



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP | JUNE 9, 2021**

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**DIRECTORS PRESENT VIA CONFERENCE CALL**

Director Don Chadd, Committee Chair  
Director Ed Mandich, Committee Member

**STAFF PRESENT**

Fernando Paludi, General Manager  
Michael Perea, Assistant General Manager  
Lorrie Lausten, District Engineer  
Karen Warner, Principal Accountant  
Lisa Marie Sangi, Executive Assistant

**CONSULTANTS**

Ian Berg, Eide Bailly

**PUBLIC PRESENT VIA CONFERENCE CALL**

None

**CALL MEETING TO ORDER**

Director Chadd called the June 9, 2021 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**

There were no comments received.

**REPORT FROM THE GENERAL MANAGER**

There were no comments received.

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

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Mr. Paludi 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).

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

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Mr. Paludi 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 May 2021 and the Tentative Future Meetings/Attendance Report be forwarded to the Board of Directors for consideration (Action Calendar).

**ITEM 3: DISCUSSION AND ACTION CONCERNING TRABUCO CANYON WATER DISTRICT PROPOSED FISCAL YEAR 2020-21 OPERATING AND CAPITAL IMPROVEMENT PROJECT (CIP) BUDGET**

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Mr. Paludi presented this matter for Committee review, and he reported that District staff has updated the proposed Fiscal Year 2021/2022 Budget and Capital Improvement Program (CIP) to reflect the increase in salaries and benefits due to the results of the salary survey and certain planned contract services. Discussion occurred concerning certain budget assumptions, including the proposed fuel budget adjustment based on current national fuel costs.

**RECOMMENDED ACTION:**

The Committee recommend the Board of Directors approve the proposed Fiscal Year 2021-22 Operating and Capital Improvement Project Budget (Action Calendar)

**ITEM 4: DISCUSSION AND ACTION CONCERNING AN INCREASE IN THE SPENDING LIMIT TO AGREEMENT WITH SPECIAL COUNSEL**

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Mr. Paludi presented this matter for Committee consideration, and he reported that the current budget for special legal counsel services with Hanson Bridgett has been exhausted. Mr. Paludi recommended the Board approve an increase in the spending limit for special counsel services be increased to \$75,000 for a total not to exceed amount of \$125,000. Discussion occurred concerning the current level and quality of legal counsel services by the firm on special projects.

**RECOMMENDED ACTION(S):**

That the Board of Directors approve an increase in the spending limit for the Agreement with Hanson Bridgett for Special Counsel services in the amount of \$75,000, for a total not-to-exceed amount of \$125,000 (Action Calendar).

**ITEM 5: OTHER MATTERS**

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The following matters for Committee review and consideration:

- The CalPERS California Employers Pension Prefunding Trust (CEPPT) agreement documents had been prepared for Director Chadd's signature.
- Mr. Paludi reported that District staff has contacted Fieldman Rolapp Municipal Financial Advisory Services concerning financial advisory consulting services related to funding costs for capital improvements.
- Mr. Perea reported that District staff has procured two quotes for a trailer-mounted transfer pump for wastewater operations that had been approved in the Fiscal Year 2020/2021 CIP equipment budget. Mr. Perea provided an overview of the two quotes, and he recommended forwarding this matter to the Board of Directors for their consideration and approval.

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- Mr. Paludi reported that District staff reviewed the proposed purchase of a trailer-mounted backup power generator with the Engineering/Operational Committee the prior week. Mr. Paludi added that District staff has successfully received State grant funding in the amount of \$100,000 towards the purchase of the equipment. Mr. Paludi recommended forwarding this matter to the Board of Directors for their consideration and approval.

**RECOMMENDED ACTION:**

The Committee recommended forwarding the information to the Board of Directors for consideration (Action Calendar).

**ITEM 6: FINANCIAL REPORT**

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Mr. Berg presented the preliminary unaudited financials for April 2021 for Committee consideration and reviewed the following items:

***STATEMENT OF REVENUES AND EXPENSES***

***Operating Revenue, Residential Water***

Mr. Berg reported that this line item was slightly higher than the prior month due to increased water sales.

***Operating Revenue, Irrigation Water***

Mr. Berg reported that this line item was lower than the prior month due to less irrigation water usage.

***Operating Revenue, Baker Treatment Plant Water Sales***

Mr. Berg reported that this line item was lower than the prior month due to decreased water sales to the City of San Clemente. Mr. Perea reminded the Committee that the District would be using its capacity in the Baker Treatment Plant for a two-month period beginning mid-June.

***Operating Expenses, Total Operating Expenses***

Mr. Berg reported that this line item was similar to the prior month, and he provided a brief overview of the certain expenses.

***BALANCE SHEET - COMPARATIVE***

***Utility Plant, at Cost***

Mr. Berg reported that this line item was higher than the prior month due to project costs associated with paving and slurry improvements on the Robinson Ranch Wastewater Treatment Plant access road.

**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 June 9, 2021 as presented (Consent Calendar).

**ADJOURNMENT**

Director Chadd adjourned the June 9, 2021 Finance/Audit Committee Meeting at 1:21 p.m.