



## **MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | NOVEMBER 15, 2017**

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The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President 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 Don Chadd  
Director Stephen Dopudja  
Director Edward Mandich

### **DIRECTORS ABSENT**

None

### **STAFF PRESENT**

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

### **DISTRICT CONSULTANTS PRESENT:**

District General Legal Counsel – Rob Anslow (Bowie, Arneson, & Wiles)  
District Treasurer – Cindy Byerrum  
Mr. Paul Kaymark, The Pun Group

### **PUBLIC PRESENT**

There were members of the public present.

### **PLEDGE OF ALLEGIANCE**

Director Safranski 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 Mandich reported on his attendance at the City of Rancho Santa Margarita's Veteran's Day Observation Event. Director Mandich reported on his attendance at the South Orange County Watershed Management Area

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Executive Committee Meeting, and provided a brief review of the Proposition 84 Funded projects that were highlighted.

Director Chadd reported on his attendance at the South County Water Agencies Meeting, and commented that he is the new Chair. Director Chadd mentioned that the group will meet at the District's Administrative Facility beginning in 2018. Director Chadd provided a brief historical account of the South County Water Agencies group, and mentioned that District staff is scheduled to meet with Moulton Niguel Water District (MNWD) staff to discuss the transition of the meeting.

Vice President Safranski reported his attendance at the Municipal Water District of Orange County (MWDOC) Elected Officials Forum, and provided a brief review of the matters discussed which included the Delta Fix project.

Director Dopudja had no comments.

President Acosta had no comments.

**REPORT FROM THE GENERAL MANAGER**

Mr. Ruiz reported on the following matters:

1. Mr. Ruiz reported that the District's purchased new crane truck was delivered the prior day, and that District staff will undergo the appropriate vehicle training. Mr. Ruiz added that this new crane truck replaces the District's older crane truck from 1986.
2. Mr. Ruiz reported that District staff prepared a Notice of Rate Adjustments for Calendar Year 2018 in accordance with District's 2015 Water, Wastewater, and Recycled Water Rate Study that was included with utility bills for the month of November 2017. Mr. Ruiz briefly reviewed the Notice with the Board, and mentioned that District staff has received some feedback from certain customers that the Notice could have better communicated other monthly charges that were not necessarily affected by the rate adjustment. Mr. Ruiz added that District staff have updated the Notice in the response to the customer feedback, and posted it on the District's website.

**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 requests a separate action on a specific item.

**Action:** A motion was made by Director Mandich and seconded by Vice President Safranski to approve the Consent Calendar Item Nos. 1 - 4.  
The motion carried 5- 0.

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**ACTION CALENDAR**  
**FINANCIAL MATTERS**

**ITEM 5: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT'S ANNUAL FINANCIAL REPORT (AUDIT) FOR FISCAL YEAR 2016/2017**

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Mr. Ruiz presented this annually recurring matter for Board review, and mentioned that Mr. Paul Kaymark, with the District's auditing firm The Pun Group, was in attendance to present the District's Annual Financial Report (Audit) for Fiscal Year 2016/2017 and to answer any questions from the Board of Directors. Mr. Kaymark briefly reviewed the Independent Auditor's Opinion with the Board, and expressed his appreciation to the Board for Ms. Warner's assistance with facilitating the auditing firm's requests during the auditing process and ensuring that the District's internal financial controls are consistent with auditing recommendations. Mr. Kaymark highlighted the increase in Total Operating Revenues from the prior year due to the impact of the water, wastewater, and recycled water rates and charges increase approved in 2015. Discussion occurred concerning Deferred Outflows of Reserves due costs associated with decreased investment returns from CalPERS, and the overall sustainability of CalPERS pension plans. President Acosta asked Ms. Byerrum if the District's five-year rate increase plan was on schedule; Ms. Byerrum replied affirmatively, and mentioned that she will begin reviewing the impacts that the final two years of the five-year plan will have on the District's revenues.

**Action:** A motion was made by Director Chadd, and seconded by Director Mandich to receive and file the Trabuco Canyon Water District Annual Financial Report (Audit) for Fiscal Year 2016/2017.  
The motion carried 5 - 0.

**ADMINISTRATIVE MATTERS**

**ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT'S PERSONNEL POLICY**

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Mr. Ruiz presented this matter for Board review, and commented that the District Personnel Policy Ad Hoc Committee has worked with District staff, General and Special Legal Counsel to update the District's Personnel Policy to comport with new State laws, as well as, implement a new policy that creates a Review Committee for complaints and grievances made against the General Manager. Mr. Ruiz briefly highlighted certain portions of the proposed updated Personnel Policy. Vice President Safranski asked Mr. Ruiz about the process for Board adoption of the proposed updated Personnel Policy; Mr. Ruiz said that District staff would like to receive comments from the Board and then meet with the Ad Hoc Committee to approve an increase in the project budget due to additional review items necessary for completing the required policy revisions. Vice President Safranski expressed his appreciation for District staff efforts to date, and requested a bullet point list of major changes to the proposed Personnel Policy from the previous version. President Acosta asked Mr. Ruiz about the timeline for adoption; Mr. Ruiz commented that he expects the updated Personnel Policy to be presented to the Board for adoption at the December 20, 2017 Regular Board Meeting. Discussion occurred concerning the importance of a bullet point list of the major changes to the proposed Personnel Policy for Board review.

**Action:** A motion was made by Director Chadd, and seconded by Director Dopudja to ratify the Personnel Policy Ad Hoc Committee's increased budget for Special Legal Counsel Review in the amount of \$7,500.  
The motion carried 5 – 0.

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**ITEM 7: DISCUSSION AND POSSIBLE ACTION CONCERNING THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA)**

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Mr. Ruiz presented this matter for Board review, and mentioned that Director Dopudja had prepared a Power Point presentation on potential impacts of a proposed budget structure to the General Fund allocation of the South Orange County Wastewater Authority (SOCWA). Director Dopudja briefly reviewed the current general fund distribution and highlighted how the allocation is based on Project Committee (PC) budget participation. Discussion occurred concerning fixed and variable costs based on member agency PC participation, and the formula-based approach of the proposed allocation method. Director Mandich asked about the overall impact based on the proposed changes to the member agency annual costs; Director Dopudja replied member agencies that have a greater PC participation level will pay a smaller share per PC, and conversely, member agencies with a lower level of PC participation, like TCWD, will pay a greater share per PC. President Acosta inquired as the planned timeline for presentation of this proposed budget structure to the SOCWA Board of Directors; Director Dopudja replied that the matter will be presented to the Finance Committee, and then the Board of Directors.

**Action:** The Board received the information. No action was taken.

**ENGINEERING MATTERS**

**ITEM 8: DAHLIA COURT DEVELOPMENT (36 DWELLING UNITS)**

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Mr. Ruiz provided a status update on this matter, and reported that the District contracted with DMC Engineering for Construction Management and Inspection Services related to and funded by the development. Mr. Ruiz added the initial costs associated with inspection services were below his signing authority, but that the fourth contract amendment has caused the total contract costs to exceed his signing authority. Discussion occurred concerning the General Manager's signing authority limit and the recovery of costs through developer funding.

**Action:** A motion was made by Director Mandich, and seconded by Director Dopudja to approve and ratify the Agreement for Construction Management and Inspection Services and Amendment Nos. 1, 2, 3, and 4 with DMC Engineering for a not to exceed amount of \$37,320.  
The motion carried 5 – 0.

**ITEM 9: SKYRIDGE DEVELOPMENT (84 DWELLING UNITS)**

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Mr. Ruiz provided a status update on this matter, and reported that the District contracted with DMC Engineering for Construction Management and Inspection Services related to and funded by the development. Mr. Ruiz commented that this matter is similar to the prior agenda item, and that the costs associated with the third contract amendment has caused the total contract costs to exceed his signing authority.

**Action:** A motion was made by Director Mandich, and seconded by Director Dopudja to approve and ratify Amendment Nos. 1, 2, and 3 with DMC Engineering for Construction Management and Inspection Services for a revised contract amount not to exceed \$71,440.  
The motion carried 5 – 0.

**ITEM 10: BAKER WATER TREATMENT PLANT**

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Mr. Ruiz provided a status update on this project, and mentioned that the Baker Water Treatment Plant (BWTP) was currently in the final facility testing stage. Mr. Ruiz presented the final Agreement By and Between Trabuco

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Canyon Water District and the City of San Clemente for the Purchase, Sale, and Delivery of Domestic Water (Agreement) for Board review, and mentioned that the recommended action is for the Board to approve as to form the Agreement subject to non-substantive charges. Mr. Anslow commented on the minor formatting changes for the City of San Clemente that have been requested after the preparation for the Board Meeting documents. Mr. Ruiz mentioned that he met with City of San Clemente staff to review the DRAFT Agreement, and that another meeting will be held with MWDOC and City staff regarding the billing process for the sale of Baker water. President Acosta asked Mr. Ruiz when the Agreement is scheduled to be agendized for City of San Clemente City Council review; Mr. Ruiz replied that the City Council is scheduled to review the matter at their December 5, 2017, City Council Meeting.

**Action:** A motion was made by Director Chadd, and seconded by Vice President Safranski to approve as to form the Agreement By and Between the Trabuco Canyon Water District and the City of San Clemente for the Purchase, Sale, and Delivery of Domestic Water subject to non-substantive changes.  
The motion carried 5 – 0.

**LEGISLATIVE, ADMINISTRATIVE AND OTHER MATTERS**

**ITEM 11: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING WATER SUPPLY CONDITIONS, STATE WATER RESOURCES CONTROL BOARD (SWRCB) REGULATIONS, AND TCWD WATER CONSERVATION MEASURES/ACTIONS**

Mr. Ruiz presented this matter for Board review, and mentioned that there was no action required. Mr. Ruiz reviewed the District's State Water Board Water Monitoring Report for the month of October, and reported that the District's customers conserved three percent (3%) in comparison to the same month in 2013. Mr. Ruiz added that this is an indicator that the District has been selling more water. Mr. Ruiz reported that the State Water Board has scheduled a Public Workshop on proposed restrictions, and mentioned that an Orange County coalition is still working on the appropriate response to the proposed legislation in AB 1668 and SB 606.

**Action:** The Board received the information. No action was taken.

**ITEM 12: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) 2017 FALL CONFERENCE & GENERAL SESSION MEMBERSHIP MEETING**

Mr. Ruiz presented this matter for Board review, and mentioned that the Association of California Water Agencies (ACWA) 2017 Fall Conference is scheduled for the end of the current month. Mr. Ruiz added that the District's current ACWA Director is unable to attend the Conference to vote in the General Session Membership Meeting, and that District staff recommends that the Board designate an Authorized Voting Representative for the Meeting. Director Chadd volunteered to be the Designated Authorized Voting Representative.

**Action:** A motion was made by Director Mandich, and seconded by Vice President Safranski to designate Director Don Chadd as the Authorized Voting Representative for the ACWA 2017 Fall Conference General Session Membership Meeting.  
The motion carried 5 – 0.

**ITEM 13: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)**

There were no Local Governmental and Legislative Informational Matter(s) received.

**Action:** There was no action was taken.

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**OTHER INFORMATION/MATTERS**

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Mr. Anslow reported to the Board that Mr. Alexander Bowie has decided to retire, and that the Firm will merge with Adkinson, Adelson, Loya, Ruud and Romo effective January 1, 2018. Mr. Anslow commented that Mr. Bowie was instrumental with the formation of the District, and that he will bring additional information for Board consideration to the December 20, 2017 Regular Board Meeting.

**CLOSED SESSIONS**

The Board of Directors, through President Acosta recessed the Open Session portion of the Meeting at 8:18 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 9:20 PM.

**ITEM 14: REPORT OF ACTION(S) TAKEN IN CLOSED SESSIONS**

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**Action:**

**Closed Session No. 1**

The Board of Directors met with General Legal Counsel and the District's South Orange County Wastewater Authority (SOCWA) Representative, and received information concerning the matter. There were no other announcements made at that time.

**Closed Session No. 2**

The Board of Directors met with the General Manager. There were no other announcements made at that time.

**ADDITIONAL DIRECTORS' COMMENTS**

There were no additional Directors' comments received.

**ADDITIONAL GENERAL MANAGER COMMENTS**

There were no additional General Manager comments received.

**END ACTION CALENDAR**

**ADJOURNMENT**

President Acosta adjourned the November 15, 2017, Regular Board meeting at 9:22 PM.