



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | NOVEMBER 16, 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 Don Chadd
Director Edward Mandich
Director Michael Safranski

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Lorrie Lausten, Engineer
Karen Warner, Accounting Supervisor
Lisa Sangi, Administrative Assistant
Dona Bozeman, Lead Customer Service Representative

DISTRICT CONSULTANTS PRESENT:

District General Legal Counsel – Rob Anslow (Bowie, Arneson, Wiles & Giannone)
District Treasurer – Cindy Byerrum (Platinum Consultants)
Mr. Paul Kaymark, The Pun Group (District Auditing Firm)

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.

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 South Orange County Watershed Management Area (SOCWMA) Executive Committee Meeting, and highlighted separate presentations by Mr. Gary Brown with Orange County Coastkeeper and Santa Margarita Water District (SMWD) General Manager Dan Ferons.

Director Safranski had no comments.

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Vice President Acosta had no comments.

Director Chadd commented on his attendance at the Engineering/Operational Committee, and commended District staff on the presentation of information at said Meeting.

President Dopudja commented on his attendance at the Irvine Ranch Water District (IRWD) Baker Water Treatment Plant Project Celebration, and commended IRWD staff on the event.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz reported on the following matters:

- Mr. Ruiz reported that the District staff has completed First Aid/CPR Training.
- Mr. Ruiz reported that the Dimension Water Treatment Plant (DWTP) is currently offline due to the approved Capital Improvement Program (CIP) project construction of the new Cooks Reservoir. Mr. Ruiz added that the District is relying on interties with SMWD and IRWD at this time, and that the DWTP will be online in the following week.
- Mr. Ruiz reported on his attendance at the South Orange County Wastewater Authority (SOCWA) Board Meeting, and mentioned that the Fiscal Year 2016/2017 General Fund Budget was approved and that there are no financial changes to the District's costs for services from SOCWA. Mr. Ruiz added that the SOCWA Board voted to ensure that the General Fund Budget and the individual Project Committee Budgets be voted on separately effective immediately..

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 4.
The motion carried 5 – 0.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 5: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING BOARD MEMBER COMMITTEE APPOINTMENTS AND AGENCY REPRESENTATIVE ASSIGNMENTS

Mr. Ruiz presented this matter for Board review, and said that this information was being presented for Board Member consideration in anticipation of next month's administrative matters regarding election of Board officers and committee appointments to be agendized for the December 21, 2016 Regular Board Meeting. Director Acosta said that his current schedule does not always permit him to attend the second monthly City of Rancho Santa Margarita (RSM) City Council Meeting, and would prefer that the President assign another Director. Director Chadd expressed interest in attending the RSM City Council Meeting as a District Representative; President Dopudja assigned the second RSM City Council Meeting District Representative to Director Chadd. President Dopudja commented that he would like to expand the scope of the Porter Property Ad Hoc Committee to include all existing District properties. President Dopudja asked his fellow Directors if

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there was a necessity of continuing the RSM City Council District Representative assignment; Director Chadd commented that he believed that it was important to have a presence at the City Council Meetings.

Action: The Board received the information concerning the matter, and President Dopudja made the following assignments:

City of Rancho Santa Margarita City Council Meeting No. 2 – Director Chadd.
Porter Property Ad Hoc Committee – expanded to include all existing District properties.

FINANCIAL MATTERS

ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT ANNUAL FINANCIAL REPORT (AUDIT) FOR FISCAL YEAR 2015/2016

Mr. Ruiz presented this annually recurring matter for Board review, and mentioned that the Auditor reports directly to the Board of Directors and that Mr. Paul Kaymark was in attendance to present the annual audit and to answer any questions from the Board related to the audit. Mr. Ruiz mentioned that the District's Treasurer, Ms. Byerrum worked closely with the Auditor to provide district information and that he would like her to introduce this item. Ms. Byerrum briefly reviewed the challenges associated with the two-year implementation of Governmental Accounting Standards Board (GASB) No. 68 rules. Ms. Byerrum commented that the District's auditor has provided a clean opinion of the District in the Independent Auditors' Report, and introduced Mr. Kaymark to the Board. Ms. Byerrum added that although the audit indicates that the District has an Operating Loss prior to Capital Contributions, the recently adopted water, wastewater, and recycled water rate structure has improved the District's overall financial position. Mr. Kaymark briefly reviewed the Audit Balance Sheet for Years Ended June 30, 2016 and 2015, and reviewed the purpose of the Deferred Outflows and Inflows of Resources. Mr. Kaymark briefly discussed the challenges associated with the implementation of the new GASB Rules. Discussion occurred concerning the impact of CalPERS long-term pension costs for Classic CalPERS Members versus New CalPERS Member under the Public Employees Pension Reform Act of 2013 (PEPRA); Mr. Kaymark reviewed Note 7 – Net Pension Liability and Defined Benefit Pension Plan with the Board and highlighted the different tiers of pension plans for District employees. Mr. Kaymark added that the Draft Audit Report still requires additional non-substantive information specific to the District's CalPERS pension plans,.

Action: A motion was made by Vice President Acosta and seconded by Director Chadd to receive and file the Trabuco Canyon Water District Fiscal Year 2015/2016, pending additional non-substantive pension-related information to be provided by The Pun Group.
The motion carried 5 – 0.

ENGINEERING MATTERS

ITEM 7: BAKER WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and mentioned that the Baker Water Treatment Plant (BWTP) Construction Report for November 2016 was included in the Action Calendar Red Folder for Board review. Mr. Ruiz briefly commented on his attendance at the Project Celebration Event, and added that Irvine Ranch Water District (IRWD) has scheduled the BWTP Functional Testing to begin on November 18, 2016 through the final completion date. Mr. Ruiz reported that IRWD is scheduled to complete a ten-day test of the facility beginning December 8, 2016, to be followed with a thirty-day functional test of the facility.

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

ITEM 8: ALTERNATE RAW WATER TRANSMISSION LINE – FEMA NO. PW79

Mr. Ruiz provided a status update on this project and reviewed the Final Project Schedule (schedule) for Board review and discussion. Mr. Ruiz added that the project construction contract bid proposals are due November 29, 2016, and that there were approximately twelve bidders that attended the mandatory pre-bid meetings. Mr. Ruiz added that District staff has released the Construction Management Request for Proposals (RFP), and is currently preparing the Environmental Services RFP for the project. Discussion occurred concerning Federal Emergency Management Agency (FEMA) requirements and project timeline for completion. Mr. Ruiz commented that District staff will submit a project timeline extension request to FEMA in the event that there are challenges which are outside of the District's control.

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

LEGISLATIVE, ADMINISTRATIVE, AND OTHER MATTERS

ITEM 9: 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 13% in the month of October 2016 in comparison to the same month in 2013. Mr. Ruiz provided a brief review of the State Water Board Fact Sheet titled "Making Water Conservation a California Way of Life" (Long Term Rule) and highlighted Governor Brown's Executive Order B-37-16. Mr. Ruiz discussed a presentation hosted by the Moulton Niguel Water District with representatives from the State Water Board and the State Department of Water Resources presenting proposed legislative requirements for the Long Term Rule, and mentioned that these requirements include the implementation of a District water budget as one of the key goals of the Long Term Rule. Mr. Ruiz mentioned that he commented to the State Water Board and the Department of Water Resources the need to consider mandated requirements for District's like Trabuco Canyon where agencies like the Orange County Fire Authority mandates property owners and homeowner associations (HOAs) to maintain irrigated zones at all times. Mr. Ruiz mentioned that he also commented to the State representatives that the District uses all its recycled water for many of these fuel modification zones, but during severe drought conditions sometimes there's the need to supplement the recycled water system with potable water. Discussion occurred concerning the challenges associated with the implementation of budget-based water rates in the District's service area which includes fuel modification zones and recycled water use. Mr. Ruiz added that the Long Term Rule may be implemented as early as 2018.

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

ITEM 10: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Ruiz reported the following matters:

- Mr. Ruiz shared a letter received from County of Orange Supervisor Lisa Bartlett expressing appreciation for the District's participation in the 2016 South County Water Expo, and complimented Mr. Perea and Ms. Sangi for their participation the day of the event.

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

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OTHER INFORMATION/MATTERS

Mr. Ruiz reported the following other information and matters:

- Mr. Ruiz presented the District staff prepared Notice of the Water, Wastewater, and Recycled Water Rates and Charges and Fees effective January 1, 2017, and said that the Notice will be included in customer utility bills for the month of November 2016. Mr. Ruiz added that District staff worked with District General Legal Counsel to ensure compliance with Proposition 218 regulations. Director Chadd asked District staff of the customer feedback to the Notice; Ms. Bozeman commented that Customer Service has received multiple phone calls from customers with questions regarding the rates, but that she sees the phone calls as an opportunity to educate customers on the services that the District provides and the cost to provide our services. President Dopudja asked District staff to provide more background information on the District efforts that led to the rate increase, including the outreach efforts and multiple public meetings held regarding the rates study last year. Mr. Ruiz said that District staff will update the District's website with the additional background information related to the newly adopted rates and charges.
- Mr. Ruiz reported that District staff has been working with Cox Communications to procure an easement from Dove Canyon Master Association (DCMA) for the installation of fiber wire to the Robinson Ranch Wastewater Treatment Plant (WWTP) for improved communications. Mr. Ruiz added that this project is designed to improve the District's telecommunications infrastructure which will resolve employee connection issues to the District Network Infrastructure, as well as the improve SCADA communications. Mr. Ruiz reported that the District's operations and maintenance Departments will prepare the onsite conduit and infrastructure installation the WWTP to reduce project costs.

CLOSED SESSIONS

The Board of Directors, through President Dopudja, recessed the Open Session portion of the Meeting at 7:50 PM. The Board met in Closed Session as set forth in the Meeting Agenda.

The Board, through President Dopudja, reconvened the Open Session of the Meeting at 8:25 PM.

ITEM 11: REPORT OF ACTION(S) TAKEN IN CLOSED SESSIONS

Action: The Board of Directors received information concerning the matter. There were no other announcements at that time.

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 November 16, 2016, Regular Board meeting at 8:26 PM.