



## **MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | JANUARY 15, 2020**

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The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on January 15, 2020 was called to order by President Safranski 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, transcribed the minutes thereof.

### **DIRECTORS PRESENT**

President Michael Safranski  
Vice President Don Chadd  
Director Stephen Dopudja  
Director Edward Mandich

### **DIRECTORS ABSENT**

Director Glenn Acosta

### **STAFF PRESENT**

Fernando Paludi, General Manager  
Michael Perea, Assistant General Manager/District Secretary  
Lorrie Lausten, Principal Engineer  
Lisa Marie Sangi, Administrative Assistant  
Karen Warner, Accounting Supervisor  
Jason Stroud, Maintenance Superintendent

### **DISTRICT CONSULTANTS PRESENT:**

Rob Anslow, District General Legal Counsel (Atkinson, Andelson, Loya, Ruud & Romo)  
Jonathan Foster, Davis Farr (District Auditing Firm)

### **PUBLIC PRESENT**

There were members of public present.

### **PLEDGE OF ALLEGIANCE**

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

### **ITEMS TOO LATE TO BE AGENDIZED**

None

### **VISITOR PARTICIPATION**

No visitor participation was received.

### **ORAL COMMUNICATION**

Mr. Ric Heard, Dove Canyon resident, addressed the Board of Directors with his concerns related to the proposed Paloma Square development and the existing reciprocal parking agreement between the District and the owners of Dove Canyon Plaza. Mr. Heard provided copies of his concerns and comments to the Board of Directors and District staff.

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD OF DIRECTORS MEETING MINUTES | JANUARY 15, 2020**

**DIRECTOR'S COMMENTS**

President Safranski requested to move Item 9 to the top of the agenda.

**REPORT FROM THE GENERAL MANAGER**

Mr. Paludi wished the Board of Directors, District staff, and all in attendance a Happy New Year.

**CONSENT CALENDAR**

President Safranski indicated that all matters under the Consent Calendar would be approved by one motion unless a Board member or staff member requests a separate action on a specific item.

**Action:** A motion was made by Director Mandich, and seconded by Director Chadd, to approve the presented Consent Calendar Items. There was no further discussion.  
The motion was approved by a vote of 4-0-1 with Director Acosta absent.

**ADMINISTRATIVE MATTERS**

**ITEM 9: TRABUCO CANYON WATER DISTRICT'S ANNUAL FINANCIAL REPORT (AUDIT) FOR FISCAL YEAR ENDED JUNE 30, 2019**

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Mr. Paludi presented this matter to the Board for consideration, and he reported that the District's Annual Financial Report for Fiscal Year Ended June 30, 2019 was reviewed with the Finance/Audit Committee. Mr. Paludi introduced Mr. Foster to the Board and indicated that he was available to answer any questions related to the Audit. Mr. Foster complimented District staff for their assistance during the auditing process, and he reported no material weakness in the District's financials and fiscal practices. Mr. Foster reported that the auditing team recommended the implementation of a best management practice consistent with the District's Procurement Policy relative to sole source procurement. Discussion occurred concerning CalPERS Other Post Employment Benefit (OPEB) funding and related discount rates; Mr. Perea indicated that the District has funded its OPEB obligation through the CalPERS California Employees' Retirement Benefit Trust (CERBT) consistent with Board direction.

**Action:** A motion was made by Director Chadd and seconded by Director Mandich to receive and file the Trabuco Canyon Water District Fiscal Year Annual Financial Report (Audit) for Fiscal Year Ended June 30, 2019. There was no further discussion.  
The motion was approved by a vote of 4-0-1 with Director Acosta absent.

**ITEM 6: ADOPTION OF DISTRICT TREASURER'S ANNUAL STATEMENT OF INVESTMENT POLICY**

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Mr. Paludi presented this matter for Board consideration, and he reported that this annual policy was reviewed with the Finance/Audit Committee. Mr. Perea provided a brief overview of the proposed District Treasurer's Annual Statement of Investment Policy, and he reported that the proposed Policy had been reviewed by both the District Treasurer and General Legal Counsel. Mr. Perea commented that there were no recommended changes from the Policy adopted the prior year, but he indicated that the District's General Policy requires annual adoption of the Policy by resolution.

**Action:** A motion was made by Director Dopudja and seconded by Director Chadd to adopt Resolution No. 2020-1274 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting District Treasurer's Annual Statement of Investment Policy. There was no further discussion.  
The motion was approved by a vote of 4-0-1 with Director Acosta absent.

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD OF DIRECTORS MEETING MINUTES | JANUARY 15, 2020**

**ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE PROPOSED PALOMA SQUARE DEVELOPMENT (DOVE CANYON PLAZA)**

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Director Mandich recused himself from discussion and action related to this matter.

Mr. Paludi provided a brief update concerning the District's actions to date related to this proposed development, and he provided a copy of the District's comment letter to the City of Rancho Santa Margarita (City) dated December 17, 2020. Mr. Paludi reported that the City's letter to the developer was delivered approximately the same time and did not address some of the District's comments, and he mentioned that District staff and General Legal Counsel were preparing a subsequent comment letter to address the District's concerns. Discussion occurred concerning the District's process for proposed new developments and the preparation of Sub-Area Master Plans (SAMP). Mr. Paludi presented the SAMP proposal provided by PSOMAS Engineering for Board consideration, and he recommended the Board authorize the approval to contract with PSOMAS to prepare the SAMP upon notification to proceed from the developer's engineering firm and receipt of a developer deposit.

**Action:** A motion was made by Director Dopudja, and seconded by Director Chadd, to authorize the General Manager to contract with PSOMAS Engineering and execute a services agreement for the preparation of the Paloma Square Sub-Area Master Plan (SAMP) in the amount of \$55,450, subject to non-substantive changes. There was no further discussion. The motion was approved by a vote of 3-0-1-1 with Director Acosta absent and Director Mandich abstaining.

**ITEM 8: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA) JOINT POWERS AGREEMENT AMENDMENT(S)**

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Mr. Paludi presented this informational matter for Board review, and he provided a brief report from the SOCWA Regular Board Meeting. Mr. Paludi added that SOCWA General Legal Counsel announced the scheduling of a Joint Power Agreement (JPA) Review Workshop Meeting with member agency legal counsels in late January.

**Action:** The Board took no action on this matter.

**ITEM 10: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING IRVINE RANCH WATER DISTRICT'S (IRWD) BUYOUT PROPOSAL FOR REMAINING EL TORO TRUNK SEWER SYSTEM CAPACITY**

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Mr. Paludi presented this matter for Board review, he mentioned that this matter was reviewed with the Engineering/Operational Committee. Mr. Paludi added that the terms proposed by IRWD was comprehensive and included compensation for end of life structural items in the trunk sewer and lift station. Mr. Paludi mentioned that District staff was evaluating the proposal to ensure that certain calculations and District capital improvement projects are included in the final buyout terms.

**Action:** A motion was made by Director Chadd, and seconded by Director Dopudja, to direct the General Manager to negotiate an agreement with Irvine Ranch Water District based on the Term Sheet and Buyout Financial Assumptions as proposed. The motion was approved by a vote of 4-0-1 with Director Acosta absent.

**ITEM 11: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT'S RATE ANALYSIS FOR WATER, WASTEWATER, AND NON-DOMESTIC WATER RATES AND CHARGES AND RELATED MATTERS**

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Mr. Paludi presented this informational item for Board consideration, and he reported that District staff has worked with Raftelis Financial Consultants on the preparation of the financial plan and preliminary water,

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD OF DIRECTORS MEETING MINUTES | JANUARY 15, 2020**

wastewater, and non-domestic water rates and charges information. Mr. Paludi added that District staff recommend scheduling Special Board Meeting – Rates Workshop on Tuesday, January 28, 2020 to provide an overview of District staff’s efforts to date. Discussion occurred concerning the rate model elements and the development of the ten-year capital investment program. Mr. Paludi commented that the purpose of the workshop would be to collect feedback and directions based on the Board’s expectations.

**Action:** The Board of Directors through President Safranski directed District staff to schedule a Special Board Meeting – Rate Workshop on Tuesday, January 28, 2020.

**ENGINEERING MATTERS**

**ITEM 12: APPROVAL OF DOVE CANYON PRESSURE REDUCING VALVE (PRV) PROJECT CONTRACT CHANGE ORDER**

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Mr. Paludi presented this project update for the Board consideration, and he mentioned that this matter was reviewed with the Engineering/Operational Committee. Ms. Lausten reported that this project was successfully completed, but that Ferreira Construction experienced additional costs outside of the original scope of work which resulted in a contract change order.

**Action:** A motion was made by Director Chadd, and seconded by Director Mandich, to authorize the General Manager to approve and execute Contract Change Order No. 1 with Ferreira Construction in the amount of \$7,431.03. There was no further discussion. The motion was approved by a vote of 4-0-1 with Director Acosta absent.

**ITEM 13: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE URBAN WATER & STORMWATER RUNOFF CONVEYANCE STRUCTURE TO DOVE LAKE**

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Mr. Paludi presented this matter for Board consideration, and he mentioned that District staff and General Legal Counsel finalized the terms of the agreement with Trabuco Highlands Community Association (THCA). Mr. Paludi added that THCA representatives executed the agreement and notarized Grant of Easement earlier that day. Discussion occurred concerning the planned repairs to the spillway and project timeline.

**Action:** A motion was made by Director Mandich and seconded by Director Chadd to approve the Revised Form of Agreement Regarding William Lyon Pond Access Property By and Between Trabuco Canyon Water District and Trabuco Highlands Community Association and related matters (superseding prior Board action on Agreement Form). There was no further discussion. The motion was approved by a vote of 4-0-1 with Director Acosta absent.

**LEGISLATIVE, ADMINISTRATIVE AND OTHER MATTERS**

**ITEM 14: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)**

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Mr. Paludi presented a brief update on certain meetings that he attended during the month.

Mr. Perea provided an update concerning the implementation of SB 998 legislation which included a handout on the regulatory impacts on the District’s current Policy on the disconnection of residential water service for non-payment. Mr. Perea reported that District staff plans to agendize this matter for Board approval at the following Regular Board Meeting.

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD OF DIRECTORS MEETING MINUTES | JANUARY 15, 2020**

**Action:** The Board took no action on this matter.

**CLOSED SESSION**

The entered Closed Session at 8:20 PM.

**CLOSED SESSION NO. 1: CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LEGAL ACTION(S)**

The Board of Directors met in closed session regarding significant exposure to legal proceedings and/or litigation pursuant to California Government Code Sections 54956.9(b)(1) and 54954(c) -Number of Potential Cases: 1.

The District's General Manager, Assistant General Manager, and General Legal Counsel participated in a portion of the closed session.

**CLOSED SESSION NO. 2: PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

The Board of Directors met in closed session regarding public employee performance evaluation pursuant to California Government Code Sections 54957(b) & 54954.5(e).

The District's General Manager, Assistant General Manager, and General Legal Counsel participated in a portion of the closed session.

The Board reconvened in open session at 9:42 PM.

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

No announcement concerning action(s) taken in closed session was made.

**OTHER INFORMATION/MATTERS**

There were no other information or matters received.

**ADDITIONAL DIRECTORS' COMMENTS**

There were no additional Directors' comments received.

**ADDITIONAL GENERAL MANAGER COMMENTS**

There were no additional General Manager comments received.

**ADJOURNMENT**

President Safranski adjourned the January 15, 2020 Regular Board Meeting at 9:41 PM.