



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | JULY 20, 2023

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on July 20, 2023, was called to order by President Stephen Dopudja at 5:30 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
Phil Serpas, CMMS/SCADA Administrator
Gary Kessler, Water Operations Superintendent
Blake Smith, Wastewater Operations Chief Plant Operator
Robbie Barger, Wastewater Operator III

DISTRICT CONSULTANTS PRESENT

Laura Ratcliffe, Hansen & Bridgett – General Counsel

PUBLIC PRESENT

There were members of the public present.

PLEDGE OF ALLEGIANCE

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

ITEMS TOO LATE TO BE AGENDIZED

None

Director Dopudja presented the following two items for public input separate from the scheduled public hearing, and he indicated that there are speaker cards available at the podium.

VISITOR PARTICIPATION

None

ORAL COMMUNICATION

None

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD OF DIRECTORS MEETING MINUTES | JULY 20, 2023**

DIRECTOR'S COMMENTS

Director Chadd briefly commented on Brown Act requirements related to oral communication received from the public, and he commented that he did not support placing the adopted sewer charges on the property tax roll.

Director Mandich had no comments.

Director Safranski reported on his attendance at the City of Rancho Santa Margarita (RSM) City Council meeting which announced the planned Summer Concert Series.

Director Acosta welcomed the public in the audience and acknowledged RSM Mayor Jerry Hollaway.

Director Dopudja reported on the following matters:

- Expressed his appreciation to the members of the public in the audience for their engagement and feedback.
- Summarized the agenda items related to the public hearing and presentation on the impacts of the adopted rates and charges after the public hearing.
- Addressed the inaccuracies on social media which has increased customer frustrations and anger.
- Reported that District staff has updated its website with frequently asked questions related to the adopted rates and charges, and he added that District staff is evaluating the implementation of an automated tool to help customers determine their monthly bill amounts based on water usage.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported on the following matters:

- District staff is working with the owner of Dove Canyon Plaza on certain fire services improvements and upgrades, as well as reviewing the rights and responsibilities associated with the reciprocal parking agreement between the owner and the District.
- The Department of Water Resources (DWR) Integrated Regional Watershed Management (IRWM) Area grant request from the District has been approved.
- District staff is working with the developer of the Saddle Crest development in Santiago Canyon to meet certain Orange County Fire Authority (OCFA) requirements.
- The City of RSM is hosting its annual Family Fest event in October 2023.

CONSENT CALENDAR

President Dopudja indicated that all matters under the Consent Calendar would be approved by one motion unless a Board member or staff member requests a separate action on a specific item.

MOTION: Approve the Consent Calendar as presented – Director Acosta

SECOND: Director Mandich

AYES: Directors Dopudja, Mandich, Acosta, Chadd, & Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD OF DIRECTORS MEETING MINUTES | JULY 20, 2023**

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 4: PUBLIC HEARING AND POSSIBLE ACTION CONCERNING THE PLACEMENT OF SEWER CHARGES ON THE PROPERTY TAX ROLL FOR FISCAL YEAR 2023-24

Mr. Paludi introduced this matter for Board consideration, and he provided an overview of the actions taken by the Board of Directors concerning the adopted rates and charges. Mr. Paludi delivered a brief PowerPoint presentation which highlighted the monthly utility bill impacts for the typical customer and certain facts on the adopted rates and charges, including the proposed placement of the sewer charges on the tax roll. Mr. Paludi reviewed the legal requirements associated with scheduling the public hearing, and he reported that the placement of the sewer charges on the tax roll requires a 2/3rds vote to pass or four out of the five board members. The Board of Directors, through President Dopudja, opened the public hearing at approximately 5:45 p.m.

Speaker 1: Jerry Hollaway, District Customer

Mr. Hollaway commented that he did not support the placement of the sewer charges on the tax roll, and he asked if the adopted rate increases were unavoidable and how to avoid similar rate increases in the future. Mr. Hollaway asked the Board if they researched agency consolidation with a larger agency to see if it makes sense, and he briefly commented on the consolidation process with the Orange County Local Agency Formation Commission (OC LAFCO).

Speaker 2: Pat Lawrence, District Customer

Mr. Lawrence commented on the benefits of a small District like TCWD, including owning and operating local groundwater wells to meet customer usage instead of buying imported water from Metropolitan Water District (MET). Mr. Lawrence added that TCWD's rates were the lowest in his opinion to neighboring agencies. Mr. Lawrence commented that he did not support the placement of the sewer charges on the tax roll, and he said that customers should challenge the District when necessary.

Speaker 3: Et Carino, District Customer

Mr. Carino commented that he met with Mr. Paludi and Mr. Perea in person at the main office, and he commended their professionalism when answering his questions regarding the rates and charges. Mr. Carino mentioned that the manner in which the public hearing for the proposed rates and charges was communicated to customers could be improved with an emphasis on electronic messaging as opposed to paper mailing. Mr. Carino requested a clear explanation regarding the use of the property tax roll for collecting sewer charges as opposed to the monthly bill.

Speaker 4: Davis Olney, District Customer

Mr. Olney expressed his appreciation to address the Board but commented that the rates and charges shocked him when he learned they were adopted. Mr. Olney commented that the property tax collection method did not concern him nearly as much as the rates and charges, and he requested additional information on the rates.

Speaker 5: Harlie Martin, District Customer

Mr. Martin expressed his appreciation for the opportunity to speak to the Board, and he commented that he has resided in the District's service area for thirty years. Mr. Martin commented on water supply challenges and expressed concern that funding appears to not keep up with drought impacts and regulations. Mr. Martin asked for more information on water supplies and innovations.

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD OF DIRECTORS MEETING MINUTES | JULY 20, 2023**

Director Dopudja reported that due to pandemic-related responses, the District has not locked off customers for non-payment, and that a total past due balance of approximately \$510,000 is owed to the District by some customers. Director Dopudja added that District staff has started the process to notify these customers that will be locked off for non-payment in the month of August.

Director Acosta commented that he opposed placing the sewer charges on the property tax roll, and he mentioned that low property taxes protect property values.

Director Safranski expressed his concerns with the past due balances owed the District, and he stated that he did not support placing the sewer charges on the property tax roll as the Mello-Roos taxes have been defeased. Director Safranski requested District staff to work with customers to bring them current on their past due balances.

Director Mandich commented that District staff is working to improve on its communications with customers, and he welcomed the public feedback. Director Mandich added that the Board committed to review the impacts of the rates and charges after a one-year period.

Director Chadd commented that he did not support placing the sewer charges on the property tax roll.

Director Dopudja agreed that the District can always improve its communications with customers, but he mentioned that the District held fifteen public meetings on the matter related to development and adoption of the rates and charges. Director Dopudja added that District staff is increasing its public outreach methods, including its “Chat with TCWD” public forums for customer input. Director Dopudja commented that he did not support placing the sewer charges on the property tax roll.

The Board of Directors, through President Dopudja, closed the public hearing at approximately 6:25 p.m.

Mr. Perea reported to the Board of Directors that the District received 350 protest letters against the placement of the sewer charges on the property tax roll.

- MOTION:** A motion was made to not approve the placement of the sewer charges on the property tax roll—
Director Chadd
- SECOND:** Director Safranski
- AYES:** Directors Dopudja, Mandich, Acosta, Chadd, & Safranski
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None
- MOTION PASSED/FAILED:** Passed 5 – 0

ITEM 5: BOARD RESPONSES TO COMMUNITY CONCERNS REGARDING ADOPTED RATES AND OPPORTUNITIES FOR DISTRICT TOUR(S)

Mr. Paludi presented this matter for Board consideration, and he provided a brief overview of the development of the adopted rates and charges for the public in attendance. Mr. Paludi reported that the District will be offering a tour of District facilities to highlight the services the District provides and how the water system operates.

Director Dopudja delivered a PowerPoint presentation for the purpose of reviewing the consistency of the District’s rates and charges with neighboring agencies. Director Dopudja provided an overview of the District’s service area elevation challenges which result in significant pumping requirements and energy costs, and he

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD OF DIRECTORS MEETING MINUTES | JULY 20, 2023**

reviewed the District’s planned capital improvement projects for the next ten years which would need to be considered in a comprehensive rates comparison with other agencies in the event the District consolidated with a larger agency. Director Dopudja reported that there are additional charges that customers of neighboring agencies pay that are not reflected in the monthly utility bill, but rather on the property tax roll. Director Dopudja provided a detailed review of the total cost of water for both Santa Margarita Water District (SMWD) and Irvine Ranch Water District (IRWD) which include rates and charges on the monthly bill as well as improvement district charges and capital improvement charges assessed through property taxes. Director Dopudja demonstrated that the District’s rates and charges as adopted are not significantly higher than SMWD or IRWD. Director Dopudja highlighted the District’s diverse water portfolio which includes the ownership and operation of the Dimension Water Treatment Plant (DWTP) which purchases raw water from MET; the ownership and operation of the seasonal wells in the canyon which offset MET water purchases during wet seasons; regional partnership in the Baker Water Treatment Plant (BWTP) which doubles the District’s minimum water supplies and is sold to the City of San Clemente when not needed for District customers.

Director Chadd commended Director Dopudja on his presentation, and he commented on the District’s diverse water portfolio which benefits the District’s customers.

Director Safranski commended Director Dopudja on his presentation, and he commented on the District’s significant planned capital improvement projects for the District’s infrastructure.

Director Dopudja recognized District water and wastewater operators in the audience and commended them on their hard work and dedication.

MOTION: Information item only. No action taken.

ITEM 6: RATIFICATION OF DIRECTORS’ FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/ ATTENDANCE & DISCUSSION ON CONFERENCE EXPENSES

Mr. Paludi presented this matter for Board consideration, and he reported that this item includes an amended fees and expenses report for May 2023, in addition to the June 2023 report. Director Dopudja reported that this matter was reviewed with the Executive Committee, and he announced that the Board will work with District staff to review the current District’s Expense Reimbursement Policy.

Director Acosta commented that he has submitted an amended report which reflects reimbursement to the District for all car rental expenses from the last day of the ACWA Conference which include rental car fees, taxes, and pre-paid fuel fees.

Director Dopudja commented that the Directors per diem rate of \$125 per day with a maximum of ten days per month has been in place since 1991, and that he is aware that Director Acosta used his vacation time from work to attend the conference.

MOTION: Approve the tentative future meetings/attendance items and ratify the Directors’ expenses and fees from the following periods:

1. May 2023 as amended
 2. June 2023
- Director Chadd

SECOND: Director Mandich

AYES: Directors Dopudja, Mandich, Acosta, Chadd, & Safranski

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD OF DIRECTORS MEETING MINUTES | JULY 20, 2023**

NOES: None
ABSTAIN: None
ABSENT: None
MOTION PASSED/FAILED: Passed 5 – 0

FINANCIAL MATTERS

ITEM 7: PUBLIC HEARING AND ADOPTION OF TRABUCO CANYON WATER DISTRICT’S FISCAL YEAR 2023-24 UNDEVELOPED LAND/WATER STANDBY CHARGES (ASSESSMENT)

Mr. Paludi presented this matter for Board consideration, and he reported this matter is reviewed annually consistent with the District’s rules. The Board of Directors, through Director Dopudja, opened the public hearing at approximately 7:23 p.m.

Mr. Perea reported that the District received no written protests to the proposed standby charge and he presented a copy of the affidavit of publication from the Orange County Register. Mr. Perea added that the District has a Board-approved policy for an exemption from the standby charge with specific criteria for property owners in the District’s service area.

The Board of Directors, through Director Dopudja, closed the public hearing at approximately 7:26 p.m.

Discussion occurred concerning open space property owned by the District. Director Dopudja reported that District owns approximately 120 acres of open space property and that the District has completed a study of plant species on the property for potential use for mitigation purposes only. Ms. Ratcliffe recommended this matter be agendized for discussion at a future meeting of the Board of Directors.

MOTION: Adopt Resolution No. 2023-1320 – Resolution of the Board of Directors of Trabuco Canyon Water District Establishing Water Standby Charges for the Fiscal Year 2023-24; Making Certain Findings and Taking Related Action Connected Therewith – Director Chadd.
SECOND: Director Safranski
AYES: Directors Dopudja, Mandich, Acosta, Chadd, & Safranski
NOES: None
ABSTAIN: None
ABSENT: None
MOTION PASSED/FAILED: Passed 5 – 0

ITEM 8: LOCAL GOVERNMENTAL AND LEGISLATIVE MATTER(S)

There were no matters presented.

MOTION: None

GENERAL COUNSEL REPORT

Ms. Ratcliffe provided a brief update on the impacts of the Levine Act on local elected officials, including the District’s Board of Directors.

OTHER INFORMATION/MATTERS

None

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD OF DIRECTORS MEETING MINUTES | JULY 20, 2023**

ADDITIONAL DIRECTORS' COMMENTS

None

ADJOURNMENT

President Dopudja adjourned the July 20, 2023, Regular Board Meeting at 7:35 p.m.