



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | APRIL 21, 2022

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on April 21, 2022 was called to order by President Chadd at 7:00 p.m. in the Board Room at the District Administrative Facility located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Mr. Perea, District Secretary, transcribed the minutes thereof.

DIRECTORS PRESENT

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

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Karen Warner, Principal Accountant
Lorrie Lausten, District Engineer
Jason Stroud, Maintenance Superintendent
Oscar Ulloa, Wastewater Operations Superintendent

DISTRICT CONSULTANTS PRESENT

Claire Collins, General Legal Counsel – Hanson Bridgett LLP
Laura Ratcliff, General Legal Counsel – Hanson Bridgett LLP

PUBLIC PRESENT VIA CONFERENCE CALL

Beth Heard, resident

PUBLIC PRESENT

Habib Isaac, IB Consulting

PLEDGE OF ALLEGIANCE

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

RECOGNITION OF STAFF PROMOTION - MR. OSCAR ULLOA, WASTEWATER OPERATIONS SUPERINTENDENT

Mr. Paludi introduced Mr. Oscar Ulloa to the Board, and he reported that Mr. Ulloa has been promoted to the position of Wastewater Operations Superintendent. Mr. Paludi commended Mr. Ulloa for his hard work and dedication to the District.

Mr. Perea commended Mr. Ulloa for working hard to meet the requirements of the position and demonstrating the key qualities of a leader. Mr. Perea added that Mr. Ulloa is patient, careful in planning, and deliberate in action, and is confident in Mr. Ulloa's abilities for the position.

Mr. Ulloa addressed the Board and expressed his appreciation for the promotion to the Superintendent position.

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The Board of Directors congratulated Mr. Ulloa on his promotion and commended him on his hard work.

ITEMS TOO LATE TO BE AGENDIZED

None

VISITOR PARTICIPATION & ORAL COMMUNICATION

None

DIRECTOR'S COMMENTS

Director Acosta reported on the following:

- Commended Ms. Collins for being named to the Los Angeles Business Journal's 2022 Women of Influence.
- Reported on his attendance at the Water Advisory Committee of Orange County (WACO) meeting and guest speaker Mr. Frank Ury's presentation on cybersecurity for water agencies.
- Reported on his attendance at the Municipal Water District of Orange County (MWDOC) Elected Officials Forum which highlighted the FY 2022-23 Budget and Reserve matters.
- Recommended the District join the Rancho Santa Margarita Chamber of Commerce. Discussion occurred concerning membership opportunities.

Director Safranski reported on the following:

- Reported on his attendance at the City of Rancho Santa Margarita (RSM) City Council Meeting, and he mentioned that the Residential Housing Needs Assessment (RHNA) update was not approved and that there was more discussion related to possible development plans to accommodate the redevelopment of the Plaza.

Director Mandich reported on the following:

- Reported on his attendance at the City of RSM City Council Meeting on March 2nd, and provided an overview of a presentation on the City's efforts to reduce electrical demands through capital improvements.
- Expressed his appreciation for the District facility tour of Bell Canyon Sewer Lift Station and Golf Club Sewer Lift Station on March 30th.
- Reported on his attendance at the Irvine Ranch Water District (IRWD) tour of the V.P. Baker Pipeline repair project and Irvine Lake.
- Provided a brief report on the District Properties Committee Meeting, and he mentioned that District staff met owners of the Sakaida Nursery Property.

Director Dopudja reported on the following:

- Reported on his attendance at the Municipal Water District of Orange County (MWDOC) Elected Officials Forum which highlighted the FY 2022-23 Budget and Reserve matters.
- Provided a brief report on the District Properties Committee Meeting, and he highlighted the agendized Biological Resources Assessment and Mapping Services proposals.
- Congratulated Ms. Collins on her recognition by the Los Angeles Business Journal.

Director Chadd reported on the following:

- Reported on his recent visit to New Orleans, Louisiana and he commented that locals are concerned that the abundance of water in the Mississippi River will breach levees.

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REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported on the following matters:

- Reported on his participation in virtual presentation hosted by El Toro Water District (ETWD) concerning regional water issues.
- Provided a brief update on the District's Water Awareness Day Event scheduled for May 21, 2022.
- Reported that District staff is working with its consultant ATS Communication to execute a second amendment to an agreement with T-Mobile Communications.
- Reported the District staff has pulled the Golf Club Sewer Lift Station pump purchase matter from the agenda after review with the Engineering/Operational and Finance/Audit Committees to determine a more appropriate long-term solution for the facility.

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.

Action: A motion was made by Director Acosta and seconded by Director Safranski to approve the Consent Calendar.
The motion was approved by a vote of 5 – 0.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

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

Mr. Paludi presented this matter for Board consideration, and he reported this matter was reviewed with the Finance/Audit Committee.

Action: A motion was made by Director Acosta and seconded by Director Mandich to approve of the Directors' Fees and Expenses Report as presented.
The motion was approved by a vote of 5 – 0.

FINANCIAL MATTERS

ITEM 6: DISTRICT FINANCIAL ANALYSIS AND RATE STUDY CONTRACT AWARD

Mr. Paludi introduced this matter for Board consideration, and he reported this matter was reviewed with the Finance/Audit Committee. Mr. Paludi commented that the District has experienced a significant increase in project and equipment costs due to historic inflation as well as long procurement delays which has had an adverse impact on the District's revenues and expenses. Mr. Paludi reported that District staff issued a Request for Proposals (RFP) for a comprehensive financial analysis and rate study to multiple select firms. Mr. Paludi reported that District staff shortlisted two firms IB Consulting and RDN for interviews and selected IB Consulting for the project. Mr. Paludi introduced Mr. Isaac to the Board and highlighted his experience in the industry. Discussion occurred concerning the goals of the financial analysis and rate study development process. Mr. Isaac addressed the Board's concerns related to the proposal and project timeline.

Action: A motion was made by Director Acosta and seconded by Director Dopudja to authorize the General Manager to execute an agreement with IB Consulting for a Financial Analysis and Rate Study for \$97,620 plus a 10% contingency of \$9,762, for a total not-to-exceed amount of \$107,382.
The motion was approved by a vote of 5 – 0.

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ITEM 7: DISTRICT EXPENSE REIMBURSEMENT POLICY AND PROCEDURES UPDATE

Mr. Paludi introduced this matter for Board consideration, and he reported that this matter was reviewed with the Executive and Finance/Audit Committees. Mr. Perea provided an overview of the original policy which General Counsel and District staff recommend bifurcating into two separate policies, and he reviewed the proposed Expense Reimbursement policy for Committee consideration. Discussion occurred regarding personal property damage while carrying out District duties from portal to portal and the need for additional clarity related to limitations of personal use of District vehicles. Director Chadd recommended District staff review the concerns raised by the Board and bring this matter back to the June Regular Board Meeting.

Action: No action was taken.

ITEM 8: DISCUSSION CONCERNING MUNICIPAL WATER DISTRICT OF ORANGE COUNTY PROPOSED FISCAL YEAR 2022/2023 RATES, CHARGES, AND BUDGET

Mr. Paludi introduced this matter for Board consideration, and he reported this matter was reviewed with the Finance/Audit Committee. Mr. Paludi reported that MWDOC adopted their Fiscal Year 2022/2023 Budget, Rates, and Charges at their Regular Board Meeting, and he mentioned that the District will receive a credit based on the Tier 2 Reserve reimbursement which will offset certain charges the following year. Mr. Paludi reported that Metropolitan Water District of Southern California (MET) adopted their rates and charges as well, and the District's costs for untreated water are scheduled to increase by five percent in FY 2022-23 and 2023-24 which represents a decrease from the originally proposed rates.

Action: No action was taken.

ITEM 9: DISCUSSION CONCERNING DISTRICT PROPOSED FISCAL YEAR 2022/2023 GENERAL FUND AND CAPITAL IMPROVEMENT PROJECT (CIP) BUDGET ASSUMPTIONS

Mr. Paludi introduced this matter for Board consideration, and reported this matter was reviewed with the Finance/Audit Committee. Mr. Perea reviewed the proposed budgetary assumptions for FY 2022/2023 for Board consideration. Discussion occurred concerning the overall impacts of inflation on fuel, electricity, and professional services. Mr. Perea commented that District staff will incorporate Board input and update the proposed budget. Discussion occurred concerning the scheduling of a Special Board Meeting – Budget Workshop for Monday, May 23rd at 6:00 p.m.

Action: No action was taken.

ITEM 10: BIOLOGICAL RESOURCES ASSESSMENT AND MAPPING SERVICES CONTRACT AWARD

Mr. Paludi presented this matter for Board consideration, and he reported this matter was reviewed with the District Properties Committee. Mr. Perea reported that District staff issued an RFP for biological resources assessment and mapping services for the District's Porter Property to multiple select firms, and he reviewed the proposals with the Board. Mr. Perea recommended Psomas Engineering for the project based on the quality of the proposal and project costs. Discussion occurred concerning the overall goal of the project. Mr. Paludi commented that District staff desires to understand the property's potential. Director Acosta commended District staff for their efforts to determine the compatible uses for this asset.

Action: A motion was made by Director Mandich and seconded by Director Safranski to authorize the General Manager to contract with Psomas Engineering for Biological Resources Assessment and Mapping Services for a not to exceed amount of \$13,925 with a 10% contingency for a total of \$15,318.
The motion was approved by a vote of 5 – 0.

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ENGINEERING MATTERS

ITEM 11: DISCUSSION CONCERNING THE 2022 WATER QUALITY REPORT

Mr. Paludi presented this informational item for Board update, and he reported that water purveyors are required to provide a Water Quality Report (Report) no later than July 1st each year. Ms. Lausten provided a brief update on the District's Report, and she indicated that there are multiple delivery options at the District's disposal to provide to its customers. Ms. Lausten recommended making the Report digitally available on the District's website and ordering a select number of printed copies for customer service as approximately one-half of all water agencies in the county have switched to this model. Discussion occurred concerning the approximate printing costs and public notification methods. The Board concurred with Ms. Lausten's recommendation.

Action: No action was taken.

ITEM 12: SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA) JOINT POWERS AGREEMENT (JPA) DISCUSSIONS UPDATE

Mr. Paludi presented this matter for Board consideration, and he reported that SOCWA has been working to update the JPA for multiple years without significant progress. Mr. Paludi presented certain decision points to be considered at the next regular board meeting, including the withdrawal of the City of San Juan Capistrano due to SMWD annexing the water and wastewater systems, and the withdrawal of IRWD from the JPA. Discussion occurred concerning current challenges within the membership associated with the JPA review process and inter-agency cooperation toward common goals. Director Dopudja provided an overview of the systemic issues that have created challenges for the member agencies, and he provided key insight on the concerns facing the future of the agency. Discussion occurred concerning the District's costs and perceived value associated with continued participation in the JPA. Mr. Paludi reported that District staff will prepare an analysis of the District's total costs as a SOCWA member agency.

Action: No action was taken.

LEGISLATIVE, ADMINISTRATIVE AND OTHER MATTERS

ITEM 13: DROUGHT AND WATER SUPPLY UPDATE

Mr. Paludi provided status updates on the statewide drought impacts, and he reported that MET will be implementing a watering days restriction of one day per week for portions of its service area that receives source water from the State Water Project now that allocation has been reduced to five percent. Mr. Paludi added that the State Water Board is currently evaluating the implementation of a Level 2 Water Shortage Condition, and he mentioned the District has already implemented this level in its service area.

Action: No action was taken.

ITEM 14: LOCAL GOVERNMENTAL AND LEGISLATIVE MATTER(S)

There was no discussion on this matter.

Action: No action was taken.

GENERAL COUNSEL REPORT

Ms. Collins reported that she would be attending the ACWA Conference in Sacramento.

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OTHER INFORMATION/MATTERS

Mr. Paludi provided a brief overview of ongoing discussions between District staff and SMWD staff concerning a difference of opinions concerning costs associated with improvements at the joint facility El Toro Sewer Lift Station.

ADDITIONAL DIRECTORS' COMMENTS

There were no comments.

ADJOURNMENT

President Chadd adjourned the April 21, 2022 Regular Board Meeting at 8:47 p.m.