



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | JUNE 10, 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
Lorrie Lausten, Principal Engineer
Karen Warner, Senior Accountant
Lisa Marie Sangi, Administrative Assistant

DISTRICT CONSULTANT(S) PRESENT

None

PUBLIC PRESENT

There were no members of the public present.

CALL MEETING TO ORDER

Director Chadd called the June 10, 2020 Finance/Audit Committee Meeting to order at 1:02 P.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

Director Safranski mentioned the Regular Board Meeting format.

REPORT FROM THE GENERAL MANAGER

None

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The May 13, 2020 Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee recommended that the May 13, 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. Director Chadd mentioned he was not in attendance for the District Special Board Meeting on May 26, 2020, and he requested that District staff update the report to reflect this change.

RECOMMENDED ACTION:

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

ITEM 3: DISCUSSION CONCERNING MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) FISCAL YEAR 2020/2021 BUDGET AND WATER USE EFFICIENCY BUDGET

Mr. Paludi introduced this matter for Committee. Mr. Perea briefly reviewed the Municipal Water District of Orange County (MWDOC) Choice Programs and the proposed District Water Use Efficiency (WUE) Program Enhancements. Discussion occurred concerning certain WUE Program enhancements.

RECOMMENDED ACTION:

The Committee recommended that this information be forwarded to the Board of Directors for their consideration (Action Calendar).

ITEM 4: 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 proposed Fiscal Year 2020/2021 General Fund and Capital Improvement Project (CIP), Equipment, and Programmatic Budgets, and he highlighted certain budgetary adjustments that were made based on Board feedback at the Special Board Meeting – Budget Workshop. Discussion occurred concerning certain CIP project budgets and General Fund budget considerations. Ms. Lausten provided a brief update on the District's multi-year SCADA upgrade project, and she highlighted the completed tasks to date. Discussion occurred concerning SCADA upgrade project budget and timeline for completion. Mr. Perea provided a brief review of the internal salary survey results and summary for Committee review and consideration. Discussion occurred concerning the internal salary survey results and the proposed implementation strategy. Director Safranski expressed his appreciation for the work prepared by District staff, and he recommended forwarding this information to the Board of Directors for their discussion and consideration.

RECOMMENDED ACTION:

The Committee recommended that this information be forwarded to the Board of Directors for their consideration (Action Calendar).

ITEM 5: IRVINE RANCH WATER DISTRICT BUYOUT PROPOSAL AND AGREEMENT TO TRANSFER CAPACITY IN EL TORO SEWER TRUNK SYSTEM TO TRABUCO CANYON WATER DISTRICT

Mr. Paludi provided a brief update on this matter to the Committee, and he mentioned that this matter was reviewed with the Engineering/Operational Committee. Mr. Paludi reported that District staff has worked with Irvine Ranch Water District (IRWD) to review certain considerations and costs that were not originally included in the initial buyout proposal, and he mentioned that a counter-offer was provided to IRWD. Mr. Paludi provided a handout detailing the counter-offer, and he reported that IRWD has agenda'd the matter for review and consideration with their Board of Directors.

RECOMMENDED ACTION:

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The Committee recommended that this information be forwarded to the Board of Directors for their consideration (Action Calendar).

ITEM 6: OTHER MATTERS

Discussion occurred concerning the ongoing impacts of COVID-19 on District activities and operations.

Mr. Perea reported that the preparation of the District's annual Appropriations Limit for Board consideration and adoption by resolution has been delayed as the State Department of Finance has not issued updated information due to the impacts of COVID-19 and will not be agendaized for the June Regular Board Meeting. Mr. Perea added that this matter will be agendaized for Board consideration when the information is made available.

RECOMMENDED ACTION:

There was no action was taken.

ITEM 7: FINANCIAL REPORT

Mr. Paludi introduced this matter for Committee consideration and Ms. Karen Warner presented the preliminary unaudited financials for April 2020 to the Committee for review and comment:

STATEMENT OF REVENUES AND EXPENSES

Operating Revenue, Residential Water Revenue

Ms. Warner reported that this line item was lower than the prior month due to slightly decreased water demands.

Operating Revenue, Baker Treatment Plant Water Sales

Ms. Warner 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

Ms. Warner reported that this line item was lower than the prior month due to less operating expenses and she highlighted certain associated costs and expenses.

Discussion occurred concerning source of supply costs and net income changes from the prior month.

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 10, 2020 as presented (Consent Calendar).

ADJOURNMENT

Director Chadd adjourned the June 10, 2020 Finance/Audit Committee Meeting at 2:11 PM.