



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP | FEBRUARY 14, 2018**

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**DIRECTORS PRESENT**

Director Don Chadd, Committee Chair  
Director Michael Safranski, Committee Member Alternate

**STAFF PRESENT**

Hector Ruiz, General Manager  
Michael Perea, District Secretary  
Karen Warner, Senior Accountant  
Lisa Marie Sangi, Administrative Assistant

**DISTRICT CONSULTANTS PRESENT**

None

**PUBLIC PRESENT**

There were no members of the public present

**CALL MEETING TO ORDER**

Director Chadd called the February 14, 2018, 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 GENERAL MANAGER**

No General Manager comments were received.

**ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP**

The January 10, 2018, Finance/Audit Committee Meeting Recap was presented to the Committee.

**RECOMMENDED ACTION:**

Director Chadd and Mr. Perea approved and recommended that the January 10, 2018, 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**

The Committee reviewed the information presented. Director Chadd commented that he did not attend the January 24, 2018, City of Rancho Santa Margarita City Council Meeting, and requested that his schedule be amended. Mr. Perea commented that the Directors' Fees and Expenses Report (Report) will be updated to

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reflect direct and indirect reimbursable expenses as discussed with the Executive Committee. Mr. Ruiz added that District staff relies on the Board Members to review their respective monthly schedules and to provide feedback to District staff, and mentioned that Mr. Perea will provide the Report earlier in the month to allow for their review and comment. Director Chadd asked when the next Municipal Water District of Orange County (MWDOC) Water Policy Forum and Dinner is scheduled; Mr. Ruiz mentioned that it is scheduled in mid-April 2018. Director Chadd asked that District staff update the schedule to reflect the MWDOC Water Policy Forum and Dinner when it is announced, and requested that the schedule for the MWDOC Elected Officials Forum be updated to reflect its semi-annual scheduling.

**RECOMMENDED ACTION:**

The Committee recommended that the Directors' expenses and fees for January, 2018, and the tentative future meetings be forwarded to the Board for ratification as corrected (Consent Calendar).

**ITEM 3: OTHER FINANCE AND ADMINISTRATION PROJECTS**

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1. Utility Billing and Financial Management System Replacement update:

Mr. Perea reported that the Utility Billing portion of this project was complete and that the new system was currently in use. Mr. Perea expressed his appreciation for Ms. Warner and Ms. Sangi's assistance during the system implementation process. Mr. Perea added that the project took longer than planned to complete due to data migration challenges, but that the final product is accurate due to District staff's diligence. Mr. Ruiz mentioned that District staff is currently working with Infosend, the District's bill print contractor, to revise the utility bill template to include additional information as a result of the Utility Billing System Upgrade.

2. Other Projects

Director Chadd asked Mr. Ruiz for an update on the District's staffing levels. Mr. Ruiz reported that he recently met with the Department Superintendents to review current staffing levels and identify departmental needs. Mr. Ruiz added that open positions in the Maintenance and Administrative Services Departments are being advertised.

**RECOMMENDED ACTION:**

The Committee received the information. No action was taken.

**ITEM 4: OTHER MATTERS**

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Mr. Ruiz reported that the District received a letter from a group of customers in Portola Hills concerning the District's water rates and charges, as well as the Water Reliability and Emergency Storage charge. Discussion occurred concerning the overall potential financial impacts of the charge adjustments, and the Portola Hills portion of the District service area. Mr. Ruiz mentioned that he will be following up with the point of contact noted in the letter to review their concerns noted in the letter, and explain the District's rates and charges.

**RECOMMENDED ACTION:**

The Committee received the information. No action was taken.

**ITEM 5: FINANCIAL REPORT**

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Mr. Ruiz presented the unaudited financials for December, 2017, for Committee review, and there were anomalies as discussed in the minutes. Discussion occurred concerning the following matter(s):

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**STATEMENT OF REVENUES AND EXPENSES**

***Operating Revenue, Residential, Irrigation, and Recycled Water Sales***

Mr. Ruiz commented that the year to date values for these line items are higher than anticipated due to the impact of the District's water rates adopted in 2015.

**OPERATING EXPENSES**

***Sanitation Expense***

Director Safranski asked Mr. Ruiz why the year to date value for this line item was significantly higher than anticipated and when compared to the prior year; Mr. Ruiz commented that the item included repairs to the District's Robinson Ranch Wastewater Treatment Plant Belt Press and the Plano Trabuco Sewer Lift Station. Discussion occurred concerning the correlation between the Sanitation Expenses and Supplies and Services line item. Director Chadd requested that Mr. Ruiz prepare an analysis of the Sanitation Expenses to date for Board review at the February 21, 2018 Regular Board Meeting.

***Urban Runoff and Recovery***

Director Safranski asked Mr. Ruiz what types of expenses are included in this line item; Mr. Ruiz commented that this line item includes repairs to the District's Urban Runoff and Recovery facilities, such as the slide gate upgrade at the Tick Creek Pump Station. Discussion occurred concerning increased year to date expenses in comparison to the prior year.

***Supplies and Services***

Discussion occurred concerning the typical costs associated with this line item.

**RECOMMENDED ACTION:**

The Committee recommended that the Board receive and file the unaudited Financial Statement for December, 2017, as presented (Consent Calendar).

**ITEM 5B: FINANCIAL REPORT**

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Mr. Ruiz presented the bills for consideration for February 14, 2018.

**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 February 14, 2018, as presented (Consent Calendar).

**ADJOURNMENT**

Director Chadd adjourned the February 14, 2018, Finance/Audit Committee Meeting at 6:26 PM.