



## **MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | JANUARY 18, 2017**

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The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Glenn Acosta 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 Glenn Acosta  
Director Don Chadd  
Director Edward Mandich  
Director Stephen Dopudja

### **DIRECTORS ABSENT**

Vice President Michael Safranski

### **STAFF PRESENT**

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

### **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**

Director Chadd led the Board and District staff in the pledge of allegiance.

### **VISITOR PARTICIPATION**

No visitor participation was received.

### **ORAL COMMUNICATION**

Mr. Kelly Rowe addressed the Board of Directors and provided a handout titled “Sespe Aquifer Development in South Orange County, CA”. Mr. Rowe commented that based on his research, that the Sespe Aquifer has approximately 50,000 acre feet of untapped groundwater that is located in the District’s and Santa Margarita Water District’s service areas. Mr. Rowe added that he is scheduled to discuss this matter with the County of Orange Board of Supervisors the following week. President Acosta thanked Mr. Rowe for his presentation, and directed him to speak with the General Manager concerning his findings.

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**DIRECTOR'S COMMENTS**

Director Chadd commented on his planned meetings with South County Water Agencies representatives Ms. Sandra Jacobs, current President, and Ms. Joone Lopez, Moulton Niguel Water District General Manager. Director Chadd commented on his attendance at the Association of California Water Agencies (ACWA) 2016 Fall Conference the prior month. Director Chadd mentioned that both he and the General Manager met with representatives of the owner of Dove Plaza. Mr. Ruiz added that the meeting was brief, there was no new information presented, and the meeting was only verbal in nature.

Director Dopudja asked Director Chadd concerning the South County Water Agencies development of the meeting agenda for the upcoming joint meeting with the Municipal Water District of Orange County (MWDOC); Director Chadd reported that there will be a review of agency projects and core versus choice budget options. Director Dopudja commented on his attendance at the Orange County Water Association (OCWA) Meeting on January 18<sup>th</sup>, and provided brief highlights of the presentation delivered by Mr. Marc Serna, Moulton Niguel Water District (MNWD) Director of Engineering and Operations, regarding Advanced Meter Infrastructure Program Pilot Implementation and data collection process, which included a proposal for a shared network and costs.

Director Mandich reported on his attendance at the MWDOC Elected Officials Forum, and provided brief highlights of the statewide drought update and Delta Fix presentations. Discussion occurred concerning statewide water reservoir levels.

President Acosta reported on his attendance at the MWDOC Elected Officials Forum, and mentioned that he had provided a copy of MWDOC's adopted resolution in support of the Delta Fix to District staff to present to the Board for their consideration at the next Regular Board Meeting.

**REPORT FROM THE GENERAL MANAGER**

Mr. Ruiz reported on the following matters:

- Mr. Ruiz reported that the Urban Water Institute Spring Water Conference is scheduled for February 8 – 10, and that any Directors interested in attending this event may coordinate with Mr. Perea.
- Mr. Ruiz reported the retirement of State Water Board Director Fran Spivy-Weber, and mentioned that a retirement party for her is scheduled for February 9<sup>th</sup> in Costa Mesa. Mr. Ruiz said that any Directors interested in attending this event may coordinate with Mr. Perea.
- Mr. Ruiz reported that District staff is scheduled to remove the existing water meters in the Santiago Canyon Estates Community and replace them with Automatic Meter Read (AMR) water meters the following week. Mr. Ruiz added that Customer Service will send out a mass phone message to notify the affected customers before the work is started.
- Mr. Ruiz reported that the recent rain events have increased the levels at the Trabuco Creek Wells Facility to the point that District staff is prepared to restart the facility pending startup sampling and equipment inspection.

**ITEMS TOO LATE TO BE AGENDIZED**

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

**CONSENT CALENDAR**

President Acosta 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. Director Dopudja asked to remove Item 4 from

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the Consent Calendar. Mr. Perea commented that the Directors' Fees and Expenses Report hardcopy provided for Director approval was not consistent with the Report presented in the Board Packet, and provided the correct Report for their review and signature.

**Action:** A motion was made by Director Chadd and seconded by Director Mandich to approve the Consent Calendar, Items 1 through 3.  
The motion carried 4 – 0 – 1, with Vice President Safranski absent.

**ACTION CALENDAR**  
**ADMINISTRATIVE MATTERS**

**ITEM 4: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/ ATTENDANCE ITEMS**

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Director Dopudja asked that his Fees and Expenses Report reflect that Director Chadd attended the December 7, 2016 Engineering/Operational Committee Meeting on his behalf.

**Action:** A motion was made by Director Mandich and seconded by Director Chadd to ratify the Directors' Fees and Expenses Report as amended.  
The motion carried 4 – 0 – 1, with Vice President Safranski absent.

**ITEM 5: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING DISTRICT TREASURER'S ANNUAL STATEMENT OF INVESTMENT POLICY**

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Mr. Ruiz presented this annually recurring matter for Board review, and said that the Finance/Audit Committee and the District Treasurer have reviewed this resolution prior to submission for Board adoption. Mr. Ruiz added that District General Legal Counsel has recommended minor, non-substantive updates to the language, but that the resolution maintains the objectives of the Government Code.

**Action:** A motion was made by Director Mandich and seconded by Director Dopudja to adopt Resolution No. 2017-1235 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting Treasurer's Annual Statement of Investment Policy.  
The motion carried 4 – 0 – 1, with Vice President Safranski absent.

**ENGINEERING MATTERS**

**ITEM 6: BAKER WATER TREATMENT PLANT**

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Mr. Ruiz provided a status update on this project, and reported that the Baker Water Treatment Plant (BWTP) is currently undergoing the planned thirty-day operational test at full capacity. Mr. Ruiz added that there are system challenges due to the seasonal low demand levels compounded with conservation efforts. Discussion occurred concerning the significant impacts of the statewide drought conservation message on system demands over the course of four years. Mr. Ruiz mentioned that although the District's capacity of BWTP production meets the District original winter demands. However, with the current conservation efforts, the District's current winter demands are below 2 cubic feet per second (CFS). Mr. Ruiz mentioned that other agencies are experiencing difficulty being able to take the full capacity due to low demands. Mr. Ruiz reported that he attended a MWDOC member agency meeting to review the matter, and mentioned that there is currently a sense of urgency to use the BWTP water in order to continue with the operational test. Mr. Ruiz added that Metropolitan Water District of Southern California (MET) has expressed concern that BWTP water production may adversely impact Diemer Water Treatment Plant production and create low chlorine residual zones,

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potentially impacting water quality. Mr. Ruiz said that MWDOC and the member agencies are working on a collaborative effort mitigate these challenges. Director Chadd asked Mr. Ruiz if this was an engineering or operational issue and whether or not MET anticipated these challenges; Mr. Ruiz responded that this was an operational issue and that MET did not anticipate this challenge given that the BWTP project started before the statewide drought. President Acosta asked for an update on the development of the billing Memorandum of Understanding (MOU); Mr. Ruiz reported that he had advised MWDOC staff that he was uncomfortable executing the MOU without the involvement of the other South County agencies, and that MWDOC would be coordinating a new meeting with the south county water agencies. Mr. Ruiz added that he was meeting with City of San Clemente staff to discuss the purchase of excess water from the District's BWTP capacity.

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

**ITEM 7: ALTERNATE RAW WATER TRANSMISSION LINE – FEMA NO. PW79**

Mr. Ruiz provided a status update on this project, and mentioned that the Board of Directors rejected the proposal of the lowest bidder at the December 21, 2016 Regular Board Meeting. Ms. Lausten provided a Summary of Proposals for Construction Management Services for Board review, and highlighted the proposals (bid) in relation to Federal Emergency Management Agency (FEMA) regulatory compliance. Discussion occurred concerning proposal submissions, including total costs, inspection hours, and Disadvantaged Business Enterprise (DBE) outreach requirements. Ms. Lausten recommended Montgomery Watson and Harza (MWH) for Construction Management Services. Mr. Ruiz emphasized the importance of DBE outreach with FEMA, and mentioned that the District's project funding may be in jeopardy if the consultant does not comply with FEMA's requirements. President Acosta asked Ms. Lausten whether or not FEMA is concerned that MWH is not the lowest bidder for Construction Management Services; Ms. Lausten replied that cost is considered, but that FEMA is also concerned with compliance efforts and the other factors considered in the evaluation process. Director Mandich asked Ms. Lausten if she conducted a review of MWH's references; Ms. Lausten confirmed that she contacted the references provided by MWH. Discussion occurred concerning the total estimated costs for MWH to perform Construction Management Services; Mr. Ruiz mentioned that the total is an estimate, not an actual cost, as the cost depends on the total hours required for project completion.

Discussion occurred concerning the proposals submitted by the other firms. Director Mandich expressed hesitance concerning the differences in costs between the proposals and inquired about the evaluation criteria and methodology; Ms. Lausten briefly reviewed the evaluation methodology and the challenges with some of the proposals which included incomplete submissions. Director Dopudja expressed confidence in MWH due to the firm's experience with FEMA project requirements and District staff's ability to manage associated costs and project-related work. Director Chadd addressed the cost differences between MWH and DMc Engineering (DMc), and inquired if District staff considered past work successes with DMc; Mr. Ruiz responded that past work was considered, but that District staff has concerns regarding the recent staff changes at the firm due to the retirement of senior staff and the introduction of more junior staff. President Acosta expressed his appreciation for DMc's past work with the District, but stated his confidence with MWH based on past experience with their work. Director Dopudja asked Ms. Lausten if DMc has past FEMA project experience; Ms. Lausten replied that they did not have direct FEMA project experience and that their lack of DBE outreach was a key determining factor in the decision process. Discussion occurred concerning the Environmental Services proposals; Mr. Ruiz reported that District staff has received seven proposals, but requires additional time to review the submitted information. Mr. Ruiz recommended the scheduling of a Special Board Meeting on Thursday, January 26, 2017 at 6:00 PM to award the contract for Environmental Services.

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**Action:** A motion was made by Director Mandich and seconded by Director Dopudja to authorize the General Manager to execute a Contract for Construction with Ferreira Construction Co. in the amount of \$1,496,100.  
The motion carried 4 – 0 – 1, with Vice President Safranski absent.

A motion was made by Director Dopudja and seconded by Director Mandich to authorize the General Manager to execute an Agreement for Construction Services with Tetra Tech for a not to exceed amount of \$25,000.  
The motion carried 4 – 0 – 1, with Vice President Safranski absent.

A motion was made by Director Dopudja and seconded by President Acosta to authorize the General Manager to execute an Agreement for Construction Management Services with Montgomery Watson and Harza (MWH) pending non-substantive changes to the District's Professional Services Agreement and a final not to exceed cost in the amount of \$243,289.  
The motion carried 3 – 1 – 1, with Director Chadd opposed, and Vice President Safranski absent.

The Board, through President Acosta, directed District staff to agendize the matter concerning Environmental Services for a Special Board Meeting scheduled for Thursday, January 26, 2017 at 6:00 PM.

**LEGISLATIVE, ADMINISTRATIVE, AND OTHER MATTERS**

**ITEM 8: 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 December 2016 in comparison to the same month in 2013. Mr. Ruiz provided a handout of the Department of Water Resources Current Reservoir Conditions as of January 10, 2017, and highlighted the historical averages due to the recent rain events. Mr. Ruiz reviewed the State Water Board Proposal for Extending Emergency Water Conservation Regulations, and mentioned that although the current regulations expire on February 28, 2017, that the State Water Board will require water agencies to complete a system stress test. Discussion occurred concerning a Los Angeles Times article concerning the ineffectiveness of turf removal programs.

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

**ITEM 9: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)**

Mr. Ruiz provided a copy of the MWDOC Delta Fix resolution for Board review, and mentioned that District will agendize the matter for Board review and adoption at the following Regular Board Meeting. Mr. Ruiz added that any Director comments can be provided to him prior to the Board Meeting.

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

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**OTHER INFORMATION/MATTERS**

There was no other information or matters presented for Board review.

**CLOSED SESSIONS**

The Board of Directors, through President Acosta, recessed the Open Session portion of the Meeting at 8:10 PM. The Board met in Closed Session as set forth in the Meeting Agenda.

The Board, through President Acosta, reconvened the Open Session of the Meeting at 8:39 PM.

**ITEM 10: REPORT OF ACTION(S) TAKEN IN CLOSED SESSIONS**

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**Action:** The Board of Directors met with General Legal Counsel and received information concerning the matter. There were no announcements made at that time.

**ADDITIONAL DIRECTORS' COMMENTS**

There were no additional Directors' comments received.

**ADDITIONAL GENERAL MANAGER COMMENTS**

Mr. Ruiz commented that he met with the developer of the Saddle Crest Development concerning the preparation of the draft Will Serve Letter (Water and Sewer) which includes costs associated with the construction of an onsite water reservoir. Mr. Ruiz reported that the developer has requested the scheduling of a Special Board Meeting at their cost for the approval of the Will Serve Letter. Director Mandich asked Mr. Anslow concerning a possible conflict of interest due to his personal employment; Mr. Anslow advised Director Mandich that although he is not a Partner and does not have sufficient financial interest, that he can recuse himself from the decision due to the appearance of possible conflict of interest. Mr. Ruiz mentioned that he will review the calendar and confirm a Special Board Meeting date and time through the District Secretary.

**END ACTION CALENDAR**

**ADJOURNMENT**

President Acosta adjourned the January 18, 2017, Regular Board meeting at 8:46 PM.