



## TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | JULY 13, 2023

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### **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

### **CONSULTANTS PRESENT**

None

### **PUBLIC PRESENT**

None

### **CALL MEETING TO ORDER**

Director Chadd called the July 13, 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 on the following matters:

- Update on proposed rates and charges and number of protests received to date against placing the sewer charges on the property tax roll.
- The Board President and the General Manager met with Assemblywoman Kate Sanchez the prior week to provide an overview of the District's services and planned capital improvement projects and system improvements.
- Provided an update on direction from the Executive Committee on the review of the Director expense reimbursements.

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

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 as amended (Consent Calendar) – Director Acosta

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**SECOND:** Director Chadd  
**AYES:** Directors Acosta & Chadd  
**NOES:** None  
**ABSTAIN:** None  
**MOTION PASSED/FAILED:** Passed 2-0

**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.

**MOTION:** Recommend the Board of Directors ratify the Directors' fees and expenses for June 2023 and tentative future meetings/attendance (Action Calendar) – Director Acosta  
**SECOND:** Director Chadd  
**AYES:** Directors Acosta & Chadd  
**NOES:** None  
**ABSTAIN:** None  
**MOTION PASSED/FAILED:** Passed 2-0

**ITEM 3: NOTICE OF UNDEVELOPED LAND/WATER STANDBY ASSESSMENT FOR FISCAL YEAR 2023-24**

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Mr. Paludi presented this matter for Committee review, and he reported that this matter is reviewed annually consistent with State law. Mr. Perea provided an overview of the purpose of the standby assessment, and he reviewed the notification requirements to the affected property owners. Mr. Paludi mentioned that this assessment is not subject to Proposition 218 as the District has not increased the amount since its original adoption. Discussion occurred concerning the number of affected property owners; Mr. Perea reported that the number of property owners decreases each year as new home developments increase in the District's service area.

**MOTION:** Recommend the Board of Directors hold a public hearing at the July 20, 2023, Regular Board Meeting, and adopt the proposed Undeveloped Land/Standby Charge for Fiscal Year 2023-24 by resolution (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**

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Mr. Paludi reported that District staff budgeted for the purchase of two new vehicles in the Fiscal Year 2023-24 Capital Improvement Program (CIP), but due to the adoption of new CARB regulations that require 50% of all vehicle purchases to be zero emission vehicles beginning January 1, 2024, that District staff have accelerated the purchase of two additional vehicles scheduled for FY 2024-25 as a cost-saving mechanism. Mr. Paludi reported this matter will be presented to the Board at a future regular board meeting.

Mr. Perea reported that Ms. Lisa Marie Sangi has notified staff that she will be retiring from the District, and her last day will be July 21, 2023.

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

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**ITEM 5: FINANCIAL REPORT**

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Ms. Warner presented the preliminary unaudited financials for May 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 through the month.

***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.

***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 at budget for the year.

***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 and repairs/maintenance costs related to wastewater treatment.

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

Ms. Warner reported that this line item was trending lower than budgeted for the year due to less water sold due to cooler weather conditions through the month.

***Total Operating Expenses***

Ms. Warner reported that the District's Total Operating Expenses for the year were trending lower than 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 May 2023.

**MOTION:** Recommend the Board ratify payment of the bills for consideration for July 13, 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 July 13, 2023, Finance/Audit Committee Meeting at 8:29 a.m.