



## **MINUTES OF THE SPECIAL BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | FEBRUARY 28, 2023**

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The Special Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on February 28, 2023, was called to order by President Dopudja at 5:00 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 Stephen Dopudja  
Vice President Ed Mandich  
Director Glenn Acosta  
Director Don Chadd  
Director Michael Safranski

### **STAFF PRESENT**

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

### **DISTRICT CONSULTANTS PRESENT**

Claire Collins, Hansen & Bridgett  
Ian Berg, Eide Bailly  
Habib Isaac, IB Consulting

### **DISTRICT CONSULTANTS VIA CONFERENCE CALL**

Cindy Byerrum, Eide Bailly

### **PLEDGE OF ALLEGIANCE**

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

### **VISITOR PARTICIPATION ORAL COMMUNICATION**

None

### **DIRECTOR'S COMMENTS**

No comments were received.

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

Mr. Paludi thanked the Board of Directors for their flexibility on scheduling tonight's Special Board Meeting.

### **ACTION CALENDAR**

#### **ITEM 1: NOTICE OF WITHDRAWAL FROM THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA)**

Mr. Paludi presented this matter for Board consideration, and he reported that this matter was reviewed with the Executive Committee. Mr. Paludi provided an overview of the withdrawal process in accordance with the joint

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powers agreement (JPA) including timelines for submission and alternative options for withdrawal. Ms. Collins provided a review of certain provisions in the JPA related to the matter, and she commented that the notice of withdrawal would need to be provided to SOCWA no later than March 2, 2023. Discussion occurred concerning certain financial considerations for the District’s withdrawal based on discussions with SOCWA staff.

- MOTION:** Authorize the General Manager to send the “Notice of Withdrawal from SOCWA” to SOCWA and all SOCWA members by March 2, 2023 – Director Chadd
- SECOND:** Director Acosta
- AYES:** Directors Dopudja, Mandich, Acosta, Chadd, & Safranski
- NOES:** None
- ABSTAIN:** None
- MOTION PASSED/FAILED:** Passed 5 - 0

**ITEM 2: DISTRICT RATES AND CHARGES DEVELOPMENT WORKSHOP PRESENTATION BY IB CONSULTANTS**

Mr. Paludi introduced this matter for Board consideration, and he mentioned that this was a preliminary partial overview of the water fund only. Mr. Isaac provided an overview of the proposed water rates and charges based on a financial plan summary funding capital improvement on depreciation through a PowerPoint presentation. Mr. Isaac highlighted the proposed variable rate design and restructuring based on certain assumptions discussed with District staff and general counsel. Discussion occurred concerning the potential debt issuance in future years to fund capital improvement, the restructuring of tiered water rates, and rate development methodology strategies to recover costs of service. Mr. Isaac presented two scenarios which indicated fixed cost recovery and the related revenue requirements through different collection methods, and he highlighted the associated timelines for completion. Discussion occurred concerning the methodology for the variable water rate development and the potential impact of non-peaking based water rates on customers. Ms. Collins provided an update on current legal challenges to water agency rates and charges.

Director Mandich asked Mr. Isaac to review the volume of treated water by allocated interconnections for consistency; Mr. Isaac indicated that a portion of treated water is allocated to dedicated irrigation connections in the District’s service area.

Director Dopudja requested that District staff (1) evaluate the temporary prioritization of utilizing its capacity in Baker Water Treatment Plant to offset its treatment and operation costs at Dimension Water Treatment Plant and (2) prepare an evaluation of the proposed water rates with a peaking component for discussion purposes.

Director Chadd asked District staff to (1) consider the impacts of rate adjustments to District customers in Portola Hills due the layout of the zone, (2) include the number of customers per meter size for the fixed costs evaluation, and (3) consider homeowner association (HOA) budget timelines in relation to rate adoption.

Discussion occurred concerning scheduling a special board meeting in mid-March to evaluate the next steps and address raised comments.

- MOTION:** No action was taken.

**ADJOURNMENT**

President Dopudja adjourned the February 28, 2023, Special Board Meeting at 6:55 p.m.