



TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | APRIL 8, 2020

DIRECTORS PRESENT

Director Don Chadd, Committee Chair
Director Mike Safranski, Committee Member

STAFF PRESENT VIA CONFERENCE CALL

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager/District Secretary
Karen Warner, Senior Accountant
Lisa Marie Sangi, Administrative Assistant
Lorrie Lausten, Principal Engineer

DISTRICT CONSULTANT(S) PRESENT

Cindy Byerrum, District Treasurer (Eide Bailly, Consultant)

PUBLIC PRESENT

There were no members of the public present.

CALL MEETING TO ORDER

Director Chadd called the April 8, 2020 Finance/Audit Committee Meeting to order at 1:00 P.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

Director Safranski mentioned it was good to see District staff were doing well and healthy.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi echoed Director Safranski's comment concerning the health of District staff.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The March 11, 2020 Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee recommended that the March 11, 2020 Finance/Audit Committee Meeting Recap be forwarded to the Board of Directors (Consent Calendar).

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ITEM 2: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, TENTATIVE FUTURE MEETINGS/ATTENDANCE ITEMS

Mr. Paludi presented this matter for Committee consideration and review.

RECOMMENDED ACTION:

The Committee recommended that the Directors' Fees and Expenses for March 2020, and the tentative future meetings be forwarded to the Board of Directors for ratification (Consent Calendar).

ITEM 3: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT WATER, WASTEWATER, AND NON-DOMESTIC WATER RATES AND CHARGES ANALYSIS

Mr. Paludi provided a brief status update on this matter, and he reported that District staff is developing the rates implementation schedule. Mr. Paludi reported that District staff is currently tracking and evaluating potential revenue losses due to the spread of COVID-19. Discussion occurred concerning Federal Emergency Management Area (FEMA) sharpened pencil on proposed adjustment, implementation January 1, 2021. Mr. Paludi also mentioned he and Mr. Perea were working on a schedule, process in fall 2020-time frame.

RECOMMENDED ACTION:

The Committee received the information concerning the matter. No action was taken.

ITEM 4: DISCUSSION CONCERNING MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) FISCAL YEAR 2020/2021 BUDGET

Mr. Paludi presented this matter for Committee consideration, and he provided a brief status update on the MWDOC Budget development process. Mr. Paludi reported that he attended the MWDOC Finance Committee earlier that day, and he mentioned that the MWDOC Board of Directors and staff are currently evaluating the Fiscal Year 2020/21 budget assumptions considering the spread of COVID-19 throughout the county. Mr. Paludi mentioned that Metropolitan Water District of Southern California (MET) proposed a lower rate adjustment due to the impacts of COVID-19.

RECOMMENDED ACTION:

The Committee received the information concerning the matter. No action was taken.

ITEM 5: DISCUSSION CONCERNING THE PREPARATION OF TRABUCO CANYON WATER DISTRICT FISCAL YEAR 2020/2021 GENERAL FUND AND CAPITAL IMPROVEMENT PROJECT (CIP) BUDGETS

Mr. Paludi provided an update on the matter, and he mentioned that District staff is currently preparing the preliminary Fiscal Year 2020/21 General Fund and Capital Improvement Project (CIP), Equipment, and Program budgets for Board of Directors' consideration. Discussion occurred concerning budgetary assumptions and anticipated impacts of the spread of COVID-19 on revenues and expenses. Mr. Paludi mentioned that District staff will propose a date for a Special Board Meeting – Budget Workshop at the Regular Board Meeting.

RECOMMENDED ACTION:

The Committee received the information concerning the matter. No action was taken.

ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING ONSITE JANITORIAL SERVICES FOR DISTRICT ADMINISTRATION FACILITY

Mr. Paludi presented this matter for Committee review, and he commended District staff for the work to bring this matter for Committee consideration. Mr. Perea reported that District staff prepared a request for proposals (RFP) for professional janitorial services for the Administration Facility only, and he provided the RFP to four

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janitorial service companies that were recommended by neighboring water agencies. Mr. Perea added that two of the four firms responded with proposals and participated in the mandatory walk through of the facility. Discussion occurred concerning the proposals and hourly costs. Mr. Perea recommended OC Superior Cleaning for professional janitorial services for the District's Administrative Facility. Discussion occurred concerning the importance for the District to contract for janitorial services to maintain the cleanliness of the Administration Facility due to the spread of COVID-19; Mr. Perea added that the District will schedule a deep cleaning of the facility prior to reopening to the public.

RECOMMENDED ACTION:

The Committee received the information recommended the Board of Directors authorize the General Manager to negotiate and execute a contract with OC Superior Cleaning for a one-year term not to exceed amount of \$35,000 (Action Calendar).

ITEM 7: OTHER MATTERS

There were no other matters presented for review.

Discussion occurred concerning the impacts due to the spread of COVID-19, including public office closures and personnel-related scheduling adjustments.

RECOMMENDED ACTION:

Committee to receive information at the time of Committee Meeting.

ITEM 8: FINANCIAL REPORT

Mr. Paludi presented this matter for Committee consideration. Ms. Byerrum presented the preliminary unaudited financials for February 2020 to the Committee for review and comment:

STATEMENT OF REVENUES AND EXPENSES

Operating Revenue, Residential Water Revenue

Mr. Perea reported that this line item was higher than the prior month due to increased water demands.

Operating Revenue, Baker Treatment Plant Water Sales

Mr. Perea reported that this line item was lower than the prior month due to decreased water sales to the City of San Clemente.

Operating Expenses, Total Operating Expenses

Mr. Perea reported that this line item was lower than the prior month due to decreased operating expenses and he highlighted certain associated sanitation costs and expenses.

Discussion occurred concerning the seasonalization of certain operational expenses.

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 April 8, 2020 as presented (Consent Calendar).

ADJOURNMENT

Director Chadd adjourned the April 8, 2020 Finance/Audit Committee Meeting at 1:32 PM.