

**MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
MAY 20, 2015**

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Stephen Dopudja 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 Stephen Dopudja
Vice President Glenn Acosta
Director James Haselton
Director Edward Mandich
Director Michael Safranski

STAFF PRESENT

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

DISTRICT CONSULTANTS PRESENT:

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

PUBLIC PRESENT

There were members of the public present.

PLEDGE OF ALLEGIANCE

Director Safranski 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

Director Haselton had no comments.

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Vice President Acosta had no comments.

Director Safranski had no comments.

Director Mandich commended District staff for the hard work and preparation for the Special Board Meeting Budget Workshop, Special Board Meeting Drought Emergency, and the upcoming Water Awareness Event.

President Dopudja echoed Director Mandich's comment and commended District staff for their hard work.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz reported on the following matters:

1. Mr. Ruiz presented an Audit Engagement Letter from the District's Auditing Firm The Pun Group (TPG), and mentioned that TPG works for the Board of Directors. Mr. Ruiz added that the TPG will coordinate with District staff to begin the annual audit in September this year, and present the final audit documents to the Board in December.

ITEMS TOO LATE TO BE AGENDIZED

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

CONSENT CALENDAR

President Dopudja 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. Vice President Acosta requested to remove Item No. 4 from the Consent Calendar.

Action: A motion was made by Vice President Acosta and seconded by Director Haselton to approve the Consent Calendar, Item No. 1 through 3, and move Item No. 4 to the Action Calendar.
The motion carried 5 – 0.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

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

Vice President Acosta mentioned that he did not attend the City of Rancho Santa Margarita City Council Meeting on April 22, 2015, and requested to have the item removed from his schedule for the month of April.

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Action: A motion was made by Director Safranski and seconded by Director Mandich to ratify the Directors' Fees and Expenses Report for April, 2015 as amended, and approve tentative future meetings/attendance items.
The motion carried 5 – 0.

ITEM 5: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING ACTIVITIES FOR WATER AWARENESS MONTH

Mr. Ruiz provided a status update on this matter, and reviewed the planned demonstration items for the event scheduled for Saturday, May 30th, from 10:00 a.m. to 2:00 p.m. Mr. Ruiz mentioned that the theme for the event will be the statewide drought and water use efficiency. Discussion occurred concerning drought messaging and strategies to avoid message fatigue.

Action: The Board received the information concerning the matter. No action taken.

ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA) WASTEWATER DISCHARGE PRETREATMENT & SOURCE CONTROL PROGRAM

Mr. Ruiz provided a status update on this matter, and mentioned that this matter has been reviewed for the prior two months. Mr. Anslow provided guidance concerning the Public Hearing. President Dopudja opened the Public Hearing:

Mr. Perea advised the District has received no written or oral comments in protest of the Ordinance.

President Dopudja closed the Public Hearing.

Action: A motion was made by Director Safranski and seconded by Vice President Acosta to adopt Ordinance No. 2015-20 – Regulations for the Discharge of Wastewater to Sewerage Facilities of the Trabuco Canyon Water District.
The motion carried 5 -0.

FINANCIAL MATTERS

ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING MWDOC'S PROPOSED FISCAL YEAR 2015/2016 BUDGET

Mr. Ruiz provided a status update on this matter, and mentioned there was no new information to present at this time. President Dopudja commented on his attendance at the MWDOC Regular Board Meeting that morning, and mentioned that the proposed FY 2015/2016 Budget was adopted. Discussion occurred concerning the ongoing review of MWDOC's Administrative Guidelines.

Action: The Board received the information concerning the matter. No action taken.

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ITEM 8: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TCWD'S PROPOSED FISCAL YEAR 2015/2016 GENERAL FUND AND CAPITAL IMPROVEMENT PLAN BUDGETS

Mr. Ruiz provided a status update on this matter, and mentioned that District staff and Ms. Byerrum have implemented recommendations from the Board as discussed at the Special Board Meeting – Budget Workshop. Mr. Ruiz provided the following additional budget-related developments since the Budget Workshop:

- District staff has received the Orange County Local Agency Formation Commission (OC LAFCO) Fiscal Year 2015/2016 Special District Allocation;
- Santiago Aqueduct Commission DRAFT Baker Pipeline Proposed Fiscal Year 2015/2016 Budget Allocation;
- South Orange County Wastewater Authority (SOCWA) Proposed Fiscal Year 2015/2016 Budget Allocation. Mr. Ruiz mentioned that this allocation item is scheduled to increase due to reduced member agency cost sharing. Mr. Ruiz mentioned that the District benefits from the cost sharing of participating in SOCWA pretreatment Ordinance development and recycled water permitting costs.

Discussion occurred concerning SOCWA member agency participation and cost sharing. Mr. Ruiz presented a Budget Summary handout for Board review which included revised DRAFT Water Projections, and highlighted the 32% mandatory reductions due to the State Water Board's emergency regulations. Discussion occurred concerning the timeline for the 32% reductions District-wide; Mr. Ruiz mentioned that the reductions are effective June 1, 2015, and last for nine months. Discussion occurred concerning budgeting strategies, and the use of the District's Water and Sewer Rate Stabilization Reserves due to the impact of the drought on the District's projected revenues for FY2015/2016. Mr. Ruiz reviewed the DRAFT FY 2015/2016 Capital Improvement Program (CIP) with the Board, and mentioned that District staff is likely to postpone the Aerobic Digester Sludge Pump Station and Dewatering Pump Station Replacement Projects for another year. Mr. Ruiz added that the final DRAFT FY 2015/2016 General Fund and CIP Budgets will be presented and revisited with the Engineering/Operational and Finance/Audit Committees prior to the June 17, 2015, Regular Board Meeting.

Action: The Board received the information concerning the matter. No action taken.

ITEM 9: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TCWD'S RESERVES POLICY AND RESERVES

Mr. Ruiz provided a status update on this matter, and mentioned that the matter had been reviewed by the Finance/Audit Committee and the Board for the prior three months. Mr. Ruiz presented a Reserve Balances handout for Board review. Discussion occurred concerning the purpose of the proposed reserves and the reasons for defeasing certain reserves. Ms. Byerrum reviewed the reserve schedule with the Board, and highlighted the certain reserves that have been designated for defeasement. Ms. Byerrum added that reserve line item nos. 20 through 27 did not currently have any monetary value. Discussion occurred concerning the methodology and historical development of the

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certain designated reserves, and the method of fund replenishment for the Water and Sewer Rate Stabilization Reserves.

Action: A motion was made by Director Safranski and seconded by Vice President Acosta to adopt Resolution No. 2015-1211 – Resolution of the Board of Directors of the Trabuco Canyon Water District Adopting and Approving a Reserves Funds Policy, Designating Operating Reserve Levels, Rescinding and Superseding Certain Prior Resolutions and Taking Related Actions.
The motion carried 5 – 0.

ENGINEERING MATTERS

ITEM 10: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

Mr. Ruiz provided a status update on this project, and presented the DRAFT Serrano Creek Emergency Bypass Plans. Mr. Ruiz added that District staff is scheduled to meet with the contractor the following week to review budget, materials, and lead times for certain materials, and mentioned that the Plan is designed to use readily available parts and materials. Discussion occurred concerning emergency response planning in the event that the pipeline fails; Mr. Ruiz mentioned that the District’s pipeline interties were tested during recent scheduled treatment plant shutdowns, and that the respective neighboring agencies have been apprised of the project status and potential emergency response in the event of pipeline failure. Mr. Ruiz presented a Preliminary Pipeline Alignment handout for Board review. Mr. Ruiz added that District staff has requested twenty-foot easement from SCE based on the results of the potholing and pipeline alignment study. Discussion occurred concerning the location of the original pipeline design, and the timeline for easement acquisition completion. Mr. Ruiz reviewed the Projected Schedule of Events with the Board, and mentioned that he has contacted SCE to schedule a meeting to review the pipeline alignment and potholing results. Discussion occurred concerning the status of the property appraisals and the potential for condemnation of SCE’s exclusive easement in the event that SCE is unwilling to share the easement with the District.

Action: The Board received the information concerning the matter. No action taken.

ITEM 11: BAKER WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and mentioned that the Project Committee met on May 14, 2015. Mr. Ruiz reviewed the Construction Report for May, 2015 with the Board. Mr. Ruiz added that the Board of Directors and District staff are invited to attend a planned tour of the facility on June 23, 2015 at 10:00 AM.

Action: The Board received the information concerning the matter. No action taken.

ITEM 12: SHADOW ROCK DETENTION BASIN FACILITY

Mr. Ruiz provided a status update on this project, and mentioned that the only major project task that remains is the connection for electrical power from SCE. Mr. Ruiz added that District staff has requested a service connection from SCE, but has not received any response from SCE concerning the

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scheduling or timeline for completion of this task. Mr. Ruiz mentioned that County of Orange Supervisor Lisa Bartlett has been confirmed to attend the Dedication Ceremony on July 10, 2015.

Action: The Board received the information concerning the matter. No action taken.

ITEM 13: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE SKYRIDGE DEVELOPMENT

Mr. Ruiz provided a status update on this development, and mentioned that there has been no current action at the project site. Mr. Ruiz added that District staff is scheduled to meet with Santa Margarita Water District (SMWD) to review the proposed agreement concerning potable and recycled water conversions at the site. Discussion occurred concerning drought impacts to the developers planned water usage, and the projected use of recycled water for the common areas and more efficient landscaping of the new homes.

Action: The Board received the information concerning the matter. No action taken.

LEGISLATIVE, ADMINISTRATIVE, AND OTHER MATTERS

ITEM 14: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING STATEWIDE DROUGHT CONDITIONS

Mr. Ruiz provided a status update on the matter and the District's efforts in relation to the State Water Board's emergency regulations which are planned to take effect on June 1, 2015. Mr. Ruiz presented a DRAFT Press Release prepared by Thomas Communications Group (TCG) concerning the District's activation of additional conservation requirements and prohibitions. Discussion occurred concerning the need to maintain a positive tone and encourage additional conservation efforts in the face of the drought. Mr. Ruiz mentioned that the next step in the District's public outreach campaign is to prepare a special mailer, to be followed with postcards, brochures, and signage throughout the District's service area. Mr. Perea provided an status update on website access for Board review; President Dopudja requested that this information be reported to the Board on a monthly basis at the Regular Board Meeting. Discussion occurred concerning the development of an Ad Hoc Committee to review the District's current Water Conservation Ordinance and other water conservation measures.

Action: A motion was made by Vice President Acosta and seconded by Director Safranski to authorize the formation of the Water Conservation Measures Review Ad Hoc Committee, and to authorize District staff time and resources to review and update Ordinance No. 2008-18.
The motion carried 5 -0.

President Dopudja assigned himself and Director Safranski to the Water Conservation Measures Review Ad Hoc Committee.

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

Mr. Ruiz presented the following matters:

- The Orange County Grand Jury Report dated May 1, 2015, titled “Increase Water Recycling”. Mr. Ruiz mentioned that the Report addressed the need to increase recycled water supplies and reduce outflows to the ocean, and that the District is required to respond by July. Mr. Ruiz added that any response letter to the Orange County Grand Jury would be reviewed and approved by the Board prior to submission.

Action: There was no action taken.

OTHER MATTERS

There were no other matters for discussion.

ADDITIONAL DIRECTORS’ COMMENTS

There were no additional Director comments received.

ADDITIONAL GENERAL MANAGER COMMENTS

Mr. Ruiz had no additional comments.

END ACTION CALENDAR

ADJOURNMENT

President Dopudja adjourned the May 20, 2015, Regular Board meeting at 8:55 PM.