

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
FEBRUARY 17, 2016**

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Stephen Dopudja at 7:00 PM, in the Board Room at the District Administrative Facility, located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Mr. Michael Perea, District Secretary, recorded and transcribed the minutes thereof.

DIRECTORS PRESENT

President Stephen Dopudja
Vice President Glenn Acosta
Director James Haselton
Director Edward Mandich
Director Michael Safranski

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Karen Warner, Accounting Supervisor
Lisa Carmouche, Administrative Assistant
Dona Kasaboski, Lead Customer Service Representative

DISTRICT CONSULTANTS PRESENT:

District General Legal Counsel – Rob Anslow (Bowie, Arneson, Wiles & Giannone)
District Treasurer – Cindy Byerrum
Brett Paulson, Cornerstone

PUBLIC PRESENT

There were members of the public present.

PLEDGE OF ALLEGIANCE

Director Haselton led the Board and District staff in the pledge of allegiance.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

DIRECTOR'S COMMENTS

Director Haselton commented on his meeting with the General Manager and noted his appreciation for being able to discuss any District matters.

Vice President Acosta had no comments.

Director Mandich commented on his attendance at the South Orange County Watershed Management Area Executive Committee Meeting, and mentioned that Mr. Dennis Cafferty, El Toro Water District (ETWD) District

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Engineer, delivered a presentation on ETWD's recycled water system. Director Mandich added that Mr. Karl Seckel, Municipal Water District of Orange County (MWDOC), delivered a presentation on the Orange County Water Reliability Report, and highlighted the impacts of water demands and population growth in Orange County. Director Mandich mentioned that Ms. Mary Anne Skorpanich is retiring from the County of Orange, and that a retirement party in her honor is scheduled for February 29, 2016. Director Mandich added that he did not attend the City of Rancho Santa Margarita City Council Meeting on February 10, 2016.

Director Safranski commented on his attendance at the South Orange County Agencies Meeting, and mentioned that there were representatives from MWDOC and Orange County Water District at the meeting. Director Safranski said that the meeting was well attended, and that he provided a historical background on the Settlement Agreement (Agreement) between MWDOC and the member agencies for the benefit of the attendees. Discussion occurred concerning the impacts of the Agreement on the inter-agency relationships, and the importance of local agency representation with the Metropolitan Water District of Southern California (MET). Director Safranski added that Mesa Water District Director Shawn Dewane delivered a presentation of a completed survey on desalination water demand and price points. Director Safranski highlighted a recent Orange County Register article which referenced the District's water demand reduction of 31.8% for December 2015 in comparison with the same month in 2013. Director Safranski commented on the installation of the drought tolerant landscape at his residence, and mentioned that he will share photos of the project when it is completed.

President Dopudja had no comments.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz reported on the following matters:

- Mr. Ruiz reported that he attended the South Orange County Agencies Meeting, and commended Director Safranski in his position as Vice Chair of the Group. Mr. Ruiz mentioned that the MWDOC has a standing meeting for member agencies to receive updates regarding MET and MWDOC communications and ongoing projects, including the Gap Analysis and Orange County Reliability Study. Mr. Ruiz added that MWDOC is currently working with Raftelis Financial Consultants, Inc. on a Rate Study Analysis, and that District staff will include a standing agenda item at the Regular Board Meeting for the purposes of updating the Board on information disseminated at the monthly member agency meeting.
- Mr. Ruiz mentioned that the Fair Political Practices Commission (FPPC) Conflict of Interest Report (Form 700) is due no later than April 1, 2016.
- Mr. Ruiz reported that the MWDOC Elected Officials Forum is scheduled for April 7, 2016, and that any Directors interested in attending the event can coordinate with Mr. Perea.

ITEMS TOO LATE TO BE AGENDIZED

Mr. Ruiz commented that there were no items too late to be agendized.

CONSENT CALENDAR

President Dopudja indicated that all matters under the Consent Calendar would be approved by one motion unless a Board member requested a separate action on a specific item.

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Action: A motion was made by Director Mandich and seconded by Director Safranski to approve the Consent Calendar, Items 1 through 4.
The motion carried 5 – 0.

ACTION CALENDAR
FINANCE MATTERS

ITEM 5: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT'S FISCAL YEAR 2015/2016 MID-YEAR BUDGET REVIEW

Mr. Ruiz presented this matter for Board review, and mentioned that the Fiscal Year 2015/2016 Mid-Year Budget Review is more challenging this year due to several factors, including the originally planned 32% revenue reduction in the adopted General Fund Budget compared to an actual 28% reduction, the impacts of the District's new water, wastewater, and recycled water rates and meter flat rates adopted in December, 2015, and the various conservation measures implemented by the District. Mr. Ruiz presented a handout which detailed the District's Statement of Revenues and Expenses through December 2015, and highlighted the following line items:

- Operating Revenue, Residential Water –

Mr. Ruiz commented that although this line item is higher than originally budgeted through mid-year, he anticipates that continued conservation efforts due to the State Water Board's mandated emergency requirements will likely result in coming close to the budgeted amount at the end of the fiscal year.

- Operating Revenue, Recycled & Reclaimed Revenue –

Mr. Ruiz commented that because recycled water use is not impacted by the State Water Board emergency drought restrictions, there has been a greater use of recycled water during the drought resulting in an increase in revenue for this item.

- Developer Impact Fees –

Mr. Ruiz commented that this line item includes a one time payment from William Lyon Homes, Inc. for the Plano Trabuco Development.

- Source of Supply –

Mr. Ruiz mentioned that this line item is lower than budgeted, but will be impacted by the purchase of treated water during the MET seven day planned shutdown of the Santiago Lateral at the end of the month.

Mr. Ruiz presented a handout concerning MET Proposed Rates and Charges for Calendar Years 2017 and 2018 for Board review. Mr. Ruiz highlighted the proposed impacts and increases on Full Service Untreated Tier 1 water for both years. Discussion occurred concerning the methodology and determining factors for the proposed increases; Mr. Ruiz commented that MET has explained the reason for the increases is due to the reallocation of certain costs from treatment costs to supply costs. Mr. Ruiz reviewed MET's proposed Budget Schedule with the Board. Discussion occurred concerning the overall impact of MET's proposed rate increases on the District's untreated water purchase costs, and feedback from MWDOC member agencies concerning the proposed rates.

Mr. Ruiz presented a Fiscal Year 2015/2016 Capital Improvement Program (CIP) handout for Board review, and highlighted the following projects:

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WATER SYSTEM

- Dimension Water Treatment Plant Backwash Recycling:

Mr. Ruiz commented that District staff may not complete this project, and mentioned that the project was originally designed to assist the District in meeting its State Water Board mandated Conservation Standard, but actually, it does not provide any credits per the emergency regulations.

- Cooks Reservoir:

Mr. Ruiz commented that District staff is currently working on this project, and will present information concerning the project status to the Engineering/Operational Committee next month.

- Perimeter Security Fence:

Mr. Ruiz commented that this project has been completed.

WASTEWATER SYSTEM

- Air Diffuser Replacement:

Mr. Ruiz commented that this project has been completed.

- Chiquita Wastewater System & SMWD Plano Sewer Lift Station:

Mr. Ruiz commented that these projects are by Santa Margarita Water District (SMWD), and represent the District's share of capacity ownership in the SMWD system.

- Access/Service Road Desilting:

Mr. Ruiz commented that this project has been completed.

- Aerobic Digester Sludge PS and Dewatering PS Replacement:

Mr. Ruiz commented that the Wastewater Operations Department is planning on working on this project later this fiscal year.

- Via Allegre Wet Well Replacement:

Mr. Ruiz commented that this is a new, developer-funded project related to the William Lyon Homes development on Plano Trabuco Road. Mr. Ruiz added that it is a hybrid project comprised of in-house work with assistance from a contractor.

RECYCLED WATER SYSTEM

- Recycled Water Conversions:

Mr. Ruiz commented that District staff is currently working on a project for the extension of the recycled water system to the TY Nursery, and that this project will help the District in meeting its State Water Board mandated Conservation Standard. Mr. Ruiz added that the contractor is expected to finish this project within the next month.

- Recycled Water Hydrant Connection:

Mr. Ruiz commented that this project has been completed, and reviewed site photos.

ADMINISTRATION

- Utility Billing System:

Mr. Ruiz commented that this project was scheduled for Fiscal Year 2016/2017, but that District staff would like to start this project earlier than originally proposed due to challenges with utility bill preparation. Mr. Ruiz

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added that the District Treasurer has coordinated for two vendors to demonstrate their respective utility billing solutions interface and tools. Mr. Ruiz mentioned that the matter will be reviewed with the Finance/Audit Committee Meeting.

MAINTENANCE

- Chlorine Utility Vehicle:

Mr. Ruiz commented that the vehicle has been purchased, and is now with the third-party company that has designed the tank/utility body for sodium hypochlorite delivery to District facilities.

MAJOR REPAIRS

- 2015 Urban Water Management Plan

Mr. Ruiz commented that District staff is currently working on this project with MWDOC and the third-party contracted consultant.

- Administration Building Recoating

Mr. Ruiz commented that District staff is planning on working on this project later this fiscal year.

- Pressure Regulating Station Rehabilitation:

Mr. Ruiz commented that this is an important project for the District, and that Water Department is close to completing this project.

Discussion occurred concerning the location and method of setup of the District's recycled water hydrant for construction water purposes in Trabuco Highlands; Mr. Ruiz commented that District staff have identified alternate locations for future additional recycled water hydrants.

Action: The Board received the information concerning the matter. No action taken.

ENGINEERING MATTERS

Vice President Acosta recommended to President Dopudja to move to Agenda Item 8 for discussion in order to accommodate Mr. Rick Puffer, William Lyon Homes, Inc. The Board agreed to the recommendation.

ITEM 8: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING PLANO TRABUCO DEVELOPMENT, WILLIAM LYON HOMES, INC., CITY OF RANCHO SANTA MARGARITA (36 UNIT TRIPLEX BUILDING DESIGN)

Mr. Ruiz provided a status update on this development, and mentioned that Mr. Rick Puffer, William Lyon Homes, Inc, was in attendance to answer any questions from the Board of Directors concerning the development. Mr. Ruiz presented Tract Map No. 17805 for Board review and approval, and mentioned that Ms. Lausten has reviewed and verified the information contained therein. Mr. Puffer addressed the Board of Directors, and expressed his appreciation for their approval and the assistance from Mr. Ruiz and Ms. Lausten on the development.

Action: A motion was made by Vice President Acosta and seconded by Director Safranski for the Board to receive Tract Map No. 17805, as presented, for acceptance, including dedications to the Trabuco Canyon Water District; accept the easements and appurtenances and water rights offered thereby; and authorize the District Secretary to sign Tract Map No. 17805, as presented, for acceptance of easements, appurtenances, and water rights offered thereby.
The motion carried 5 – 0.

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ITEM 6: BAKER WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and presented the Irvine Ranch Water District (IRWD) Baker Water Treatment Plant Construction Report for February 2016 for Board review. Mr. Ruiz mentioned that IRWD is currently preparing the Operation Budget for the facility, and added that the facility is rated as a Water Treatment Grade 5 and will have eight full time equivalent employees when completed. Mr. Ruiz reviewed the preliminary type of costs associated with facility operations, and mentioned that IRWD will provide a detailed summary and breakdown at an upcoming meeting. Mr. Ruiz reviewed the major items remaining, and highlighted the planned completion date of September 2016.

Action: The Board received the information concerning the matter. No action taken.

ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE SKYRIDGE DEVELOPMENT

Mr. Ruiz provided a status update on this development, and mentioned that the Final Draft Agreement (Exhibit) has been submitted to Santa Margarita Water District (SMWD) and may be agendized at their March 5, 2016, Regular Board Meeting. Mr. Ruiz added that District staff has incorporated comments from SMWD to date, and recommends that the Board approve the Agreement as to form. Mr. Ruiz presented photographs of the installation of the water and sewer pipelines at the project site for Board review.

Action: A motion was made by Director Safranski and seconded by Director Mandich to approve as to form the Agreement By and Between the Trabuco Canyon Water District and the Santa Margarita Water District for the Provision of Certain Services and Purchase of Capacity Rights – Skyridge Development Project subject to nonsubstantive changes, and authorize the General Manager to execute said Agreement.
The motion carried 5 – 0.

ITEM 9: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE SADDLE CREST DEVELOPMENT

Mr. Ruiz provided a status update on this development, and mentioned that the development Sub-Area Master Plan (SAMP) was approved the prior month by the Board of Directors. Mr. Ruiz commented that District staff is currently preparing a Will Serve Letter for the development based on the SAMP requirements, and mentioned that he is recommending the requirement to expand the size of the onsite reservoir. Mr. Ruiz presented a handout prepared by Rutter Santiago, LP, on the Engineer Cost Estimates for Development Reservoir Tank Options for Board review, and mentioned that the Developer has a current planned demand of 900,000 gallons. Mr. Ruiz commented that the District would like to increase the size of the reservoir by an approximate 1 million gallons to meet District-wide emergency storage requirements funded by the Water Reliability and Emergency Storage Fund (WRESF). Discussion occurred concerning developer shared construction costs, and possible future costs based on reservoir design options. Mr. Ruiz commented that the Developer is concerned about the reservoir's aesthetic impacts, and would prefer the construction of a concrete reservoir tank. Discussion occurred concerning the overall project costs and timeline for completion. Mr. Ruiz mentioned that District staff will bring more information concerning the project to the Engineering/Operational Committee.

Action: The Board received the information concerning the matter. No action taken.

LEGISLATIVE, ADMINISTRATIVE, AND OTHER MATTERS

ITEM 10: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING STATEWIDE DROUGHT CONDITIONS, STATE WATER RESOURCES CONTROL BOARD (SWRCB) DROUGHT REGULATIONS, AND TCWD WATER CONSERVATION MEASURES/ACTIONS

Mr. Ruiz provided a status update on the matter, and reviewed the District's monitoring report for the month of January 2016. Mr. Ruiz mentioned that the District reduced its use by 19% for the month of January 2016 in comparison to January 2013, but that beginning in June 2015 to current, that the District has conserved a cumulative 33% of potable water. Mr. Ruiz presented a graph which tracked the District's efforts to meet the mandated Conservation Standard beginning in June 2015 to current, and mentioned that the District is on track to meet the mandated 28% reduction through February, 2016, and has conserved more than 200 million gallons of potable water to date. Mr. Ruiz presented the State Water Board Fact Sheet on the Proposed Extension of the Emergency Water Conservation Regulation through October 31, 2016.

Action: The Board received the information concerning the matter. No action taken.

ITEM 11: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Ruiz reported on the following local governmental and/or legislative informational matter(s):

- OCLAFCO Quarterly Report - .Mr. Ruiz presented the Report for Board review, and highlighted the potential transfer of the City of San Juan Capistrano water, wastewater, and storm water infrastructure and services to a successor agency and the application for local sewer service of Orange County Sanitation District's Service Area 7 by both East Orange County Water District and Irvine Ranch Water District.

Action: No action taken.

OTHER MATTERS

None

CLOSED SESSION NO. 1

The Board of Directors, through President Dopudja, dispensed with the scheduled Closed Session as there were no updated matters to discuss in Closed Session.

ITEM 12: REPORT OF ACTION(S) TAKEN IN CLOSED SESSION

Action: There was no information concerning the matter and the Closed Session did not occur.

ITEM 13: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

Mr. Ruiz provided a status update on this project, and mentioned that Mr. Paulson (Cornerstone) is currently finalizing the Right of Way Reports for delivery to the property owners affected by the project. Mr. Paulson addressed the Board of Directors, and mentioned that he has met with the final property owner to discuss project impacts. Discussion occurred concerning the necessity of grant of easements from the City of Lake Forest and timeline for project completion; Mr. Ruiz mentioned that Tetra Tech (Consultant) is currently evaluating data on easements with the City, and will provide an update to District staff at the end of the week. Mr. Ruiz recommended the scheduling of a Special Board Meeting to hold a Closed Session to discuss acquisition of real property for easements related to the project.

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Action: The Board received the information concerning the matter, and scheduled a Special Board Meeting for February 24, 2016, at 6:00 PM.

ADDITIONAL DIRECTORS' COMMENTS

There were no Additional Directors' Comments received.

ADDITIONAL GENERAL MANAGER COMMENTS

There were no General Manager Comments received.

END ACTION CALENDAR

ADJOURNMENT

President Dopudja adjourned the February 17, 2016, Regular Board meeting at 8:46 PM.