



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | APRIL 21, 2021

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on April 21, 2021 was called to order by President Chadd at 7:00 p.m., via conference call in the Board Room at the District Administrative Facility, located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Mr. Michael Perea, District Secretary, transcribed the minutes thereof.

DIRECTORS PRESENT

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

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager/District Secretary
Lorrie Lausten, District Engineer
Jason Stroud, Maintenance Superintendent

STAFF PRESENT ON CONFERENCE CALL

Karen Warner, Principal Accountant
Lisa Marie Sangi, Executive Assistant

DISTRICT CONSULTANTS PRESENT

Rob Anslow, District General Legal Counsel (Atkinson, Andelson, Loya, Ruud & Romo - AALRR)

DISTRICT CONSULTANTS PRESENT ON CONFERENCE CALL

None

PUBLIC PRESENT ON THE CONFERENCE CALL

Beth Heard, Resident
There were other members of the public on the conference call.

PLEDGE OF ALLEGIANCE

Director Safranski led the Board of Directors, District staff, and audience in the Pledge of Allegiance.

ITEMS TOO LATE TO BE AGENDIZED

None

VISITOR PARTICIPATION VIA CONFERENCE CALL

Beth Heard addressed the Board of Directors with her concerns related to potential new development in the City of Rancho Santa Margarita (RSM) termed as Rose Canyon, and she asked if this would have any impact on the District's well facility. President Chadd responded that this was a different area than where the District's facility is located, and that the General Manager would contact her with additional information related to her concerns.

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ORAL COMMUNICATION

None

DIRECTOR'S COMMENTS

Director Mandich reported on his attendance at the Municipal Water District of Orange County (MWDOC) Water Forum Virtual Meeting, and he provided a brief update on MWDOC's draft fiscal year budget, proposed rate increases, and other related matters. Director Mandich provided a brief report on his attendance at the recent Dove Canyon Master Association Regular Board meeting, and he mentioned that Verizon Wireless is in discussion with DCMA concerning the installation of a cell site tower in the community.

Vice President Dopudja reported on his attendance at the Municipal Water District of Orange County (MWDOC) Virtual Forum Meeting. Vice President Dopudja provided a brief report on his attendance at the South Orange County Wastewater Authority (SOCWA) Regular Meeting, and he mentioned the Joint Powers Agreement update process was making good progress. Vice President Dopudja commended District staff on their response to a local fire the prior weekend located between the Dove Canyon Community and Coto De Caza Community.

Director Acosta reported on his attendance at the City of RSM City Council Meeting, and he mentioned there was nothing substantive to report.

Director Safranski provided a brief update concerning proposed State Senate Bill (SB) 6 which has the potential to impact local residential housing planning and commercial zones.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported that District staff will schedule a Special Board Meeting – Budget Workshop at the end of May 2021.

Mr. Paludi provided an update on the concerning the preparation of the 2020 Urban Water Management Plan Update which requires the District to prepare and adopt an updated Water Shortage Contingency Plan, and he mentioned that District staff will schedule a Special Board Meeting to review this matter.

Mr. Perea provided the following District personnel updates to the Board:

- Mr. Robbie Barger, Wastewater Operator in Training has successfully passed his Operator II Certification Exam.
- Maintenance Department Wastewater Operations staff will be participating in virtual Cla-Val Training.
- Wastewater Operations will host a tour of the Robinson Ranch Wastewater Treatment Plant with a local Girl Scout Troop the following week.

CONSENT CALENDAR

President Chadd indicated that all matters under the Consent Calendar would be approved by one motion unless a Board member or staff member requests a separate action on a specific item. Director Mandich requested to pull Item No. 5 from the Consent Calendar.

Action: A motion was made by Director Safranski and seconded by Director Acosta to pull Item No. 5 of the Consent Calendar.
The motion was approved by a vote of 5 – 0 to approve Items 1 - 4.

ADMINISTRATIVE MATTERS

ITEM 5: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/ ATTENDANCE

Director Mandich requested District staff to update his schedule to reflect that he did not attend the March 15th Engineering/Operational Special Committee Meeting. Director Safranski requested that his schedule be updated to reflect information provided to District staff. Mr. Perea commented that the report will be updated to reflect the schedule changes. President Chadd recommended bringing this matter to the next Regular Board Meeting for Board consideration.

Action: Board President Chadd recommended agendaing this matter for consideration at the next Regular Board Meeting.

ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE CORONAVIRUS, INCLUDING SAFETY OF DISTRICT SERVICES AND EMPLOYEES, AND IMPACT TO BOARD & COMMITTEE MEETINGS

Mr. Paludi provided a brief update on COVID-19 related matters throughout the County, and he reported that District staff currently have no plans to reopen the Administrative Facility to the public. Mr. Paludi added that General Legal Counsel is currently monitoring proposed Brown Act legislation that may impact special districts.

Action: No action concerning this matter was taken.

ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) RELATED TO THE PROPOSED PALOMA SQUARE DEVELOPMENT (DOVE CANYON PLAZA) AND OTHER RELATED MATTERS

Mr. Paludi reported that District staff has not had any contact with the developer or property owner concerning this proposed development since the prior Regular Board Meeting.

Action: No action concerning this matter was taken.

FINANCIAL MATTERS

ITEM 8: DISCUSSION AND POSSIBLE ACTION CONCERNING INDEPENDENT AUDITING SERVICES FOR TRABUCO CANYON WATER DISTRICT

Mr. Paludi presented this matter for Board consideration, and he mentioned that this matter was reviewed with the Finance/Audit Committee. Mr. Paludi briefly reviewed the Request for Proposal (RFP) process, and he reported that four of the six independent auditing firms responded to the RFP. Discussion occurred concerning the qualifications of each firm and associated proposed costs. Mr. Paludi recommended Nigro & Nigro LLP for independent auditing services for the District based on firm qualifications and proposed cost effectiveness.

Action: A motion was made by Director Safranski and seconded by Director Acosta to authorize the General Manager to execute a contract for independent auditing services for Trabuco Canyon Water District, Trabuco Canyon Improvement Corporation, and Trabuco Canyon Public Financing Authority, with Nigro & Nigro LLP for a three-year period and not-to-exceed amount of \$61,500. The motion was approved by a vote of 5 – 0.

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ITEM 9: DISCUSSION AND RATIFICATION OF TWO VEHICLES FOR TRABUCO CANYON WATER DISTRICT'S FIELD VEHICLE FLEET

Mr. Paludi introduced this matter for Board consideration, and he reported that this matter was reviewed with the Finance/Audit Committee. Mr. Paludi commented on the need of additional fleet vehicles due to the disposal of surplus equipment that reached its end of life and the subsequent recruitment of new full-time employees.

Mr. Stroud presented vehicle quotes for the proposed vehicles, and he highlighted the current known supply chain issues in the vehicle manufacturing industry. Discussion occurred concerning vehicle/equipment quality and recent supply chain issues due to computer chip manufacturing delays. Mr. Stroud recommended the Board ratify the purchases of the two new vehicles.

Action: A motion was made by Director Mandich and seconded by Director Safranski to authorize the General Manager to purchase two District fleet vehicles for a total amount not-to-exceed \$80,000.
The motion was approved by a vote of 5 – 0.

ITEM 10: DISCUSSION AND POSSIBLE ACTION CONCERNING MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) PROPOSED FISCAL YEAR 2021-22 RATES, CHARGES, AND BUDGET

Mr. Paludi presented this matter for Board consideration, and he reported that the Municipal Water District of Orange County (MWDOC) Board of Directors adopted their Fiscal Year 2021-22 Budget, Rates, and Charges earlier that day at their Regular Board Meeting. Mr. Paludi provided a brief review of the adopted rates and charges that will impact the District's budget, including the meter charge increase. Discussion occurred concerning future opportunities for the District's MWDOC Director to provide updates to the Board in person concerning adjustments in rates and charges, as well as general budgetary items.

Action: The Board took no action on this matter.

ITEM 11: DISCUSSION AND ACTION CONCERNING CUSTOMER BILLING AND UNPAID BALANCES

Mr. Paludi presented this matter for Board consideration, and he reported that this matter was reviewed with the Finance/Audit Committee. Mr. Paludi explained that the District has suspended late fees since March 2020 due to the impacts of the pandemic and has not applied late payment penalties to any customer accounts since that time. Mr. Paludi reported the overall financial impacts of COVID-19 to the District, including the Governor's Executive Order prohibiting water service shut-offs due to non-payment, and he mentioned that the District's internal data does not indicate that unpaid balances are driven by pandemic impacts. Ms. Warner provided a review of the average number of past due accounts during and pre-pandemic, and she reported that there was no significant increase. Mr. Paludi added that District staff propose offering extended payment plan options to these customers in order to minimize the overall impact of past due balances.

Action: The Board of Directors approved District staff recommendation to reinstitute the District's standard billing policy and practices concerning unpaid account balances.

ENGINEERING MATTERS

ITEM 12: DISCUSSION AND POSSIBLE ACTION CONCERNING TRABUCO CANYON WATER DISTRICT'S DOMESTIC WATER STORAGE AND RESERVOIR SITING STUDY UPDATE

Mr. Paludi introduced this matter for Board consideration, and he mentioned that this matter was reviewed with the Engineering/Operational Committee. Ms. Lausten provided a brief review of the District's Domestic Water

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Storage and Reservoir Siting Study 2021 Update prepared by Psomas Engineering, and she reported on the study findings. Ms. Lausten recommended a review of the District's in lieu storage fee structure and related charges. Discussion occurred concerning District-wide domestic water storage capacity and conveyance challenges. Ms. Lausten presented a Tank Selection Summary handout which provided an analysis of potential reservoir siting locations in the District's service area for Board review and consideration. Ms. Lausten recommended the Board of Directors receive and file the Domestic Water Storage and Reservoir Siting Study.

Action: The Board of Directors received and filed the Domestic Water Storage and Reservoir Siting Study.

Director Mandich recused himself from discussion on the following matters by leaving the meeting at approximately at 7:56 p.m.

ITEM 13: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING AGREEMENT FOR CONSTRUCTION OF WATER AND SEWER FACILITIES (APPLICATION FOR WATER SERVICE), SANTIAGO SADDLE CREST DEVELOPMENT, ORANGE COUNTY TRACT NO. 17388

Mr. Paludi presented this matter for Board consideration, and he mentioned this matter was prepared with the assistance of General Legal Counsel. Mr. Paludi reported that General Legal Counsel has submitted a demand letter to the developer consistent with Board direction, and that the developer has responded with the Assignment and Assumption of Development Agreement. Mr. Paludi reviewed the DRAFT Settlement Agreement and General Release as prepared by General Legal Counsel, and he highlighted certain minor, non-substantive changes to the agreement language from the previous version. Discussion occurred concerning certain terms and provisions of the agreement.

Action: A motion was made by Director Acosta and seconded by Vice President Dopudja to:

1. Consent to "Assignment and Assumption of Development Agreement" between Santiago Saddle Crest LLC and Rutter Santiago, L.P.
2. Approve "Settlement Agreement and General Release" between Trabuco Canyon Water District and Rutter Santiago, L.P.

The motion was approved by a vote of 4 – 0 – 1 with Director Mandich absent and abstaining.

Director Mandich returned to the meeting at approximately 7:59 p.m. and resumed his participation on the remaining business.

LEGISLATIVE, ADMINISTRATIVE AND OTHER MATTERS

ITEM 14: DISCUSSION AND POSSIBLE ACTION TO ADOPT AN "OPPOSE" POSITION ON AB 1434 (FRIEDMAN) – INDOOR RESIDENTIAL WATER USE STANDARDS

Mr. Paludi presented this matter for Board consideration, and he reported that this proposed legislation is designed to pre-emptively revise the indoor water loss standard from 50 gallons per capita per day (GPCD) to 40 GPCD prior to the Department of Water Resources (DWR) finalizing their full investigation and study of the consequences of the standard adjustment. Mr. Paludi recommended the Board of Directors adopt an "OPPOSE" position on AB 1434.

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Action: A motion was made by Director Safranski and seconded by Vice President Dopudja to adopt an “OPPOSE” position on AB 1434 (Friedman).
The motion was approved by a vote of 5 – 0.

ITEM 15: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Paludi delivered a PowerPoint presentation on Metropolitan Water District of Southern California (MET) water supply conditions and potential drought actions, and he reported that the Governor had issued a State of Emergency related to severe drought conditions in a select group of counties in the state. Discussion occurred concerning potential impacts to the District’s imported water supplies in the event of a severe drought. Mr. Paludi mentioned that a Special Board Meeting has been scheduled on May 3rd for the review and consideration of an updated District Water Shortage Contingency Plan.

Action: The Board took no action on this matter.

CLOSED SESSION

The Board of Directors entered closed session in accordance with the agenda at 8:17 p.m.

CLOSED SESSION NO. 1

Mr. Anslow indicated this closed session was not necessary, and as such, did not occur.

CLOSED SESSION NO. 2

The Board of Directors met in closed session to review and discuss confidential information concerning a public employee performance evaluation of the District’s General Legal Counsel.

The Board of Directors reconvened in open session at 8:38 p.m.

ITEM 13: REPORT OF ACTION(S) TAKEN IN CLOSED SESSION

The following reports of action(s) taken in closed session were reported as follows:

Closed Session No. 2: President Chadd reported that the Board of Directors had authorized the General Manager to issue a Request for Proposal (RFP) General Legal Counsel Services.

Action: There were no other announcements.

OTHER INFORMATION/MATTERS

There were no other information or matters received.

ADDITIONAL DIRECTORS’ COMMENTS

None

ADDITIONAL GENERAL MANAGER COMMENTS

None

ADJOURNMENT

President Chadd adjourned the April 21, 2021 Regular Board Meeting at 8:39 p.m.