to water quality. A copy of the District's 2009 Consumer Confidence Report, published by the San Juan Family of Water Agencies, provides verification of the District's performance in regard to water quality. This document is attached as Exhibit G. A Report on the District's Water Quality Relative to Public Health Goals is also attached as Exhibit H.

- Describe District's water supply sources and conjunctive use efforts.

The District's primary source of water supply is surface water from Folsom Reservoir operated by the U.S. Bureau of Reclamation. Surface water is treated to drinking water standards by San Juan Water District and delivered to Citrus Heights Water District. One other source of water supply for CHWD is the five groundwater wells owned and operated by CHWD. In 2010, surface water accounted for 88.6 percent of the District's total water supply and groundwater accounted for 11.4 percent. These percentages vary from year to year, but surface water typically accounts for 85 to 95 percent of the District's total water supply annually.

The District participates in region-wide conjunctive use efforts as a member of the Sacramento Groundwater Authority and as a Water Forum Agreement signatory. As a water agency with access to both surface water and groundwater, the District is in a key position to be able to vary its water supply sources in response to hydrologic conditions. In general, in years where surface water is in short supply the District will rely more on groundwater to preserve surface water supplies; and in years of adequate surface water the District will pump less groundwater to promote recharge of the underground water aquifer. The District's practice is to run each of its five groundwater wells for one week at a time on a continuous five-week cycle to ensure that each well is in a continual state of readiness for emergencies or unplanned disruptions of surface water supplies. The District has a stationary generator installed at its Sylvan Road site that is capable of providing emergency power to both the Sylvan Well and to the District's offices and shops. The Bonita Way and Mitchell Farms

wells are both equipped to be powered by a mobile generator in an emergency. The District has no solar power equipment at any of its facilities.

- Describe water pressure and fire flows.

The District's water pressures generally vary within a range of 70 pounds per square inch (psi) to 110 psi. Since nearly all the District's water pressure is created by the hydraulic head from the higher elevation of the point of delivery in Granite Bay near Folsom Reservoir, variances in water pressure result primarily from the elevation within the District's service area (areas of lower elevation have higher pressures and vice versa) and seasonal demand. When peak water use occurs, generally on very hot summer days, the system-wide water pressure goes down. The District has the ability to use its groundwater wells to boost system pressures. However, the need to use groundwater wells for this purpose rarely arises since hydraulic head generally provides more than adequate water pressure even under high demand conditions.

The District meets or exceeds all fire flow requirements throughout its service area.

- Describe water leaks and interruptions.

The District experiences minimal water service interruptions. When a water leak repair requires a water pipeline to be taken out of service, customers served by the water pipeline are notified in advance of the outage as is reasonably practical by District field crews going door-to-door. The exception to this is emergency situations where there is a need to immediately take a pipeline out of service to reduce a threat to public safety or property. The District maintains a supply of bottled water to distribute to customers in situations where the service outage will be more than a few hours. Once repaired, the pipeline may be disinfected if there has been a loss in pressure that may have compromised the water quality in the pipe.

- Describe compliance with the Water Forum Agreement.

The District has pursued compliance with the Water Forum Agreement in good faith since the Agreement was signed in 2000. The only aspect in which the District has failed to achieve full compliance is in meeting the conservation element requirements of the Agreement. A significant step toward compliance was achieved in January 2008 when the District began billing all customers for metered water consumption. The District staffs and conducts a robust water demand management program in an effort to promote water conservation and efficiency and to achieve the Best Management Practices of the California Urban Water Conservation Council (CUWCC). The District also participates in and contributes to the Regional Water Efficiency Program conducted through the Regional Water Authority.

- Describe drought preparedness and emergency plans.

The District has a schedule of water conservation stages, adopted by resolution of the Board of Directors (Exhibit I), that identifies various levels of water supply conditions and sets forth mandatory requirements within each stage. A water conservation stage is declared by

the District's Board of Directors based upon prevailing water supply conditions at the time of declaration. District staff includes a water conservation coordinator position that is responsible for enforcement of mandatory requirements such as repair of leaking customer pipes and working with customers to encourage efficient water usage. A common set of water conservation stages and mandatory requirements has been adopted by all of the water agencies within the San Juan Water District (SJWD) service area.

The District has entered into a Water Shortage Agreement with SJWD that identifies water supply conditions under which CHWD will operate its groundwater wells to supplement water supply for the benefit of all SJWD wholesale and retail customers (Fair Oaks Water District (FOWD), Orange Vale Water Company (OVWC), SJWD's retail service area (SJWD-Retail), and a portion of the City of Folsom north of the Lower American River identified as the Ashland area (Folsom-Ashland) that is served by SJWD). SJWD compensates CHWD annually by an amount specified in the agreement for maintaining its groundwater wells in a state of readiness for drought and emergency situations.

The District has a formal Emergency Response Plan that sets forth its procedures for responding to various emergency events. District staff members have received, and are continuing to receive, formal training in the California Standardized Emergency Management Procedures (SEMS), the Incident Command System (ICS) and the National Incident Management System (NIMS). The District is also participating in emergency response planning with the SJWD and the other water agencies within the SJWD service area. The District is signatory to the Water Agency Response Network (WARN) statewide mutual aid agreement, and is in the process of developing or updating specific mutual aid agreements with neighboring water agencies in the surrounding region. The District has 21 system inter-ties with six neighboring water agencies that are available to provide or receive water supplies in emergency conditions. The inter-ties remain closed during normal operations and can be activated via coordination with the neighboring agency. A list of inter-ties is included as Exhibit P.

Infrastructure Needs or Deficiencies/Capital Improvement Program

Provide the following information for wells, distribution lines, transmission lines, storage facilities, treatment facilities, and any other related infrastructure:

- Describe the District's Capital Improvement Program, as applicable.

The District has a 10-year capital improvement program (CIP) that serves as a planning tool for forecasting required infrastructure projects and other capital expenditures into the future. The CIP identifies specific projects along with an estimated cost for each, and identifies the present-value cost of these projects. Projects are grouped into categories for planning purposes (e.g., Transmission Mains – New, Transmission Mains – Replacement, etc). The CIP is updated annually to reflect projects completed in the past years as well as new or revised projects within the planning horizon. The District's current 10-year CIP for 2011-2020 identifies a total of about \$26.9 million in projects. A summary of the District's 10-year CIP is included as Exhibit J.

- Describe deferred maintenance.

The District conducts an ongoing preventive maintenance program with a goal of minimizing deferred maintenance. Operation, maintenance and inspection of valves, fire hydrants and other distribution system components is conducted on prescribed periodic intervals and tracked using the District's computerized maintenance management system (CMMS). The District does not have a significant backlog of deferred maintenance.

- Describe policies and practices for depreciation and replacement of infrastructure.

The Board of Directors has established a Depreciation Reserve for the purpose of setting aside funds over an extended period of time to replace or rehabilitate capital facilities at the end of their useful life. The past practice of the Board has been to fund this Reserve in an amount equal to one-half of the District's annual depreciation expense as identified in its annual audited financial statements. The Board transfers funds from this Reserve to pay for capital replacement or rehabilitation projects as they occur.

- How will new or upgraded infrastructure and deferred maintenance be financed?

For the foreseeable future, new or upgraded infrastructure and any deferred maintenance will be financed on a pay-as-you-go basis through water rate revenues and/or reserves. The Board of Directors has supported establishing water rates that will provide for the cost of ongoing operations and forecasted annual capital expenditures. The District currently has two debt financing issuances outstanding, monies that were borrowed in 2000 (refinanced in 2010) and 2003 primarily to fund the installation of water meters for all District customers to meet a January 2008 completion deadline imposed by the U.S. Bureau of Reclamation. The outstanding debt is currently \$7.44 million, with annual debt service of about \$767,000. At this time, the District has no plans to do any additional financing within its current financial planning horizon. The District, through a grant application administered through the Regional Water Authority, has been appropriated \$600,000 in Proposition 50 grant funds to aid in the construction of its next groundwater well. The project, with an estimated cost of \$2.4 million, is in the preliminary planning stages with completion expected in 2014.

- List infrastructure deficiencies, if any; indicate if deficiencies have resulted in permit or other regulatory violations; if necessary, explain how deficiencies will be addressed.

The District has no deficiencies that are considered serious enough to jeopardize water quality or water service to customers, and no deficiencies have resulted in permit or other regulatory violations. The most critical deficiency in the District's system is the presence of about 5 miles of old steel water main where leaks have occurred from time to time. The District has about 265 miles of pipeline in its transmission and distribution system, so the old steel water mains represent less than 2 percent of the pipe in the District's system. The District has been systematically replacing this old steel water main as part of its capital improvement program, and expects to have the old steel pipe entirely replaced by 2020.

Provide evidence of compliance with applicable regulatory standards.

As evidence of compliance with applicable regulatory standards, the District is including the following reports with this response:

CHWD 2009 California Department of Public Health (CDPH) Water System Annual Report – Exhibit K

2009 Consumer Confidence Report published by the San Juan Family of Water Agencies – Exhibit G

B. Programs

Describe water meters, water conservation efforts, urban groundwater management planning efforts, public education and outreach, and any other applicable program

Summary of Programs

PROGRAM NAME	LOCATION(S)	SIZE	DESCRIPTION
Water meter retrofit	District-wide	Total of 19,500+ water meters	Completed in 2007; billing on metered consumption began January 2008
Water demand management program	Program covers entire District service area	\$260,473 operating budget for 2011	Water efficiency and conservation activities, water waste enforcement, education, rebate and incentive programs
Groundwater management planning	Sacramento region north of the Lower American River	Approx. \$21,000 to support Sacramento Groundwater Authority for 2011	Regional effort to manage, protect and sustain the groundwater basin
Public education and outreach	Program covers entire District service area		Efforts include twice-annual customer newsletter, District website, participation in community events, speakers for local clubs and organizations

LAFCo Determination

The Commission determines that the Citrus Heights Water District currently provides adequate services and facilities throughout its service area. However, the District recognizes that continued water line replacement, water meters, and infrastructure replacement are required and necessary to sustain current levels of service and meet future demands. The District has

established a rate structure and capital improvement program to facilitate a sustainable water system.

3. Financial Information

Budget (Please attach current budget.)

A summary of CHWD's Operating Budget and Capital Projects Budget for 2011 are included as Exhibit L.

Revenue

- Describe all revenue sources (i.e., property taxes, special taxes, service charges, fees, rentals, assessments, grants, etc.).

Bi-monthly service charges are assessed for all active metered water accounts, based on water meter size.

Commodity charges are assessed for water consumed, based on a cost per unit of water consumed.

Wheeling water charges are assessed for water conveyed through the District's water system for use by other water agencies outside of the District. For example, San Juan Water District receives water at two connections off of the District's primary water transmission main.

Bimonthly fire sprinkler service charges are assessed based on the size of the dedicated fire sprinkler service connection (typically 4-inch and larger) for those commercial, public agency and multi-family residential services equipped with such a service.

Bimonthly backflow prevention assembly monitoring charges are assessed on a per-assembly basis.

Charges for services such as plan check, inspection, water service installation and other related services as requested by private developers and builders are assessed based on the cost of providing the services.

Capacity fees are assessed for new connections to the District water system, based on the size of the service connection. Capacity fees are determined using the "system buy-in method" which recognizes the current value of providing the capacity necessary in the District water system to serve additional users. The net equity investment in the water system is divided by the number of equivalent customers to determine the capacity fee (the buy-in charge).

Miscellaneous fees for services such as new account applications, printing and mailing of Board meeting agendas, fire flow certification and modeling, and others as requested are assessed based on the cost of providing the services.

Late payment penalties and other service charges related to delinquent accounts and disconnection/reconnection of water service are assessed based on the cost of servicing the delinquent account.

Rates, Fees, Charges, and Assessments

- Describe rate setting methodology.

The District uses a cost-of-service approach to rate setting. Rate setting also takes into consideration Best Management Practice 11 (BMP 11) of the California Urban Water Conservation Council (CUWCC) that prescribes the setting the commodity cost of water for customers at a level such that 70 percent of the District's revenues will come from the sale of water and 30 percent from fixed service charges.

The District utilizes computerized rate/revenue modeling to serve as a framework for forecasting the District's revenue needs, typically over a ten-year rolling timeframe. The District conducts a public workshop annually for rate setting and budget development for the coming year, and mails a notification of proposed rate adjustments to all property owners in accordance with Proposition 218. A formal Public Hearing is conducted by the Board of Directors prior to adoption of water rates, charges and fees and the operating and capital improvement budgets for the coming year.

- Explain constraints associated with agency's ability to generate revenue. What options are available – special assessments/ special taxes/ increases in sales tax/impact fees/grants, etc.?

The District generates approximately 90 percent of its annual revenue through bi-monthly service charges and commodity charges for water served to customers. The authority to adjust these charges is vested in the Board of Directors by the Water Code. The Board of Directors' ability to adjust these charges is constrained by the provisions of Proposition 218, under which property owners within the District can avert a proposed rate adjustment by a majority written protest. The District can and does establish other charges and fees for the services that it provides as described in the earlier Revenue Sources section. The District reviews these charges and fees annually for possible adjustment to ensure that the District is recovering the cost of providing these services from the customers who receive them.

- Please provide a comparison of rates and charges with similar service providers.

The District annually compares its rates and charges with those of other water agencies in the region. The most recent comparison performed near the end of 2010 shows that the District's cost of water service for the typical average customer (based

on the District's adopted 2011 water rates) is 15 percent below the average cost charged by the 19 water agencies in the greater Sacramento area. A table showing the most recent comparative data is included as Exhibit Q.

Expenditures

- Describe the agency's service levels compared to industry standards and measurements.

The District provides a high level of service when compared against industry standards established by the American Water Works Association (AWWA) for the most critical service level factors: water quality and water pressure. The District serves high-quality water at ample water pressure throughout the water distribution system, has a low incidence of service outages, provides prompt and attentive customer service, and delivers this service at water rates that are below regional and state-wide averages.

- Describe the cost of service compared to industry standards and measurements.

As mentioned previously in this document, the most recent comparison performed near the end of 2010 shows that the District's cost of water service for the typical average customer (based on the District's adopted 2011 water rates) is 15 percent below the average cost charged by the 19 water agencies in the greater Sacramento area.

Assets, Liabilities, Debt, Equity, and Reserves

- Provide the Book Value of Assets.

The District's Book Value of Assets, expressed as total net assets in its audited financial statements, is \$41,566,213 as of December 31, 2009.

- Provide a list of equipment, land, and other fixed assets.

A list of equipment, land and other fixed assets compiled for property insurance purposes is attached as Exhibit M.

- Provide a summary of long term debt and liabilities.

Long-term debt and liabilities for the District are as follows:

CHWD Revenue Refunding Certificates of Participation, Series 2010
(Refunding of Series 2000 COPs)
Principal amount of debt outstanding as of 12/31/2010: \$4,670,000
Maturity date: October 1, 2020

SJWD/CHWD Revenue Certificates of Participation, Series 2003

Principal amount of debt outstanding as of 12/31/2010: \$2,770,000
Maturity date: February 1, 2033

Total-long term debt and liabilities as of 12/31/2010: \$7,440,000

- Explain the agency's bond rating; discuss reason for rating. Discuss amount and use of existing debt. Describe proposed financing and debt requirements.

CHWD's bond rating, issued by Standard & Poor's, is AA. Reasons cited by Standard & Poor's for this rating include: CHWD's strong financial performance, debt service coverage and liquidity; CHWD's stable, primarily built-out residential customer base; and CHWD's demonstrated willingness to adjust rates as necessary. Existing debt, as discussed previously in this document, is \$7,440,000. The proceeds for this debt were used primarily to finance the installation of water meters for all CHWD customers. A small portion of the debt was used to help fund installation of a new groundwater well in 2001-02. CHWD currently has no future debt financing under consideration

- Describe policies and procedures for investment practices.

CHWD's investment practices are governed by federal and State law and by the District's own investment policy. A copy of the District Fiscal Management Policy No. 6300, Investment of District Funds, is attached as Exhibit N to this report. The policy is reviewed, modified as necessary and re-adopted annually.

- Describe policies and procedures for establishing and maintaining reserves/retained earnings.

CHWD has established the following fiscal reserves by policy:

Operating Fund: Source of funds to pay for ongoing operation of the CHWD, funded annually in an amount equal to the approved Operating Budget of the CHWD.

Operating Reserve: Serves as a depository for funds collected in advance for the following fiscal year and for other monies not specifically allocated to other funds and reserves, and provides for unanticipated operating expenses or economic shortfalls.

Rate Stabilization Reserve: Provides funds for use to ensure financial and customer rate stability due to extraordinary fluctuations in operating or capital expenditures, changes to billing methods, disasters, major water system failures and other similar events. The Board of Directors has set a target to fund this Reserve in the amount of \$1 million, and this level had been achieved prior to 2008 when \$800,000 was used to offset the one-time cash flow effect of switching from pay-in-advance flat-rate billing to pay-in-arrears metered billing. The level of the Rate Stabilization Reserve has been gradually restored from its low of \$200,000 at the end of 2008 to

its current level of \$800,000 at the end of 2010.

Depreciation Reserve: Source of funds designated to replace or rehabilitate capital facilities at the end of their useful life. In practice, CHWD adds to this fund in an amount of one-half (50 percent) of the current audit's annual depreciation amount on CHWD capital facilities. The level of the Depreciation Reserve was \$3.93 million at the end of 2010.

Capital Improvement Reserve: Source of funds designated for use in evaluating, designing and constructing new capital facilities to benefit CHWD customers. Funding in this Reserve varies in proportion to the level of new capital facilities planned for construction over the planning period for the CHWD's Capital Improvement Program. This Reserve currently remains in a deficit state as a result of significant expenditures for the water meter retrofit program and new groundwater wells over the years 1999-2009. The Reserve reached a deficit of -\$2.9 million at the end of 2009. CHWD's strategy is to gradually rebuild this Reserve through water rate revenues to eliminate the deficit over the next several years. The level of the Capital Improvement Reserve was -\$2.0 million at the end of 2010

Transmission Pipeline Project Fund: This fund was established as a source of funds to pay for the District's share of the cost of constructing the 72-inch Cooperative Transmission Pipeline (CTP). The pipeline project was completed in 1997, and the fund balance has been zero following the reconciliation of all project costs in 1998.

Connection Fund: Serves as a depository for Capacity Fees paid in conjunction with development or redevelopment, and provides a source of funds designated for use in evaluating, designing and constructing new capital facilities to benefit District customers. The balance of monies accrued in this fund during the course of the year is transferred annually to the Capital Improvement Reserve to pay for new capital facilities. The level of the Connection Fund was \$5,894 at the end of 2010.

Fleet Equipment Reserve: Source of funds for replacing the District's fleet equipment at the end of its useful life. Funds are typically transferred annually to this reserve from the Depreciation Reserve, currently in the amount of \$100,000 per year. The level of the fund varies depending on the amount and cost of equipment being replaced during a given year. The level of the Fleet Equipment Reserve was \$405,716 at the end of 2010.

Employment-Related Benefits Reserve: Source of funds for paying the cost of employment-related benefits for existing and retired District employees, including: health insurance benefits for employees; payment of accrued leave balances such as sick leave, annual leave and others upon retirement or separation of employment from the District; payments to employees under the District's Recognition, Rewards and Accountability Program; and defraying the future cost of other employment-related benefits for District employees.

A summary of fund and reserve balances for the District beginning from 1996 through 2010 is included as Exhibit O.

Summary of Revenue Sources and Expenditures

The information requested in the Summary of Revenue Sources and Summary of Expenditures tables below does not match the financial information presented in CHWD's audited financial statements. The amounts shown in the tables below are drawn from a variety of CHWD financial reports in order to identify the sources of revenue and expenditure categories in a manner that matches as closely as possible the table formats provided by LAFCo for this report. While the amounts may not match those presented in CHWD's audited financial statements, they are a fair representation of revenue sources and expenditures by CHWD for the years shown. CHWD is on a January-December fiscal year, so the dates shown at the top of each table are the fiscal year ending December 31 for the year shown.

Summary of Revenue Sources

Fiscal Year	2007	2008	2009	2010	Projected 2011
Charges for Service	8,515,982	8,317,796	9,623,864	9,709,047	9,487,917
Property Taxes	-	-	-	-	-
Interest	255,856	113,579	52,652	31,195	40,000
Rental Income	-	-	-	-	-
HPTR	-	-	-	-	-
In-Lieu Fees	-	-	-	-	-
State & Federal Grants	527,408	376,476	30,672	21,863	-
Grants	-	-	-	-	-
Miscellaneous	1,348,624	368,718	410,681	1,266,258	1,224,408
Fund Balance Available	-	-	-	-	-
Total	10,647,870	9,176,569	10,117,869	11,028,363	10,752,325

Summary of Expenditures

Fiscal Year	2007	2008	2009	2010	Projected 2011
Salaries & Wages	1,704,197	1,814,756	1,911,091	1,899,653	1,828,062
Services & Supplies	4,581,506	5,429,822	6,647,548	6,287,147	5,050,365
Long-Term Debt	828,332	832,245	829,486	831,937	767,206
Capital Improvements ¹	1,894,616	3,994,225	851,271	763,058	2,466,766
Equipment	182,537	59,446	36,504	44,598	63,500
Contingency	-	-	-	-	-
Total	9,191,188	12,130,494	10,275,900	9,826,393	10,175,899

1. Sources of Funding: Revenues from water rates and charges; proceeds from debt financing and grant funds.

Summary of Financial and Operational Information

	2009/10
Population	64,101
Area Served	12.16 sq. mi.
Developed Real Estate	90% (est.)
Undeveloped Real Estate	10% (est.)
Service Standard Ratios ¹	2,289 / 1 (est. population served per employee)
Full Time Employees	28
Average Part-Time Employees	0
Total Annual Budget	\$8.95 million
Per Capita Spending	\$135.54
Total Annual Administrative Costs ²	\$1.59 million
% Annual Administrative Costs to Total	17.8%
Estimated Deferred Maintenance	0
Average Capital Improvements (5 Years)	\$3.02 million/yr
Reserve Amount ³	\$6.67 million
Operational Cost per Employee	\$319,487
Average Property Tax Rate	Not applicable

1. CHWD Service Area Population is estimated.
2. Includes costs for customer service, billing and support.
3. Total CHWD Funds and Reserves as of 12/31/10

LAFCo Determination

The Commission determines that the Citrus Heights Water District has completed over the necessary documents that identified and evaluated infrastructure needs and the requisite rate study to finance operations and maintenance costs, meet water quality standards, and capital improvements as set forth in the CHWD Operating Budget and Capital Projects Budget.

4. Status of and Opportunities for Innovation and Shared Facilities

- a) Describe existing and/or potential shared facilities, infrastructure, and staff. Describe any joint power agreements or other agreements for sharing resources with other agencies.

Water Forum. The District is a signatory to the Water Forum Agreement (WFA), another example of diverse interests working together. As a stakeholder in the Water Forum Successor Effort, the District undertakes activities to support the two co-equal objectives of the Water Forum: To provide a reliable and safe water supply for the region’s economic health and planned development to the year 2030; and to preserve the fishery, wildlife, recreational and aesthetic values of the lower American River.

San Juan Family of Agencies. The District's treated water service from San Juan Water District is another example of shared facilities. Essentially, five agencies (CHWD, FOWD, OVWC, SJWD-Retail and Folsom-Ashland) share the water treatment facilities and staff provided by SJWD, paying proportionately for the cost of treated water produced. The San Juan Family of Agencies has an Executive Committee composed of representatives from all Family agencies. This Committee meets monthly to work on mutual goals, address mutual concerns and share information among the agencies.

Cooperative Transmission Pipeline (CTP). The District shares treated surface water transmission capacity in the CTP, a \$22 million transmission main that was constructed through the combined efforts of the five water agencies (CHWD, FOWD, OVWC, SJWD and Northridge Water District, now a part of Sacramento Suburban Water District). The District's overall capacity entitlement is 20.08 percent of the CTP. The pipeline is operated and maintained under an agreement with the San Juan Water District. It runs roughly east to west for approximately 5.4 miles, beginning at the San Juan Water District water treatment facility in Granite Bay and ending at its connection to a Sacramento Suburban Water District water transmission main on Oak Avenue in Citrus Heights near C-Bar-C Park.

Regional Water Authority (RWA). The RWA, a joint powers authority composed of most of the region's water purveyors, is a prime example of how many water agencies in the Sacramento region are working together for the benefit of all their customers. The District has completed two new groundwater wells in the past three years and is in the process of developing a third well to be constructed by 2013. These wells are part of a much larger conjunctive use project involving many water purveyors in the region and being coordinated by the RWA and performed in part with State grant funds. "Conjunctive use" is basically the coordinated use of both surface water and groundwater supplies to help meet the needs of all water users in the region. This conjunctive use project is part of an overall plan to implement a regional conjunctive use program.

Sacramento Groundwater Authority (SGA). The District is also involved in the SGA, a joint powers authority whose purpose is to help manage the groundwater basin in Sacramento County north of the American River. Effective management of the groundwater basin is a component of regional conjunctive use efforts described in the RWA section above.

b) Describe existing and/or potential joint use planning.

The response to Item 4.a. above describes the existing and potential joint use planning now underway by the District.

c) Describe existing and/or potential duplication with existing or planned facilities or services with other agencies.

The District is not aware of any existing or potential duplication of facilities or services with other agencies. The District does not now possess or have plans to build any facilities that might duplicate those of other agencies; and the services it provides do not duplicate or overlap those provided by other agencies.

- d) Describe availability of any excess capacity to serve customers or other agencies.

The District has rights to water transmission capacity in excess of current needs in the Cooperative Transmission Pipeline (CTP). However, the extra capacity provided by this pipeline is designated for future growth within the District; and also to provide redundancy to the District's primary 42-inch transmission main that brings surface water from San Juan Water District's water treatment plant into the District's distribution system.

- e) Describe any economies of scale in shared purchasing power, and any other cost-sharing opportunities that can be implemented by joint use or sharing resources.

The District avails itself of opportunities for shared purchasing power, particularly in "piggybacking" on State of California purchasing contracts for goods and services such as vehicles, computer equipment and telecommunications equipment and services.

Where possible and practical, the District shares in the costs of efforts such as regional planning studies (e.g., the Regional Water Master Plan and the Integrated Regional Water Management Plan) and programs (e.g., the Regional Water Authority's Water Efficiency Program) that provide economies of scale for the District and other participants.

- f) Describe any duplication (overlap), or gaps in services or boundaries.

The District is not aware of any duplication (overlap) or gaps in its services or boundaries.

- g) Describe ongoing cost avoidance practices. (For example, if you hire contract vs. in-house employees, is the bidding process cost effective and efficient)?

The District continually seeks ways to control, reduce or avoid costs in providing its services. The District makes extensive use of contractual and vendor-provided services to supplement its own work force where it is cost-effective to do so. Examples of contractual services currently or recently used by the District includes: water meter reading; bill printing and mailing; collection of customer payments (lockbox service); facility janitorial services; landscape maintenance; engineering design and studies; construction inspection; construction of capital improvement projects; information system planning and maintenance; and many others. Through the effective use of contractual services, the District has been able to control its costs and limit the growth of its workforce. The District workforce was 26 employees in 1996; 15 years later in 2011, the workforce is 28 employees. The positions added since 1996 are directly related to the additional work involved in administering and maintaining a fully-metered water system.

The District uses computer technology to enhance its ability to serve its customers while increasing efficiency. A fully-integrated financial/customer information and billing system (FIS/CIS), a geographic information system (GIS), and computerized maintenance management system (CMMS) give District staff a powerful set of tools to increase productivity in the office and while at worksites throughout the service area via laptop computers and wireless connectivity.

The District's written purchasing and procurement policy defines a variety of purchasing categories and levels, and sets forth the requirements and procedures for purchasing. The District believes that its formal bidding process is both cost-effective and efficient, and typically results in the specified level of goods and/or services at a fair and competitive cost.

h) Describe any opportunities to reduce overhead and operational costs.

The responses to previous questions under this Section 4 provide a number of examples of the District's ongoing efforts to control or reduce overhead and operational costs. The District has only 28 employees operating from a single office/corporation yard site serving a customer base of more than 19,500 accounts, operating and maintaining a 265-mile underground water distribution and groundwater well system, and providing uninterrupted service of high-quality water to its customers around the clock, 365 days a year. The District is committed to exploring and implementing available opportunities to reduce overhead and operational costs, and has reduced its operating budget in the past two budget years. The District's level of customer satisfaction and reasonable water service rates speak for themselves in this regard.

i) Describe any opportunities to reduce duplication of infrastructure with other agencies.

Future opportunities to reduce or avoid duplication of infrastructure may include:

- Shared groundwater well(s) with other water agencies.
- Shared water storage (reservoir) facilities with other water agencies.

There are no formal plans now in place for such facilities, but the possible future consideration of such facilities exists, particularly in light of regional conjunctive use efforts.

j) Identify any areas outside agency boundary which could be efficiently served by existing or proposed agency facilities.

The District is not aware of any areas outside of its boundary that could be efficiently served by existing or proposed agency facilities.

k) Identify any areas within agency boundary which could be more efficiently served by another agency.

The District is not aware of any areas within its boundary that could be more efficiently served by another agency.

l) Are your service plans compatible with those of other local agencies?

The District believes that there is nothing in its current or future plans for water service that is not compatible with plans of other local agencies. The District maintains close contact with all of the water agencies in the region, particularly with those whose boundaries adjoin the District's service area. Organizations such as the Regional Water Authority, the San Juan Water District Executive Committee, the Water Forum, the Sacramento Area Water Works Association, the Sacramento Groundwater Authority and others provide many opportunities for exchange of

information among water agencies. Although it is difficult to envision what types of incompatibilities might exist, any change in service plans that might potentially affect other agencies would, as a matter of course, be discussed with those agencies in advance.

m) Please list any professional and industry memberships.

One or more District Directors and/or employees are members of, or participate in, the following professional and industry organizations:

Association of California Water Agencies (ACWA)
Association of California Water Agencies – Joint Powers Insurance Authority (ACWA-JPIA)
American Water Works Association (AWWA)
AWWA Research Foundation (AWWARF)
Sacramento Area Water Works Association (SAWWA)
Water Education Foundation (WEF)
Regional Water Authority (RWA)
Sacramento Groundwater Authority (SGA)
American Society of Civil Engineers (ASCE)
Citrus Heights Chamber of Commerce

LAFCo Determination

The Commission determines that Citrus Heights Water District has mutual aid agreements with adjacent water service providers and participates in several Joint Power Agreements that facilitate cooperation and management of water resources including ground water. The District is committed to exploring and implementing available opportunities to reduce overhead and operational costs, and has reduced its operating budget in the past two budget years.

5. Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies

a) Explain the composition of the agency's governing board.

- Number of Directors: 3
- Nature/ Length of Terms: 4-year terms, staggered 2 years apart
- Is governing body landowner or population based? Per California Irrigation District Code, the District is divided into three geographic Divisions of equivalent population. Directors qualify by geographic Division but are elected at large by the voters of the District as a whole.
- Are Directors elected or appointed? Elected.

- Are elections or appointments at large or by district? Per California Irrigation District Code, the District is divided into three geographic Divisions of equivalent population. Directors qualify by geographic Division but are elected at large by the voters of the District as a whole.

b) Explain compensation and benefits provided to the governing board, including any benefits that continue after term of service.

Directors are compensated in the amount of \$145.00 per day, not exceeding ten days in any calendar month, for sitting on the Board or acting under its orders. The amount of compensation per day is set by Ordinance of the Board, and can only be modified by action of the Board at a Regular Meeting in Open Session. Also by Ordinance, Directors are entitled to receive actual and necessary expenses when acting under the orders of the Board, subject to policies and procedures for expenses adopted by Board of Directors. Directors do not receive any benefits during or after service.

c) Where and how frequently does the governing board meet?

The Board of Directors holds one Regular Meeting per month, currently scheduled on the second Tuesday of each month beginning at 6:30 p.m. Other Special Meetings are scheduled as needed, typically not more than three or four per year.

d) Describe rules, procedures, and programs for public notification of agency operations, meetings, programs, etc.

The District meets or exceeds all Ralph M. Brown Act requirements for public notification of meetings.

- How is public participation encouraged? In addition to posting of Regular Meeting agendas a minimum of 72 hours in advance of the meeting on the District's outside bulletin board, agendas are sent to a mailing list that includes other public agencies in the region. Distribution is available to anyone by request free of charge by electronic mail, and copies of Board meeting agendas and minutes are posted on the District's web site, www.chwd.org. Public participation is also encouraged by notification of public hearings and workshops in the District's WaterLine customer newsletters, and public hearing notices published in the Sacramento Bee.
- Are meetings accessible to the public, i.e., evening meetings, adequate meeting space, etc.? All Regular Meetings and most Special Meetings are held in the evenings, and are conducted at the District Office. The meeting room for the Board, while small, is more than adequate for most meetings. The room has a partition wall that can be removed to accommodate larger numbers of people. The maximum capacity for a public meeting is approximately 40 people, including Directors and staff.

e) Describe public education/outreach efforts, (i.e., newsletters, bill inserts, website, etc.)

The District uses a variety of public outreach methods to communicate with its customers. The District publishes a newsletter twice a year, the WaterLine, which is delivered to all postal addresses within the District's service area, as well as to property owners that reside outside of the District. The newsletter is considered one of the District's primary tools for providing information about water conservation programs, water quality, water rates, upcoming capital improvement projects and other news.

The District also delivers a federally-mandated Consumer Confidence Report (CCR) to its customers once a year. The CCR is published jointly by the San Juan Family of Water Agencies, the five primary retail water agencies that receive water from SJWD. It summarizes the most recent testing of constituents in the drinking water, and includes test results for surface water from the San Juan Water District treatment plant and for groundwater from Citrus Heights Water District's own groundwater wells.

The District annually mails a "Proposition 218" notice to every property owner of record in the District. This notice informs owners about proposed adjustments to water rates and charges for the coming year, and provides a method by which property owners may formally protest proposed adjustments. The notice also advises owners about the Public Hearing date for adoption of water rates, charges and fees for the coming year.

The District maintains its own web site, www.chwd.org, as another information and communication resource for its customers. The web site is a source for: agendas of upcoming District Board of Directors meetings and minutes of past meetings; water billing and payment option information; information about District finances; water conservation tips and ultra-low-flush toilet rebate information; water quality data; on-line versions of the District's current and past WaterLine newsletters; and much more. The site includes an e-mail contact feature so that customers can communicate directly via e-mail with the Board of Directors or key District staff members.

The District uses bill inserts and a printed message block on customer billing statements as another means of disseminating public information, including notices of upcoming public hearings, water conservation tips, information about bill payment options and other messages.

The District also participates in community events, such as the annual Citrus Heights Sunday FunDay and the U.S. Bureau of Reclamation's WET Festival, with a "spin the wheel" booth game to help the District deliver its water conservation and water quality messages in a fun and entertaining manner.

f) Describe level of public participation, and ways that staff and Directors are accessible to the public.

Ongoing public attendance at Board of Directors meetings is minimal. The annual Public Hearing for budgets and water rates generally draws a number of customers, but it is typical for no members of the public to be present at other Board meetings.

The District prides itself on its accessibility to its customers. A Commitment of the District is that telephone callers to the District during regular operating hours always get their call answered by a real, live employee, not an automated system. Customers with questions or concerns are encouraged to attend Board meetings, and written communications from customers to the District generally always receive a written response or telephone follow-up. Because of small public attendance at Board meetings, members of the public that do attend generally have the opportunity for a direct dialogue with Directors. Involvement by Directors in a wide variety of local and regional activities helps to enhance their accessibility.

District employees have frequent direct interaction with the public both at the District office and at customer's homes and businesses through programs such as free water conservation audits and water efficiency rebate programs. Participation at widely-attended public events during the year such as the Citrus Heights Sunday FunDay provide another way for the public to access information about the District.

g) Describe ability of public to access information and agency reports.

The District strongly supports any customer or member of the public reviewing any public information or reports maintained by the District. The District maintains a wide variety of information on its web site, such as key District policies and regulations, financial information such as audited financial statements, agendas and minutes of Board of Directors meetings, and much more.

h) Describe any opportunities to eliminate service islands, peninsulas and other illogical service areas.

The District has no "service islands" within its service area. The District has one "peninsula" in the southwest corner of its service area. It is a small rectangular section (about one-half square mile in size) of the northeastern corner of the unincorporated Fair Oaks and Carmichael communities. It is connected to the main portion of the District's service area at the intersection of Madison Avenue and San Juan Avenue, but is nearly surrounded on all four sides by four other water agencies. Although its geographic connection to the rest of the District's service area is tenuous, the customers in this area receive the same high level of service as all other District customers. There is no known interest demonstrated by any of the customers in this "peninsula" to be served by another water agency. There are significant physical and hydraulic constraints that would have to be overcome for any of the four surrounding water agencies to serve water to this area.

LAFCo Determination

- The Commission determines that the District encourages public participation at its Board meetings and provides many different public education programs and outreach efforts to the community it serves. The District has a three-member Board. Directors qualify by geographic Division but are elected at large by the voters of the District as a whole.

6. Issues, Concerns and Opportunities

Please provide information regarding any issues, concern, or opportunities related to operations (financial, managerial, legal, organizational, etc.)

- Compliance with Environmental Justice requirements:

CHWD is not aware of any issues, concern or opportunities related to compliance with Environmental Justice requirements.

- Compliance with regulatory reporting requirements:

CHWD routinely complies with all local, State and federal regulatory reporting requirements. CHWD is not aware of any issues, concern or opportunities related to compliance with regulatory reporting requirements.

- Compliance with regulatory agencies and public health and safety issues:

CHWD routinely complies with all local, State and federal regulatory agencies and meets or exceeds all US Environmental Protection Agency and California Department of Public Health water quality and operational standards. CHWD is not aware of any issues, concern or opportunities related to compliance with regulatory agencies and public health and safety issues.

LAFCo Determination

The Commission determines that the District is managed effectively and efficiently.

List of Exhibits

Exhibit A	Map of CHWD Service Area
Exhibit B	CHWD History
Exhibit C	CHWD Organization Chart
Exhibit D	CHWD Fiscal Management Policy No. 6500, Purchasing and Procurement
Exhibit E	CHWD Groundwater Pumping Scenarios
Exhibit F	CHWD Facilities Map
Exhibit G	2009 Consumer Confidence Report
Exhibit H	Report on the District's Water Quality Relative to Public Health Goals
Exhibit I	CHWD Resolution No. 06-2007, Water Conservation Stages
Exhibit J	CHWD 10-Year Capital Improvement Program Summary
Exhibit K	2009 California Department of Public Health Water System Annual Report
Exhibit L	CHWD Operating Budget and Capital Improvement Budget for 2011
Exhibit M	CHWD Fixed Assets List
Exhibit N	CHWD Fiscal Management Policy No. 6300, Investment of District Funds
Exhibit O	CHWD Summary of Fund and Reserve Balances, 1996-2010
Exhibit P	CHWD Existing Interconnections with Neighboring Water Agencies
Exhibit Q	2011 Monthly Water Rate Table for Water Agencies in the Sacramento Region