

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP
AUGUST 12, 2015**

DIRECTORS PRESENT

Committee Chair James Haselton
Committee Member Michael Safranski

STAFF PRESENT

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

PUBLIC PRESENT

There were no members of the public present

CALL MEETING TO ORDER

Mr. Haselton called the August 12, 2015, Finance/Audit Committee Meeting to order at 7:01 A.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

Director Safranski had no comments.

Mr. Haselton commented on a recently published Orange County Grand Jury report concerning Orange County Local Agency Formation Commission (OC LAFCO).

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz commented on the following matters:

- Mr. Ruiz mentioned that District staff worked with Thomas Communications Group to prepare a postcard which highlights how the District's Conservation Standard was reduced by the State Water Board from 32% to 28%, and thanked our customers for their conservation efforts to date. Mr. Ruiz added that the postcard would be mailed to District customers within the week.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The July 8, 2015, Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee approved and recommended that the July 8, 2015, Finance/Audit Committee Meeting Recap be received and filed by the Board (Consent Calendar).

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | AUGUST 12, 2015**

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

The Committee reviewed the information presented.

RECOMMENDED ACTION:

The Committee recommended that the Directors' expenses and fees for July, 2015, and the tentative future meetings be forwarded to the Board for ratification (Consent Calendar).

ITEM 3: DISCUSSION AND POSSIBLE ACTION CONCERNING THE DEVELOPMENT OF TCWD'S TEN YEAR CAPITAL IMPROVEMENT PROGRAM

Mr. Ruiz presented this matter for Committee review, and mentioned that District staff has prepared a draft Ten Year Capital Improvement Program (CIP) as part of the District's planned Water, Sewer and Recycled Rate Analysis. Mr. Ruiz presented a copy of the Draft CIP to the Committee for their review. Discussion occurred concerning the methodology for determining capital project criteria and collaboration with District staff for project input and feedback. Several of the proposed CIP projects mentioned included:

Administration

- Electronic Attendance Manager
- AMR Meters
- Water and Wastewater SCADA System
- Utility Billing System

Water

- Ridgeline Booster Pump Station Electrical VFDs and Controls/Telemetry
- Emergency Generator
- Chemical Truck Delivery Access Improvement
- New Two Million Gallon Reservoir
- Reservoir Replacement
 - Cooks Corner Reservoir
 - Harris Grade Reservoir No. 2
- Serrano Creek Crossing
- District-wide Pipeline Replacement

Wastewater

- Crane Truck Replacement Vehicle
- Asphalt Cap (Plant and Service Road)
- Robinson Ranch Wastewater Treatment Plant - Grit Chamber
- Robinson Ranch Wastewater Treatment Plant – Aeration System
- Robinson Ranch Wastewater Treatment Plant – Aerobic Digester Aerator System and Sludge Station Pump
- Via Allegre Sewer Lift Station Wet Well Upgrades
- Pump Replacement

Recycled Water

- Recycled Water Conversions
- Dove Recycled Water Pump Station and Pump Replacement

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | AUGUST 12, 2015**

Maintenance

- Chlorine Delivery Truck

Discussion occurred concerning CIP budgetary strategies and project hierarchy methodology and criteria.

RECOMMENDED ACTION:

There was no recommended action.

ITEM 4: DISCUSSION AND POSSIBLE ACTION CONCERNING TCWD'S HEALTH BENEFITS

Mr. Ruiz presented this matter for Committee review, and mentioned that CalPERS has notified contracting agencies of the established medical rates that are effective January 1, 2016. Mr. Perea reviewed the Trend Analysis of CalPERS Monthly Rates by Calendar Year with the Committee, and mentioned that the current District monthly medical contribution level is lower than the 2016 District benchmark health plan rate. Mr. Perea added that any adjustment to the District's monthly medical contribution on behalf of employees requires the adoption of a resolution. Discussion occurred concerning the anticipated total fiscal impact for employee health benefits; Mr. Perea mentioned that District staff anticipates an approximate 4% increase above the budgeted amount approved by the Board of Directors for Fiscal Year 2015/2016 assuming that most employees remain in the same health plan from year to year, and that the fiscal impact will be included with the staff report for Board review.

RECOMMENDED ACTION:

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

ITEM 5: OTHER MATTERS

Mr. Ruiz commented on the following matters:

- Mr. Ruiz mentioned that District staff is currently preparing for an updated GASB 45 actuarial valuation of its retiree health benefits program. Mr. Ruiz added that an Other Post Employment Benefit (OPEB) Valuation Report is required to be completed every two years, and District staff is working with The Nyhart Company on this matter. Discussion occurred concerning GASB 45 requirements and the impact of OPEB costs to the District.

RECOMMENDED ACTION:

There was no recommended action.

ITEM 6A: FINANCIAL REPORT

Mr. Ruiz presented the unaudited financials for June, 2015, for Committee review, and highlighted the following items:

Statement of Revenues and Expenses

- Operating Revenue – Residential Water:

Mr. Ruiz mentioned that the District's Residential Water revenue was lower than the prior month. Mr. Ruiz added that the preliminary data demonstrates that the District collected approximately 7% less revenue than originally budgeted for Fiscal Year 2014/2015, and is 11% less than budgeted for the prior fiscal year due to the impact of the statewide drought and the State Water Board's mandated emergency regulations.

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | AUGUST 12, 2015**

- Operating Expenses – Source of Supply:
Mr. Ruiz mentioned that this line item was higher in June than the prior month due the payment of the quarterly sewer bill to Santa Margarita Water District.
- Operating Expenses – Water Related Expense:
Mr. Ruiz mentioned that this line item was higher in June than the prior month due to costs associated with fire hydrant repairs.

Discussion occurred concerning unaudited total revenues and expenses for Fiscal Year 2014/2015.

RECOMMENDED ACTION:

The Committee recommended that the Board receive and file the June, 2015, unaudited Financial Statement, as presented (Consent Calendar).

ITEM 6B: FINANCIAL REPORT

Mr. Ruiz presented the bills for consideration for August 12, 2015.

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 August 12, 2015, as presented (Consent Calendar).

ADJOURNMENT

Mr. Haselton adjourned the August 12, 2015, Finance/Audit Committee Meeting at 8:18 A.M.