



TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | OCTOBER 12, 2023

DIRECTORS PRESENT

Don Chadd, Committee Chair
Glenn Acosta, Committee Member

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Karen Warner, Principal Accountant
Roseann Lejsek, Administrative Assistant
Phil Serpas, SCADA/CMMS Administrator

CONSULTANTS PRESENT

None

PUBLIC PRESENT

None

CALL MEETING TO ORDER

Director Chadd called the October 12, 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:

- Orange County Water Summit – Mr. Paludi reported that the District has reserved a table for the Board and staff to attend this annual event on current water trends in the county that is scheduled for Friday, October 13th.
- District Facilities Tour – Mr. Paludi reported that staff has finalized the preparations for this event with the assistance of its public relations consultant Rockspark Communications, and the event is scheduled for Saturday, October 14th and to begin at 7:30 a.m.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

Mr. Paludi presented the Finance/Audit Committee Meeting Recap for Committee review in accordance with the agenda.

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MOTION: Approve the Finance/Audit Committee Meeting Recap and recommended that the Board receive and file the same as amended (Consent Calendar) – Director Acosta
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

Mr. Paludi presented the Directors’ Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review. Discussion occurred concerning a correction on Director Acosta’s meeting report; Mr. Perea commented that staff will update the report for Board approval.

MOTION: Recommend the Board of Directors ratify the Directors’ fees and expenses for September 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: PROFESSIONAL SERVICES AGREEMENT WITH IB CONSULTING FOR ANNUAL FINANCIAL PLAN UPDATES

Mr. Paludi presented this matter for Committee consideration and review, and he reported that District staff has requested a proposal from IB Consulting to perform an annual financial plan update for Fiscal Year 2024 based on direction from the Board of Directors. Mr. Paludi added that the purpose of the financial plan update would be to calibrate the adopted rates based on the actual performance of the plan and to assist staff with the planned long-term debt transaction.

MOTION: The Committee recommended the Board of Directors authorize a Professional Services Agreement with IB Consulting for Annual Financial Plan Updates for FY 2024 in an amount not-to-exceed \$27,000 (Action Calendar).

ITEM 4: WATER METER DOWNSIZING PROCEDURE UPDATE

Mr. Paludi presented this matter for Committee consideration and review, and he mentioned that this matter was reviewed with the Executive Committee. Mr. Paludi presented a handout of the draft policy and procedure for water meter downsizing in response to concerns raised by certain customers impacted by the adopted rates and charges. Mr. Paludi added that District staff has worked to prepare a proposed solution that will meet the needs of the customer and mitigates the District’s risk through a permitting process and indemnification. Discussion occurred concerning potential costs associated with the replacement of the meter and approval authority.

MOTION: The Committee recommended forwarding this matter to the Board for consideration at the next Regular Board Meeting (Action Calendar).

ITEM 5: OTHER MATTERS

There were no other matters discussed.

MOTION: None

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ITEM 6: FINANCIAL REPORT

Ms. Warner presented the preliminary unaudited financials for August 2023, and she indicated that the format has been updated to show expenses by separate fund. Ms. Warner highlighted the following items:

WATER FUND

Total Operating Revenue

Ms. Warner reported that this line item was trending as budgeted.

Fixed Water Purchases

Ms. Warner reported that this line item was trending as budgeted.

CalPERS Unfunded Accrued Liability (UAL) (Minimum)

Ms. Warner reported that this line item was trending as budgeted for the year as the UAL payment was made to CalPERS.

Total Salaries & Benefits

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to the UAL payment in full to CalPERS.

Total Transmission and Distribution

Ms. Warner reported that this line item was trending as budgeted.

District Insurance

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to the timing of insurance payments.

Miscellaneous Expense

Ms. Warner reported that this line item is trending higher than budgeted due to the District working with customers on payment arrangement plans consistent with District policy and SB 998.

Capital Improvement Program

Ms. Warner reported that this line item was higher than normal due to CIP spending, and she reviewed project expenses to date. Mr. Perea provided an update on the SCADA System Upgrade project, and he reported on recent system challenges due to certain failing equipment.

Director Acosta inquired on the status of the AMR/AMI Project customer portal. Mr. Perea reported that the database was completed and that a beta test site has been prepared the Board and select beta testers.

SEWER FUND

Sewer Residential/Commercial Charges

Ms. Warner reported that these line items were trending as budgeted.

RECYCLED WATER FUND

Variable Consumption Charge

Ms. Warner reported that this line item was trending higher than budgeted due to increased recycled water demands.

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MOTION: Recommend the Board ratify payment of the bills for consideration for October 12, 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 October 12, 2023, Finance/Audit Committee Meeting at 8:27 a.m.