



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | AUGUST 15, 2018

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. Robert Anslow, Assistant District Secretary, 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

Michael Perea, Interim General Manager/District Secretary
Lorrie Lausten, Principal Engineer
Karen Warner, Senior Accountant
Lisa Sangi, Administrative Assistant
Jason Stroud, Maintenance Superintendent

DISTRICT CONSULTANTS PRESENT:

Rob Anslow, District General Legal Counsel (Atkinson, Andelson, Loya, Ruud & Romo)/Assistant District Secretary

PUBLIC PRESENT

Mr. Paul Weghorst (Executive Director, Water Policy - Irvine Ranch Water District)
Mr. Dan Ferons (General Manager - Santa Margarita Water District)

PLEDGE OF ALLEGIANCE

Director Safranski led the Board, District staff and audience in the Pledge of Allegiance.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

DIRECTOR'S COMMENTS

Director Mandich indicated that he had attended the Rancho Santa Margarita City Council Meeting and reported on certain actions relating to that City Council Meeting.

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Director Dopudja complimented TCWD staff on the response to the recent, and ongoing, Holy (Jim) Fire and fire situation.

Director Safranski also complimented TCWD staff on the response to the recent fire situation and suggested that there might be ways to explore options for outreach and public communication during emergency situations such as regional fire situations.

Director Chadd also complimented District staff on the response to the Holy (Jim) Fire and District response and actions during the emergency situation.

President Acosta added his congratulations on the re-appointment of Directors in lieu of a District-wide election in November 2018.

Several Directors added their thoughts with regard to potential communication and public outreach tools including, but not limited to, social media platforms, during emergency situations such as the Holy (Jim) Fire.

REPORT FROM THE INTERIM GENERAL MANAGER

Mr. Perea introduced the two speakers who would speak to Item 5 and indicated that the District would be reaching out to the Municipal Water District of Orange County (MWDOC) concerning emergency water supply planning and regional water supply issues. He indicated that MWDOC may in the future desire to present information to the Board concerning water supply and emergency water supply planning.

Mr. Perea presented a brief presentation on the District actions and responses with regard to the Holy (Jim) Fire situation including photographs of the fire areas and fire response.

After introduction from the Interim General Manager, Principal Engineer, Laurie Lausten, commented with regard to the proposed contract bid on the entryway for the District's Dimension Water Treatment Plant. Ms. Lausten indicated that a single bid for the contract work had been received and was higher than expected. As a result, the District is not going to award this contract at this time but will defer the work to spring of 2019 when it is anticipated that the District will be able to work with the City of Lake Forest with regard to Dimension Drive street improvements.

ITEMS TOO LATE TO BE AGENDIZED

Mr. Perea stated 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 Safranski, and seconded by Director Mandich, to approve the Consent Calendar. There was no further discussion.
The motion carried 5 – 0.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 5: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING EMERGENCY WATER STORAGE BANKING OPPORTUNITIES FOR TRABUCO CANYON WATER DISTRICT

The Board received two presentations with regard to water supply efforts in and through Orange County.

The first presentation was made by Mr. Paul Weghorst, Executive Director-Water Policy for the Irvine Ranch Water District. Mr. Weghorst presented the proposal being put forward by Irvine Ranch Water District and MWDOC with regard to extraordinary water supplies which would apply over and above Metropolitan Water District of Southern California (MET) and MWDOC allocation(s) in the event of future water shortage or drought situations. Mr. Weghorst presented information with regard to IRWD's Strand Ranch project located in Kern County in terms of supply availability, transportation of water and projected future costs. Mr. Weghorst's presentation noted that principal impacts may arrive in the 2030's and may be affected by the actions of the State of California with regard to the "California Water Fix" project. Mr. Weghorst noted that details still needed to be worked out in terms of the process and agreements involving IRWD, MWDOC and MWDOC member agencies. A Power Point presentation was made available to members of the Board, District staff and the public.

The second presentation was made by Mr. Dan Ferons, General Manager of Santa Margarita Water District. Mr. Ferons also presented a Power Point presentation with regard to both sources of water and system reliability within Orange County and particularly South Orange County. Mr. Ferons noted that there is currently a limited supply of available large-scale water storage in South Orange County which affects both supply and system reliability to water providers within South Orange County. Mr. Ferons presented various supply options and alternative sources making references to local sources and system redundancies. Mr. Ferons noted that local sources of supply and system reliability are important in order for South Orange County water districts to be able to provide water to their customers both in normal periods and in situations of shortage and drought. Mr. Ferons discussed a potential October workshop among the interested parties and that there may be a future draft agreement put forward by Santa Margarita for local agency participation.

Action: The Board directed the Interim General Manager to provide letters of interest on behalf of Trabuco Canyon Water District to IRWD, MWDOC and SMWD with regard to the programs presented to the Board.

ITEM 6. DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT'S TEMPORARY RATE STABILIZATION CHARGE (TRSC)

Interim General Manager, Mr. Michael Perea, presented information with regard to the initial imposition and levy of the District's Temporary Rate Stabilization Charge ("TRSC") from the time of its inception in 2016 through the present. Mr. Perea noted that based upon current staff and District Treasurer reviews, that it was advisable for the District to consider potential action, including, but not limited to, possible suspension of the TRSC, and recommended that the Board approve an internal financial analysis regarding the TRSC to be presented to the Board at the September 19, 2018, regular Board meeting.

Action: Motion by Director Chadd, seconded by Director Mandich to direct the Interim General Manager and District Treasurer to complete an internal financial analysis concerning the collection of the Temporary Rate Stabilization Charge to date for Board of Director review

and consideration at the September 19, 2018, regular Board meeting. There was no further discussion on the motion.
The motion carried 5 – 0.

ENGINEERING MATTERS

ITEM 7. DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT’S WATER RATES AND CHARGES

Mr. Perea and District general legal counsel, Mr. Robert Anslow, discussed the current District water rates and charges including the water rates and rate structure for the Portola Hills Service Area of the District. Mr. Perea noted that a draft report had been received from Raftelis Financial Consultants, Inc. with respect to the potable water rates and rate structure in the Portola Hills Service Area. Based upon the Raftelis report and the requirements of Proposition 218, and related State legislation, District staff and consultants have recommended certain actions with regard to potential changes to the water rates, charges and rate structure within the Portola Hills Service Area portion of the District. The proposed form of the Notice of Public Hearing prepared for the Portola Hills Service Area portion of the District was presented, and discussed with, the Board. Board members made various comments with regard to the form of the Notice.

In response to the presentation, the Directors also provided comments with regard to the proposed Raftelis report as presented.

Action:

Motion by Director Mandich, seconded by Director Dopudja to:

- (i) receive the Raftelis rate study report subject to comments made by the Board and finalization of the report prior to August 30, 2018;
- (ii) direct District staff to schedule a public hearing for the Portola Hills Service Area potable water rates and charges review for October 17, 2018 consistent with the presented Public Hearing Notice form; and
- (iii) direct District staff to proceed with and prepare the Notice of Public Hearing for the Portola Hills Service Area in conformance with Proposition 218 and in line with comments provided by the Directors. There was no further discussion on the motion.

The motion carried 5 – 0.

ITEM 8. DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT’S 2019 HEALTH RATES

Mr. Perea presented information and figures concerning the PERS Choice Plan for the District’s healthcare rates and costs. There was discussion by the Board with regard to potential adjustment of benchmark figures as required by CalPERS.

Action:

Motion by Director Dopudja, seconded by Director Mandich to adopt Resolution Nos. 2018-1258 and 2018-1259 as presented.

Following commentary by Director Chadd, a replacement motion was made by Director Dopudja and seconded by Director Safranski to adopt Resolution No. 2018-1258 fixing the employer contribution at an equal amount for employees and annuitants, under the

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Public Employees' Medical and Hospital Care Act. There was no further discussion of this motion.

The motion carried 5 – 0.

Motion by Director Dopudja, seconded by Director Mandich to adopt Resolution No. 2018-1259 fixing the employer contribution at an equal amount for employees and annuitant under the Public Employees Medical and Hospital Care Act. There was no further discussion of this motion.

The motion carried 4 – 0 – 1 with Director Chadd abstaining.

ITEM 9. DISCUSSION AND ADOPTION OF THE SOUTH ORANGE COUNTY INTEGRATED REGIONAL WATERSHED MANAGEMENT PLAN

Mr. Perea presented information relating to the South Orange County Integrated Regional Watershed Management Plan. Director Mandich discussed the management plan as approved by various agencies in South Orange County.

There was discussion with regard to possible pursuit of various types of State funding (including grant funding) for various water recovery and storage projects.

Action: Motion made by Director Safranski, seconded by Director Mandich, to adopt Resolution No. 2018-1257 adopting the 2018 South Orange County Integrated Regional Watershed Management Plan. There was no further discussion of the motion.
The motion carried 5 – 0.

ENGINEERING MATTERS

ITEM 10. SANTIAGO CANYON ROAD PIPELINE IMPROVEMENTS

Principal Engineer Laurie Lausten provided a presentation regarding the Santiago Canyon Road pipeline improvements noting that the Engineering and Operation Committee had recommended approval of this action item. Director Mandich noted that there had been a cost reduction as a result of District staff's re-evaluation of the contract and contracted project.

Action: Motion by Director Mandich, seconded by Director Chadd, to ratify the contract with Ferreira Construction for the Santiago Canyon Road pipeline improvements in the not-to-exceed amount of \$201,678.00 with a contingency for \$20,000 for a total project amount of \$221,678.00. There was no further discussion on the motion.
The motion carried 5 – 0.

ITEM 11. SKYRIDGE DEVELOPMENT

Principal Engineer Laurie Lausten reviewed the proposed Change Order No. 4 with DMc Engineering for inspection services for the Skyridge Development project. She noted that the proposed Contract Change Order had been reviewed by the Engineering and Operations Committee with a recommendation to approve. It was noted that the Change Order and costs are being funded through developer funds deposited with the District.

Action: Motion made by Director Chadd, seconded by Director Safranski, to authorize the Interim General Manager to execute Contract Change Order No. 4 with DMc Engineering for

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inspection services for the Skyridge Development project in the amount of \$4,560. There was no further discussion on the motion.
The motion carried 5 – 0.

LEGISLATIVE, ADMINISTRATIVE AND OTHER MATTERS

ITEM 12. DISCUSSION AND POSSIBLE ACTION(S) CONCERNING NOMINATIONS FOR THE INDEPENDENT SPECIAL DISTRICTS OF ORANGE COUNTY EXECUTIVE COMMITTEE 2018 ELECTION

Mr. Perea provided the Board with information concerning potential nominations for the Independent Special Districts of Orange County (ISDOC) Executive Committee 2018 election.

Action: The Board took no action on this matter.

ITEM 13. DISCUSSION AND POSSIBLE ACTION(S) CONCERNING SPONSORSHIP OPPORTUNITIES FOR ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) 2018 FALL CONFERENCE

Mr. Perea provided information concerning sponsorship opportunities for the Association of California Water Agencies (“ACWA”) 2018 Fall Conference.

Action: The Board took no action on this matter.

ITEM 14. LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Perea indicated that he had attended the Orange County Local Agency Formation Commission (LAFCO) meeting and noted that the vote on the OC LAFCO Policies and Procedures and the Municipal Service Review (MSR) Rules and Procedures had been delayed to the October meeting of LAFCO.

Action: There was no action taken on this matter.

CLOSED SESSION

**CLOSED SESSION NO. 1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION – GOVERNMENT CODE SECTION 54957
TITLE: INTERIM GENERAL MANAGER**

Beginning at 8:52 p.m., The Board met in closed session with District General Legal Counsel and the Interim General Manager pursuant to Government Code Section 54957. The Board returned to open session at 9:32 p.m.

ITEM 15. REPORT OF ACTION(S) TAKEN IN CLOSED SESSION

Mr. Anslow reported that the District had conducted a single closed session as set forth in the Agenda. The District Board had met with the Interim General Manager and District General Legal Counsel as part of this closed session. No other announcement was made.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

There were no items received too late to be agendized.

OTHER INFORMATION/MATTERS

There was no other information or matters presented.

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ADDITIONAL DIRECTORS' COMMENTS

Director Dopudja provided comments on behalf of the Board concerning the Board's high confidence and satisfaction with the performance of Mr. Perea in serving as the Interim General Manager and indicated that the Board has a high degree of confidence in his ability to perform the current and future requirements as Interim General Manager to the District.

Director Mandich provided a brief update regarding the current status of Trabuco Creek and the District's well facilities management.

ADDITIONAL ACTING (INTERIM) GENERAL MANAGER COMMENTS

Mr. Perea indicated that he was gathering information on District costs sustained as a result of the Holy (Jim) Fire and the District's response. He provided a preliminary report with regard to District water resources used for fire suppression and estimated cost impacts in terms of water used for fire suppression. Mr. Perea indicated that District staff would seek to recover reimbursement for District sustained costs as a result of the fire emergency and fire suppression efforts if and when such reimbursement funds become available.

END ACTION CALENDAR

ADJOURNMENT

President Acosta adjourned the August 15, 2018, Regular Board meeting at 9:36 PM.