



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | JULY 18, 2024

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on July 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
Karen Warner, Principal Accountant
Roseann Lejsek, Executive Assistant
Gary Kessler, Water Operations Superintendent
Phil Serpas, CMMS/SCADA Administrator

DISTRICT CONSULTANTS

Claire Collins, District General Legal Counsel - Hanson & Bridgett, LLP
Cindy Byerrum, District Treasurer – Eide Bailly, LLP (virtually)

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.

ITEMS TOO LATE TO BE AGENDIZED

None

VISITOR PARTICIPATION

None

ORAL COMMUNICATION

Sue Marucci – Ms. Marucci addressed the Board of Directors with her concerns with water system pressure in her community on Hamilton Trail. Ms. Marucci asked that the District perform a pressure study on Hamilton Trail. Ms. Marucci expressed her opinion that the two-inch water meters installed on Hamilton Trail are not relevant to the properties. Ms. Marucci asked the Board to complete a new rate study to address these issues. Ms. Marucci also stated that she has done extensive research on the downsizing of meters, and she provided her understanding of what the process is for other districts.

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Patricia Foster – Ms. Marucci spoke on behalf of Ms. Foster, and she stated that Ms. Foster is in financial hardship and that she would like us to revisit the current rates. Ms. Marucci stated that she hired Capital Venture to research other district's practices, and she stated that the company found that indemnification is not a common practice for changing the size of a residential customer's meter. Ms. Marucci noted that the pressure issues in her neighborhood do not support a two-inch meter, and she stated that she would like us to revisit these issues.

Fred Yeakel – Mr. Yeakel addressed the Board of Directors with his concerns on the meter flat charge at his residence. Mr. Yeakel briefly shared his long-standing history of living in the District. Mr. Yeakel expressed his concerns with the District's rates and stated that he would like the Board to reduce his monthly charge or change the meter. Mr. Yeakel noted that he disagreed with having to sign forms in order to change out the meter.

DIRECTOR'S COMMENTS

Director Safranski reported that the Energy Efficiency Ad Hoc Committee will hold its next meeting on August 1, 2024, and he also reported that the committee will be meeting with its Southern California Edison (SCE) account representative on August 8, 2024 to review the District's current rates and discuss potential grant funding opportunities.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported on the following matters:

- Mr. Paludi reported that the Trabuco Creek Groundwater Treatment Facility was still online and meeting most of District water demands, however, the production was decreasing due to warmer weather conditions.
- Mr. Paludi reported that Water Operations started the Dimension Water Treatment Plant (DWTP) with the understanding that IRWD would provide an 80/20 blend of untreated MET water and untreated Irvine Lake water, respectively; however, the actual blend was higher in Irvine Lake water, and the water quality issues resulted in shutting down the DWTP. Mr. Paludi stated that staff has a meeting scheduled with Irvine Ranch Water District's (IRWD) General Manager and key staff to discuss these issues and possible solutions.
- Mr. Paludi highlighted one of the District's cost-savings opportunities as a result of the Board's decision to separate as a member of South Orange County Wastewater Authority (SOCWA) beginning in July of 2023. Mr. Paludi reported that this decision was made because the cost of membership outweighed the benefits. Mr. Paludi reported that changing the District's status from being a member of SOCWA to contracting for services resulted in a cost savings of approximately \$40,000 in fiscal year 2023-24.
- Mr. Paludi reported that on July 3, 2024 the State Water Resources Control Board adopted the Making Conservation a California Way of Life framework. Mr. Paludi stated that urban water retail suppliers will be required to start reporting a calculated water use objective and he acknowledged the associated challenges with this regulatory compliance.
- Mr. Paludi reported that he participated in a panel hosted by Municipal Water District of Orange County (MWDOC) with IRWD, Orange County Water District, and the City of Huntington Beach regarding Metropolitan Water District of Southern California's (MET) business model.
- Mr. Paludi reported that he would be attending the California Association of Sanitation Agencies (CASA) conference at the end of the month.

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 Safranski

SECOND: Director Acosta

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AYES: Directors Dopudja, Mandich, Acosta, Chadd & Safranski
NOES: None
ABSTAIN: None
ABSENT: None
MOTION PASSED/FAILED: Passed 5 – 0

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 5: 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 June 2024 – Director Mandich
SECOND: Director Acosta
AYES: Directors Dopudja, Mandich, Acosta, Chadd & Safranski
NOES: None
ABSTAIN: None
ABSENT: None
MOTION PASSED/FAILED: Passed 5 – 0

ITEM 6: SURPLUS LAND ACT AUTHORIZATION FOR DEED RESTRICTIONS RELATED TO CERTAIN DISTRICT-OWNED PROPERTIES

Mr. Paludi presented this matter for Board consideration, and he reported that this matter was reviewed with the District Properties Committee. Mr. Paludi reported that staff has started the process of obtaining the value of certain real property owned by the District, for possible sale, with the intent to offset expenses. Ms. Collins stated that as a step in the Surplus Land Act compliance, and in accordance with the Department of Housing and Community Development requirements, the General Manager will need to authorize deed restrictions and have them recorded on said properties. Ms. Collins assured the Board that this would not be a detriment to the District and that this filing is in compliance with law. Mr. Paludi noted that the District Properties Committee has requested that staff begin the process of appraising the properties and he also stated that General Counsel was assisting the General Manager in finding an appraiser.

MOTION: Authorize the General Manager to execute the deed restrictions for certain District-owned properties in accordance with the Department of Housing and Community Development requirements. – Director Acosta
SECOND: Director Mandich
AYES: Directors Dopudja Mandich, Acosta, Chadd & Safranski
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 2024-25 UNDEVELOPED LAND/WATER STANDBY CHARGES (ASSESSMENT)

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Mr. Paludi presented this matter for Board consideration, and he reported that this matter is reviewed annually consistent with the District's rules. Mr. Paludi noted that the water standby charge has not increased since 1987 and that it will not be increased this fiscal year.

The Board of Directors, through Director Dopudja, opened the public hearing at approximately 5:58 p.m.

Mr. Perea reported that the District received no comments on the proposed standby charge and he presented a copy of the affidavit of publication of the Notice of Public Hearing from the Orange County Register in accordance with State law.

The Board of Directors, through Director Dopudja, closed the public hearing at approximately 6:00 p.m.

MOTION: Adopt Resolution No. 2024-1334 – Resolution of the Board of Directors of Trabuco Canyon Water District Establishing Water Standby Charges for the Fiscal Year 2024-25; Making Certain Findings and Taking Related Action Connected Therewith – Director Mandich

SECOND: Director Acosta

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

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

ITEM 8: ADOPTION OF RESOLUTION ESTABLISHING TRABUCO CANYON WATER DISTRICT'S APPROPRIATIONS LIMIT FOR FISCAL YEAR 2024-25

Mr. Paludi presented this matter for Board consideration, and he reported that this matter was reviewed with the Finance/Audit Committee. Mr. Paludi reported that the proposed Appropriations Limit for Fiscal Year 2024-25 increased by approximately four percent. Mr. Perea expressed his appreciation to the District's General Legal Counsel, Hanson Bridgett, for their assistance in preparing the Appropriations Limit memo and methodology calculation for Fiscal Year 2024-2025.

MOTION: Adopt Resolution No. 2024-1335 – Resolution of the Board of Directors of Trabuco Canyon Water District Establishing the Appropriations Limit Applicable to the District During Fiscal Year 2024-25 – Director Acosta

SECOND: Director Mandich

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

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

ITEM 9: DISTRICT OTHER POST-EMPLOYMENT BENEFITS (OPEB) BIENNIAL ACTUARIAL REPORT FOR FYE 2023 – GASB 74/75 COMPLIANCE

Mr. Paludi presented this matter for Board consideration, and he reported that this matter was reviewed with the Finance/Audit Committee. Mr. Paludi reported that the District Other Post-Employment Benefits (OPEB) Actuarial Report is a biennial requirement to comply with GASB rules. Mr. Paludi asked Ms. Byerrum to present a brief overview of the report, and she reported that the District's liability has increased, however funding is still at 75%. Ms. Byerrum also stated that from the time the trust was opened in 2014, it has earned over \$1.2 million, which is a 6.2% average annual increase over the last 10 years.

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Discussion occurred regarding the overall performance of the trust. Director Chadd provided the Board with an overview what was discussed at the July Finance/Audit Committee Meeting. Mr. Paludi reported that last year the District took a disbursement from the trust, and he stated that the District will do the same this year.

The Board of Directors thanked Ms. Byerrum for her report.

MOTION: Receive and file the Actuarial Study of Retiree Health Liabilities Under GASB 74/75

ENGINEERING MATTERS

ITEM 10: APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH W.M. LYLES CO. TO PERFORM SCADA INTEGRATION SERVICES FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$239,657

Mr. Paludi presented this matter for Board consideration, and he reported that this matter was reviewed with the Engineering/Operational Committee. Mr. Paludi reported that the District is in the final stages of the SCADA upgrade project. Mr. Paludi provided an overview of the District's ongoing issues with the project's original contractor, TESCO Controls, which resulted in the District terminating its contract with TESCO. Mr. Paludi reported that the District's CMMS/SCADA Administrator, Mr. Serpas, led the effort to find a new and procured the services of W.M. Lyles Co. to assist with the SCADA integration. Mr. Paludi stated that staff would like to enter into a contract with W.M. Lyles to finish the integration portion of the project, and Mr. Paludi stated that he is confident that the project will be completed close to the original budget.

Director Acosta stated that this is a critical system and that he hopes we get to the finish line. Director Acosta stated that he looks forward to receiving updates on the status of this project.

Director Safranski stated that he believes this is a reasonable approach and hopes the District can recover funds from TESCO to stay within budget.

Director Dopudja asked staff to keep the Board updated with the status of the project.

MOTION: Authorize the General Manager to execute a professional services agreement with W.M. Lyles Company to perform SCADA Integration Services in the amount of \$217,870 plus a 10% contingency of \$21,787, for a total not-to-exceed amount of \$239,657 – Director Acosta

SECOND: Director Chadd

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

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

LEGISLATIVE AND OTHER MATTERS

ITEM 11: CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) BOARD OF DIRECTORS ELECTION, SEAT A – SOUTHERN NETWORK

Mr. Paludi presented this matter for Board consideration, and he reported that the California Special Districts Association (CSDA) has issued an online ballot for the Southern Network, Seat A Board of Directors Election. Mr. Perea provided the Board with candidate information and recognized Director Acosta as the District's CSDA Voting Representative. Discussion occurred among the Board of Directors regarding the three candidates and afterward, the District Voting Representative cast a vote for incumbent Jo MacKenzie.

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MOTION: Direct District staff to submit the completed official ballot for Jo MacKenzie in the CSDA Board of Directors Election, Seat A, Southern Network.

ITEM 12: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Paludi provided an update on SB 366, which focuses on establishing long-term water supply development goals and targets for California by way of incorporating them into the California Water Plan. Mr. Paludi stated that this bill is currently in the Fiscal Appropriations Committee. Mr. Paludi noted that Assemblywoman Kate Sanchez is on this committee, and he stated that he has reached out to her to request her support for the bill.

MOTION: None – Informational item only.

CLOSED SESSION

Before entering closed session, Director Mandich recused himself from the closed session item. The Board of Directors, with the exception of Director Mandich, entered closed session in accordance with the agenda at 6:30 p.m. The General Manager, Assistant General Manager, District Engineer, Water Operations Superintendent and District General Counsel participated in the closed session.

This closed session ended at 7:55 p.m.

ITEM 13: REPORT OF ACTION(S) TAKEN IN CLOSED SESSION

Ms. Collins reported that the Board of Directors met in closed session to review the matter as agendaized, and that there was no action to be reported in closed session.

GENERAL COUNSEL REPORT

None

OTHER INFORMATION/MATTERS

None

ADDITIONAL DIRECTORS' COMMENTS

None

ADJOURNMENT

President Dopudja adjourned the July 18, 2024 Regular Board Meeting at 7:56 p.m.