



MINUTES OF THE SPECIAL BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | DECEMBER 7, 2022

The Special Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on December 7, 2022, was called to order by President Chadd at 5:04 p.m. 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 Don Chadd
Vice President Stephen Dopudja
Director Glenn Acosta
Director Michael Safranski
Director Edward Mandich

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Karen Warner, Principal Accountant

DISTRICT CONSULTANTS PRESENT VIA CONFERENCE CALL

Cindy Byerrum, District Treasurer

DISTRICT CONSULTANTS PRESENT

Habib Isaac, IB Consulting
Claire Collins, District Legal Counsel

PLEDGE OF ALLEGIANCE

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

VISITOR PARTICIPATION & ORAL COMMUNICATION

None

DIRECTOR'S COMMENTS

Director Mandich reported that the Dove Canyon Master Association (DCMA) Recycled Water Quality Ad Hoc Committee is scheduled to meet the following day, and he expressed his appreciation to District staff for providing the requested information to the Committee.

Director Dopudja reported on his attendance at the Association of California Water Agencies (ACWA) Conference, and he provided a brief overview of Ms. Collins presentation on rates and charges.

Director Safranski reported on his attendance at the ACWA Conference, and he briefly reviewed his notes from the Joint Powers Insurance Authority (JPIA) committee meetings.

Director Acosta reported on his attendance at the ACWA Conference.

Director Chadd had no comments.

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REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported on his attendance at the ACWA Conference.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 1: DISTRICT RATES FINANCIAL PLAN DEVELOPMENT WORKSHOP PRESENTATION BY IB CONSULTANTS

Mr. Paludi presented this matter for Board consideration, and he introduced Mr. Habib Isaac to the Board. Mr. Isaac delivered a PowerPoint presentation that highlighted the overall rate development process consistent with Proposition 218, and he indicated that the purpose of the workshop was to review the proposed financial plan. Mr. Isaac provided a brief review of the District's current rates and charges and the impacts of the revenue generation in comparison with the previous rate study report. Discussion occurred concerning base assumptions which impact rates and charges and the utilization of the tax roll for certain fixed charges. Mr. Isaac reviewed the District's current financial position by reviewing revenue versus expenses and discussed the impacts of debt management with the recent debt issuance.

Mr. Isaac presented two revenue plan scenarios to the Board for consideration, including a capital spending level based on the District assets condition assessment results prepared by Hazen, and a level based on depreciation of District assets. Discussion occurred concerning the merits of both scenarios and the immediate and long-term impacts of rates and charges developed on each basis. Discussion occurred concerning the information presented to the Board. Mr. Isaac provided an overview of the next steps, which included working with District staff to finalize energy costs and develop proposed rates and charges based on the revenue plan scenarios for Board consideration. Director Dopudja commended Mr. Isaac on his presentation, and he asked District staff to prepare a comparison of the operational expenses to operate the Dimension Water Treatment Plant (DWTP) versus the utilization of Baker Water Treatment Plant production water and treated water purchases through interconnections; Mr. Isaac commented that based on a preliminary analysis the operation of DWTP is more cost efficient than purchasing treated water by approximately \$200 per acre foot.

Mr. Paludi indicated that District staff will be receiving the updated capital improvement project schedule prepared by Hazen which will provide the necessary guidance on the finalization of the financial plan and rates and charges development.

Action: There was no action taken.

ADJOURNMENT

President Chadd adjourned the December 7, 2022 Special Board Meeting at 6:35 p.m.