

**MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
NOVEMBER 19, 2014**

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Michael Safranski 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.

President Safranski dedicated the Board Meeting in memory of Mr. Ted Martin, former Director of El Toro Water District, who passed away on November 15, 2014, and was highly regarded, a friend of TCWD, and a great contributor to the water industry.

DIRECTORS PRESENT

President Michael Safranski
Vice President Edward Mandich
Director Glenn Acosta
Director Stephen Dopudja

DIRECTORS ABSENT

Director James Haselton

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Lorrie Lausten, Engineer
Karen Warner, Accounting Supervisor

DISTRICT CONSULTANTS PRESENT:

District General Legal Counsel – Rob Anslow (Bowie, Arneson, Wiles & Giannone)

PUBLIC PRESENT

There were members of the public present

PLEDGE OF ALLEGIANCE

Mr. Michael Safranski led the Board and District staff in the pledge of allegiance.

VISITOR PARTICIPATION

No visitor participation was received.

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ORAL COMMUNICATION

No oral communication was received.

DIRECTOR'S COMMENTS

Mr. Dopudja commented on his attendance at the State Water Project Inspection Tour with the newly appointed Metropolitan Water District of Southern California (MET) Director Mr. Larry McKenney, and that the tour offered a fresh perspective that focused on the importance of water reliability. Mr. Dopudja commented on Municipal Water District of Orange County Director Wayne Clark's retirement announcement.

Mr. Mandich commented on his attendance at the State Water Project Inspection Tour as well, and mentioned the visual impact of the drought on Lake Oroville and the Fish Hatchery. Discussion occurred concerning the drought and water reliability and sustainability.

Mr. Acosta had no comments.

Mr. Safranski commented on the November 4, 2014 General Election.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz reported on the following matters:

1. Mr. Ruiz mentioned that a summary of the State Water Project Inspection Tour was included in the Information Folder for Director review, and reviewed some of the Tour highlights.
2. Mr. Ruiz mentioned that a handout of the current Board and Committee Assignments was included in the Information Folder for Director review. Discussion occurred concerning Committee and District Representative assignments.
3. Mr. Ruiz mentioned that Moulton Niguel Water District had appointed Mr. Duane Cave as the agency's Division Six Director.

ITEMS TOO LATE TO BE AGENDIZED

Mr. Ruiz commented that there were no items too late to be agendized.

CONSENT CALENDAR

The Board President 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 Director Acosta and seconded by Director Dopudja to approve the Consent Calendar, Items 1 through 5.
The motion carried 4 – 0 – 1 with Director Haselton absent.

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ACTION CALENDAR
ADMINISTRATIVE MATTERS

ITEM 6: DISCUSSION AND REVIEW OF POTENTIAL AMENDMENTS TO THE DISTRICT'S RULES AND REGULATIONS FOR AGRICULTURAL PROPERTY AND CONSUMERS

Mr. Ruiz mentioned that this matter was reviewed at the prior Board Meeting and that the staff recommends approval and adoption of the updated definition of Agricultural Property and Consumers by resolution. Mr. Ruiz presented a DRAFT Agricultural Conservation Encouragement Rate Program Application for Board review. Discussion occurred concerning the methodology for the development of the new agricultural property and consumer definition and the criteria for the types of crops grown on agricultural property. Mr. Ruiz commented that the Metropolitan Water District of Southern California (MET) definition of an agricultural user was used as the basis for the proposed definition of an agricultural customer.

Action: A motion was made by Director Acosta and seconded by Vice President Mandich to adopt Resolution No. 2014-1206 – Resolution of the Board of Directors of the Trabuco Canyon Water District Amending Rules and Regulations Regarding Agricultural Property and Consumers, in accordance with District General Policy and Rules and Regulations, Section 12.2.3.
The motion carried 4 – 0 – 1 with Director Haselton absent.

ITEM 7: DISCUSSION AND POSSIBLE ACTION RELATING TO THE ADJUSTMENT TO TCWD'S CAPACITY CHARGES FOR WATER SERVICE

Mr. Ruiz mentioned that this matter was reviewed at the prior Board Meeting and that District's current capacity charges for water service were updated effective January 2006. Mr. Ruiz added that the proposed increased charges would be effective January 2015, and would impact new and future development, not existing developments. Mr. Ruiz reviewed the procedural requirements that follow the completion of the capacity charge calculations with the Board. Discussion occurred concerning the requirements. Mr. Anslow commented that the capacity charges are not subject to Proposition 218 requirements, and recommended that District staff post the required Notice of Exemption at the County of Orange, the District's Administration Facility, and on the District's website for 14 days in advance of the December 17, 2014, Regular Board Meeting. Discussion occurred concerning updated capacity charge applicability. Mr. Ruiz mentioned that the capacity charges would be effective January 1, 2015, and applicable to all new developments in the District's service area, including the new Sky Ridge development. Discussion occurred concerning future water and sewer rate analyses.

Action: Received information concerning the matter. No action taken.

ITEM 8: DISCUSSION AND POSSIBLE ACTION CONCERNING THE IMPLEMENTATION OF DISTRICT EMPLOYEE FLEXIBLE SPENDING ACCOUNTS

Mr. Ruiz presented this matter for Board review and mentioned that the District currently contracts with ADP for its payroll and human resources services. Mr. Ruiz added that District staff has met with ADP representatives to review their Flexible Spending Account (FSA) Program for implementation. Mr.

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Ruiz reviewed the annual and monthly recurring costs for the FSA Program as described in the staff report, and mentioned that there has been positive feedback from District staff concerning the FSA Program. Discussion occurred concerning the FSA Program coverage and approved reimbursement items.

Action: A motion was made by President Safranski and seconded by Director Acosta to approve the implementation of Trabuco Canyon Water District's Flexible Spending Account Program through ADP effective January 1, 2015. The motion carried 4 – 0 – 1 with Director Haselton absent.

ITEM 9: DISCUSSION AND POSSIBLE ACTION CONCERNING RECYCLED WATER CONVEYANCE FOR THE UPPER OSO HABITAT RESTORATION PROEJCT

Mr. Ruiz presented this matter for Board review and mentioned that District staff has been working with City of Rancho Santa Margarita (City) staff on this project for the past year. Mr. Ruiz mentioned that the project originally planned for potable water use, but instead will use recycled water through collaborative efforts with Santa Margarita Water District (SMWD). Mr. Ruiz commented that the project is located on County of Orange property, within the District's service, and will receive recycled water from SMWD's Oso Reservoir Facility. Discussion occurred concerning the complexities of the arrangement and potential impacts for the project. Mr. Ruiz mentioned that District staff has worked with District Legal Counsel to develop language for the Resolution which will allow the recycled water service from SMWD into the District's service area, per Water Code requirements. Mr. Ruiz reviewed the draft Resolution with the Board, and highlighted agency responsibilities which included onsite inspections of the recycled water infrastructure. Discussion occurred concerning the project timeline and completion determination criteria. Mr. Ruiz mentioned that the terms of the agreement for recycled water is tentatively set for two years, after which the City will be required to re-apply for the water service, if necessary. Discussion occurred concerning project costs for permit and inspection fees and onsite recycled water signage. Director Acosta commended the General Manager and District staff on collaborating with SMWD to assist the City on this project.

Action: A motion was made by Director Acosta and seconded by Director Dopudja to adopt Resolution No. 2014-1207 – Resolution of the Board of Directors of the Trabuco Canyon Water District Authorizing Temporary Provision of Reclaimed/Recycled Water Service by Santa Margarita Water District to Designated Property within the Service Boundaries of Trabuco Canyon Water District for Purposes of Habitat Restoration. The motion carried 4 – 0 – 1 with Director Haselton absent.

ENGINEERING MATTERS

ITEM 10: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

Mr. Ruiz provided a status update on this project and mentioned that District staff has not received an update from Southern California Edison (SCE) concerning the easement encroachment necessary for the project. Mr. Ruiz added that the SCE Representative that District staff had been working with on

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this matter had since been replaced, and that he had requested the new point of contact via voicemail and email. Discussion occurred concerning project timeline and the significance of easement encroachment for the project. Mr. Ruiz reviewed the exhibit letters from the Governor's Office of Emergency Services (Cal OES) and the subsequent District response with the Board. Discussion occurred concerning SCE and the State Public Utilities Commission and the project timeline.

Action: Received status update. No action taken.

ITEM 11: BAKER REGIONAL WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project and mentioned that the Project Committee met on November 13th to receive and approve a new contract in the amount of \$168,000 to Arcadis (Consultant) for SCADA programming support services. Mr. Ruiz reviewed the November 2014 Construction Report with the Board and highlighted photographs of the SAC and Baker Pipeline connections. Mr. Ruiz added that the replacement flow meter that measures flows from MET to SAC was not installed as planned and had to be re-calibrated, and that a future shutdown of the system will be required to affect the necessary installation. Mr. Ruiz highlighted the TCWD Pump Station Pump Can Construction Installation.

Action: Received status update. No action taken.

ITEM 12: SHADOW ROCK DETENTION BASIN FACILITY

Mr. Ruiz provided a status update on this project and mentioned that Trabuco Highlands Community Association had commended the District's construction work and site management for the project to date. Mr. Ruiz presented updated photographs of the project site for Board review. Discussion occurred concerning the ownership of the outfall structure at the project site and District staff collaboration with City of Rancho Santa Margarita staff for National Pollutant Discharge Elimination System (NPDES) and MS4 compliance. Mr. Ruiz presented and reviewed the Change in Scope of Work Amendment Nos. 5 and 6 from URS (Consultant) for plan revisions and specifications, and Construction Management Services. Discussion occurred concerning Amendment No. 6 cost itemization and work responsibilities. Mr. Ruiz mentioned that the District will perform some project-related services for inspection and construction management to control costs.

Action: A motion was made by Director Acosta and seconded by Vice President Mandich to ratify URS Amendment No. 5 in the amount of \$1,240 for Revise Plans and Specifications, and Amendment No. 6 in the amount of \$16,800 for Construction Management Services.
The motion carried 4 – 0 – 1 with Director Haselton absent.

LEGISLATIVE MATTERS

ITEM 13: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING STATEWIDE DROUGHT CONDITIONS

Mr. Ruiz provided a status update concerning this matter, and mentioned that the District's water savings and demands have leveled off. Mr. Ruiz mentioned that the Municipal Water District of Orange

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County (MWDOC) is updating their monthly water demand report to include more agency-specific information. Mr. Ruiz commented on his attendance at the General Manager's Meeting at MWDOC and the discussion concerning potential water allocation impacts by MET in early 2015. Discussion occurred concerning water allocation impacts and District water rates. Mr. Ruiz commented on his attendance at the State Water Project Inspection Tour and mentioned the visual impacts of the drought on the most affected communities and farms.

Action: Received status update. No action taken.

ITEM 14: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Ruiz had commented on the following matters:

- Mr. Ruiz presented the Orange County Local Agency Formation Commission (OCLAFCO) Legislative Quarterly Report dated November 12, 2014, and highlighted the following matters from the Report:
 - AB2762 – Mr. Ruiz highlighted the involvement of California Special Districts Association (CSDA) and the Independent Special Districts of Orange County (ISDOC) on the matter.
 - AB1739 – Mr. Ruiz highlighted the Sustainable Groundwater Management legislation which is effective January 1, 2015. Discussion occurred concerning the San Juan Basin Authority and effective groundwater management.

Action: There was no action taken.

OTHER MATTERS

Mr. Ruiz mentioned that District staff is coordinating with the Audobon Society on the removal of Tamarisk, an invasive plant species, on TCWD property surrounding the Recycled Water Reservoir at the Robinson Ranch Wastewater Treatment Plant. Discussion occurred concerning agreement language to indemnify the District on the plant removal by Audobon staff and volunteers.

ADDITIONAL DIRECTORS' COMMENTS

There were no additional Directors' comments.

ADDITIONAL GENERAL MANAGER COMMENTS

Mr. Ruiz had no additional General Manager comments.

END ACTION CALENDAR

ADJOURNMENT

President Safranski adjourned the November 19, 2014, Regular Board meeting at 8:17 PM