



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | JULY 13, 2016**

DIRECTORS PRESENT

Committee Member Michael Safranski
Committee Member Alternate Glenn Acosta

DIRECTORS ABSENT

Committee Chair James Haselton

STAFF PRESENT

Michael Perea, District Secretary
Lisa Sangi, Administrative Assistant

PUBLIC PRESENT

There were no members of the public present

CALL MEETING TO ORDER

Director Safranski called the June 8, 2016, Finance/Audit Committee Meeting to order at 6:00 P.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

Director Acosta had no comments.

Director Safranski had no comments.

REPORT FROM THE DISTRICT SECRETARY

Mr. Perea reported on the following matters:

- Mr. Perea reported that the General Manager was currently on vacation through Tuesday, July 19, 2016.
- Mr. Perea reported that Koff and Associates (Consultant) held an all staff kick-off meeting for the Total Compensation and Salary Survey on June 30, 2016, which included a review of the Position Description Questionnaire (PDQ). Mr. Perea said that the PDQs are scheduled to be submitted to the department supervisors by Friday, July 15, 2016, and then forwarded to the Consultant by the end of the following week.
- Mr. Perea reported that the annual meeting of the Trabuco Canyon Improvement Corporation (TCIC) and Trabuco Canyon Public Finance Authority (TCPFA) is scheduled for Wednesday, July 20, 2016 and that District staff have agendized resolutions to change the annual meeting date from July to January. Mr. Perea said this matter was previously discussed in April, 2016, and mentioned that Vice President Glenn Acosta will chair the meetings as he is the current Board President of the TCIC and TCPFA.

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- Mr. Perea reported that the General Manager submitted the required Certification of Self-Certified Conservation Standard to the State Water Board, and said that the District reported a 0% Conservation Standard based on the State Water Board’s methodology. Mr. Perea added that District staff is proposing the adoption of a resolution for the Water Conservation Level One/Water Watch Activation from the current Level Two/Water Alert Activation. Mr. Perea added that this action would increase the watering day schedule from two days to four days, and ultimately, ease the District’s conservation restrictions while meeting the State Water Board’s mandatory regulations. Discussion occurred concerning the impact of the State Water Board’s new mandatory regulations and their methodology for the determination of self-certification. Director Acosta commended the District’s customers for their conservation efforts to date, and expressed his desire to ease the current conservation restrictions. Director Safranski expressed the importance of communicating the Board’s action on the conservation restrictions once determined at the Regular Board Meeting.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The June 8, 2016, Finance/Audit Committee Meeting Recap was presented to the Committee. Director Safranski noted that Director Haselton was not at that Committee Meeting, and requested that the Recap be adjusted to reflect his absence.

RECOMMENDED ACTION:

Director Safranski and Mr. Perea approved and recommended that the June 8, 2016, Finance/Audit Committee Meeting Recap be received and filed by the Board, as amended (Consent Calendar).

ITEM 2: RATIFICATION OF DIRECTORS’ FEES AND EXPENSES, TENTATIVE FUTURE MEETINGS/ATTENDANCE ITEMS

The Committee reviewed the information presented and there were no changes.

RECOMMENDED ACTION:

The Committee recommended that the Directors’ expenses and fees for June, 2016, and the tentative future meetings be forwarded to the Board for ratification as amended (Consent Calendar).

ITEM 3: DISCUSSION CONCERNING TCWD’S FISCAL YEAR 2016/2017 UNDEVELOPED LAND/WATER STANDBY ASSESSMENT

Mr. Perea presented this matter for Committee review, and said that this was an annual recurring matter which requires a Public Hearing for public comment and input. Mr. Perea reviewed the prepared Notice to Property Owners concerning the Public Hearing and the draft Resolution for adoption of the Fiscal Year 2016/2017 Undeveloped Land/Water Standby Assessment. Mr. Perea said that District staff has worked with Legal Counsel to prepare a Policy for owners of undevelopable parcels that want to be exempted from the Standby Assessment, and mentioned that the parcel owners will be required to submit an application for exemption (Exhibit). Mr. Perea reviewed the draft Resolution for the adoption of the Standby Assessment Exemption Policy which will be agendaized for presentation at the Regular Board Meeting. Vice President Acosta commended District staff for their work on the Standby Assessment Exemption Policy and application process.

RECOMMENDED ACTION:

The Committee received information concerning the matter, and recommended that the matter be forwarded to the Board of Directors (Action Calendar).

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ITEM 4: DISCUSSION CONCERNING THE ADOPTION OF RESOLUTION NO. 2016-1229 ESTABLISHING APPROPRIATIONS LIMIT FOR FISCAL YEAR 2016/2017

Mr. Perea presented this matter for Committee review, and said that this was an annual recurring matter which requires the adoption of a resolution regarding the establishment of the Fiscal Year 2016/2017 Appropriations Limit. Mr. Perea added that District Legal Counsel prepared a memorandum which determined the Fiscal Year 2016/2017 Appropriations Limit based on the overall population change figures for Orange County as provided by the State Department of Finance. Discussion occurred concerning the purpose of the Appropriations Limit; Mr. Perea explained that the District is annually required to adopt a resolution to establish the limit for funds received from ad valorem taxes within a fiscal year.

RECOMMENDED ACTION:

The Committee received information concerning the matter, and recommended that the Board of Directors adopt Resolution No. 2016-1229 – Resolution of the Board of Directors of Trabuco Canyon Water District Establishing Appropriations Limit for Fiscal Year 2016/2017, Pursuant to Article XIII B of the California Constitution (Action Calendar).

ITEM 5: DISCUSSION CONCERNING DISTRICT SURPLUS EQUIPMENT

Mr. Perea presented this matter for Committee review, and said that he worked with Maintenance Technician Jason Stroud to identify certain vehicles in the District's fleet that are no longer in use due to expensive wear and deterioration, and also meet the criteria for disposal as described in the Board-approved Policy of Disposal of Surplus Property. Mr. Perea reviewed the Surplus Equipment Survey Report with the Committee, and presented photographs of the vehicles designated for disposal through public auction.

RECOMMENDED ACTION:

The Committee received the information, and recommended that the matter be forwarded to the Board (Action Calendar).

ITEM 6: OTHER MATTERS

Mr. Perea stated there were no other matters to report.

RECOMMENDED ACTION:

ITEM 7: FINANCIAL REPORT

Mr. Perea presented the unaudited financials for May, 2016, for Committee review, and reported that there were no anomalies to report. Discussion occurred concerning the following matter(s):

Statement of Revenues and Expenses

- Operating Revenue, Residential Water, Business & Industrial Water, and Irrigation Water:

Mr. Perea said that the current month is higher than the previous month due to an increase in water sales.

- Operating Revenue, Standby:

Mr. Perea said that the previous month is higher than the current month due to receipt of more standby property tax revenue.

- Operating Expenses, Source of Supply:

Mr. Perea said that the current month is higher than the previous month due to an increase of water purchases.

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Balance Sheet

• Construction in Progress:

Mr. Perea said that the current month was higher than the prior month due to costs associated with the Baker Water Treatment Plant, the District's pump replacement program, the Alternate Raw Water Transmission Line Project, and consultant costs for the preparation of the 2015 Urban Water Management Plan.

RECOMMENDED ACTION:

The Committee recommended that the Board receive and file the unaudited Financial Statement for May, 2016, as presented (Consent Calendar).

ITEM 7B: FINANCIAL REPORT

Mr. Perea presented the bills for consideration for July 13, 2016.

RECOMMENDED ACTION:

The Committee signed the bills for consideration and the warrant register, and recommended that the Board ratify payment of the bills for consideration for July 13, 2016, as presented (Consent Calendar).

ADJOURNMENT

Director Safranski adjourned the July 13, 2016, Finance/Audit Committee Meeting at 6:21 P.M.

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