



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | MAY 16, 2023**

DIRECTORS PRESENT

Don Chadd, Committee Chair
Glenn Acosta, Committee Member

STAFF PRESENT

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

CONSULTANTS PRESENT

None

PUBLIC PRESENT

None

CALL MEETING TO ORDER

Director Chadd called the May 16, 2023 Finance/Audit Committee Meeting to order at 8:00 a.m.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

None

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported to the Committee that the Notice of Public Hearing for the proposed rates and charges to be held on June 29, 2023 was mailed to District customers on May 15, 2023 consistent with Proposition 218. Mr. Paludi added that the Notice was made available on the District's website as well.

ITEM 1: 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. Discussion occurred concerning incurred expenses for the Association of California Water Agencies (ACWA) Conference.

MOTION: Recommend the Board of Directors ratify the Directors' fees and expenses for April 2023 and tentative future meetings/attendance (Action Calendar)– Director Acosta

SECOND: Director Chadd

AYES: Directors Acosta & Chadd

NOES: None

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ABSTAIN: None
MOTION PASSED/FAILED: Passed 2-0

ITEM 2: TRABUCO CANYON WATER DISTRICT PROPOSED FISCAL YEAR 2023/24 BUDGET

Mr. Paludi presented this matter for Committee consideration, and he reported that District staff have prepared the draft proposed budget for Fiscal Year 2023-24. Ms. Warner provided a brief review of the proposed budgetary assumptions included in the proposed budget. Mr. Perea reviewed the current CPI inflation impacts on all costs, and he reviewed the District’s administrative policy for cost of living adjustment considerations. Ms. Lausten reviewed the proposed FY 2023-24 Capital Improvement Projects (CIP) with the Committee. Mr. Perea highlighted the impacts of new CARB regulations on agency new vehicle purchases beginning January 2024. Mr. Paludi reported that the proposed budget includes engineering staffing support to assist with the proposed CIP projects.

MOTION: None – Informational item only.

ITEM 3: URBAN WATER INSTITUTE 2023 ANNUAL CONFERENCE SPONSORSHIP

Mr. Paludi presented this matter for Committee consideration, and he reported that the Urban Water Institute (UWI) 2023 Annual Conference is scheduled for August. Mr. Paludi recommended the Board approve sponsorship of the conference in the amount of \$1,250 for the lanyard sponsorship.

MOTION: The Committee recommended the Board of Directors approve sponsorship of the Urban Water Institute’s 2023 Annual Conference in the amount of \$1,250 (Action Calendar) – Director Acosta
SECOND: Director Chadd
AYES: Directors Acosta & Chadd
NOES: None
ABSTAIN: None
MOTION PASSED/FAILED: Passed 2-0

ITEM 4: OTHER MATTERS

Mr. Perea reported that the District has filled the Customer Service Representative I open position

MOTION: None – Informational item only.

ITEM 5: FINANCIAL REPORT

Ms. Warner presented the preliminary unaudited financials for March 2023, and she highlighted the following items:

DISTRICT OPERATIONS UNAUDITED

Operating Revenue, Water Commodity Sales

Ms. Warner reported that this line item was trending lower than budgeted due to less water sales as a result of cooler weather conditions.

Operating Revenue, Baker Treatment Plant Water Sales

Ms. Warner reported that water demand for the month was trending significantly higher than budgeted due to more water sold to the City of San Clemente.

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Operating Expense, Source of Supply

Ms. Warner reported that this line item was lower than budgeted for this time of the year due to less water purchases to date.

Operating Expense, Water Related Expenses

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

Operating Expense, Sanitation Related Expenses

Ms. Warner reported that this line item was trending higher than budgeted for the year due to increased chemical repair costs for wastewater treatment purposes.

Operating Expense, Recycled & Reclaimed Expenses

Ms. Warner reported that this line item was trending lower than budgeted for the year.

Total Operating Expenses

Ms. Warner reported that the District's Total Operating Expenses for the year were trending as budgeted.

DISTRICT CAPITAL FY 2022-23 (UNAUDITED)

Ms. Warner reviewed the capital expenditures to date by project and provided a brief overview of the costs for March 2023.

MOTION: Recommend the Board ratify payment of the bills for consideration for May 16, 2023, as presented (Action Calendar) – Director Acosta

SECOND: Director Chadd

AYES: Directors Acosta & Chadd

NOES: None

ABSTAIN: None

MOTION PASSED/FAILED: Passed 2-0

ADJOURNMENT

Director Chadd adjourned the May 16, 2023 Finance/Audit Committee Meeting at 8:39 p.m.