



TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | JUNE 13, 2018

DIRECTORS PRESENT

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

STAFF PRESENT

Michael Perea, Acting General Manger
Karen Warner, Senior Accountant
Lisa Marie Sangi, Administrative Assistant

DISTRICT CONSULTANTS PRESENT

Sudhir Pardiwala, Raftelis Financial Consultants
Cindy Byerrum, Platinum Consultants

PUBLIC PRESENT

There were members of the public present.

CALL MEETING TO ORDER

Director Chadd called the June 13, 2018, 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

Director Acosta mentioned he would be absent next week.

Director Acosta mentioned that both he and Director Safranski met with District staff the prior Friday to get their feedback concerning the new General Manager position. Director Acosta expressed his appreciation to District staff for their time and opinions, and he mentioned that he was proud of District staff.

REPORT FROM THE ACTING GENERAL MANAGER

Mr. Perea introduced Mr. Pardiwala to the Committee, and he mentioned that Mr. Pardiwala is prepared to provide an update on the District's Water and Recycled Water Special Rate Study.

Mr. Perea provided an update on a recent fire in the Canyon area of the District's service area.

Mr. Perea reported that he attended the Orange County Local Agency Formation Commission (OC LAFCO) Regular Meeting, and he commented that Mr. Derek McGregor was appointed as the Commission Chair for another four-year term. Discussion occurred concerning other agendized matters at the meeting.

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | JUNE 13, 2018**

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The May 9, 2018, Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee approved and recommended that the May 9, 2018, 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

Director Chadd requested to adjust his schedule as he did not attend City of Rancho Santa Margarita City Council Meeting.

RECOMMENDED ACTION:

The Committee recommended that the Directors' expenses and fees for May 2018, and the tentative future meetings be forwarded to the Board of Directors for ratification (Consent Calendar).

ITEM 3: TRABUCO CANYON WATER DISTRICT'S WATER AND RECYCLED WATER SPECIAL RATE STUDY

Mr. Perea presented this matter for Committee review, and he mentioned that key District staff, District General Legal Counsel, and Director Chadd participated in a kickoff meeting with Raftelis Financial Consultants to review the District's history on managing supplies. Mr. Perea added that the purpose of the Special Rate Study is to take a nuanced look at the District's Reclaimed and Recycled Water supplies, demands, and rates and charges. Mr. Pardiwala briefly delivered a PowerPoint presentation regarding the methodology used to determine the proposed reclaimed and recycled water rates. Discussion occurred concerning wastewater contribution levels by customer classification and non-domestic water user demands on the District's system. Mr. Perea presented a handout which reviewed the proposed Portola Hills Zone Water Rates and Charges based on the discussion with Raftelis at the kickoff meeting which are based on existing inter-agency agreements with Irvine Ranch Water District (IRWD) as a wholesale agency.

RECOMMENDED ACTION:

The Committee received the information concerning the matter. No recommendations were made.

ITEM 4: TRABUCO CANYON WATER DISTRICT CAPITAL IMPROVEMENT PROGRAM (CIP) UPDATE PROPOSED FISCAL YEAR 2018/2019 CIP AND GENERAL FUND BUDGETS

Mr. Perea presented this matter for Committee review, and he provided a brief review of the Fiscal Year 2018/2019 General Fund and Capital Improvement Project (CIP) Budget outlines. Ms. Byerrum provided a brief update on the proposed General Fund Budget and Reserve Funds. Director Acosta inquired on the District's financial report card for this fiscal year and the upcoming fiscal year; Ms. Byerrum commented that the District's finances are in good order. Discussion occurred concerning the proposed Fiscal Year 2018/2019 Metropolitan Water District of Southern California (MET) and Municipal Water District of Orange County (MWDOC) rates and charges.

RECOMMENDED ACTION:

The Committee recommended that this matter be forwarded to the Board of Directors (Action Calendar).

ITEM 5: DISCUSSION CONCERNING THE AUTHORIZATION OF DISTRICT OFFICERS TO ORDER THE DEPOSIT OR WITHDRAWAL OF MONIES TO AND FROM THE LOCAL AGENCY INVESTMENT FUND (LAIF)

Mr. Perea presented this matter for Committee Review, and he mentioned that Local Agency Investment Fund (LAIF) representatives have notified District staff that the approved District contacts for withdrawal and transfers

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | JUNE 13, 2018**

needs to be updated. Mr. Perea briefly reviewed the proposed resolution for updating the District's contacts, and he mentioned that this matter can be reviewed and updated as frequently as changes occur.

RECOMMENDED ACTION:

The Committee received the information concerning the matter and recommended that the Board of Directors approve Resolution No. 2018-1251 – Resolution of the Board of Directors of the Trabuco Canyon Water District Authorizing Investment Monies in the Local Agency Investment Fund (Action Calendar).

ITEM 6: DISCUSSION CONCERNING THE DEVELOPMENT OF TRABUCO CANYON WATER DISTRICT'S PROCUREMENT POLICY

Mr. Perea provided an update on this matter for Committee review, and he commented that the Draft District Procurement Policy (Policy) was included for review and comment. Mr. Perea added that the adoption of the Policy by resolution will establish uniform procedures and guidelines for procurement and purchasing, as well as meeting federal and state guidelines and requirements.

RECOMMENDED ACTION:

The Committee received the information concerning the matter and recommended that the Board of Directors adopt Resolution No. 2018-1252 – Resolution of the Board of Directors of the Trabuco Canyon Water District Adopting Guidelines for the Procurement of Goods and Services and Cash Disbursements (Action Calendar).

ITEM 7: DISCUSSION CONCERNING PROPOSED LEGAL SERVICES AGREEMENT REVISED FEE SCHEDULE FOR TRABUCO CANYON WATER DISTRICT

Mr. Perea presented this matter for Committee review, and briefly highlighted the proposed rates for legal services with Atkinson, Andelson, Loya, Ruud, and Romo (District General Legal Counsel). Discussion occurred concerning increased access to additional resources at the new firm and the overall fiscal impact to the District's budget.

RECOMMENDED ACTION:

The Committee recommended that the Board of Directors receive and approve the proposed Legal Services Agreement Revised Fee Schedule from Atkinson, Adelson, Loya, Ruud, and Romo (Action Calendar).

ITEM 8: OTHER MATTERS

Mr. Perea stated there were no other matters to report.

RECOMMENDED ACTION:

The Committee received the information concerning the matter. No recommendations were made.

ITEM 9: FINANCIAL REPORT

Mr. Perea presented the bills for consideration for May 9, 2018. Mr. Perea highlighted the following items:

Statement of Revenues and Expenses, Operating Revenue, Business & Industrial Water:

Mr. Perea reported that this line item demonstrated the correction to an incorrect meter read on a construction meter for a development in the District's service area as reviewed at the prior Finance/Audit Committee Meeting.

RECOMMENDED ACTION:

The Committee recommended that the Board receive and file the preliminary unaudited Financial Statement for April 2018 as presented (Consent Calendar).

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | JUNE 13, 2018**

ITEM 9B: FINANCIAL REPORT

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 June 13, 2018, as presented (Consent Calendar).

ADJOURNMENT

Director Chadd adjourned the June 13, 2018, Finance/Audit Committee Meeting at 7:17 PM.