



## **TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | DECEMBER 14, 2022**

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### **DIRECTORS PRESENT**

Ed Mandich, Committee Chair  
Don Chadd, Committee Chair Alternative

### **DIRECTORS ABSENT**

Glenn Acosta, Committee Member

### **STAFF PRESENT**

Fernando Paludi, General Manager  
Michael Perea, Assistant General Manager  
Karen Warner, Principal Accountant  
Lorrie Lausten, District Engineer

### **PUBLIC PRESENT**

None

### **CALL MEETING TO ORDER**

Director Mandich called the December 14, 2022 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**

There were no comments received.

### **REPORT FROM THE ASSISTANT GENERAL MANAGER**

Mr. Paludi reported that District staff will be presenting an item too late to be agendaized at the December 15, 2022 Regular Board Meeting related to the repair and replacement of variable frequency drives (VFDs) for the District's Dove Recycled Water Pump Station.

### **ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP**

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

**MOTION:** Approve the Finance/Audit Committee Meeting Recap and recommended that the Board receive and file the same (Consent Calendar) – Director Mandich

**SECOND:** Director Chadd

**AYES:** Directors Mandich & Chadd

**NOES:** None

**ABSTAIN:** None

**MOTION PASSED/FAILED:** Passed 2-0

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

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Mr. Paludi presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review. Mr. Perea indicated the fees and expenses report for November 2022 has been updated since the posting of the agenda with Director Safranski's attendance and related expenses for the ACWA Conference.

**MOTION:** Recommend the Board of Directors ratify the Directors' fees and expenses for November 2022 and tentative future meetings/attendance. (Action Calendar)– Director Mandich

**SECOND:** Director Chadd

**AYES:** Directors Mandich & Chadd

**NOES:** None

**ABSTAIN:** None

**MOTION PASSED/FAILED:** Passed 2-0

**ITEM 3: URBAN WATER INSTITUTE 2023 SPRING WATER CONFERENCE SPONSORSHIP**

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Mr. Paludi presented this matter for Committee consideration, and he reported the District is a member of the Urban Water Institute (UWI). Mr. Paludi recommended the Board of Directors approve a sponsorship level of \$1,250 for the 2023 Spring Water Conference. Discussion occurred concerning the conference program and previous sponsorship levels.

**MOTION:** Recommend the Board of Directors approve sponsorship of the Urban Water Institute's 2023 Spring Water Conference in the amount of \$1,250 (Action Calendar) – Director Mandich

**SECOND:** Director Chadd

**AYES:** Directors Mandich & Chadd

**NOES:** None

**ABSTAIN:** None

**MOTION PASSED/FAILED:** Passed 2-0

**ITEM 4: MEMBERSHIP IN SOUTHERN CALIFORNIA WATER COALITION**

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Mr. Paludi presented this matter for Committee consideration, and he highlighted the efforts of the Southern California Water Coalition (SCWC) in the water industry. Mr. Paludi reported that Board members and District staff have attended SCWC events in the past and found them to be informative and beneficial.

**MOTION:** Recommend the Board of Directors approve Trabuco Canyon Water District's membership in the Southern California Water Coalition in the amount of \$2,500 annually (Action Calendar) – Director Mandich

**SECOND:** Director Chadd

**AYES:** Directors Mandich & Chadd

**NOES:** None

**ABSTAIN:** None

**MOTION PASSED/FAILED:** Passed 2-0

**ITEM 5: OTHER MATTERS**

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Mr. Paludi reported that District staff will present the Draft Fiscal Year 2021/2022 Financial Report at the January Finance/Audit Committee meeting.

**MOTION:** None – Informational item only.

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**ITEM 6: FINANCIAL REPORT**

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

***Operating Revenue, Water Commodity Sales***

Ms. Warner reported that this line item was higher than budgeted due to the current warmer weather conditions.

***Operating Revenue, Reclaimed Water Sales***

Ms. Warner reported that water demand for the month was significantly higher than budgeted due to increased system demands.

***Non-Operating Revenue, Property Taxes***

Ms. Warner reported that this line item is adjusted only two times per year due to property tax collection periods.

***Non-Operating Revenue, Interest Revenue***

Ms. Warner reported that this line item is significantly higher than budgeted due to the impacts of increased interest rates.

***Operating Expense, Source of Supply***

Ms. Warner reported that this line item was higher than budgeted for the year due to increased electrical and chemical costs for treatment.

***Operating Expense, Sanitation Related Expenses***

Ms. Warner reported that this line item was higher than budgeted for the year due to increased odor control costs.

***Operating Expense, Recycled & Reclaimed Expenses***

Ms. Warner reported that this line item was higher than budgeted for the year due to increased laboratory testing. Mr. Perea added that staff has increased its recycled water sampling frequency to confirm the high quality of production water.

***District Capital FY 2022-23 (Unaudited)***

Ms. Warner reviewed the capital expenditures to date by project and provided a brief overview of the October costs, including the following:

***District Capital, Capital Improvements/Replacements***

***Orange County Rescue Mission (District Customer)***

Ms. Warner reported that these costs were transferred expenses to capital costs related to the relocation and installation of potable water services for the Orange County Rescue Mission (customer) property in order to meet the District's standards and specifications.

***District Capital, Equipment***

***PRV Improvements***

Director Mandich inquired how this line item has exceeded its annual budget. Mr. Perea indicated that Water Operations performed more PRV repairs/improvements than originally budgeted due to necessity. The Committee agreed that the repairs/improvements are critical in nature and commended Operations staff for staying on top the District's facilities.

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**MOTION:** Recommend the Board ratify payment of the bills for consideration for December 14, 2022, as presented (Action Calendar) – Director Mandich

**SECOND:** Director Chadd

**AYES:** Directors Mandich & Chadd

**NOES:** None

**ABSTAIN:** None

**MOTION PASSED/FAILED:** Passed 2-0

**ADJOURNMENT**

Director Mandich adjourned the December 14, 2022, Finance/Audit Committee Meeting at 1:20 p.m.