



TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | MAY 11, 2022

DIRECTORS PRESENT

Director Ed Mandich, Committee Chair
Director Glenn Acosta, Committee Member

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Karen Warner, Principal Accountant
Lisa Marie Sangi, Executive Assistant

CONSULTANTS PRESENT

Kristi Even, Eide Bally LLP

PUBLIC PRESENT VIA CONFERENCE CALL

None

CALL MEETING TO ORDER

Director Mandich called the May 11, 2022 Finance/Audit Committee Meeting to order at 1:00p.m.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

There were no comments received.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported on his attendance at the Local Agency Formation Commission of Orange County (OC LAFCO) meeting, and he mentioned the Commission approved the fiscal year budget and reappointed Mr. Derek McGregor to the position of Public Member. Mr. Paludi added that he extended an invitation to Supervisor Wagner to attend the District's Water Awareness Day event and future Regular Board meetings.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

Mr. Paludi presented the Finance/Audit Committee Meeting Recap for Committee review in accordance with the agenda.

RECOMMENDED ACTION(S)

Director Mandich and Mr. Perea approved the April 13, 2022 Finance/Audit Committee Meeting Recap(s) and recommend that the Board receive and file the same (Consent Calendar).

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

Mr. Paludi presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review. Director Acosta confirmed certain meeting attendance updates to his schedule.

RECOMMENDED ACTION:

The Committee recommended that the Board ratify the Directors' fees and expenses for April 2022 and tentative future meetings/attendance as amended. (Action Calendar)

ITEM 3: DISTRICT ETHICS POLICY UPDATE

Mr. Paludi introduced this matter for Committee consideration, and he reported that District staff has been working with General Counsel on this proposed policy in conjunction with the proposed Expense Reimbursement policy. Mr. Perea reported this matter was reviewed with the Executive Committee, and he provided an overview of the proposed policy. Discussion occurred concerning Fair Political Practices Commission (FPPC) rules on reporting gifts and the proposed ticket policy.

RECOMMENDED ACTION:

The Committee recommended the Board of Directors approve the proposed Ethics Policy Update and rescind the Code of Conduct Guidelines approved on January 17, 1996 (Action Calendar).

ITEM 4: DISCUSSION CONCERNING DISTRICT PROPOSED FISCAL YEAR 2022/2023 GENERAL FUND AND CAPITAL IMPROVEMENT PROJECT (CIP) BUDGET ASSUMPTIONS

Mr. Paludi introduced this matter for Committee review, and he provided an overview of the proposed budgetary assumptions for Fiscal Year 2022/2023. Mr. Paludi provided a brief review of the proposed capital improvement project (CIP) budgets, and he highlighted certain significant projects. Discussion occurred concerning the Golf Club Sewer Lift Station and the AMR/AMI project.

RECOMMENDED ACTION:

Committee received the information presented. No action was taken.

ITEM 5: APPROVAL OF PURCHASE OF REPLACEMENT PUMPS FOR GOLF CLUB SEWER LIFT STATION

Mr. Paludi introduced this matter for Committee consideration, and he reported this matter was reviewed with the Engineering/Operational Committee. Mr. Perea reported that District staff has requested proposals from two vendors with compatible pump systems, and he added that District staff have discussed internally about the best long-term solution for the facility. Discussion occurred concerning the proposed pump system solutions, procurement timelines, and system challenges. Mr. Perea recommended the Committee approve and recommend the Board of Directors ratify the purchase of the Tekdraulics proposal.

RECOMMENDED ACTION:

Approve and recommend the Board of Directors ratify the purchase of three (3) replacement pumps, two (2) guide rail systems, and two (2) discharge elbows from Tekdraulics for Golf Club Sewer Lift Station in the amount of \$193,286.39 (Action Calendar).

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ITEM 6: OTHER MATTERS

Mr. Perea mentioned that District staff was conducting interviews for the open Customer Service Field Representative position.

RECOMMENDED ACTION:

There was no action taken.

ITEM 7: FINANCIAL REPORT

Ms. Even presented the preliminary unaudited financials for March 2022, and she highlighted the following items:

Operating Revenue, Residential Water

Ms. Even reported that water demand for the month was slightly lower than the prior month.

Operating Revenue, Irrigation Water

Ms. Even reported that this line item was higher than the prior month, and the year to date was significantly higher than budgeted due to increased demand.

Operating Revenue, Recycled & Reclaimed Water

Ms. Even reported that water demand for the month was higher than the prior month due to increased demand.

Operating Revenue, Baker Treatment Plant Sales

Ms. Even reported that this line item was lower than the prior month due to the District using its supply from the Baker Water Treatment Plant due to ongoing repairs to the V.P. Baker Pipeline.

Ms. Even reported that overall revenue is slightly lower than budgeted, but that overall expenses are tracking as budgeted.

RECOMMENDED ACTION:

The Committee recommended the Board of Directors receive and file the preliminary unaudited financial statements for March 2022 (Consent Calendar).

The Committee signed the bills for consideration and the warrant register and recommended that the Board ratify payment of the bills for consideration for May 11, 2022 as presented (Consent Calendar).

ADJOURNMENT

Director Mandich adjourned the May 11, 2022 Finance/Audit Committee Meeting at 1:34p.m.