



## **TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | SEPTEMBER 13, 2017**

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### **DIRECTORS PRESENT**

Director Don Chadd, Committee Chair  
Director Glenn Acosta, Committee Member

### **STAFF PRESENT**

Hector Ruiz, General Manager  
Michael Perea, District Secretary  
Lisa Marie Sangi, Administrative Assistant  
Dona Bozeman, Lead Customer Service Representative

### **DISTRICT CONSULTANTS PRESENT**

None

### **PUBLIC PRESENT**

There were no members of the public present

### **CALL MEETING TO ORDER**

Committee Chair Chadd called the September 13, 2017 Finance/Audit Committee Meeting to order at 6:00 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 there was an intrusion at the District's Dove Reservoir on September 4, 2017, which was reported by Water Operations Standby to the Orange County Sheriff's Department and the Dove Canyon Community security guards. Mr. Ruiz added that the intruders cut the security concertina wire and chain link fence, as well as vandalized the adjacent storage area owned by Dove Canyon Master Association. Mr. Ruiz commented that there was no intrusion or damage to the reservoir tank, and that Water Operations staff coordinated for the repair to the security fence.
- Mr. Ruiz reported that he met with both the Operations and Maintenance Department staff to review the District's needs related to ongoing electrical and instrumentation improvements, and mentioned that the internal recommendation was to hire a full time employee that is a certified electrician. Mr. Ruiz added that this matter will be presented to the Board of Directors for their review at the September 20, 2017 Regular Board Meeting.
- Mr. Ruiz reported the District's two Customer Service Representatives have both tendered their resignations, and that District staff is preparing for the transition to temporary full time staff. Ms. Bozeman expressed her appreciation to the Committee for their support over the years.

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**ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP**

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The August 9, 2017 Finance/Audit Committee Meeting Recap was presented to the Committee.

**RECOMMENDED ACTION:**

The Committee approved and recommended that the August 9, 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**

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The Committee reviewed the information presented. President Acosta requested that his schedule be updated to his attendance at the August 24, 2017 Local Elected Officials Meeting and Breakfast with Congresswoman Mimi Walters, and advised that he did not meet with the General Manager on August 1, 2017. Director Chadd advised that the City of Rancho Santa Margarita City Council Meeting on August 23, 2017, was cancelled, and requested that his schedule be revised to reflect the change.

**RECOMMENDED ACTION:**

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

**ITEM 3: OTHER FINANCE AND ADMINISTRATION PROJECTS**

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**1. Utility Billing and Financial Management System Replacement Update:**

Mr. Perea provided a status update on this project, and reported on the challenges with both Tyler Technologies and Infosend (District Billing Processor) with regards to their respective responsibilities with the conversion process. Mr. Perea added that the Financials portion of the project is scheduled to go live on September 25, 2017, and that the Utility Billing portion is set to go live on December 4, 2017. Discussion occurred concerning the delays associated with the project; Mr. Perea commented that the delay on the Utility Billing portion is necessary to effectively and accurately migrate customer account information to the new system, and that the additional time will allow the new District Customer Service staff to be trained on the new system.

**2. Baker Water Treatment Plant Partner Agency Billing**

Mr. Ruiz commented that there were no updates on this matter, and that a more detailed update will be provided at the September 20, 2017, Regular Board Meeting for Board review. Mr. Ruiz added that he has been working directly with Municipal Water District of Orange County (MWDOC) staff, City of San Clemente staff, and Ms. Warner, Senior Accountant, to develop the appropriate billing methodology. Discussion occurred concerning the challenges associated with Irvine Lake Water usage and the operations and maintenance costs associated with the Baker Water Treatment Plant (BWTP). Mr. Ruiz commented on the development of the agreement language with the City of San Clemente for the sale of excess/unused BWTP water, and reviewed the proposed charges for District incurred costs. Director Chadd commended Mr. Ruiz on his hard work on the development of the agreement. Mr. Ruiz mentioned that a DRAFT agreement will be presented for Board review at the September 20, 2017 Regular Board Meeting.

**3. Other Projects**

Mr. Ruiz provided a status update on the Mountain View Road – Potable Water Distribution Main Replacement Project, and mentioned that District staff will be presenting Contract Change Orders (CCOs) for Board review at the September 20, 2017, Regular Board Meeting. Mr. Ruiz provided a brief review of the project challenges that resulted in the CCOs, including increased onsite inspection services, geotechnical testing services, and costs associated with various improvements and credits. Discussion occurred concerning the overall project costs

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including CCOs, and the importance of onsite inspection services. Mr. Ruiz added that additional information concerning this matter will be presented to the Board at the September 20, 2017 Regular Board Meeting.

**RECOMMENDED ACTION:**

The Committee received the information. No action was taken.

**ITEM 4: OTHER MATTERS**

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Mr. Ruiz provided an update on the following items:

- Mr. Ruiz reported that Rutter Development purchased a parcel in the District's service area that has been designated as mitigation property, and as such, the account has been changed from a residential account to a commercial irrigation account. Mr. Ruiz added that due to the account conversion, Rutter Development is owed an adjustment that exceeds the billing adjustment threshold in the District's General Policy, Rules and Regulations, Chapter Six, Section Six. Mr. Ruiz commented that the billing adjustment will be agendaized for the September 20, 2017, Regular Board Meeting.
- Mr. Ruiz reported that District staff has been working with the developer of Tract No. 12365 on the Third Extension of Memorandum of Understanding (MOU) concerning the Supply of Irrigation Water to Property within the tract. Mr. Ruiz added that District staff is coordinating for the potholing of the road in the development to locate the District's pipeline, as well as, additional water quality testing of the adjacent well. Mr. Ruiz mentioned that this matter will be agendaized for Board review and action at the September 20, 2017 Regular Board Meeting.
- Mr. Ruiz reported that he has met with Operations and Maintenance Departments to review current technological access issues with existing proprietary software systems and to identify a mobile device that will accommodate all of the software applications on a single device. Mr. Ruiz added that District staff will be purchasing new tablet devices to meet this need. Director Chadd expressed his support for the purchase of the tablet devices for District staff.

**RECOMMENDED ACTION:**

The Committee received the information, and recommended that the billing adjustment in the amount of \$1,447.46 be forwarded for Board consideration (Consent Calendar).

No other action was taken.

**ITEM 5: FINANCIAL REPORT**

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Mr. Ruiz presented the preliminary unaudited financials for July and June, 2017, for Committee review, and reported that there were no anomalies. Mr. Ruiz mentioned that the Fiscal Year 2017/2016 Financial Report (Audit) will finalize the year end financials.

***Statement of Revenues and Expenses***

Operating Revenue, Total Operating Revenue – Mr. Ruiz noted that the current month was higher than the same month in the prior year, and attributed the increase to the impact of the District's water, wastewater, and recycled water rates.

**RECOMMENDED ACTION:**

The Committee recommended that the Board receive and file the unaudited Checking Account Activity Statement for July, 2017, as presented (Consent Calendar).

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**ITEM 5B: FINANCIAL REPORT**

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Mr. Ruiz presented the bills for consideration for September 13, 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 September 13, 2017, as presented (Consent Calendar).

**ADJOURNMENT**

Committee Chair Chadd adjourned the September 13, 2017, Finance/Audit Committee Meeting at 7:28 P.M.