



TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | MARCH 13, 2019

DIRECTORS PRESENT

Director Don Chadd, Committee Chair
Director Mike Safranski, Committee Member

STAFF PRESENT

Michael Perea, Interim General Manager
Karen Warner, Senior Accountant
Lisa Marie Sangi, Administrative Assistant

DISTRICT CONSULTANT(S) PRESENT

Ms. Cindy Byerrum - Platinum Consulting, District Treasurer

PUBLIC PRESENT

There were members of the public present.

CALL MEETING TO ORDER

Director Chadd called the March 13, 2019 Finance/Audit Committee Meeting to order at 6:01 P.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

No Committee Member comments were received.

REPORT FROM THE INTERIM GENERAL MANAGER

Mr. Perea reported on that he had attended the Orange County Local Agencies Formation Commission (OC LAFCO) Meeting earlier that day, and he reviewed the matters discussed at the meeting.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The February 13, 2019 Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee recommended that the February 13, 2019 Finance/Audit Committee Meeting Recap be received and filed by the Board (Consent Calendar).

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

Mr. Perea presented this matter for Committee consideration and review. Mr. Perea highlighted that the Municipal Water District of Orange County (MWDOC) Elected Officials Forum is scheduled for April 4, 2019.

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RECOMMENDED ACTION:

The Committee recommended that the Directors' Fees and Expenses for February 2019, and the tentative future meetings be forwarded to the Board of Directors for ratification (Consent Calendar).

ITEM 3: TRABUCO CANYON WATER DISTRICT SINGLE AUDIT REPORT ON FEDERAL AWARDS FOR YEAR ENDED JUNE 30, 2018

Mr. Perea presented this matter for Committee review, and he commented that this report was a recommended by Davis Farr LLP, the District's auditor, to comply with GASB reporting requirements. Mr. Perea briefly reviewed the audit report with the Committee, and he reported that there were no federally awarded funds received by the District in the reporting period. Discussion occurred concerning the potential future FEMA reimbursement funds owed to the District.

RECOMMENDED ACTION:

The Committee received the information concerning the matter and recommended the Board of Directors receive and file the Trabuco Canyon Water District Single Audit Report for Year Ended June 30, 2018 (Consent Calendar).

ITEM 4: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT 2019 WATER, WASTEWATER & NON-DOMESTIC WATER RATE STUDY

Mr. Perea presented this matter for Committee review and he reported that District staff requested a proposal from Raftelis Financial Consultants ("RFC") to perform an analysis of the District's Water, Wastewater, and Non-Domestic Water rates and charges. Discussion occurred concerning the goals of the analysis. Mr. Perea added that District staff has met with PSOMAS to prepare a Non-Domestic Water Allocation Analysis to determine how recycled and reclaimed water and supplemental domestic water is allocated to non-domestic water users in the District's service area. Discussion occurred concerning the nexus between wastewater contribution to the District's sanitary sewer system and the production of reclaimed water at the Robinson Ranch Wastewater Treatment Plant ("WWTP") as well as non-domestic water users' access. Mr. Perea highlighted existing requirements that would impact the analysis, including contractual requirements.

RECOMMENDED ACTION:

The Committee received the information concerning the matter and recommended the recommended the Board of Directors approve the Raftelis Financial Consultants Rate Study Proposal for Trabuco Canyon Water District 2019 Water, Wastewater, and Non-Domestic Water Rate Study (Action Calendar).

ITEM 5: DISCUSSION CONCERNING MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) FISCAL YEAR 2019/2020 BUDGET

Mr. Perea presented this matter for Committee consideration and review. Mr. Perea highlighted the MWDOC Fiscal Year 2019/2020 Budget Adoption Schedule and briefly reviewed the First Draft Budget with the Committee. Discussion occurred concerning certain proposed rate and charge adjustments indicated in the Draft Budget. Mr. Perea reported that MWDOC's proposed Fiscal Year 2019/2020 Budget would be a topic of discussion at the next South Orange County Agencies' Group Joint Meeting later that month, as well as, the MWDOC Elected Officials Forum in April.

RECOMMENDED ACTION:

The Committee received the information concerning the matter and recommended forwarding the information to the Board of Directors (Action Calendar).

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ITEM 6: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT FISCAL YEAR 2019/2020 GENERAL FUND AND CAPITAL IMPROVEMENT BUDGETS

Mr. Perea presented this matter for Committee and mentioned that there have two internal staff meetings to review and prepare the proposed Fiscal Year 2019/2020 Capital Improvement Plan (CIP), as well as, plan for the next ten years. Mr. Perea reported that District staff has met with the District Treasurer to review the proposed General Fund Budget assumptions for next year. Discussion occurred concerning the scheduling of the Special Board Meeting Budget Workshop.

RECOMMENDED ACTION:

The Committee received the information concerning the matter and recommended forwarding the information to the Board of Directors (Action Calendar).

ITEM 7: OTHER MATTERS

There were no other matters discussed.

RECOMMENDED ACTION:

There were no other matters received or discussed.

ITEM 8: FINANCIAL REPORT

Mr. Perea presented the preliminary unaudited financials for January 2019 to the Committee for review and comment, and he highlighted the following items:

Operating Revenue, Residential Water Revenue

Mr. Perea reported that this line item was trending near target due to water demands.

Operating Revenue, Business & Industrial Water Revenue

Mr. Perea reported that this line item was lower than the prior month due to decreased water demands.

Operating Revenue, Baker Treatment Plant Water Sales

Mr. Perea reported that this line item was lower than the prior month due to less water sales to the City of San Clemente.

Discussion occurred concerning groundwater production at the Trabuco Creek Groundwater Treatment Facility.

INVESTMENT SCHEDULE

Mr. Perea reported that the District's investments in the California Local Agency Investment Fund (LAIF) was currently receiving greater than a two-percent interest rate.

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 March 13, 2019 as presented (Consent Calendar).

ADJOURNMENT

Director Chadd adjourned the March 13, 2019 Finance/Audit Committee Meeting at 6:48 PM.