



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | MARCH 15, 2017

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Glenn Acosta 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 Glenn Acosta
Vice President Michael Safranski
Director Edward Mandich
Director Stephen Dopudja

DIRECTORS ABSENT

Director Don Chadd

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Lorrie Lausten, Principal Engineer
Karen Warner, Senior Accountant

DISTRICT CONSULTANTS PRESENT:

District General Legal Counsel – Rob Anslow (Bowie, Arneson, Wiles & Giannone)
District Treasurer – Cindy Byerrum (Platinum Consultants)

PUBLIC PRESENT

There were members of the public present.

PLEDGE OF ALLEGIANCE

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

VISITOR PARTICIPATION

Mr. Chris Kinner, TCWD customer, addressed the Board of Directors, and asked about opportunities for more public participation and information related to the District's capital projects and well production. President Acosta thanked Mr. Kinner for attending the Board Meeting, and commented that capital projects are reviewed at the Engineering/Operational Committee and the Regular Board Meeting. Mr. Ruiz added that information related to the District's well production would be discussed later on the agenda during the Board Meeting.

ORAL COMMUNICATION

No oral communication was received.

DIRECTOR'S COMMENTS

Director Mandich had no comments.

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Director Dopudja had no comments.

Vice President Safranski had no comments.

President Acosta had no comments.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz reported on the following matters:

- Mr. Ruiz reported that the Trabuco Creek Wells Facility was online at the beginning of the month and that the well production was currently meeting the District's demand at two cubic feet per second (CFS). Mr. Ruiz added that with the recent change in warmer weather, that District staff will begin to supplement the potable water system with purchased water treated at the Dimension Water Treatment Plant (DWTP) to meet higher system demands. Mr. Ruiz mentioned that the Wells Facility startup was delayed due to pump repairs that required the District to contract with a crane truck vendor to remove the pumps. Discussion occurred concerning preventative maintenance options and the adverse impacts of the multi-year statewide drought on the District's seasonal wells. Mr. Ruiz commented that the District has also received the new annual water quality monitoring requirements by the State Water Board and that Operations staff has completed the sampling.
- Mr. Ruiz reported that the District's water demand for the month of February was the lowest in his memory at 98 acre feet, and that District customers used 25% less water than the same month in 2013. Mr. Ruiz added that recycled water demand was very low as well due to the impacts of the recent rain events.

ITEMS TOO LATE TO BE AGENDIZED

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

CONSENT CALENDAR

President Acosta 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.

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

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 5: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE FAIR POLITICAL PRACTICES COMMISSION (FPPC) CONFLICT OF INTEREST FILINGS (FORM 700)

Mr. Ruiz presented the annually recurring matter for Board review, and mentioned that the staff report included information regarding Director Representative Assignments which require the filing of a Conflict of Interest Form 700. Discussion occurred concerning the online filing process and notification of completed filing method through the County of Orange eDisclosure System.

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

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ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING 2017 WATER AWARENESS EVENT

Mr. Ruiz presented this matter for Board review, and commented that the month of May is Water Awareness Month. Mr. Ruiz presented an aerial overview of the event layout for Board review and suggestion for exhibits or displays for this year's event. Mr. Perea provided a brief review of vendors and local agency participants, and mentioned that District staff is currently working with other vendors to secure their participation. Discussion occurred concerning the scheduling of the event. Mr. Ruiz added that District staff will advertise the event through the District's website and social media platforms, like Facebook, as well as the On Tap Newsletter and signage at the Administrative Facility. Vice President Safranski suggested that an update on the statewide drought would be informative. President Acosta suggested the addition of an exhibit with current statewide reservoir levels. Director Dopudja suggested that District staff prepare a display with information related to the Trabuco Creek Wells Facility. President Acosta suggested that District staff prepare a form of recognition to honor Director Haselton's contributions to the District.

Action: The Board of Directors, through President Acosta, directed District staff to schedule the 2017 Water Awareness Event for Saturday, May 6, 2017, at the District Administration Facility from 10:00 AM to 2:00 PM.

ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) FISCAL YEAR 2017/2018 PROPOSED RATES, CHARGES, AND BUDGET

Mr. Ruiz presented this matter for Board review, and mentioned that he attended the MWDOC Audit and Finance Committee Meeting (A/F Committee) the prior week to learn more about the official first draft of the Fiscal Year 2017/2018 Budget. Discussion occurred concerning the information presented at the A/F Committee Meeting; Mr. Ruiz mentioned that more information would be presented in April. Mr. Ruiz highlighted the MWDOC Fiscal Year 2017/2018 Budget Preparation Schedule, and reviewed the Fiscal Year 2017/2018 Schedule of Rates with the Board. Mr. Ruiz highlighted the proposed increases to the MWDOC Meter Charge as indicated during the A/F Committee discussion. Discussion occurred concerning expenses detailed in the A/F Committee Fiscal Year 2017/2018 Consolidated Budget Summary documents (exhibit); Mr. Ruiz mentioned that MWDOC Fiscal Year 2017/2018 cost increases include recent filling of existing vacant agency positions with new hires, and proposed furniture and building improvements at the Administration Facility lobby and staff work areas. Discussion occurred concerning the historical basis of the Settlement Agreement between MWDOC and the South Orange County Agencies. Mr. Ruiz briefly reviewed the PFM Financial Advisors Reserve Policy Funding Considerations Report (exhibit), and highlighted the opinion on MWDOC's existing reserve policy and the recommended reserve levels under MWDOC existing operations. Mr. Ruiz added that more information will be discussed at the MWDOC General Manager's Meeting the following day.

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

ITEM 8: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT'S FISCAL YEAR 2017/2018 CAPITAL IMPROVEMENT PROGRAM (CIP) AND GENERAL FUND BUDGETS

Mr. Ruiz presented this matter for Board review, and mentioned that he has started to meet with District staff to review current and future operating budgets, as well as, the status of current and planned Capital Improvement Projects. Mr. Ruiz added that Ms. Byerrum was in attendance to answer any questions related to the development of the Fiscal Year 2017/2018 General Fund Budget. Ms. Byerrum provided a brief overview of the development process, and mentioned that due to staffing changes at her firm that she will more be reliant on Ms. Warner for the preparation of the District budget. Ms. Byerrum briefly highlighted the potential long-term impacts to the District's Other Post Employment Benefit (OPEB) Discount Rates based on CalPERS' planned adjustment to their discount rates. Mr. Ruiz reviewed the Fiscal Year 2016/2017 Capital Improvement Program

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(CIP) Projects (exhibit), and briefly highlighted certain project completion statuses. Director Safranski asked Mr. Ruiz for more information related to the Recycled Water Pump Station Phase One Project and to discuss the current condition of the facility for the benefit of the Board; Mr. Ruiz mentioned that District staff would like to conduct a study to redesign the facility as the onsite pumps and motors are in poor condition. Discussion occurred concerning the goals of the facility redesign and the current challenges with the facility. President Acosta noted the importance of the recycled water pump station to the District's customers and revenues, and requested that District staff complete the Phase One portion of the project in the next few months as discussed in the Fiscal Year 2016/2017 CIP; Mr. Ruiz commented that he will work with District staff to complete the project as scheduled. President Acosta asked Ms. Byerrum for an update on the District's OPEB funding with CalPERS; Ms. Byerrum replied that the District is approximately 75% funded, and that the industry average ranges from 72% to 78% funded, which places the District's OPEB funding obligations in a good financial position. President Acosta briefly highlighted the District's employee benefits, and mentioned that although the current benefit level is rare, it is important in order to retain quality employees at a small agency. Mr. Ruiz mentioned that he will continue to work with District staff to develop the Fiscal Year 2017/2018 CIP and General Fund Budgets.

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

ENGINEERING MATTERS

ITEM 9: BAKER WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and reported that the Project Committee (PC) Meeting for March was cancelled. Mr. Ruiz added that Irvine Ranch Water District (IRWD) is currently working to keep the Baker Water Treatment Plant (BWTP) in working operation at this time, and that they are using Irvine Lake as the primary source of supply. Mr. Ruiz mentioned that the water from Irvine Lake typically has a higher turbidity level which has been challenging for District Water Operations staff to filter and treat at the Dimension Water Treatment Plant. Discussion occurred concerning the impact of the recent rain events to the freeboard level at Irvine Lake; Mr. Ruiz mentioned that the level has not reached the spillway level despite the recent rain events. Mr. Ruiz reported that he has met with City of San Clemente's Deputy Public Works Director, and provided him a tour of the Dimension and Baker Water Treatment Plants and reviewed the District's water system. Mr. Ruiz added that he will be working with District Legal Counsel to prepare a Memorandum of Understanding for the sale of excess BWTP water to the City of San Clemente. Discussion occurred concerning the conditions for the sale of the District's excess BWTP water to other agencies, the possible limitations on the sale of water due to system emergencies, and Proposition 218 requirements for inter-agency water purchases. President Acosta requested that District staff highlight the benefits to District customers of the BWTP, including local water reliability assurance and the offset of District costs through the sale of excess water to other agencies. Director Mandich asked for a brief description on how the transfer of excess water to other agencies occurs; Mr. Ruiz briefly reviewed the Regional Imported Water Distribution System Map (exhibit) with the Board to highlight the flow of BWTP water through the South County System.

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

ITEM 10: ALTERNATE RAW WATER TRANSMISSION LINE – FEMA NO. PW79

Ms. Lausten provided a status update on this project, and mentioned that District staff held a Pre-Construction Meeting with the project contractor and consultants. Ms. Lausten added that the project-required Pre-Construction Bird Surveys will be started in approximately thirty days. Ms. Lausten presented the Draft Time Extension Request Letter for the California Emergency Management Agency (CalEMA) and Federal Emergency

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Management Agency (FEMA) for Board review, and highlighted that the District has formally requested a projected completion date extension to September 15, 2017 due to extenuating circumstances beyond the control of the District. Mr. Ruiz added that the final executed version of letter was mailed earlier in the week. Discussion occurred concerning project-related challenges and the timeline for completion. Director Safranski complimented District staff on their hard work related to this project.

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

LEGISLATIVE, ADMINISTRATIVE, AND OTHER MATTERS

ITEM 11: 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 this matter, and mentioned that the Office of Administrative Law (OAL) has approved the State Water Board's extension of the Drought Emergency Water Conservation Regulations through November 25, 2017. Mr. Ruiz added that the State Water Board has indicated that the mandated regulations will be reviewed in May 2017 after the end of the water year to determine if the Drought Emergency continues to exist. Discussion occurred concerning ongoing statewide challenges and the benefits of regional and local control of water resources. Mr. Ruiz reported that the District's customers had reduced their use by 25% in the month of February 2017 in comparison to the same month in 2013.

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

ITEM 12: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Ruiz reported that District staff had forwarded a privileged and confidential memorandum to the Board of Directors prepared by Mr. Anslow concerning the Supreme Court ruling in City of San Jose v. Superior Court of Santa Clara County. Mr. Ruiz added that the ruling sets legal precedent for matter regarding communication by a public agency employee or elected official from a personal account to communicate public agency business, whereby the writings, even in electronic form, may be subject to disclosure under the California Public Records Act.

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

OTHER INFORMATION/MATTERS

No other information or matters were received.

CLOSED SESSIONS

The Board of Directors, through President Acosta, recessed the Open Session portion of the Meeting at 8:01 PM. The Board met in Closed Session as set forth in the Meeting Agenda.

The Board, through President Acosta, reconvened the Open Session of the Meeting at 8:35 PM.

ITEM 13: REPORT OF ACTION(S) TAKEN IN CLOSED SESSIONS

Action: The Board of Directors met with General Legal Counsel and received information concerning the matter. There were no other announcements made at that time.

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ADDITIONAL DIRECTORS' COMMENTS

There were no additional Directors' comments received.

ADDITIONAL GENERAL MANAGER COMMENTS

There were no other General Manger comments received.

END ACTION CALENDAR

ADJOURNMENT

President Acosta adjourned the March 15, 2017, Regular Board meeting at 8:36 PM.