



## **MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | APRIL 18, 2024**

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The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on April 18, 2024, 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

### **DISTRICT CONSULTANTS**

Claire Collins, District General Legal Counsel - Hanson & Bridgett, LLP – Virtually  
Lora Nichols, Fieldman Rolapp & Associates  
Lawrence Chan, Stradling Yocca Carlson & Rauth

### **PUBLIC PRESENT**

There were members of the public present.

### **PLEDGE OF ALLEGIANCE**

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

### **ITEMS TOO LATE TO BE AGENDIZED**

None

### **VISITOR PARTICIPATION**

Jim Fisler – Mr. Fisler addressed the Board of Directors concerning his candidacy for re-election to the OC LAFCO Commission, and he cited his accomplishments during the term, including a positive culture change at the agency, the creation of the regular newsletter provided to special districts, and certain website upgrades enhancing public access. Mr. Fisler asked for the Board's support in the upcoming election.

### **ORAL COMMUNICATION**

Fred Yeakel – Mr. Yeakel addressed the Board of Directors with his concerns on the meter flat charge at his residence. Mr. Yeakel mentioned that his property is approximately four acres, but that his overall water use is regularly low. Mr. Yeakel asked the Board to consider lowering the meter flat charge to its previous level.

Sue Marucci – Ms. Marucci addressed the Board of Directors with her concerns about the adopted rates and charges, specifically the impact of the meter flat charge on her and her community. Ms. Marucci also expressed

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her concerns with the District's Meter Downsizing Program indemnification form and release of liability, and she stated that she has not seen a similar form with any other water agency in Orange County.

**DIRECTOR'S COMMENTS**

Director Safranski commented on the recent notification he received from the OC Registrar of Voters that the recall effort did not meet the minimum requirements, and he expressed his respect for the proponents' efforts likening it to the period when he was elected to the Board. Director Safranski added that the District needs to balance the level of required rates and affordability for customers, and that the Board cannot ignore its customers.

Director Acosta commented on his reflection on the rate adoption public hearing the prior year, and he expressed that the District should have paused and worked with customers to understand their concerns and to balance with the District's goals.

Director Mandich commented that the Board received the message from recall effort that the District needs to be economically efficient, and that the recall proponents did not fail in his opinion.

Director Acosta provided historical context related to the District's current financial position when the District absorbed significant financial impacts without raising rates, which included (1) the Ad Valorem tax under Governor Brown; (2) 2007/08 recession; and (3) 2015 Statewide Drought when the District was mandated to reduce total demand which adversely affected revenues.

Director Chadd echoed the comments concerning the recall effort, and he expressed his admiration for their willingness to act on their concerns. Director Chadd commented that his fellow Directors are good stewards, and he provided historical context on the District's previous actions and internal relationships, and he related a story concerning prior Director Matt Disston. Director Chadd reported that he received notice that Mr. Disston had passed away, and he shared some stories about the former Director.

Director Dopudja echoed the comments concerning the recall effort, and he added that the Board has been focused on critically adjusting the District's capital plan to identify areas for cuts to impact the District's financial plan and rates. Director Dopudja added that the Board is listening and appreciates the District's customers.

**REPORT FROM THE GENERAL MANAGER**

Mr. Paludi reported on the following matters:

- Southern California Water Coalition – Mr. Paludi reported that SCWC is hosting its quarterly luncheon in Temecula, and that any Directors that are interested in attending the event are to notify District staff.
- Moulton Niguel Water District Dinner – Mr. Paludi reported that MNWD is hosting a dinner to recognize the ACWA Board of Directors on April 30, and that any Directors that are interested in attending the event are to notify District staff.
- 2024 Water Awareness Day Event – Mr. Paludi announced that this annual event will be hosted by the District on Saturday, May 11<sup>th</sup> from 10:00 a.m. to 2:00 p.m.

Mr. Perea reported that the District has completed the recruitment process for the Customer Service department, and he welcomed Ms. Briana Sandoval to the District.

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**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 balance of the consent calendar as presented – Director Acosta  
**SECOND:** Director Safranski  
**AYES:** Directors Dopudja, Mandich, Acosta, & Safranski  
**NOES:** None  
**ABSTAIN:** None  
**ABSENT:** None  
**MOTION PASSED/FAILED:** Passed 5 - 0.

**ACTION CALENDAR**

***ADMINISTRATIVE MATTERS***

**ITEM 4: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/ATTENDANCE**

Mr. Paludi presented this matter for Director consideration and comment, and he reported that this matter was reviewed with the Finance/Audit Committee.

**MOTION:** Approve the tentative future meetings/attendance items and ratify the Directors' expenses and fees from February 2024 – Director Mandich  
**SECOND:** Director Acosta  
**AYES:** Directors Dopudja, Mandich, Acosta & Safranski  
**NOES:** None  
**ABSTAIN:** None  
**ABSENT:** None  
**MOTION PASSED/FAILED:** Passed 5 - 0.

***FINANCIAL MATTERS***

**ITEM 5: ADOPT RESOLUTION APPROVING INSTALLMENT PURCHASE AGREEMENT BETWEEN THE TRABUCO CANYON WATER DISTRICT AND THE TRABUCO CANYON PUBLIC FINANCING AUTHORITY**

Mr. Paludi presented this matter for Board consideration, and he reported that this matter was reviewed with the Finance/Audit Committee. Mr. Paludi introduced Mr. Chan to the Board of Directors as the District's financial consultant on this matter and is in attendance to answer any questions from the Board. Mr. Paludi provided an overview on the relationship between the District and the Trabuco Canyon Public Financing Authority (TCPFA), and the need to adopt a resolution between the agencies to issue debt for the funding of District capital projects for the next three years as indicated in the approved financial plan.

Discussion occurred concerning the total loan amount and associated term for repayment. Director Chadd expressed concern with the timeline for completing capital projects and using the funding within the required period. Director Safranski asked staff for updates on current projects that may be impacted by this loan; Mr. Paludi responded that both the Golf Club Sewer Lift Station improvements and the Live Oak Pipeline project are currently active but are both funded sufficiently with the District's reserves. Director Chadd requested clarification on the recommended action, and if the proposed action is to approve the loan agreement and terms; Mr. Paludi responded that the adoption of the resolution would approve the form of the agreement and provisions, but not the loan amount and repayment terms. Mr. Chan added that these additional matters would be presented to the Board the following month after discussions with potential banking institutions. Director Acosta expressed support for this framework.

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Mr. Paludi added that a special board meeting will be held to review (1) the terms of the proposed loan and repayment period; (2) an overview of the District’s multi-year capital improvement plan (CIP); and (3) the related total loan amount for Board approval. Mr. Paludi indicated there may be an opportunity to pursue a smaller loan after a critical evaluation of the CIP. Director Dopudja recommended staff evaluate project necessity, but to not to let the financial concerns adversely impact system reliability and water quality.

- MOTION:** Adopt Resolution No. 2024-1330 approving 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 and financing capital projects and authorizing the execution and delivery of certain related documents and certain other matters– Director Acosta
- SECOND:** Director Mandich
- AYES:** Directors Dopudja, Mandich, Acosta & Safranski
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None
- MOTION PASSED/FAILED:** Passed 5 - 0.

***ENGINEERING MATTERS***

**ITEM 6: LIVE OAK PIPELINE REPLACEMENT**

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Mr. Paludi introduced this matter for Board consideration, and he reported that this matter was reviewed with the Engineering/Operational Committee. Ms. Lausten provided an overview of the project, and she reported that the District has received three proposals for engineering design services for this project, and she presented a proposal evaluation which compared the proposals. Ms. Lausten recommended awarding the project to DRP Engineering, Inc. Director Acosta expressed concerns related to environmental challenges and associated with the project; Ms. Lausten reported that District staff will work with the National Forestry Department and the County of Orange Public Works on all potential environmental impacts.

- MOTION:** Authorize the General Manager to execute a contract for Engineering Design Services for the Live Oak Pipeline Replacement to DRP Engineering, Inc. for a total of \$375,947– Director Acosta.
- SECOND:** Director Mandich
- AYES:** Directors Dopudja, Mandich, Acosta & Safranski
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None
- MOTION PASSED/FAILED:** Passed 5 - 0.

**ITEM 7: QUARTERLY CAPITAL IMPROVEMENT PROGRAM (CIP) UPDATE**

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Mr. Paludi introduced this matter for Board consideration, and he reported that this matter was reviewed with the Engineering/Operational Committee. Mr. Paludi provided a handout that highlighted the current year CIP and the planned Fiscal Year 2024/25 CIP projects. Mr. Paludi reviewed the original budget of \$4.52M and associated projects and he reported that the projected year end expenses on all projects at \$2.14M due to certain delays. Ms. Lausten indicated that additional staff would be needed to complete the planned \$25M in capital projects as reported in the Master Plan and Condition Assessment. Director Safranski asked staff to include all value totals on CIP reports for future Board consideration.

- MOTION:** None – Informational item only.

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***LEGISLATIVE AND OTHER MATTERS***

**ITEM 8: LOCAL GOVERNMENTAL AND LEGISLATIVE MATTER(S)**

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Mr. Paludi reported on the following matters:

- AB 1827 (Papan) Support Letter – Mr. Paludi provided a copy of the final letter of support to the proposed Proposition 218 letter related to the use of peaking components in rates and charges.
- RSM Chamber of Commerce Young Kim Legislative Update Event – The Chamber is hosting an event on May 3<sup>rd</sup> and any Directors that are interested in attending the event are to notify District staff.
- MWDOC FY 2024/25 Budget Approval – The MWDOC Board of Directors adopted the FY 2024/25 Budget at their regular meeting.

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

**GENERAL COUNSEL REPORT**

Ms. Collins reported that she will present an update on Proposition 218 legislation at the ACWA Spring Conference the following month.

**OTHER INFORMATION/MATTERS**

Mr. Paludi reported an update on the performance of the District’s investment in California CLASS investment fund which resulted an increased return on investments.

**ADDITIONAL DIRECTORS’ COMMENTS**

None

**ADJOURNMENT**

President Dopudja adjourned the April 18, 2024 Regular Board Meeting at 7:16 p.m.