

**MINUTES OF THE REGULAR MEETING  
OF THE  
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT  
OCTOBER 15, 2014**

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The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Michael 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 (Platinum Consultants Group)

**PUBLIC PRESENT**

There were members of the public present

**PLEDGE OF ALLEGIANCE**

Mr. James Haselton 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 his attendance at the KNBC Drought Roundtable held at Irvine Ranch Water District's Administration Facility. Mr. Acosta added that the event was well attended and highlighted the

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severity of the drought. Discussion occurred concerning comments made at the event and feedback from event attendees. Mr. Acosta mentioned the event was the second type of event held by KNBC.

Mr. Haselton had no comments.

Mr. Mandich commented on his attendance at the South Orange County Watershed Management Area Executive Committee Meeting. Mr. Mandich commended District staff on the recent On Tap Newsletter which thanked the District's customers for their commitment to water conservation and the 10% reduction on system demand. Mr. Mandich mentioned that he would be attending the State Water Project Tour in November. Discussion occurred concerning the State Water Project Tour.

Mr. Dopudja commented that he would be attending the State Water Project Tour as well.

Mr. Safranski commented on a Santa Margarita Water District televised drought-related public service announcement. Discussion occurred concerning the District's website.

**REPORT FROM THE GENERAL MANAGER**

Mr. Ruiz reported on the following matters:

1. Mr. Ruiz invited the Board to the District's Annual Employee Chili Cook-off Event at the District's Administration Facility scheduled for Thursday, October 30, 2014.
2. Mr. Ruiz reminded the Board that the next regular Engineering/Operation Committee Meeting has been re-scheduled for November 12, 2014, due to the closure of the Administration Facility for the observance of the Veteran's Day Holiday on November 11, 2014.

**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.

**Action:** A motion was made by Director Haselton and seconded by Director Acosta to approve the Consent Calendar, Items 1 through 4.  
The motion carried 5 – 0.

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**ACTION CALENDAR**  
**ADMINISTRATIVE MATTERS**

**ITEM 5: DISCUSSION AND POSSIBLE ACTION CONCERNING TCWD'S RECORDS RETENTION ACT POLICY**

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Mr. Ruiz commented that this matter was presented at the September 17, 2014, Regular Board Meeting for Board review, and that District staff has incorporated the comments from the Board. Mr. Ruiz mentioned that District staff conducted further review of the proposed Records Retention Act Policy which included the expansion of the Water and Wastewater Operations section and compliance with Titles 17 and 22 requirements. Discussion occurred concerning the Resolution and the potential for future revisions; Mr. Anslow commented that it is not uncommon for agencies to treat the Policy as a living document and update as necessary. Discussion occurred concerning Public Records Act requests and response timelines.

**Action:** A motion was made by Director Acosta and seconded by Vice President Mandich to adopt Resolution No. 2014-1205 - Resolution of the Board of Directors of the Trabuco Canyon Water District Amending District's Rules and Regulations Regarding Trabuco Canyon Water District Records Retention Act Policy. The motion carried 5 – 0.

**ITEM 6: DISCUSSION AND REVIEW OF POTENTIAL AMENDMENTS TO THE DISTRICT'S RULES AND REGULATIONS FOR AGRICULTURAL PROPERTY AND CONSUMERS**

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Mr. Ruiz presented this matter for Board review and mentioned there is no action required, but that the matter will return at the November 19, 2014, Regular Board Meeting for approval and adoption by resolution. Mr. Ruiz added that District staff has collaborated with District Legal Counsel with the intent to provide clear designation for customers who want to apply for the Agricultural Conservation Encouragement Rate Program (CERP) tiered rate for water service. Mr. Ruiz commented that the Metropolitan Water District of Southern California (MET) definition of an agricultural user was used as the basis for the proposed definition of an agricultural customer. Discussion occurred concerning the proposed definition and the classification criteria and determination process. Mr. Ruiz commented that District staff will prepare an application request form for the process. Discussion occurred concerning the nurseries in the District's service area and the proposed criteria for an agricultural customer.

**Action:** Received information concerning the matter. No action taken.

**ITEM 7: DISCUSSION AND POSSIBLE ACTION RELATING TO THE ADJUSTMENT TO TCWD'S CAPACITY CHARGES FOR WATER SERVICE**

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Mr. Ruiz presented this matter for Board review and mentioned that the District's current capacity charges for water service were updated effective January 2006. Mr. Ruiz added that the proposed increased charges would be effective January 2015, and would impact new and future development, not existing developments. Discussion occurred concerning the Skyridge and Lyon Triplex developments in the District's service area. Mr. Ruiz commented that the two developments would be impacted by the charge increases, and reviewed the methodology for the analysis and determination of the capacity charges. Discussion occurred concerning the process for the adoption of the proposed

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increases; Mr. Ruiz reviewed the adoption requirements with the Board, and mentioned that the matter will be agendized for additional review and adoption at the November and December Regular Board Meetings.

**Action:** Received information concerning the matter. No action taken.

**ITEM 8: MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) VALUE OF WATER COMMUNICATIONS PLAN (CHOICE PROGRAM)**

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Mr. Ruiz presented this matter for Board review, and mentioned that the matter had been reviewed by the Finance/Audit Committee. Mr. Ruiz commented that MWDOC intends for this Plan to be a long-term effort to improve relations and communication with the public on the value of water and to improve public trust in local water agencies. Mr. Ruiz mentioned that MWDOC has conducted numerous surveys and focus groups to learn from the public on to effective further communicate the impact of the drought and the value of water locally. Discussion occurred concerning the District's budget for participation in the Plan; Mr. Ruiz reviewed the budget breakdown with the Board, and mentioned that the District's budget of \$6,000 includes bill inserts, advertising materials, and video production. Discussion occurred concerning MWDOC member agency participation; Mr. Ruiz reviewed the list of agencies that are currently participating in the Plan.

**Action:** A motion was made by Director Acosta and seconded by Director Dopudja to approve Trabuco Canyon Water District's participation in MWDOC's Value of Water Communications Plan (Choice Program) and a budget of \$6,000 for Fiscal Year 2014/2015.  
The motion carried 5 – 0.

**FINANCIAL MATTERS**

**ITEM 9: DISTRICT ANNUAL FINANCIAL REPORT (AUDIT) FOR FISCAL YEAR 2013/2014**

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Mr. Ruiz presented this matter for Board review, and mentioned that Ms. Byerrum was in attendance to review the audit and answer any questions concerning the matter. Mr. Ruiz added that after the audit is received and filed by the Board that District staff will post the audit on the District's website for transparency purposes. Ms. Byerrum reviewed the Independent Auditor's Report with the Board, and mentioned that District staff is currently preparing the Accounting Manual for the District's new Great Plains Financial Software System as recommended by the auditors. Ms. Byerrum highlighted the following sections of the audit with the Board:

• ***Statement of Net Position:***

Ms. Byerrum highlighted the significant reduction in Post-Employment Benefits Payable due to the District's payment into the CalPERS CERBT Trust to mitigate its Other-Post Employment Benefit (OPEB) liability.

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• **Statements of Revenues, Expenses and Changes in Net Position:**

Ms. Byerrum reviewed the Operating Revenues and Expenses for Fiscal Year 2014/2015 and mentioned that the District experienced an operating loss before depreciation. Discussion occurred concerning the consideration of a comprehensive rate study performed by an independent third-party consultant in the near future and budget strategies.

• **Management's Discussion and Analysis:**

Ms. Byerrum reviewed the District's Current Assets value and referenced the impact of Other Post Employment Benefits (OPEB) and Board-approved Capital Projects for the current fiscal year. Discussion occurred concerning Non-Operating Revenue changes from the prior fiscal year as a result of the expiration of certain Community Facility District's (CFD). Ms. Byerrum confirmed that the decrease is a result of the expiration of the CFDs.

Discussion occurred concerning the decrease in cash and investments due to the impact of funding OPEB liabilities, Capital Projects, and Operations costs. Mr. Mandich highlighted an error in the listing of the Board Members and their respective positions and requested the correction of the error; Ms. Byerrum stated that the error will be corrected. Discussion occurred concerning the necessity to adjust the District's water rates. Mr. Ruiz commented that the MET and MWDOC rate increases primarily affect the Treated Water rates, which represent a low percentage of the District's purchased water for the year. Mr. Ruiz added that there are other Board-approved Capital Projects and studies that District staff would like to complete prior to the end of the fiscal year, and then, District staff could coordinate with an independent third-party consulting firm for a comprehensive water rate study.

**Action:** The Board received and filed the District Annual Financial Report (Audit) for Fiscal Year 2013/2014 as prepared by Charles Z. Fedak and Company.

**ENGINEERING MATTERS**

**ITEM 10: ALTERNATE RAW WATER TRANSMISSION LINE – PW79**

Mr. Ruiz provided a status update on this project and reviewed the CalOES letter to the Federal Emergency Management Agency (FEMA) dated October 1, 2014. Mr. Ruiz added that District staff anticipates that Southern California Edison (SCE) will approve the easement encroachment by mid-November, and that District staff is currently working with the County of Orange for the approval of the easement and encroachment permits for Flood and Parks and Trails. Mr. Ruiz mentioned that District staff has met with City of Lake Forest staff to review the structural analysis for the use of bridge utility for the pipeline. Mr. Ruiz added that Tetra Tech (Consultant) is coordinating for the private property easement procurement. Discussion occurred concerning the major tasks remaining and project timeline for completion.

**Action:** Received status update. No action taken.

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**ITEM 11: BAKER REGIONAL WATER TREATMENT PLANT**

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Mr. Ruiz provided a status update on this project and mentioned that the Project Committee Meeting scheduled for October was cancelled. Mr. Ruiz reviewed the October 2014 Construction Report with the Board. Mr. Ruiz provided an update on the Project Committee approval of the Second Construction Inspector Services and the Stainless Steel Material Testing Services which were both budgeted and planned in the original contract. Discussion occurred concerning the stainless steel pipeline testing and inspection. Mr. Ruiz commented that a planned five-day shutdown of the Baker and Irvine Lake Pipelines had been scheduled to start on October 20<sup>th</sup>, which includes dewatering of the pipeline, and that District Operations staff is prepared for the shut down. Discussion occurred concerning the additional costs for water purchased during the shut down; Mr. Ruiz mentioned that the cost to the District will be approximately \$5,000 to \$10,000.

**Action:** Received status update. No action taken.

**ITEM 12: SHADOW ROCK DETENTION BASIN FACILITY**

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Mr. Ruiz provided a status update on this project and mentioned that the matter had been reviewed by the Engineering/Operational Committee. Mr. Ruiz presented and reviewed the Project Proposition 84 Budget Summary as updated on October 15, 2014. Mr. Ruiz presented the Project Bid Comparison Table for Board review, and commended Ms. Lausten on her management of the bid process. Mr. Ruiz added that GCI Construction, Inc. (GCI) was the lowest bidder for Pump Station Project No. 6147-B at \$278,700, and that GCI has previously worked with the District on the Eastglen and Pinebluff pipeline repairs and the Dove and Tick Creek Urban Water Recovery Pump Station Projects. Discussion occurred concerning the bids for the Pump Station. Mr. Ruiz highlighted that only Southern California Grading, Inc. bid on the Site Work Project No. 6147 – A, but that they have worked with GCI in the past and are a local contractor. Discussion occurred concerning project concerns and feedback from the Army Corps of Engineers; Mr. Ruiz commented that there are no project concerns to date and that the ACOE has not raised any issues with the project, but that District staff anticipates a response from ACOE by the end of October. Discussion occurred concerning the necessity of a groundbreaking event for the project; Mr. Ruiz suggested that a small-scale groundbreaking event could be scheduled for October 27, 2014, with the Board and Trabuco Highlands Community Association (THCA) Board Members. There was a consensus among the Board to not hold a groundbreaking event for the project. Discussion occurred concerning public outreach methods for the project; Mr. Ruiz mentioned that District staff plans to prepare a special mailer for the homeowners most affected by the project, and that mass notification phone call will be used when necessary to convey project updates to homeowners.

**Action:** A motion was made by Vice President Mandich and seconded by Director Haselton to award Site Work Project No. 6147 – A to Southern California Grading, Inc. for \$165,855, and Pump Station Project No. 6147-B to GCI Construction, Inc. for \$278,700. The motion carried 5 -0.

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**LEGISLATIVE MATTERS**

**ITEM 13: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING STATEWIDE DROUGHT CONDITIONS**

Mr. Ruiz provided a status update concerning this matter, and highlighted the drought-related activities which District staff participated in and/or conducted:

- On Saturday, September 27, 2014, District staff coordinated with MET/MWDOC to hold a California Friendly Landscape Training class at the Administrative Facility.
- On Saturday, October 4, 2014, District staff attended and manned a booth at the County of Orange Acorn Day event held at O'Neill Park.
- On Tuesday, October 14, 2014, District staff coordinated with Joe Berg, MWDOC Representative, to deliver the "H2O for HOA's" presentation for the Communities of Rancho (CAR) group which highlighted the severity of the drought.

Discussion occurred concerning the KNBC Drought Roundtable held at Irvine Ranch Water District's Administration Facility and the topics discussed at the event.

**Action:** Received status update. No action taken.

**ITEM 14: METROPOLITAN WATER DISTRICT (MET) DIRECTOR NOMINATING COMMITTEE STATUS UPDATE**

Mr. Ruiz presented this matter for discussion, and mentioned that the Nominating Committee had selected Mr. Larry McKenney as the South County Agencies' candidate for the MET Director position, and that MWDOC had prepared a press release concerning the appointment. Mr. Ruiz presented and reviewed the MWDOC press release with the Board.

**Action:** Received status update. No action taken.

**ITEM 15: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)**

Mr. Ruiz had commented on the following matters:

- Mr. Ruiz commented that the Association of California Water Agencies Annual Fall Conference has been scheduled for December 2 through 5, 2014, and that any Directors interested in attending the event should coordinate with Mr. Perea for reservations.

**Action:** There was no action taken.

**OTHER MATTERS**

Mr. Ruiz had no other matter to discuss.

**ADDITIONAL DIRECTORS' COMMENTS**

There were no additions Directors' comments received.

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**ADDITIONAL GENERAL MANAGER COMMENTS**

Mr. Ruiz had no additional General Manager comments.

**END ACTION CALENDAR**

**ADJOURNMENT**

President Safranski adjourned the October 15, 2014, Regular Board meeting at 8:14 PM

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