



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | SEPTEMBER 9, 2020**

DIRECTORS PRESENT

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

STAFF PRESENT

Michael Perea, Assistant General Manager / Board Secretary
Lorrie Lausten, District Engineer
Karen Warner, Senior Accountant
Lisa Marie Sangi, Administrative Assistant
Jason Stroud, Maintenance Superintendent

DISTRICT STAFF ABSENT

Fernando Paludi, General Manager

DISTRICT STAFF VIA CONFERENCE CALL

None

DISTRICT CONSULTANT(S) VIA CONFERENCE CALL

Cindy Byerrum, District Treasurer (Eide Bailly)

PUBLIC PRESENT

There were no members of the public present.

CALL MEETING TO ORDER

Director Chadd called the September 9, 2020 Finance/Audit Committee Meeting to order at 1:00 P.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

None

REPORT FROM THE ASSISTANT GENERAL MANAGER

Mr. Perea reported the following matters:

- Mr. Perea reported that the General Manager was out of the office on vacation.
- Mr. Perea reported that he attended the Orange County Local Agency Formation Commission (OC LAFCO) virtual meeting, and he mentioned that the Municipal Service Reviews (MSRs) for the Municipal Water District of Orange County (MWDOC) and Orange County Water District (OCWD) were approved unanimously by the Commission. Mr. Perea briefly highlighted a comment letter the Commission received from Yorba Linda Water

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District (YLWD) related to the MSR reports.

- Mr. Perea reported that the District received a Public Safety Power Shutoff (PSPS) notification from Southern California Edison (SCE) the prior weekend, but that SCE did not deactivate any electrical circuits.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

Mr. Perea presented the Finance/Audit Committee Meeting Recap for Committee review in accordance with the agenda.

RECOMMENDED ACTION:

The Committee recommended that the Finance/Audit Committee Meeting Recap be forwarded to the Board of Directors for approval (Consent Calendar).

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

Mr. Perea presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review.

RECOMMENDED ACTION:

The Committee recommended that the Directors' Fees and Expenses Report for August 2020, and the Tentative Future Meetings/Attendance Report be forwarded to the Board of Directors for ratification (Consent Calendar).

ITEM 3: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT HEALTH BENEFIT COSTS FOR 2020 OPEN ENROLLMENT

Mr. Perea presented this matter for Committee review, and he mentioned that CalPERS had released their health plan rates later than normally this year due to the impacts of COVID-19. Mr. Perea briefly highlighted the overall financial impacts of the health plan cost adjustments, and he provided a six-year trend analysis of the monthly costs. Discussion occurred concerning the potential impacts to the annual budget for employee health costs; Mr. Perea reported that the benchmark plan is scheduled to increase by six (6) percent in 2021.

RECOMMENDED ACTION:

The Committee recommended that the Board of Directors adopt the CalPERS 2021 Health Benefit Rates effective January 1, 2020 by Resolution (Action Calendar).

ITEM 4: DISCUSSION CONCERNING THE PURCHASE OF A VEHICLE FOR TRABUCO CANYON WATER DISTRICT'S HEAVY EQUIPMENT VEHICLE FLEET

Mr. Perea presented this item for Committee consideration, and he commented that District staff budgeted for the replacement of the current dump truck in the Fiscal Year 2020/2021 budget due to the regulatory impacts of the California Air Resource Board (CARB) on heavy-duty equipment. Mr. Perea reported that District staff procured three quotes for a replacement vehicle, and that District staff recommends the purchase of the Ford F650 Dump Truck for approximately \$90,000. Director Chadd requested that District staff bring additional information and photos for Board consideration at the Regular Board Meeting.

RECOMMENDED ACTION:

The Committee approved and recommended the Board of Directors ratify the purchase of one new 2021 Ford F650 truck from Tuttle Click Automotive Group for a not to exceed amount of \$89,705 (Action Calendar).

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ITEM 5: DISCUSSION CONCERNING DISPOSAL OF SURPLUS EQUIPMENT

Mr. Perea presented this matter for Committee review, and he provided a brief review of the District Policy Regarding the Disposal of Surplus Property Other Than Real Property (Policy) for the Committee. Mr. Perea reviewed the property and equipment survey report consistent with Policy requirements. Discussion occurred concerning the use of a national auction company to provide a wider exposure to potential buyers in other states, and California Air Resource Board (CARB) regulatory requirements and restrictions on the use of heavy-duty diesel trucks and equipment within the State.

RECOMMENDED ACTION:

The Committee recommended the Board of Directors approve the disposal of surplus equipment – District vehicles in accordance with District Policy Regarding the Disposal of Surplus Property Other Than Real Property (Action Calendar).

ITEM 6: APPLICATION FOR THE U.S. BUREAU OF RECLAMATION'S WATERSMART GRANTS PROGRAM FOR AN AUTOMATIC METER READING/ADVANCED METERING INFRASTRUCTURE (AMR/AMI) IMPLEMENTATION PROJECT

Mr. Perea presented this matter for Committee review, and he mentioned that this matter was previously reviewed with the Engineering/Operational Committee. Mr. Perea reported that District staff has worked with Soto Resources to assist with the preparation of the proposed application for the U.S. Bureau of Reclamation (USBR) WaterSmart Grant Program. Mr. Perea provided a brief review of the grant application process and funding groups, and he identified areas of cost savings through the implementation of an AMR/AMI metering system. Mr. Perea added that USBR requires the governing board of the applicant agency to adopt a resolution in support of the project. Mr. Perea reported that approximately twenty percent of the residential water meters District's service area have been replaced with AMR meters.

RECOMMENDED ACTION:

The Committee recommended that the information be forwarded to the Board of Directors (Action Calendar).

ITEM 7: DISCUSSION CONCERNING THE PROPOSED BARNEBURG SEWER LIFT STATION DRY PIT PIPING REPAIRS AND INSTALLATION

Mr. Perea presented this matter for Committee review. Mr. Perea mentioned that normally this type of matter would be reviewed with the Engineering/Operational Committee, however the proposals for the proposed repairs were received after the Engineering/Operational Committee Meeting. Mr. Perea reported that Wastewater Operations have performed minor repairs to the facility equipment and infrastructure over the years, but he mentioned that staff have identified significant necessary repairs. Mr. Perea briefly reviewed proposals with the Committee. Discussion occurred concerning certain proposal cost differences related to the project scope of work. Director Safranski asked District staff to confirm with the proposed costs with Ferreira Construction before proceeding. Director Chadd recommended forwarding the matter to the Board of Directors with staff findings.

RECOMMENDED ACTION:

The Committee recommended forwarding this matter to the Board of Directors for their review (Action Calendar).

ITEM 8: OTHER MATTERS

There were no other matters presented for discussion.

RECOMMENDED ACTION:

No action was taken.

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ITEM 9: FINANCIAL REPORT

Mr. Perea presented the unaudited financials for July 2020.

STATEMENT OF REVENUES AND EXPENSES

Operating Revenue, Residential Water Revenue

Mr. Perea reported that this line item was higher than anticipated for the time of the year due to increased water demands.

Operating Revenue, Baker Treatment Plant Water Sales

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

Operating Expenses, Total Operating Expenses

Mr. Perea reported that this line item was lower than anticipated for the time of the year due to less operating expenses and he briefly reviewed certain associated costs and expenses for the month.

RESTRICTED ASSETS REPORT

Mr. Perea reviewed the District's reserve account levels for the month of July.

INVESTMENT SCHEDULE

Mr. Perea reviewed the District's investments fund levels for the month of July.

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 September 9, 2020 as presented (Consent Calendar).

ADJOURNMENT

Director Chadd adjourned the September 9, 2020 Finance/Audit Committee Meeting at 1:41 PM.