



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | AUGUST 17, 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 Michael Safranski

DIRECTORS ABSENT

Director Edward Mandich

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Lorrie Lausten, Engineer
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.

MOMENT OF SILENCE

President Dopudja asked for a moment of silence in memory and honor of Director James Haselton's passing and his contributions to the District. A moment of silence was observed.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

DIRECTOR'S COMMENTS

Director Safranski commented on an Orange County Register article on the State Water Board's new mandatory conservation regulations.

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Vice President Acosta dedicated the meeting in memory of Director James Haselton, and said that he was the most decent man he has known.

President Dopudja echoed Vice President Acosta's comment regarding Director Haselton's passing. President Dopudja commented on the Orange County Register article on the State Water Board new mandatory conservation regulations.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz reported on the following matters:

- Mr. Ruiz reported that Director Mandich was on vacation, and as such, was not in attendance.
- Mr. Ruiz reported that the District is currently advertising an open employment position for one (1) Grade II Water Treatment and Distribution Operator in the District's Water Operations Department, and will soon be offering an employment position for an entry level position in the Maintenance Department.
- Mr. Ruiz reported that District staff will be participating in the County of Orange Acorn Day at O'Neill Park on Saturday, October 1, 2016.
- Mr. Ruiz said that the California Special Districts Association (CSDA) Annual Conference is scheduled for October 10 – 13, 2016, and that any Directors interested in attending the event may coordinate with Mr. Perea.
- Mr. Ruiz requested to move Items 10 and 11 to the front of the Action Calendar.

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 Vice President Acosta and seconded by Director Safranski to approve the Consent Calendar, Items 1 through 5.
The motion carried 3 – 0 -1, with Director Mandich absent.

ACTION CALENDAR

FINANCE MATTERS

ITEM 10: PRESENTATION OF TRABUCO CANYON WATER DISTRICT FINANCIALS FOR THE END OF FISCAL YEAR 2015/2016

Mr. Ruiz presented this matter for Board review, and mentioned that this item is normally included in the Consent Calendar, but the Finance/Audit Committee recommended that it would be worthwhile to review the financials with the Board. Mr. Ruiz said that there was no action required, and the item was for informational purposes only. Mr. Ruiz added that Ms. Byerrum was in attendance to review the matter and answer related questions from the Board. Ms. Byerrum said that the end of Fiscal Year 2016/2017 Financials were reviewed with the Finance/Audit Committee the prior week, and that auditing staff from The Pun Group (District Auditor) has been onsite at the Administrative Facility for annual audit data collection and review. Ms. Byerrum expressed her appreciation for the assistance provided by Ms. Karen Warner, Accounting Supervisor, and mentioned that she did a fabulous job providing the necessary documents for the auditors. Ms. Byerrum reviewed the preliminary unaudited financials for the period ending June 30, 2016, and highlighted the following items:

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Statement of Revenues and Expenses

- Total Operating Revenue:

Ms. Byerrum said that this line item was higher than originally budgeted due to the impacts of the recently adopted water rates.

- Total Non-Operating Revenue

Ms. Byerrum said that this line item was higher than originally budgeted due to impact of received Property Tax revenue. Ms. Byerrum added that the District did not receive a refund from the District's Worker's Compensation Insurance provider Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA).

Discussion occurred concerning the anticipated impacts on future financial reports and audits related to the implementation of Government Accounting Standards Board (GASB) 68.

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

ITEM 11: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT'S UTILITY BILLING SYSTEM UPGRADE AND MAINTENANCE SERVICES

Mr. Ruiz provided a status update on this project, and said that this planned Utility Billing (UB) System Upgrade Project is part of the approved Fiscal Year 2016/2017 Capital Improvement Program (CIP). Mr. Ruiz added that this matter has been reviewed with the Finance/Audit Committee. Mr. Ruiz said that District staff and Ms. Byerrum, Lead Project Manager, have spent the last few months reviewing UB software solutions from two primary vendors, including detailed demonstrations and multiple follow up conference calls regarding system requirements and functions. Ms. Byerrum added that the District's current UB, an AS400 system managed by ACS/Xerox, cannot accommodate the District's new billing rate structure adopted earlier this year. Ms. Byerrum said that District staff reviewed the UB system solutions with vendors Caselle and Tyler Technologies, and that she spent hours with their programming specialists to determine the best solution for the District. Ms. Byerrum recommended that the District proceed with selecting Tyler Technologies for the planned UB System Upgrade due to their superior modules and the cost effective implementation and maintenance costs. Discussion occurred concerning project scheduling and data migration challenges.

Action: A motion was made by Vice President Acosta and seconded by Director Safranski to authorize the General Manager to execute contract for utility billing system upgrade and maintenance services with Tyler Technologies for a not to exceed amount of \$125,000. The motion carried 3 – 0 -1, with Director Mandich absent.

ADMINISTRATIVE MATTERS

ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) REGARDING VACANCY ON THE BOARD OF DIRECTORS

Mr. Ruiz presented this matter for Board review, and said that due to Director Jim Haselton's unfortunate passing that there is currently a vacancy on the Board of the Directors. Mr. Ruiz reviewed the options available to the Board according to Government Code and Water Code, and recommended the appointment of a successor for the remainder of Director Haselton's term through December 2016. Mr. Ruiz added that if the Board chooses to appoint a successor that District staff will prepare and post a Notice of Board Vacancy and Intention to Appoint at three publicly accessible locations and on the District's website, in accordance with Government Code. Mr. Ruiz provided and reviewed a DRAFT Notice of Vacancy with the Board. Discussion occurred concerning the timeline for the appointment of a successor; Mr. Anslow said that the Board is required to appoint a successor no later than sixty days from notification of the vacancy which would be September 28, 2016. Mr. Anslow added that the Board may choose to form an Ad Hoc Committee in order to review applicant

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resumes and interview candidates if there is an overwhelming response to the Notice of Vacancy, and recommended that the Board President work with the General Manager to determine the appropriate response. Mr. Anslow said that the Board can choose to schedule a Special Board Meeting for the appointment of a successor, or take action at the September 21, 2016 Regular Board Meeting.

Action: A motion was made by Director Safranski and seconded by Vice President Acosta to authorize District staff to prepare and post a Notice of Board Vacancy and Intention to Appoint by the Board of Directors within 60 Days of the effective date of the vacancy, and for the Board President and General Manager to determine the necessity of scheduling a Special Board Meeting or the formation of an Ad Hoc Committee based on the number of applicants
The motion carried 3 – 0 -1, with Director Mandich absent.

ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING COMMITTEE MEMBER AND AGENCY REPRESENTATIVE APPOINTMENTS

Mr. Ruiz presented this matter for Board review, and said that there are currently vacant positions on Committee Member and Agency Representative appointments for the Board of Directors due to Director Haselton’s passing. Discussion occurred among the Board concerning the vacant assignments, and during the discussion, President Dopudja made the following Committee assignments:

DISTRICT STANDING COMMITTEES	CHAIR	MEMBER	ALTERNATE	
Finance/Audit Committee	Safranski	Acosta	Dopudja	-
MEMBER AGENCY REPRESENTATIVE ASSIGNMENTS				
	TITLE	PRIMARY	SECONDARY	THIRD
Independent Special Districts of Orange County	Member	Dopudja	None	None
South Orange County Wastewater Authority Board	Director	Dopudja	Mandich	Ruiz
South Orange County Watershed Management Area Executive Committee	Member	Mandich	Acosta	None

Action: President Dopudja assigned the Committee Members and Agency Representatives.

ITEM 8: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING POTENTIAL CHANGES TO SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA) JOINT POWERS AGREEMENT

Mr. Ruiz presented this matter for Board review, and said that this matter has been reviewed with the Executive Committee. Mr. Ruiz commented that President Dopudja is currently assigned as the Primary Board Representative to SOCWA, and is prepared to discuss the matter with the District’s Board. Mr. Ruiz highlighted the attached exhibits which demonstrate the current state of affairs between SOCWA and its member agencies. President Dopudja said that there may be potential changes to the Joint Powers Agreement (JPA) for SOCWA member agencies due to issues raised by Moulton Niguel Water District (MNWD) concerning budget cost allocation and vote equity. President Dopudja said that MNWD is the largest user of SOCWA services, including facilities, at about 45% use, and that they have expressed a desire to implement a weighted voting structure based on services and cost allocation. Discussion occurred concerning the District’s participation and percentage of service use in comparison to other SOCWA member agencies, and the timeline for resolution of the budget adoption impasse. Mr. Anslow commented on the possible future need for a closed session concerning this matter, if necessary.

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

ITEM 9: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE BIENNIAL REVIEW OF TRABUCO CANYON WATER DISTRICT'S CONFLICT OF INTEREST CODE

Mr. Ruiz presented this matter for Board review, and said that Mr. Perea is responsible for reporting this information to the County of Orange, Clerk of the Board. Mr. Perea reviewed the District's current Conflict of Interest Code with the Board, and said that the District is required to complete a Biennial Review of the Code of Conflict. Mr. Perea added that Mr. Josh Byerrum was made the Assistant District Treasurer since the prior Biennial Review of the Code of Conflict, and as such, is required to be added to the District's Filer List for the annual Conflict of Interest Form 700.

Action: A motion was made by Director Safranski and seconded by Vice President Acosta to update the District's Conflict of Interest Code List of Filers for the Biennial Review with Assistant District Treasurer Mr. Josh Byerrum.
The motion carried 3 – 0 -1, with Director Mandich absent.

FINANCE MATTERS

ITEM 12: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT HEALTH BENEFITS

Mr. Ruiz presented this matter for Board review, and said that CalPERS has released the health rates for calendar year 2017. Mr. Perea reviewed the CalPERS Health Benefit Rates Trend Analysis by Calendar Year exhibit with the Board, and highlighted the projected Fiscal Year 2016/2017 Health Benefit costs based on current plan enrollment for Directors and District employees. Mr. Perea reviewed the proposed resolution language with the Board. Discussion occurred concerning the 2017 Health Benefit Rates and the impact of changes to health benefit network services.

Action: A motion was made by Vice President Acosta and seconded by Director Safranski to adopt Resolution No. 2016-1232 – Resolution of the Board of Directors of Trabuco Canyon Water District Fixing the Employer's Contribution Under the Public Employees' Medical and Hospital Act, and Resolution No. 2016-1233 - Resolution of the Board of Directors of Trabuco Canyon Water District Fixing the Employer's Contribution Under the Public Employees' Medical and Hospital Act.
The motion carried 3 – 0 -1, with Director Mandich absent.

ENGINEERING MATTERS

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

Mr. Ruiz provided a status update on this development, and said that District staff is currently preparing the Will Serve Letter for this development. Mr. Ruiz said that District staff is working to determine the methodology for sewer connection reimbursement fees from the developer of Tract No. 12365 and per the existing agreement with Zadeh. Mr. Ruiz added that he has not received the Reservoir Pre-Design Technical Memorandum from the developer to date. Mr. Ruiz said that he is working with the Saddleback Meadows developer to acquire previously prepared plans for the Ridgeline Booster Pump Station in an effort to save time and engineering costs to all parties, including the District. Mr. Ruiz mentioned that upgrades to the Ridgeline Booster Pump Station are necessary to provided pumping capacity to the development and the proposed 2.0 million gallon reservoir.

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

ITEM 14: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING DAHLIA COURT DEVELOPMENT

Mr. Ruiz provided a status update on this development, and said that after the issuance of the Motion for an Order for Possession that District staff has received the Grant of Easement from the adjacent shopping center. However, the District's Legal Counsel has not served the Order because the developer has been successful, and is in the process, of obtaining consents from the various parties and the property owner. In addition, the District has not accepted the Grant of Easement exhibits due to several errors and inconsistent statements. Mr. Ruiz said that he worked with Special Legal Counsel to clean up the Grant of Easement language for a legally acceptable version, and that a revised executed version has been submitted to the District. Discussion occurred concerning the importance of clean legal document language and descriptions.

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

ITEM 15: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE SOCWA SALT & NUTRIENT MANAGEMENT PLAN

Mr. Ruiz provided a status update on this project, and said that the District's monitoring and data collection scope had been approved by the Board of Directors last month. Mr. Ruiz said that since then he received the proposed shared costs for the report that's required of the South Orange County Wastewater Authority (SOCWA). Mr. Ruiz reviewed the Salt and Nutrient Monitoring Plan (Plan) Locations and the Report Costs (Exhibit) with the Board which demonstrated that the District would burden a shared cost in the amount of \$12,000 for the preparation of the report. Mr. Ruiz mentioned that the required shared costs are proposed at this time and within his signing authority, and that no action is required at this time. Discussion occurred concerning possible future participation in the San Juan Basin Authority due to the mandated groundwater management and planning requirements and their input on recycled water permitting requirements. Discussion occurred concerning the impact of the drought on the groundwater well water total dissolved solids levels.

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

ITEM 16: 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 August 2016 for Board review. Mr. Ruiz said that the Project Committee (PC) Meeting is scheduled to meet on September 8, 2016. Mr. Ruiz briefly reviewed the Construction Report and contract change orders to date, and highlighted the planned Project Partner Celebration Event that is scheduled for October 25, 2016.

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

ITEM 17: ALTERNATE RAW WATER TRANSMISSION LINE – FEMA NO. PW79

Mr. Ruiz provided a status update on this project and an updated Project Schedule for Board review and discussion. Mr. Ruiz said that District staff has received all of the project-related easements from the private property owners, and currently has two of the three public property owner easements. Mr. Ruiz added that the County of Orange staff was not able to agendize the discussion of the matter of the related easement for the August Board of Supervisors Meeting, and that the matter will likely be reviewed in September. Discussion occurred concerning Federal Emergency Management Agency (FEMA) project bidding requirements and special project-related provisions. Mr. Ruiz added that District staff is currently finalizing the scope of work for inspection services for the project.

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

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LEGISLATIVE, ADMINISTRATIVE, AND OTHER MATTERS

ITEM 18: 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 reported that the District's customers demand reduced by 21% in the month of July 2016 in comparison to the same month in 2013. Mr. Ruiz added that overall demand was reduced by 27.7% from June 2015 through June 2016, which translates to approximately 300 million gallons of water saved. Mr. Ruiz presented a sample postcard prepared by Thomas Communications for the purpose of thanking the District's customers of the total water saved during the State Water Board's mandatory regulatory period, as well as, notification of the District's new conservation provisions adopted by the Board of Directors based on the improved statewide water supply conditions. Discussion occurred concerning the importance of continuing good communication through the District's website and the utility bills.

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

ITEM 19: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Ruiz had no matters to report.

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

OTHER INFORMATION/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 August 17, 2016, Regular Board meeting at 8:43 PM.