



## **MINUTES OF THE SPECIAL BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | FEBRUARY 1, 2017**

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The Special Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Glenn Acosta at 7:00 AM, 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 Stephen Dopudja  
Director Edward Mandich

### **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 Marie Sangi, Administrative Assistant

### **DISTRICT CONSULTANTS PRESENT:**

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

### **PUBLIC PRESENT**

Mr. Jay Rutter - Rutter Santiago Developers

### **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**

No oral communication was received.

### **DIRECTOR'S COMMENTS**

No Director comments were received.

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**REPORT FROM THE GENERAL MANAGER**

Mr. Ruiz shared that he had received notice that long-time South Orange County Wastewater Authority (SOCWA) Director Bob Moore had recently passed away. Mr. Ruiz added that any additional information concerning memorial services would be provided at a later date and as soon as received.

**ACTION CALENDAR**

**ADMINISTRATIVE MATTERS**

**ITEM 1: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE WILL SERVE LETTER (WATER AND SEWER) FOR THE SADDLE CREST DEVELOPMENT**

Mr. Ruiz presented the matter for Board review, and mentioned that Mr. Jay Rutter (Developer) was in attendance to answer the Board's questions. Mr. Ruiz said that District staff has worked on the Will Serve Letter (WSL) for the Saddle Crest Development over the past twelve months. Mr. Ruiz added that typically the District completes approximately one WSL a year, but that this WSL is more complicated due to multiple factors related to onsite potable water storage and District facility improvements. Mr. Ruiz commented that District staff completed the Sub-Area Master Plan (SAMP) approximately a year ago which included the following multiple options for the utility improvements to accommodate the Saddle Crest Development: connection to the District's Topanga Booster Pump Station or construction of a new onsite pump station to meet system pressure demands for homes above the 1,600 foot elevation; improvements at the District's Ridgeline Booster Pump Station; the ability to connect to an existing adjacent sewer line on Santiago Canyon Road or construct a development-dedicated sewer pipeline; and the construction of an onsite potable water reservoir to meet development water demands. Mr. Ruiz mentioned that this matter has been reviewed with both the Executive and Engineering/Operational Committees, and that General Legal Counsel has been involved with the development of the WSL. Mr. Ruiz added that the approval of the WSL is a matter of urgency for Mr. Rutter, and that the Special Board Meeting has been called at his request and cost. Mr. Ruiz presented the WSL for Board review, and highlighted the following items:

***TCWD Engineer's Cost Estimate – Reservoir Tank Options***

Mr. Ruiz briefly reviewed the Reservoir Tank Options with the Board, and mentioned that Option Three – 2 Million Gallon above ground Steel Tank is the District's preferred option. Mr. Ruiz reviewed the cost sharing components for the reservoir and the required mechanically stabilized wall (see attached table).

***Ridgeline Booster Pump Station Modification Draft Preliminary Cost Estimate***

Mr. Ruiz reviewed the proposed modification improvements to the Ridgeline Booster Pump Station, and mentioned that the WSL discusses the cost sharing components. Mr. Ruiz added that the mechanical improvements are required to meet the planned development's demand, and will replace the existing diesel pumps with electrical pumps and a mobile power generator for the facility. Director Chadd asked Mr. Ruiz if this matter had been reviewed with the Engineering/Operational Committee and the District's Water Operations Department; Mr. Ruiz replied that this was the first time that this matter had been reviewed in some time, and that Water Department Operations was in agreement with the proposed improvements. Director Dopudja asked Mr. Ruiz what was the approximate time frame for the acquisition of the mobile generator; Mr. Ruiz replied that the mobile generator is not very specialized and that the turn around time would be relative quick once purchased. Discussion occurred concerning the required facility improvements, including electrical improvements, in order to accommodate the new pump equipment. Mr. Ruiz commented that the District's emergency backup pump can be replaced with an emergency generator to create more space for an additional pump specific to meet the needs of the development.

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***WSL Option Review***

Mr. Ruiz reviewed the summary page of the WSL with the water and sewer options as presented, which included (1) sewer connection option, (2) onsite booster pump station, (3) onsite potable water storage tank and corresponding improvements to the Ridgeline Booster Pump Station. Mr. Ruiz indicated an error in the summary that the District's additional costs toward the construction of a retaining wall are actually in the amount of \$140,000, and not \$180,000. Discussion occurred concerning cost sharing opportunities and funding responsibilities. Mr. Ruiz indicated the design and construction of a new 2.0 million gallon partially buried, pre-stressed concrete reservoir is the most expensive option, but is the developer's preferred option. Discussion occurred concerning the possibility of future development buy-in for use of the excess storage and/or the use of the additional water storage as emergency storage to meet the requirements for emergency storage. Director Chadd expressed concern with the multiple options within the WSL, and commented that it sets a precedent for future development expectations. Discussion occurred concerning emergency water storage challenges and possible future upgrades to the District's Harris Grade Reservoirs.

Mr. Jay Rutter addressed the Board of Directors, and expressed his appreciation for meeting to review the WSL. Mr. Rutter provided a brief history of the development and the challenges associated with the project, and mentioned that he has worked with District staff for approximately one year on the WSL. Mr. Rutter expressed his appreciation for the partnership with the District concerning the construction of the onsite potable water storage tank, but mentioned that the 2 million gallon above ground steel tank is obtrusive and undesirable for the development and that the partially buried tank can be concealed from the development. Discussion occurred concerning the size, type, and location of the onsite water storage tank and possible future development demands. Mr. Rutter mentioned that he understood that the 1.5 million gallon above ground steel tank was the District's preferred design based on his last conversation with Mr. Ruiz due to the lower cost to construct and sharing of costs. Mr. Rutter commented that financing is the key driving goal for the necessity of the WSL at this time, and requested additional assurance from the Board for future capacity for an additional adjacent development. Mr. Rutter commented that he recognizes that the District does not want to participate on this project if there is disproportionate cost sharing for the 2 million gallon option, but mentioned that his firm cannot proceed under the conditions set forth in the current WSL. Mr. Rutter asked the Board if the District can compromise on the additional project costs, otherwise his firm may have to proceed with the smaller tank size suitable for the development only as set forth in the WSL.

Discussion occurred concerning the challenges associated with the construction of the onsite storage tank and the optional tank sizes. Director Dopudja expressed concern with Mr. Rutter's position with storage tank size and development demand as opposed to preserving parcel views to maximize the development's investment return; Mr. Rutter responded that a 1.5 million gallon above ground steel tank is not beneficial for the value of the homes, and that he would prefer to move the storage tank out of view for the best return on his investment. Mr. Rutter added that there is additional benefit that his company will provide for the District's participation in the construction of the storage tank, including the construction of access roads, ongoing maintenance on surrounding landscapes, and the sunk cost on the work related to the construction of the onsite storage tank. Mr. Rutter asked the Board for their opinion related to the assurance of storage capacity for possible future developments. Director Chadd asked Mr. Ruiz if the storage capacity for both developments will satisfy the District's WRESF obligation; Mr. Ruiz mentioned that a 1.5 million gallon tank can meet the demand of both developments, however, this would reduce the amount available for emergency storage, and the District would need to find emergency storage at another site. Mr. Ruiz commented that the reservoir storage District-wide is currently at capacity, and that the District's typical capacity fees are based on an above ground, steel tank, as opposed to the pre-stressed concrete design. Director Mandich commented that his employer was retained by the developer firm to design the development, and added that he would recuse himself from voting on the

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approval of the WSL. President Acosta commented that he lives in Dove Canyon below the District's above ground steel tank, and that the proximity to the reservoir has not had an adverse impact on surrounding home prices or public perception. President Acosta acknowledged that this was the first time in his experience that the District has prepared as flexible a WSL in order to accommodate a developer requests, and mentioned that the 1.5 million gallon above ground storage tank is the most equitable, fair, and best proposal based on discussion.

Mr. Rutter asked the Board if there was an opportunity to ensure additional storage for a possible future development with the proposed 1.5 million gallon storage tank; Director Chadd indicated the challenges associated with making assurances as such, and that future capacity is on a first come, first serve basis. Discussion occurred concerning meeting the District's emergency storage goals for the service area based on the District's Reservoir Study and the available funding for the construction of the planned 2 million gallon reservoir in the Water Reliability and Emergency Storage Fee (WRESF); Mr. Ruiz commented that there is approximately \$2.3 million earmarked for the construction of the 2 million gallon reservoir. Mr. Rutter said that his firm would pay its proportionate share for the construction of the onsite storage tank up to \$700,000 for a partially buried 2 million gallon concrete tank, adding that this amount is approximately \$100,000 more than required. Director Chadd expressed an understanding for Mr. Rutter's situation concerning the development's environmental challenges, and made a recommendation for the partially buried concrete 2 million gallon reservoir due to its ongoing low maintenance costs. Discussion occurred concerning the different benefits between the pre-stressed concrete 2 million gallon storage tank and the 1.5 million gallon steel tank, as well as providing a level of assurance for future Rutter Santiago developments. After the discussion of the various tank options, the Board and Mr. Rutter agreed on the 1.5 million gallon steel tank with tank storage allocated for emergency storage needs for the District and the ability to resell capacity to the developer within a three-year time frame, only. Mr. Rutter expressed his appreciation for the discussion with the Board, but asked for time to discuss the Board's approval of a 1.5 million gallon above ground steel tank matter more fully with his partners and requested an opportunity to meet with the Board once again prior to the February 15, 2017 Regular Board Meeting. Mr. Anslow suggested the scheduling of an additional Special Board Meeting to approve the final WSL based on Mr. Rutter's feedback. The Board of Directors, through President Acosta, directed District staff to schedule a Special Board Meeting for Thursday, February 2, 2017 at 6:00PM.

**Action:**

A motion was made by Director Chadd and seconded by Director Dopudja to approve and amend the Will Serve Letter (Water and Sewer) for the Saddle Crest Development with the following conditions:

1. Approval of the Ridgeline Booster Pump Station Modification Preliminary Cost Estimate as presented.
2. Approval for the option to construct an above ground 1.5 Million Gallon Steel Tank.
3. Final Will Serve Letter (Water and Sewer) will be presented for the Board of Directors' approval at the Special Board Meeting scheduled for February 2, 2017 at 6:00PM.

The motion carried 3 – 0 – 1, with Director Mandich's recusal and Vice President Safranski absent.

**END ACTION CALENDAR**

**ADJOURNMENT**

President Acosta adjourned the February 1, 2017, Special Board meeting at 8:40 AM.

**DRAFT**

TCWD Engineer's Cost Estimate  
Saddle Crest Development

TANK OPTIONS								
Items	Steel Tank <sup>(3)</sup> 0.88 MG		Steel Tank <sup>(4)</sup> 1.5 MG		Steel Tank <sup>(3)</sup> 2 MG		Pre-Stressed DN Concrete <sup>(5)</sup> (Domed Roof) 2 MG	
	Cost	Cost/MG	Cost	Cost/MG	Cost	Cost/MG	Cost	Cost/MG
Tank	\$549,000	\$0.62	\$850,000	\$0.57	\$1,025,300	\$0.51	\$2,116,827	\$1.06
MSE Walls <sup>(1)</sup>			\$180,000		\$180,000			
MSE Walls <sup>(2)</sup>	\$40,000							
<b>Total:</b>	<b>\$589,000</b>	<b>\$0.67</b>	<b>\$1,030,000</b>	<b>\$0.69</b>	<b>\$1,205,300</b>	<b>\$0.60</b>	<b>\$2,116,827</b>	<b>\$1.06</b>

COST SHARING								
	% Cost Sharing	\$ Estimate	% Cost Sharing	\$ Estimate	% Cost Sharing	\$ Estimate	% Cost Sharing	\$ Estimate
<u>Tank</u>								
TCWD	0.0%	\$0	41.3%	\$351,050	56.0%	\$574,168	56.0%	\$1,185,423
Rutter	100.0%	\$549,000	58.7%	\$498,950	44.0%	\$451,132	44.0%	\$931,404
<u>MSE Wall</u>								
TCWD	0.0%	\$0	77.8%	\$140,000	77.8%	\$140,000	-	-
Rutter	100.0%	\$40,000	22.2%	\$40,000	22.2%	\$40,000	-	-
<u>Total Cost</u>								
TCWD		\$0		\$491,050		\$714,168		\$1,185,423
Rutter		\$589,000		\$538,950		\$491,132		\$931,404

(1) MSE walls = 17' high, \$40/SF (GMU Analysis)

(2) MSE Wall 1,003 SF @ \$40 SF (Hunsaker)

(3) Steel tank costs are based on on Hunsaker Tech Memo (Paso Robles Tank Bid Dec. 2016), including appurtenances

(4) Steel tank cost is extrapolated from #3

(5) Concrete tank cost is based on Hunsaker Tech Memo (DN Tank Bid May 2016) with 10% Contingency for additional items

\* Prices are non-prevailing wage

**NOTE:** All District Engineer's cost estimates for facilities are provided as estimates only. Rutter should not rely on any such provided estimates and should, in its evaluation of provided options, consult with its own consultants. All estimates provided by the District as facilities cost estimates are not representations, assurances, or any guarantees of actual costs thereof.