



TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | APRIL 11, 2024

DIRECTORS PRESENT

Ed Mandich, Committee Chair
Glenn Acosta, Committee Member

STAFF PRESENT

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

CONSULTANTS PRESENT

Lora Nichols, Fieldman Rolapp

PUBLIC PRESENT

None

CALL MEETING TO ORDER

Director Mandich called the April 11, 2024 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

None

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 Mandich

SECOND: District Secretary Mr. Perea

AYES: Director Mandich & Mr. Perea

NOES: None

ABSTAIN: None

MOTION PASSED/FAILED: Passed 2-0

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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.

- MOTION:** Recommend the Board of Directors ratify the Directors' fees and expenses for February 2024 and tentative future meetings/attendance as amended (Action Calendar) – Director Mandich
- SECOND:** Director Acosta
- AYES:** Directors Mandich & Acosta
- NOES:** None
- ABSTAIN:** None
- MOTION PASSED/FAILED:** Passed 2-0

ITEM 3: APPROVE INSTALLMENT PURCHASE AGREEMENT BETWEEN THE TRABUCO CANYON WATER DISTRICT AND THE TRABUCO CANYON PUBLIC FINANCING AUTHORITY

Mr. Paludi presented this matter for Committee consideration, and he introduced Ms. Nichols to the Committee. Ms. Nichols provided a brief overview of the District's current short term loan with BOTW (now BMO) which will mature on July 1, 2024. Ms. Nichols provided information on the District's opportunity to repay the BMO credit agreement and obtain additional funds for capital projects to be repaid over 20 to 25 years. Mr. Paludi reported on the Board's discussion at the Special Board Meeting regarding revisions to the CIP budget and possible adjustments to the current rate model. Discussion occurred concerning the relationship between the District and the Public Financing Authority for the purpose of acquiring a loan for capital expenditures. Mr. Paludi reviewed the proposed installment purchase agreement and related documents with the Committee.

- MOTION:** Recommend the Board of Directors approve the execution and delivery of an installment purchase agreement between the Trabuco Canyon Water District and the Trabuco Canyon Public Financing Authority for the purpose of refinancing capital projects and authorizing the execution of related documents. (Action Calendar) – Director Acosta
- SECOND:** Director Mandich
- AYES:** Directors Acosta & Mandich
- NOES:** None
- ABSTAIN:** None
- MOTION PASSED/FAILED:** Passed 2-0

ITEM 4: DISCUSS TOTAL COMPENSATION SURVEY UPDATE AND EMPLOYEE HEALTH BENEFIT DETERMINATION METHODOLOGY

Mr. Paludi presented this matter for Committee consideration, and he reported that this matter was reviewed with the Executive Committee. Mr. Paludi provided the results of the health benefit survey and total compensation comparison performed by Ralph Andersen & Associates. Discussion occurred regarding health benefit options and the importance of setting a methodology in order to avoid having to revisit every year. Mr. Perea stated that the District is also reviewing standby pay methodologies of the comparator agencies to establish a market level for operations/maintenance employees.

- MOTION:** None – Informational item only.

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ITEM 5: CALIFORNIA CLASS INVESTMENTS PERFORMANCE

Mr. Paludi presented this matter for Committee consideration, and he provided a brief update on this matter. Mr. Paludi reported that since May 2023, when the District's Cooperative Liquid Assets Securities System (CLASS) account was initiated, the District's invested funds have returned \$128,000 more than if the same funds had remained invested in the Local Asset Investment Fund (LAIF). Mr. Paludi provided a handout from Eide Bailly with this information.

MOTION: None – Informational item only.

ITEM 6: OTHER MATTERS

Mr. Paludi reported that the wells are continuing to operate and are satisfying most of our demands.

Mr. Perea reported that the District has promoted Ms. Lyndsay West to the position of Administrative Assistant, and has backfilled the position with Ms. Briana Sandoval in the Customer Service Representative position. Mr. Perea noted that Ms. Sandoval's background is in the banking industry.

MOTION: None – Informational item only.

ITEM 7: FINANCIAL REPORT

Mr. Perea presented the preliminary unaudited financials for February 2024 in Ms. Warner's absence, and he highlighted the following items:

WATER FUND

Total Operating Revenue

Mr. Perea reported that this line item was trending as budgeted.

Total Source of Supply

Mr. Perea reported that this line item was trending lower than budgeted due lower than normal water sales.

Total Salaries & Benefits

Mr. Perea reported that this line item was trending lower than budgeted.

Total Transmission & Distribution

Mr. Perea reported that this line item was trending higher than the year-to-date amount due to increased water quality testing and the purchase of distribution system materials.

Total General & Administrative

Mr. Perea reported that this line item was trending higher than the year-to-date amount due to the timing of insurance payments at the beginning of the fiscal year.

Net Total Unrestricted Cash Inflow/(Outflow)

Mr. Perea reported that this line item trended a positive increase of water reserves.

District Capital – Water

Mr. Perea reviewed the capital improvement costs accrued in February 2024, including costs associated with Xerox copier, fire hydrant repair/replacement, and Pressure Regulating Valve (PRV) improvements.

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SEWER FUND

Total Operating Revenue

Mr. Perea reported that this line item was trending as budgeted.

Total Salaries & Benefits

Mr. Perea reported that this line item was trending lower than budgeted.

Total Transmission & Distribution

Mr. Perea reported that this line item was trending higher than the year-to-date amount due to increased electrical costs.

Net Total Unrestricted Cash Inflow/(Outflow)

Mr. Perea reported that this line item trended a positive increase of sewer reserves.

District Capital – Sewer

Mr. Perea reviewed the capital improvement costs accrued in February 2024, including costs associated with Xerox copier, purchase of a chopper pump for the WWTP, purchase of a smart cover for a sewer lift station, roots blower equipment, and replacement pump costs.

RECYCLED WATER FUND

Total Operating Revenue

Mr. Perea reported that this line item was trending higher than budgeted due to increased recycled water sales earlier in the fiscal year.

Total Source of Supply

Mr. Perea reported that this line item was trending higher than budgeted.

Total Salaries & Benefits

Mr. Perea reported that this line item was trending lower than budgeted.

Total Transmission & Distribution

Mr. Perea reported that this line item was trending as budgeted.

Total General & Administrative

Mr. Perea reported that this line item was trending higher than the year-to-date amount due to the timing of insurance payments and certification renewals and professional services costs associated with a project grant application.

Net Total Unrestricted Cash Inflow/(Outflow)

Mr. Perea reported that this line item trended a decrease in contribution to recycled water reserves.

District Capital – Recycled Water

Mr. Perea reviewed the capital improvement costs accrued in January 2024, including costs associated with Xerox copier and Variable Frequency Drive (VFD) replacement costs at the recycled water pump station.

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MOTION: Recommend the Board ratify payment of the bills for consideration for March 14, 2024, as presented (Action Calendar) – Director Mandich

SECOND: Director Acosta

AYES: Directors Mandich & Acosta

NOES: None

ABSTAIN: None

MOTION PASSED/FAILED: Passed 2-0

ADJOURNMENT

Director Mandich adjourned the April 11, 2024 Finance/Audit Committee Meeting at 8:52 a.m.