

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
MAY 18, 2016**

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)

PUBLIC PRESENT

There were no members of the public present.

PLEDGE OF ALLEGIANCE

Director 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

Director Mandich commented on his attendance at the County of Orange Board of Supervisors Meeting, and commended the General Manager on his presentation. Director Mandich commented on his attendance at the South Orange County Watershed Management Area Executive Committee, and mentioned that the group discussed the next planned round of grant funding which totals approximately \$4.9 Million.

Director Safranski commented on his attendance at the Santa Margarita Water District (SMWD) Water Awareness Event on Saturday, May 14, 2016, and mentioned that the event was well attended and many good water themed features. Director Safranski commented on his attendance at the Association of California Water Agencies (ACWA) Spring Conference, and provided the following highlights of the event:

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- ACWA Representatives provided a status update on the proposed Delta Fix Project.
- The ACWA Joint Powers Insurance Authority's (JPIA) Commitment to Excellence currently has only three South Orange County water agencies participants, which includes Trabuco Canyon Water District.
- The Pacific Gas and Electric Company (PG&E) delivered a presentation which highlighted that approximately 19% of their services provided is used in the treatment and delivery of water.

Vice President Acosta commented on his attendance at the County of Orange Board of Supervisors Meeting, and commended the General Manager on his presentation. Vice President Acosta asked that District staff extend the Board's appreciation to Supervisor Lisa Bartlett for the opportunity to speak before the Board.

Director Haselton had no comments.

President Dopudja commented on his attendance at the County of Orange Board of Supervisors Meeting, and commended the General Manager on his presentation. President Dopudja commented on his attendance at the SMWD and Moulton Niguel Water District (MNWD) Water Awareness Events, and mentioned that both events were well attended. President Dopudja commented on his attendance at the South Orange County Wastewater Authority (SOCWA) Budget Workshop Meeting, and mentioned that the group discussed the historical basis for member agency cost allocation, as well as the possibility of developing a new cost allocation methodology.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz had no matters to report.

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.

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

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING ACTIVITIES FOR WATER AWARENESS MONTH

Mr. Ruiz provided a status update on this matter, and commented that District staff has been coordinating with vendors and preparing necessary materials for this annual event for Saturday, May 21, 2016, from 10:00 AM to 2:00 PM. Mr. Ruiz presented a handout which detailed the layout for the event features and vendors for Board review. Mr. Ruiz added that he was scheduled for an interview on 88.5 FM KSBR radio station on the Friday before the event. Mr. Ruiz said that the Board of Directors and staff for SMWD and MNWD have been invited to attend the event.

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

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ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING SALARY AND TOTAL COMPENSATION SURVEY

Mr. Ruiz presented this matter for Board review, and said that the Finance/Audit Committee has reviewed the matter. Mr. Ruiz said that District staff issued a Request for Proposal for Salary and Total Compensation Services to five consulting firms in March, 2016, and that the District received three proposals for consideration. Mr. Ruiz mentioned that an internal Proposal Review Committee comprised of District staff was formed to review the proposals and select the consultant, and reported that Koff and Associates (Koff) was selected as the recommended consultant. Mr. Ruiz reviewed the Koff Proposal (Exhibit) with the Board, and said that he has negotiated for additional items to be included in the Survey. Discussion occurred concerning the project timeline for completion and survey goals. Mr. Ruiz added that the Fiscal Year 2016/2017 General Fund Budget includes an overall 3% increase for the Employee Salary budget, and that depending on the survey findings; the Board may adjust the budget later in the fiscal year, as necessary.

Action: A motion was made by Director Safranski and seconded by Director Haselton to authorize the General Manager to execute Agreement for Consultant Services with Koff and Associates for a not to exceed amount of \$20,000.
The motion carried 5 – 0.

FINANCE MATTERS

ITEM 8: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) FISCAL YEAR 2016/2017 PROPOSED RATES, CHARGES, AND BUDGET

Mr. Ruiz presented a status update on this matter for the Board review, and highlighted that DRAFT MWDOC Member Agency Choice Services Program Summary of Cost Allocations by Agency for Fiscal Year 2016/2017. Mr. Ruiz presented a revised handout of the MWDOC Fiscal Year 2016/2017 Imported Water Rates and Cost Estimates, and mentioned that the untreated Tier 1 water rates included Baker Water Treatment Plant water. Discussion occurred concerning the overall rate increases to the District; Mr. Ruiz said that the overall increase is 4% to 8% depending on the amount of treated or untreated water purchased. Mr. Ruiz added that he is considering not participating in the Water Loss Control Choice Program due to budgetary reasons and in an effort to control costs. Discussion occurred concerning the District's most recent water loss performance; Ms. Lausten said that the District's water loss was approximately 8.9%. Mr. Ruiz said that more information concerning this matter will be presented at the Special Board Meeting Budget Workshop on May 23, 2016.

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

ITEM 9: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT'S FISCAL YEAR 2016/2017 CAPITAL IMPROVEMENT PROGRAM (CIP) AND GENERAL FUND BUDGETS

Mr. Ruiz provided a status update on this matter, and presented a revised proposed Fiscal Year 2016/2017 Capital Improvement Program (CIP) handout for Board review. Mr. Ruiz said that the proposed CIP has been reviewed with both the Finance/Audit and Engineering/Operational Committees, and highlighted the proposed projects by department with the Board. Discussion occurred concerning the Dove and Robinson Ranch Recycled Water Pump Station Rehabilitation Project and the SCADA Study Phase 1. Mr. Ruiz said that additional information concerning the CIP and the General Fund Budgets will be presented at the Special Board Meeting Budget Workshop on Monday, May 23, 2016.

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

ENGINEERING MATTERS

ITEM 10: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE SADDLE CREST DEVELOPMENT

Mr. Ruiz provided a status update on this development, and mentioned that District staff is currently reviewing the sewer reimbursable costs to the neighboring development based on an agreement with that developer. Mr. Ruiz added that District staff has met with the Saddle Crest developer to review the design of the proposed onsite reservoir and the shared construction costs. Discussion occurred concerning the development timeline and the possible impacts of new State Water Board regulations on the use of potable water for Construction Water purposes.

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

ITEM 11: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE SKYRIDGE DEVELOPMENT

Mr. Ruiz provided a status update on this development, and mentioned that Santa Margarita Water District (SMWD) has agendized the review of the Agreement for Certain Services and Purchase of Capacity Rights for their Regular Board Meeting in the month of June.

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

ITEM 12: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING PLANO TRABUCO DEVELOPMENT, WILLIAM LYON HOMES, INC., CITY OF RANCHO SANTA MARGARITA (36 UNIT TRIPLEX BUILDING DESIGN)

Mr. Ruiz provided a status update on this development, and mentioned that the current offer to purchase the easements expires the following Saturday. Mr. Ruiz said that the District's Special Legal Counsel recommends that the Board adopt a Resolution of Necessity at the June 15, 2016, Regular Board Meeting, and briefly reviewed the order of procession concerning this matter with the Board.

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

ITEM 13: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TCWD'S 2015 URBAN WATER MANAGEMENT PLAN

Mr. Ruiz provided a project status update for the Board, and reviewed the project schedule with the Board. Ms. Lausten mentioned that District staff has complied with the notification requirements, and that the Public Hearing Notice is to be published in the Saddleback Valley Newspaper at the end of the week and the following week. Mr. Ruiz said that the DRAFT 2015 Urban Water Management Plan (UWMP) has been completed, and a copy for public review has been made available on the District's website and at the Administration Facility. Mr. Ruiz added that Arcadis (Consultant) is scheduled to deliver a presentation concerning the 2015 UWMP at the Public Hearing at the June 15, 2016, Regular Board Meeting.

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

ITEM 14: BAKER WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and presented the Irvine Ranch Water District (IRWD) Baker Water Treatment Plant Construction Report for May 2016 for Board review. Mr. Ruiz mentioned that the Project Committee did not meet on May 12, 2016, but that a separate meeting is to be scheduled to review the billing process. Discussion occurred concerning MWDOC's current billing process for member agencies, and the continued role of the Santiago Aqueduct Commission. Mr. Ruiz mentioned that District staff has considered

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applying the revenue from the sale of Baker water to payment of the Water Reliability Emergency Storage Fund (WRESF) to offset those costs for customers.

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

ITEM 15: ALTERNATE RAW WATER TRANSMISSION LINE – FEMA NO. PW79

Mr. Ruiz provided a status update on this project, and said that District staff has received a letter from the Federal Emergency Management Agency (FEMA) approving project funding obligation of \$1.627 Million. Mr. Ruiz reviewed the major project tasks completed to date, which included the completion of the NEPA requirements by Tetra Tech (Consultant), and the payment of the required fees for the mitigation for Serrano Creek. Discussion occurred concerning the remaining major project tasks and timeline for project completion. Mr. Ruiz said that District staff have met with the City of Lake Forest to review project related traffic control, and discussed the possibility of nighttime work as the area is primarily industrial. Mr. Ruiz added that District staff has met with IRWD to review the encroachment permit requirements, and are scheduled to meet with the County of Orange Parks and Trails staff to review permit requirements, including the approval for use of the bridge utility opening. Discussion occurred concerning the planned bid phase for the project; Mr. Ruiz said that District plans to begin the process at the end of July, if all the easements have been secured, and award the project sometime in August or September. Discussion occurred concerning the FEMA reimbursement guidelines and process.

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

LEGISLATIVE, ADMINISTRATIVE, AND OTHER MATTERS

ITEM 16: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING STATEWIDE DROUGHT CONDITIONS, STATE WATER RESOURCES CONTROL BOARD (SWRCB) DROUGHT REGULATIONS, AND TCWD WATER CONSERVATION MEASURES/ACTIONS

Mr. Ruiz provided a status update on the matter, and said that the State Water Board has been directed by Governor Brown under Executive Order B-37-16 to adjust emergency water conservation regulations through the end of January 2017. Mr. Ruiz added that that State Water Board held a meeting with phone conference listening for interested parties to review the proposed methodology which includes a self-certification process for wholesale and retail water agencies. Mr. Ruiz reported that the Metropolitan Water District of Southern California (MWD) has recently rescinded their 15% allocation based on the State Water Board's initial actions, and that MWD and MWDOC are currently working on the self-certification process. Mr. Ruiz reported that the District's conservation standard is currently at approximately 28%. Discussion occurred concerning the District's ongoing conservation efforts; Mr. Ruiz highlighted the completion of the District's Plano Trabuco Recycled Waterline Extension Project which is designed to provide recycled water to T-Y Nursery and additional recycled water to the Robinson Ranch community for irrigation purposes. Mr. Ruiz added that the onsite portion of the recycled water pipeline installation has been completed, and District staff has conducted a presentation on the proper use of recycled water with the nursery employees.

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

ITEM 17: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Ruiz reported on the following local governmental and/or legislative informational matter(s):

- Mr. Ruiz reported that the District has been notified by the California Special Districts Association (CSDA) of

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their proposed Bylaws updates. Mr. Ruiz said that the completed ballot is due by Friday, June 24, 2016 at 5:00 PM, and that the matter will be agendized for discussion at the June 15, 2016 Regular Board Meeting.

- Mr. Ruiz provided a copy of the District's Ebinger v. Yorba Linda Water District (YLWD) amicus brief for Board review, and mentioned that YLWD has expressed appreciation for the District's response.
- Mr. Ruiz presented the County of Orange Registrar of Voters Transmittal of Election Information for Board review and consideration. Mr. Perea said that the District has normally authorized that the Candidate's Statement of Qualifications to contain no more than 200 words, and not pay for a Candidate's Statement of Qualifications.

Action: A motion was made by Director Safranski and seconded by Director Acosta to authorize the Candidate's Statement of Qualifications to contain no more than 200 words and to not pay for the Candidate's Statement of Qualifications
The motion carried 5 - 0

OTHER MATTERS

There were no other matters for discussion.

ADDITIONAL DIRECTORS' COMMENTS

There were no additional Directors' comments received.

ADDITIONAL GENERAL MANAGER COMMENTS

There were no additional General Manager comments received.

END ACTION CALENDAR

ADJOURNMENT

President Dopudja adjourned the May 18, 2016, Regular Board meeting at 8:52 PM.