

**MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
MARCH 19, 2014**

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Safranski at 7:00 PM, in the Board Room at the District Administrative Facility, located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Mr. Michael Perea, District Secretary, recorded and transcribed the minutes thereof.

DIRECTORS PRESENT

President Michael Safranski
Vice President Edward Mandich
Director Glenn Acosta
Director James Haselton
Director Stephen Dopudja

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Lorrie Lausten, Engineer
Karen Warner, Accounting Supervisor

DISTRICT CONSULTANTS PRESENT:

District General Legal Counsel – Rob Anslow (Bowie, Arneson, Wiles & Giannone)
District Treasurer – Cindy Byerrum

PUBLIC PRESENT

There were members of the public present

PLEDGE OF ALLEGIANCE

Mr. Acosta led the Board and District staff in the pledge of allegiance.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

DIRECTOR'S COMMENTS

Mr. Acosta commented on an Orange County Register (OCR) article on water district Director Stipends, and mentioned that three of the District's Directors were on the bottom ten list for stipends received.

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Mr. Haselton commented on the OCR Director Stipend article, as well, and mentioned that many of the other Directors perform their District duties in addition to their regular employment.

Mr. Mandich commented on the impact of the recent rain event on Dove Lake. Mr. Mandich commented on the OCR Director Stipend article, as well. Discussion occurred concerning public meeting attendance and compensation.

Mr. Dopudja commented on the OCR Director Stipend article, as well.

Mr. Safranski commented on OCR Director Stipend article, as well, and mentioned that it was a testament to the District's prudent fiscal nature that three of the District's Directors were on the bottom ten list for stipends received. Discussion occurred concerning elected official accountability and public perception and opinion. Mr. Safranski commended the Board and District staff for their professionalism and high caliber, and encouraged staff to continue to be prudent with District funds.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz commented on the following matters:

1. Orange County Water Summit is scheduled for May 16, 2014. Mr. Ruiz mentioned that if any Directors are interested in attending this event to please coordinate with Mr. Perea.
2. City of Rancho Santa Margarita (RSM) Upper Oso Habitat Restoration Project Request for Proposals is available online for review and is due by the end of March. Mr. Ruiz commented that District staff will have more information concerning this project at future meetings.
3. Fair Political Practices Commission (FPPC) Form 700 – Statement of Economic Interests is due by April 1, 2014. Mr. Ruiz added that Directors can coordinate with Mr. Perea for compliance purposes.

ITEMS TOO LATE TO BE AGENDIZED

Mr. Ruiz commented that there were no items too late to be agendized.

CONSENT CALENDAR

The Board President indicated that all matters under the Consent Calendar would be approved by one motion unless a Board member requested a separate action on a specific item. Director Acosta requested the removal of Item No. 5 from the Consent Calendar.

Action: A motion was made by Director Acosta and seconded by Vice President Mandich to approve the Consent Calendar, Item Nos. 1 through 4.
The motion carried 5 – 0.

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ACTION CALENDAR
ADMINISTRATIVE MATTERS

**ITEM 5: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/
ATTENDANCE ITEMS**

Director Acosta commented that the Directors' Fees and Expenses Report did not include his attendance at the Municipal Water District of Orange County (MWDOC) Policy Forum on February 6, 2014.

Action: A motion was made by Director Acosta and seconded by Vice President Mandich to approve the Directors' Fees and Expenses Report, as amended.
The motion carried 5 – 0.

**ITEM 6: DISCUSSION AND POSSIBLE ACTION CONCERNING THE TRABUCO CANYON WATER DISTRICT
WATER RELIABILITY AND EMERGENCY STORAGE CHARGES (WRESF)**

Mr. Ruiz provided a status update on this matter, and delivered a Powerpoint presentation which reviewed the following:

- Water Reliability and Emergency Storage Charges (WRESF) background, purpose, and budget;
- WRESF is a monthly meter charge based on meter size and demand, that there are two projects currently under construction/planning, and not all costs have been determined;
- WRESF Residential Meter Size and Demand Analysis
- WRESF Comparison of existing and proposed forms for participation in the Fee Reduction.

Mr. Ruiz reviewed the additional proposed changes to the WRESF Fee Reduction Process which included a running average threshold of 36 billing units for 12 to 24 months, at the discretion of the General Manager, and that the proposed changes addressed residential District customers with one-inch or larger water meters on larger lots or with indoor fire sprinklers with water usage comparable to homes with 3/4" or 5/8" water meters. Discussion occurred concerning Orange County Fire Authority (OCFA) requirements and the possible impacts of Fuel Modification Zone Mandates; Mr. Ruiz commented that District staff would require customers to provide additional documentation of OCFA mandates, if necessary. Discussion occurred concerning water meter size specifications; Mr. Ruiz commented that the District does not dictate water meter size, but rather, it is the developer specifications and home requirements. Mr. Safranski commented that the proposed process appears to be fair and equitable for the District and its customers, and inquired of the budgetary impacts; Mr. Ruiz commented that the District will still meet its WRESF budget and requirements.

Action: A motion was made by Director Acosta and seconded by Director Haselton to adopt Resolution No. 2014-1196 – Resolution of the Board of Directors of the Trabuco Canyon Water District Supplementing Resolution No. 2009-1120 Providing for a Modification Process Applicable to the Water Reliability and

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Emergency Storage Meter Charges, Making Certain Findings and Taking Related Actions.
The motion carried 5 - 0.

ITEM 7: DISTRICT WEBSITE UPGRADE PROJECT

Mr. Ruiz provided a status update on this matter, and commented that the website homepage has been completed, and that District staff has submitted the website site map information to Vision Internet (Consultant) for website integration and data migration purposes. Mr. Ruiz added that it is District staff's goal to launch the website prior to the District Water Awareness Month Event in May, and that the site map data included more than 150 lines of content and webpage information. Discussion occurred concerning an analysis of the frequency page visits that the current website receives; Mr. Perea replied that District staff would provide this information at the next Regular Board Meeting. Discussion occurred concerning the opportunity to include Director and/or District staff biographies and the level of detail, if included.

Action: Received status update. No action taken.

ITEM 8: ACTIVITIES FOR WATER AWARENESS MONTH

Mr. Ruiz presented this matter for discussion, and commented that the month of May is Water Awareness Month. Mr. Ruiz mentioned that last year's event was held at the Administration Facility, and that District staff recommends that the event be scheduled towards the end of the month at the same location. Discussion occurred concerning Director schedule availability; Mr. Ruiz recommended that the event be held on Saturday, May 31, 2014, from 10:00 a.m. to 2:00 p.m., and that the theme for the event will be the statewide drought and water use efficiency. Mr. Ruiz added that if any Directors have ideas for the event to contact him directly. Discussion occurred concerning the possibility of the inclusion of artificial turf vendors, the types of opportunities to educate the public on water source management and treatment techniques, and a description of water use efficiency rebates available to District customers.

Action: The Board of Directors, through President Safranski, directed the General Manager to schedule the Water Awareness Event for Saturday, May 31, 2014, at the District Administration Facility.

ITEM 9: DISCUSSION AND REVIEW OF POTENTIAL AMENDMENTS TO THE DISTRICT'S GENERAL POLICY AND RULES AND REGULATIONS FOR CERTAIN DISTRICT OFFICERS

Mr. Ruiz presented this matter for discussion, and commented that District staff has met to consider the amendment of the District's General Policy and Rules and Regulations (Rules) with the intent to provide clear definition of the following officers: General Manager, District Secretary, and District Treasurer. Mr. Ruiz added that per Section 12 of the Rules, any proposed amendments must be presented to the Board at a Meeting prior to their adoption, and that Draft Resolution No. 2014-1197 –

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Resolution of the Board of Directors of the Trabuco Canyon Water District Amending District's Rules and Regulations Regarding Certain District Officers, in accordance with District General Policy and Rules and Regulations, Section 12.2.3 would be returned to the Board at the following Regular Board Meeting for review and adoption. Discussion occurred concerning the consistency of the amendment to the Rules; Mr. Anslow commented that the drafted amendment is consistent with existing statutory framework. Mr. Ruiz added that the amendment was a requirement of the District's insurer Association of California Water Agencies Joint Powers Insurance Association (ACWA/JPIA). Discussion occurred concerning officer powers, including signature authority.

Action: Received information concerning the matter at the time of the Board Meeting. No action taken.

ITEM 10: DISCUSSION CONCERNING DISTRICT STAFFING AND SUCCESSION PLANNING

Mr. Ruiz presented this matter for discussion, as well as a current District Organizational Chart for Board review. Mr. Ruiz added that on April 30, 2014, a Full Time Employee (FTE) in the Wastewater Operations Department will be retiring, and that this will present difficulty for covering vacations, sick time, and shorten the standby duty rotation. Mr. Ruiz mentioned that the 2012 Organizational Analysis recommended that the District utilize two part-time interns to assist in Operations Departments, but that there are currently no interns at the District to augment the Wastewater Department. Mr. Ruiz recommended the addition of a FTE for the Wastewater Department to replace the retiring Operator and an additional Operator-In-Training to augment the Operations Department.

Action: Received status update. No action taken.

FINANCIAL MATTERS

ITEM 11: DISCUSSION AND POSSIBLE ACTION CONCERNING TCWD CUSTOMER UTILITY BILL PAYMENT OPTIONS

Mr. Ruiz presented this matter for discussion, and commented on the District's current customer utility bill payment options. Mr. Ruiz added that the District absorbs the costs for the online bill payment solution for District customers at this time, but that staff has solicited proposals for service to implement a convenience fee solution for online payments. Mr. Perea presented and reviewed the utility bill payment analysis as presented in the staff report. Mr. Perea highlighted the three payment group options, the current number of participants in each group, and the financial impact to the District for customers who choose to use online bill payment options. Discussion occurred concerning the three payment group options and clarification of types of payments which incur costs for the District. Mr. Perea commented that there are no fees or costs to the District for customers who use payment group option one, but that staff would like to implement a convenience fee for payment group options two and three. Discussion occurred concerning cost savings strategies for the District and the necessity of the implementation of a convenience fee. Mr. Ruiz commented that District staff

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will review the matter with the proposed vendors for further clarification, and report back to the Board at a later Regular Board Meeting.

Action: Received information concerning the matter at the time of the Board Meeting.
No action taken.

ITEM 12: DISCUSSION AND POSSIBLE ACTION CONCERNING CALPERS HEALTH BENEFITS AND OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Mr. Ruiz presented this matter for discussion, and commented that the Board approved Resolution No. 2010-1125 – Resolution of the Board of Directors of Trabuco Canyon Water District Electing to Establish a Health Benefit Vesting Requirement for Future Retirees Under Public Employees’ Medical and Hospital Care Act in March, 2010. Mr. Ruiz added that District staff has been notified by CalPERS that they were not in receipt of the Resolution, and that the vesting requirement had not been established to date. Mr. Ruiz commented that District staff had provided CalPERS the Resolution for review, and that CalPERS confirmed that the language met the requirements of the Public Employees Medical and Health Care Act and California Government Code requirements. Mr. Perea commented that CalPERS will apply an effective date of April 1, 2014, for the District’s new vesting requirement, and that it will be applicable for all new employees hired after that date. Discussion occurred concerning the potential fiscal impact this new vesting requirement will place on the District; Mr. Ruiz commented that this vesting requirement will assist in limiting unfunded liabilities for future retired District employees in conjunction with the District’s participation in the CalPERS California Employers Retiree Benefit Trust (CERBT). Discussion occurred concerning the District’s actuarial valuation and vesting requirement methodology.

Action: Received status update. No action taken.

ITEM 13: DISCUSSION AND POSSIBLE ACTION CONCERNING MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) FISCAL YEAR 2014/2015 BUDGET

Mr. Ruiz presented this matter for Board review, and provided handouts of the Municipal Water District of Orange County (MWDOC) Draft Fiscal Year 2014/2015 Budget. Mr. Ruiz reviewed the preliminary Budget Review schedule for the South County Water Agencies, and mentioned that the General Managers for the South County Water Agencies are scheduled to meet to review the Budget the following week. Discussion occurred concerning MWDOC’s Choice versus Core Budget Options, including Water Education, Water Use Efficiency Rebate Programs, and the South County Desal Project. Mr. Ruiz mentioned that any updates to the Budget discussions will be presented at the District’s next Finance/Audit Committee and Regular Board Meeting. Discussion occurred concerning Metropolitan Water District of Southern California (MET) Treated and Untreated Water Rates; Mr. Ruiz mentioned that the Untreated Water Rate is scheduled to decrease per acre foot, while Treated Water Rate will increase. Mr. Ruiz shared the online links through MWDOC’s website where their Draft Fiscal Budget information is located for review. Discussion occurred concerning South County Water Agencies

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timeline for review, input, and subsequent approval of any comments for MWDOC's Budget, and the possibility of the MWDOC and Orange County Water District merger.

Action: Received status update. No action taken.

ENGINEERING MATTERS

ITEM 14: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

Mr. Ruiz provided a status update on this project and commented on the following matters related to the project:

- Tetra Tech (Consultant) and the Federal Emergency Management Agency (FEMA) is coordinating with the United States Department of Fish and Wildlife, the State Office of Historical Preservation, and local Tribal Nations for potential impacts presented by the project;
- Consultant has met with the Army Corps of Engineers (ACOE) to review the project's jurisdictional impacts and permitting requirements. ACOE notified the District and Consultant that the project can proceed without a Section 404 Permit.
- Consultant is coordinating with Orange County Flood Control Division and Southern California Edison (SCE) for easement procurement.
- District staff and Consultant have met with City of Lake Forest staff concerning the project, and have been very cooperative and supportive with the District's efforts.

Discussion occurred concerning the necessity for Directors to lobby government representative and public offices for assistance on this project; Mr. Ruiz commented that District staff has received support from other local municipal and water agencies on the project, but there are challenges with SCE and private owners in the proposed project area. Discussion occurred concerning SCE challenges, alternative options for pipeline construction, and multi-agency collaboration to realize the project. Mr. Safranski commented that the Board is willing to work on lobbying for this project at a higher level due to the project's significance to the District and its customers. Mr. Ruiz added that District staff will continue to coordinate with neighboring agencies to support this project.

Action: Received status update. No action taken.

ITEM 15: BAKER REGIONAL WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and commented that Irvine Ranch Water District (IRWD) and the PCL Construction (Contractor) have mobilized onsite and that demolition of the site has started. Mr. Ruiz mentioned that IRWD has notified the Baker WTP Participating Agencies that Biologist Surveyors have located a single Horned Owl at the project site, and have taken the necessary steps to mitigate any disturbance the project demolition may create. Mr. Ruiz mentioned that IRWD has issued the first Quarterly Deposit to the District and other participating agencies, and reviewed the project

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costs. Discussion occurred concerning project timeline for completion and the information presented in the Quarterly Deposit.

Action: Received status update. No action taken.

ITEM 16: SHADOW ROCK DETENTION BASIN FACILITY

Mr. Ruiz provided a status update on this project, and reviewed the remaining projects tasks, which included:

- City of Rancho Santa Margarita Encroachment Permit;
- Army Corps of Engineers Public Notice Period is in effect, however, District staff has not received formal notification of its date for completion;
- Southern California Edison Site Procurement and Easement acquisition;
- Coordination with the adjacent property owner for the execution of the necessary easement.

Mr. Ruiz added that District staff expects to break ground for this project in approximately three months, provided that remaining tasks are completed. Discussion occurred concerning project timeline for completion.

Action: Received status update. No action taken.

LEGISLATIVE MATTERS

ITEM 17: DISCUSSION AND POSSIBLE ACTION CONCERNING STATEWIDE DROUGHT CONDITIONS

Mr. Ruiz provided a status update on this matter, and mentioned that staff had prepared a Powerpoint presentation for Board review. Mr. Perea presented slides which reviewed the following drought-related matters:

- Current Drought Conditions
 - State Water Project continues at zero allocation
 - California Snowpack level is at 26% of the normal average to date
 - Drought Online Resources from the Department of Water Resources and Association of California Water Agencies
- 2014 Available Water Supplies Statewide
- Colorado River Reservoir Conditions, as of February 19, 2014
- Upper Colorado River Snowpack, as of February 19, 2014
- District Response and Conservation Efforts
 - On Tap Newsletter recurring monthly articles highlighting water use efficiency and rebates
 - Ordinance No. 2008-18, Permanent Provisions

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- Customer Service outreach and Water Conservation Reminder Tag for Permanent Provision violations

Discussion occurred concerning the California versus Colorado snowpack levels, and the customer response to the District's use of the Water Conservation Reminder Tag.

Action: Received status update. No action taken.

ITEM 18: DISCUSSION AND POSSIBLE ACTION CONCERNING ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) STATEWIDE WATER ACTION PLAN

Mr. Ruiz presented this matter for Board review, and discussed the background and purpose of ACWA's Statewide Water Action Plan (SWAP), including the SWAP's guiding principles. Mr. Ruiz presented an infographic which demonstrated the updated list of 94 agencies throughout California that have supported the SWAP by resolution adoption. Mr. Ruiz reviewed the attached Resolution No. 2014-1198 – Resolution of the Board of Directors of the Trabuco Canyon Water District in Support of the Association of California Water Agencies Statewide Water Action Plan with the Board, and highlighted the newly added language which references the Brown Administration California Action Plan and ACWA's guiding principles. Discussion occurred concerning the comparison of the SWAP and California Action Plan.

Action: A motion was made by Director Acosta and seconded by Director Haselton to adopt Resolution No. 2014-1198 - Resolution of the Board of Directors of the Trabuco Canyon Water District in Support of the Association of California Water Agencies Statewide Water Action Plan. The motion carried 5 – 0.

ITEM 19: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Ruiz commented on the following matters:

- Santa Margarita Water District (SMWD) Memorandum titled, "Future of Recycled Water Use in South Orange County". Mr. Ruiz commented that SMWD has invited the Board of Directors to an upcoming workshop at their Finance Committee scheduled for Friday, March 21, 2014, to discuss recycled water use, storage, and indirect potable water reuse. Discussion occurred concerning Director schedules. Mr. Dopudja commented that he was available to attend the meeting as a District Representative.

Action: A motion was made by Director Haselton and seconded by Director Acosta to authorize Director Dopudja's attendance to the SMWD Finance Committee Meeting on March 21, 2014. The motion carried 5 – 0.

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- Water Association Proposal. Mr. Ruiz presented this matter for Board review, and mentioned that Mr. Dopudja brought this matter to his attention. Mr. Dopudja commented that he was made aware of this matter at the Los Angeles Water Summit, and that the purpose of the development of this group is provide a collective voice for local water agencies in Southern California to address the unique challenges and lobby for the support of local interests. Mr. Dopudja mentioned that the Water Association is in early development, and this matter was for informational purposes only. Discussion occurred concerning the necessity to avoid organizational redundancy, and the quality of leadership to provide a voice to Southern California water challenges.

Action: There was no action taken.

- California Special Districts Association Call for Nominations, Seat C, dated February 21, 2014. Discussion occurred concerning District participation in associations and Director attendance at conference events. Mr. Safranski commented on the upcoming ACWA Spring Conference in Monterey, California, from May 16-18, 2014.

Action: A motion was made by Director Acosta and seconded by Director Haselton to authorize Mr. Safranski's attendance at the ACWA Spring Conference from May 6 – 9, 2014.
The motion carried 5 – 0.

OTHER MATTERS

Mr. Ruiz commented that there were no other matters for discussion.

ADDITIONAL DIRECTORS' COMMENTS

Mr. Acosta commented that as a Commissioner, representing the District, attended the Santiago Aqueduct Commission (SAC) Meeting on March 20, 2014. At the meeting, the now retired and former General Manager of the SAC was replaced with Mr. Paul Cook, IRWD General Manager.

ADDITIONAL GENERAL MANAGER COMMENTS

Mr. Ruiz commented that District staff is currently working with Synoptek (District Information Technology Manager) on a solution to address the expiration of support for the Microsoft Windows XP Operating System on April 8, 2014. Mr. Ruiz added that all of the District's workstations utilize Window XP, and that after the expiration date, workstations will be vulnerable to external threats. Mr. Ruiz mentioned that the Board approved a "C" level Capital Improvement Project for the Network Improvements, and that District staff will likely recommend the acceleration of that project to "A" status at the next Regular Board Meeting.

END ACTION CALENDAR

ADJOURNMENT

President Safranski adjourned the March 19, 2014, Regular Board meeting at 9:10 PM