



TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | FEBRUARY 8, 2017

DIRECTORS PRESENT

Director Don Chadd, Committee Chair
Director Michael Safranski, Committee Alternate

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Karen Warner, Senior Accountant

DISTRICT CONSULTANTS PRESENT

None

PUBLIC PRESENT

There were no members of the public present

CALL MEETING TO ORDER

Director Chadd called the February 8, 2017 Finance/Audit Committee Meeting to order at 6:01 P.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

No Committee Member comments were received.

REPORT FROM THE GENERAL MANAGER

- Mr. Ruiz reported that District staff has submitted a public assistance damage assessment report to the County of Orange Emergency Operations Center Liaison due to the impact of the recent storm events, and provided a handout of the areas of district facilities designated for funding request for repairs. Mr. Ruiz mentioned that CalOES will be conducting site visits of the various locations to confirm the extent of the damages. Mr. Ruiz added that the estimated amount of loss and repairs to the District is approximately \$42,000. Discussion occurred concerning the current status of the Alternate Raw Water Transmission Line Project.
- Mr. Ruiz reported that the Municipal Water District of Orange County (MWD OC) Board of Directors adopted a resolution which recommends the ending of the drought emergency conditions and regulations. Mr. Ruiz added that the resolution calls for the implementation of voluntary conservation measures and lowering the statewide drought condition from a level two to a level one due to the impacts of the recent rain events and increased snowpack in the Sierra Nevada Mountains.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The January 4, 2017 Finance/Audit Committee Meeting Recap was presented to the Committee.

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | FEBRUARY 8, 2017**

RECOMMENDED ACTION:

Director Chadd and Mr. Perea approved and recommended that the January 4, 2017, Finance/Audit Committee Meeting Recap be received and filed by the Board (Consent Calendar).

ITEM 2: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, TENTATIVE FUTURE MEETINGS/ATTENDANCE ITEMS

The Committee reviewed the information presented.

RECOMMENDED ACTION:

The Committee recommended that the Directors' expenses and fees for January 2017, and the tentative future meetings be forwarded to the Board for ratification as corrected (Consent Calendar).

ITEM 3: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE WILL SERVE LETTER (WATER AND SEWER) FOR THE SADDLE CREST DEVELOPMENT

Mr. Ruiz presented this matter for Committee review, and mentioned that the matter was agendized for discussion at the request of President Acosta. Director Chadd provided a brief update on the action taken to date concerning the Saddle Crest development Will Serve Letter (WSL) which includes options unique to the development for Director Safranski's benefit as he was absent at the February 1, 2017 Special Board Meeting. Mr. Ruiz mentioned that Director Safranski had been briefed concerning this matter at the January 30, 2017 Executive Committee Meeting. Mr. Ruiz added that District staff scheduled a Special Board Meeting at the developer's request to review the draft WSL and the proposed improvement costs for Ridgeline Booster Pump Station to meet the demands of the development, but that the developer was not prepared for the total costs. Discussion occurred concerning the necessity of the multiple potable water reservoir options described in the WSL; Mr. Ruiz said that District General Legal Counsel has advised to leave the two reservoir options based on previous discussion and negotiations with the developer. Director Chadd reviewed the actions of the Board at the Special Board Meeting, including the preference for a 1.5 million gallon above ground steel tank reservoir and the required improvements at the Ridgeline Booster Pump Station. Mr. Ruiz reviewed the two reservoir options identified in the WSL with the Committee which included a 0.88 million gallon storage reservoir option and a 1.5 million gallon option with additional emergency storage for TCWD and allocation of storage reservoir costs. Mr. Ruiz added that regardless of the selected options, that the improvements to the Ridgeline Booster Pump Station are required. Mr. Ruiz provided a brief timeline of events which lead to the last minute cancellation of the scheduled Special Board Meeting on February 2, 2017 at the developer's request, and mentioned that although he recognizes that the meeting should not have been cancelled, that the developer will be charged for District staff time for preparing for the cancelled meeting. Director Chadd recommended that the matter be agendized for discussion with the Board of Directors at the February 15, 2017 Regular Board Meeting, and that District staff and the developer be prepared to select the appropriate options. Director Safranski requested that District staff prepare a high-level costs summary presentation for Board review.

RECOMMENDED ACTION:

The Committee received the information concerning the matter, and recommended that the matter be forwarded to the Board (Action Calendar).

ITEM 4: OTHER FINANCE AND ADMINISTRATION PROJECTS

1. Network Infrastructure Upgrade/Replacement:

Mr. Perea provided an update on the server relocation portion of the project, and reported that District staff has completed the required electrical upgrades and the installation of additional network cabling for the designated

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | FEBRUARY 8, 2017**

new location within the file room. Mr. Perea added that District staff worked with Synoptek (the District's IT Manager) to physically relocate the server rack and equipment over the weekend.

2. Utility Billing and Financial Management System Replacement update:

Mr. Perea reported that District staff is participating in routine bi-weekly conference calls and status updates related to this project with Tyler Technologies, and that this project is occurring in parallel with the Network Infrastructure Upgrade/Replacement Project. Discussion occurred concerning the District's billing process and cost savings to date by working with a new billing house.

3. Baker Water Treatment Plant Partner Agency Billing

Mr. Ruiz reported that he is participating in partner agency discussions with MWDOC the following day concerning the sale of Baker Water Treatment Plant water to other water agencies.

4. Other Projects

Discussion occurred concerning the status of the District's seasonal wells at the Trabuco Creek Wells Facility; Mr. Ruiz reported that the facility is not operational at this time due to pump related issues, and that Water Operations and Maintenance Departments are currently working to schedule a crane truck vendor to remove and repair/replace the failed pumps.

RECOMMENDED ACTION:

The Committee received the information. No action was taken.

ITEM 5: OTHER MATTERS

Mr. Ruiz reported that District staff will begin preparing the Fiscal Year 2017/2108 General Fund and Capital Improvement (CIP) Budgets the following month, and a planned Budget Workshop in May. Director Chadd asked about the current status of Dove Lake due to the impact of the recent rain events; Mr. Ruiz reported that Dove is currently full and that the District is conveying recycled water to SMWD per the existing agreement.

RECOMMENDED ACTION:

The Committee received the information. No action was taken.

ITEM 6: FINANCIAL REPORT

Mr. Ruiz presented the unaudited financials for December, 2016, for Committee review, and reported that there were no anomalies. Discussion occurred concerning the following matter(s):

Statement of Revenues and Expenses

• ***Total Operating Revenue:***

Mr. Ruiz reported that this line item was lower than the previous month due to the impact of the recent rain events, and that although the number would normally be higher, that this line item is at budget.

• ***Non-Operating Revenue, Interest Revenue:***

Mr. Ruiz reported that this line item was higher than the previous month due to higher earnings, and mentioned that the District is currently benefiting from a higher interest rate return on its bank account with the Local Agency Investment Fund (LAIF).

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | FEBRUARY 8, 2017**

- *Non-Operating Expenses, Principal and Interest Expense:*

Mr. Ruiz reported that this line item was higher than the previous month due to the timing of the Series C Principal Payments.

Balance Sheet

- *Utility Plant, Construction in Progress*

Mr. Ruiz reported that the current month increased due to costs associated with the Baker Water Treatment Plant, Alternate Raw Water Transmission Line, the replacement of the Cook's Reservoir, Total Compensation and Salary Survey, repairs to the Robinson Ranch Wastewater Treatment Plant Aerobic Digester Aeration System, Network Server Infrastructure Upgrade Project, Utility Billing Software Upgrade Project, and the Ridgeline Booster Pump Station Study.

RECOMMENDED ACTION:

The Committee recommended that the Board receive and file the unaudited Financial Statement for December, 2016, as presented (Consent Calendar).

ITEM 6B: FINANCIAL REPORT

Mr. Ruiz presented the bills for consideration for February 8, 2017.

RECOMMENDED ACTION:

The Committee signed the bills for consideration and the warrant register, and recommended that the Board ratify payment of the bills for consideration for February 8, 2017, as presented (Consent Calendar).

ADJOURNMENT

Director Chadd adjourned the February 8, 2017 Finance/Audit Committee Meeting at 6:48 P.M.