



MINUTES OF THE SPECIAL BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | JUNE 29, 2023

The Special Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on June 29, 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
Gary Kessler, Water Operations Superintendent
Jason Stroud, Maintenance Superintendent

DISTRICT CONSULTANTS PRESENT

Claire Collins, Hanson & Bridgett LLP – General Counsel
Cindy Byerrum, Eide Bailly LLP– District Treasurer
Habib Isaac, IB Consulting

PUBLIC PRESENT

There were members of the public present.

PLEDGE OF ALLEGIANCE

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

Director Dopudja addressed the audience and explained that due to a notice publishing error with the Orange County Register there would not be any action on agenda item 2.

VISITOR PARTICIPATION

None

ORAL COMMUNICATION

None

DIRECTOR'S COMMENTS

No comments were received.

REPORT FROM THE GENERAL MANAGER

No comments were received.

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ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 1: PUBLIC HEARING AND ACTION(S) CONCERNING PROPOSED ADJUSTMENTS TO TRABUCO CANYON WATER DISTRICT'S RATES AND CHARGES FOR WATER SERVICES, WASTEWATER SERVICES, AND RECYCLED WATER SERVICES

Mr. Paludi introduced this matter for Board consideration, and he delivered a PowerPoint presentation which highlighted the District's rate development process, including the number of meetings held to review all costs of service and the preparation of a financial plan for the setting of water, wastewater, and recycled water rates and charges. Mr. Paludi addressed certain misinformation that had been spreading on social media platforms, specifically, the District's net position which includes all assets, such as facilities, pipelines, etc. as opposed to assumed cash on hand. Mr. Paludi reviewed the proposed financial plan and associated planned five-year capital improvement projects that are significantly impacted by inflation which require the adoption of new rates and charges.

The Board of Directors, through President Dopudja, opened the public hearing at approximately 6:26 p.m.

Speaker 1: Raquel Madron, District Customer

Ms. Madron addressed the Board of Directors, and she expressed her concerns about the significant rate increases and the financial impacts on customers, including the costs for the years after the proposed five-year rates. Mr. Madron commented that the proposed rates set a poor precedent for the District, and she expressed concern that District staff salaries are a large portion of the District's budget and rates.

Speaker 2: Barbara Foster, District Customer

Ms. Foster addressed the Board of Directors, and she commented that the District's costs are no different than any other water agency, but that TCWD's rates are higher than both Santa Margarita Water District (SMWD) and Irvine Ranch Water District (IRWD). Ms. Foster requested the Board realize that the money for the rates is the customer's money.

Speaker 3: Ray Chandos, District Customer

Mr. Chandos addressed the Board of Directors, and he expressed his concerns that his monthly bill will double next month and will be three times as much in five years. Mr. Chandos commented that the proposed rates are gouging customers and he recommended that the District reduce its costs. Mr. Chandos stated that the Board's travel expenses and conferences are expensive and unnecessary, citing recent car rental and fuel costs reported to the public. Mr. Chandos commented that the District has outlived its usefulness, and he recommended its dissolution.

Speaker 4: Michael Farino, District Customer

Mr. Farino addressed the Board of Directors, and he commented that his current bill is approximately \$100 per month, but that the new meter flat rate will increase it to \$160 per month. Mr. Farino cited SMWD and IRWD water utility bills as lower than TCWD bills, and he recommended that TCWD merge with IRWD.

Speaker 5: Sharon Stancato, District Customer

Ms. Stancato addressed the Board of Directors, and she explained that she has been a TCWD customer for twenty-five years. Ms. Stancato explained that she owns four acres of land with animals and trees that require irrigation, and she commented that her monthly bill will significantly increase with the costs on her two-inch water meter.

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Speaker 6: Ric Heard, District Customer

Mr. Heard addressed the Board of Directors, and he commented that inflation has significantly increased costs for all, including TCWD. Mr. Heard explained that although the rate increases are unfortunate that the alternative of a failed water system due to underfunding is a worse outcome. Mr. Heard stated that agency consolidation is not always the best solution for customers.

Speaker 7: Robert Jacobson, District Customer

Mr. Jacobson addressed the Board of Directors, and he stated that he understood the District's infrastructure concerns and the related inflationary impacts.

Speaker 8: Lou Gallipeau, District Customer

Mr. Gallipeau addressed the Board of Directors, and he commented that he has been happy with the District's overall service for thirty-eight years. Mr. Gallipeau explained that he understands the impacts of depreciation on the District's infrastructure and facilities, and that he would like a more detailed comparison of TCWD's rates with SMWD and IRWD rates.

Speaker 9: Michael Jones, District Customer

Mr. Jones addressed the Board of Directors, and he commented that other water districts are facing similar problems as TCWD and he suggested the District consolidate with another agency for better pricing.

Speaker 10: Greg Henk, District Customer

Mr. Henk addressed the Board of Directors, and he commented that after thirty-three years as a customer that the District has done a good job, but that this rate increase is significant and does not go away. Mr. Henk expressed his displeasure with the reasoning for the rates in the presentation, and he recommended the District hold special hearings on rate development.

Speaker 11: Glenn Hodson, District Customer

Mr. Hodson addressed the Board of Directors, and he commented that he has been a TCWD customer for thirty-eight years and is currently on a fixed income. Mr. Hodson stated the District was in financial stress due to executive salaries, poor capital and financial planning, and the District should live within its means like its customers.

Speaker 12: Rod Van Sickle, District Customer

Mr. Van Sickle addressed the Board of Directors, and he explained that he was a retired firefighter on a fixed income. Mr. Van Sickle stated that his meter has not been changed in thirty-seven years, and he stated that he wanted his meter changed out to a smaller size meter.

Speaker 13: Paul Ginder, District Customer

Mr. Ginder deferred his comments to the Board of Directors.

Speaker 14: Bruce Conn, District Customer

Mr. Conn addressed the Board of Directors, and he explained that he has been a TCWD customer for thirty-nine years. Mr. Conn commented that the District's expense reporting for the Board of Directors, and he expressed his displeasure with the expenses for attending a recent water conference and related expenses, including lodging and car rental and mileage costs on public funds as approved by the Board for Directors. Mr. Conn expressed that he has lost trust in the District, and he recommended the hiring of a third-party firm to figure out what the District is doing.

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The Board of Directors, through President Dopudja, closed the public hearing at approximately 7:01 p.m.

Director Acosta addressed the concerns related to his expenses for the ACWA Spring Conference and he explained that the rental car was the only one available and was rented at a lower rate. Director Acosta commented that the rate increases are necessary due to significant cost increases for planned capital improvement projects.

Director Safranski commented that the District has worked with third-party consultants to prepare studies to support the proposed rates and charges consistent with State law, and he stated it was important to approve the proposed rates.

Director Mandich provided some historical background on District facility investments, and he commented on the significant increase on capital improvement projects. Director Mandich addressed the concerns related to employee salaries, and he commented on the certification and experience requirements for water and wastewater operators which directly impact salaries and payroll costs. Director Mandich added that the matter concerning placing the sewer charges on the property tax roll is not settled among the Board.

Director Chadd commented that the District's operators are highly qualified, experienced, and certified which requires commensurate pay. Director Chadd addressed concerns related to his attendance at the ACWA Spring Conference, and he stated that attending these types of conferences keeps the District updated on new water and wastewater laws and regulations.

Director Dopudja expressed his appreciation to the public members in the audience, and he addressed certain comments made during the public hearing. Director Dopudja explained that he does not charge the District for attending conferences. Director Dopudja commented on the potential for TCWD's consolidation with another agency, and he stated that any agency that annexes the District's service area would have the same capital improvement costs and inflationary impacts which would affect rates and charges. Director Dopudja added that the District contracts with independent, third-party consultants to perform studies and to make recommendations, including water/wastewater rates and employee compensation studies. Director Dopudja explained that Proposition 218 allows the District to set rates for a five-year period at the maximum allowable level, and that the Board can decrease rates and charges at a future date depending on the financial plan's performance. Director Dopudja stated that the Board of Directors will annually review District expenses in relation to the proposed rates.

Mr. Perea reported to the Board of Directors that the District received 90 protest letters against adopting the proposed rates and charges for water, wastewater, and recycled water services.

MOTION: Adopt Resolution No. 2023-1319 – Resolution of the Trabuco Canyon Water District Board of Directors Determining Compliance with Procedural Requirements, Making Findings and Determinations, Revising Rates for Water Services, Wastewater (Sewer) Services, Recycled Water Services, Amending the Corresponding Rate and Charge Schedules of the Trabuco Canyon Water District and Taking Related Actions (4/5ths vote required to pass) – Director Dopudja

SECOND: Director Chadd

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

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

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ITEM 2: PUBLIC HEARING AND POSSIBLE ACTION CONCERNING THE PLACEMENT OF SEWER CHARGES ON THE PROPERTY TAX ROLL FOR FISCAL YEAR 2023-24

Ms. Collins reported that due to a publishing error with the Notice of the Public Hearing of the placement of the sewer charges on the property tax roll that the Board of Directors may open the public hearing, but cannot take action and will need to continue the matter to the July 20, 2023 Public Hearing meeting date.

The Board of Directors, through President Dopudja, opened the public hearing at approximately 8:04 p.m.

Speaker 1: Gary Hedge

Mr. Hedge addressed the Board of Directors, and he expressed his opinion that this proposal was a pretext to charge a property tax on District customers which he believed was unfair.

Speaker 2: Heidi Wolfson

Ms. Wolfson addressed the Board of Directors, and she protested the extra costs as the Board had approved the new rates and charges.

Speaker 3: Ruben Grijalva

Mr. Grijalva addressed the Board of Directors, and he asked the Board to explain the reasons for this proposal and the advantages to customers.

Speaker 4: Ric Heard

Mr. Heard addressed the Board of Directors, and he explained that landlords with concerns about the increase in property taxes can adjust rents accordingly.

Speaker 5: Cordel Earl

Mr. Earl addressed the Board of Directors, and he stated that he believed placing the sewer charges on the property tax roll was disingenuous and amounts to a hidden cost for customers.

Speaker 6: Unnamed

This customer expressed his displeasure with the proposal and asked the Board for their opinion on taxes in general.

Speaker 7: Unnamed

This customer protested the proposal to place the sewer charges on the property tax roll.

The Board of Directors, through President Dopudja, closed the public hearing at approximately 8:12 p.m.

Director Dopudja responded to some of the comments concerning the proposed placement of the sewer charges on the property tax roll, and he explained that the proposal is to change the method of collection of the sewer charges that are currently collected through the monthly bill. Discussion occurred concerning individual Board member opinions on the proposal with majority not in support of collecting the charges on the property tax roll.

Ms. Collins commented that the Board of Directors will continue the public hearing to the July 20, 2023, Regular Board Meeting.

Director Dopudja expressed his appreciation to the members of the public in the audience for engaging with the Board on the services and associated rates and charges.

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MOTION: None

ADDITIONAL DIRECTORS' COMMENTS

None

ADJOURNMENT

President Dopudja adjourned the June 29, 2023, Special Board Meeting at 8:28 p.m.