



## **MINUTES OF THE SPECIAL BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | OCTOBER 14, 2016**

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The Special Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Stephen Dopudja at 6:00 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 Don Chadd  
Director Edward Mandich

### **DIRECTORS ABSENT**

Director Michael Safranski

### **STAFF PRESENT**

Hector Ruiz, General Manager  
Michael Perea, District Secretary

### **DISTRICT CONSULTANTS PRESENT:**

There were no District Consultants present.

### **PUBLIC PRESENT**

There were no members of the public present.

### **PLEDGE OF ALLEGIANCE**

Director Chadd 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 2016 South Orange County Water Expo, and commended District staff's participation in the event. Director Mandich commented on the presentation by Mr. Alex Tardy, National Oceanic and Atmospheric Administration (NOAA), and said that the presentation highlighted anticipated average rainfall patterns for winter 2016.

Vice President Acosta had no comments.

Director Chadd commented on his attendance at the 2016 South Orange County Water Expo, and complimented District staff's participation in the event. Director Chadd mentioned that the wastewater display was a popular event item.

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President Dopudja had no comments.

**REPORT FROM THE GENERAL MANAGER**

Mr. Ruiz reported that District staff has posted the Notice Inviting Sealed Proposals (Notice) for the Alternate Raw Water Transmission Line Project in accordance with Federal Emergency Management Agency (FEMA) regulatory requirements, and reviewed the Notice posted on the District's website.

**ACTION CALENDAR**

**ADMINISTRATIVE MATTERS**

**ITEM 1: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE BAKER WATER TREATMENT PLANT BILLING PROCESS**

President Dopudja presented this matter to the Board, and mentioned that the Special Board Meeting was scheduled as a result of a discussion at the October 5, 2016, Engineering/Operational Committee Meeting when he asked District staff to provide additional information and direction to the Board on the matter of the Baker Water Treatment Plant (BWTP) Billing Process. Mr. Ruiz said that he discussed this matter with Municipal Water District of Orange County (MWDOC) staff, and received additional information concerning the proposed billing processes for inclusion in his planned presentation. Mr. Ruiz highlighted the following matters in a powerpoint presentation for Board review and discussion:

- Mr. Ruiz highlighted the goals of the Special Board Meeting:
  1. Understanding of the current and proposed billing processes.
  2. Options available for the District's use and sale of BWTP water.
  3. Discuss approach to a formal inclusion of the District's use of BWTP water in MWDOC's Letter of Understanding.
- South County System Review:

Mr. Ruiz reviewed a flow chart which demonstrated the imported water supplies for the South Orange County water agencies through the South County System, and highlighted the South County System pipelines and inter-agency connections, including the untreated water meters OC33 and 33A.
- MWDOC Billing Process:

Mr. Ruiz reviewed the current MWDOC monthly billing process for the twenty-eight member agencies and seventy-six billing meters throughout Orange County. Mr. Ruiz said that MWDOC has proposed to bill all untreated water to BWTP and the treated water from BWTP and Metropolitan Water District of Southern California (MET). Mr. Ruiz added that Irvine Ranch Water District (IRWD) will continue to bill water from Irvine Lake, and that the South County System will add BWTP treated water. Discussion occurred concerning the planned methodology for tracking water from BWTP; Mr. Ruiz said that since BWTP water is mixed with AMP water in the South County System that billing will be based on meter accounting and calculated flows for downstream agencies. Mr. Ruiz added that TCWD's allocation of BWTP and AMP will flow through its current capacity in Santa Margarita Water District's (SMWD) Antonio/Trabuco System.
- BWTP Flows and Proposed vs. Current Billing Processes:

Mr. Ruiz said that BWTP is a baseline loaded plant that will provide treated water to partner agencies on a take or pay basis, and reviewed the other multiple agency billing processes involved in moving water from one point to another. Mr. Ruiz commented that currently TCWD untreated water costs is billed by the Santiago Aqueduct Commission (SAC), but that it is proposed that MWDOC undertake the responsibility of this billing process.

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- **SMWD to TCWD Billing Process:**  
Mr. Ruiz reviewed the current billing process by SMWD to TCWD which includes imported treated water, and explained that under the proposed billing process that MWDOC would bill TCWD for treated water purchases.
  
- **BWTP Operations – Tentative Schedule:**  
Mr. Ruiz reviewed the tentative schedule for the start-up of the BWTP, and mentioned that MWDOC has prepared a DRAFT Letter of Understanding for the proposed billing process.
  
- **TCWD's Baker Water Options**  
Mr. Ruiz reviewed TCWD's available options for its use of BWTP product water, which includes:
  1. TCWD to receive Baker Water continuously
  2. TCWD to sell Baker Water at Imported MET water costs
  3. TCWD to sell Baker Water per agreement to another South County Agency based on Cost plus Premium with an assurance for reliability, or Cost less Subsidy with no assurance for reliability.
  4. Mr. Ruiz asked the Board for input concerning other options available to the District.

Discussion occurred concerning adjustments to District operations to accommodate continuous flow from BWTP without creating stranded assets for the District, and strategies for the sale of water to other South County agencies. President Dopudja commented that the import of the District's whole portion of Baker water without the sale of water produced at the Dimension Water Treatment Plant is not an option, nor does the sale of the District's portion of Baker water at the MET rate only as it does not account for the District's invested risk. Discussion occurred concerning potential agreements for the sale of Baker Water to other South County agencies, and the necessity of a cost premium or a commitment discount to the receiving agency. Director Chadd emphasized the need to meet with other South County agencies to discuss the District's position without stipulating the terms of sale of water, as well as, ensuring that the District continues to retain access to Irvine Lake. Discussion occurred concerning the level of commitment to water agencies by agreement and maintaining water reliability for the District. Mr. Ruiz said that he would work with MWDOC to propose a billing process that includes the sale of Baker Water to other South County Agencies, as well as, present the concept to the members of the South County Water Agencies group for discussion and consideration.

**Action:** The Board of Directors, through President Dopudja, directed the General Manager to work with the Municipal Water District of Orange County concerning the Baker Water Treatment Plant Billing Process, and to discuss opportunities for the sale of Trabuco Canyon Water District's excess water produced by the Baker Water Treatment Plant with interested South Orange County water agencies.

**END ACTION CALENDAR**

**ADJOURNMENT**

President Dopudja adjourned the October 14, 2016, Special Board Meeting at 7:23 PM.