



MINUTES OF THE SPECIAL BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | MARCH 28, 2023

The Special Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on March 28, 2023, was called to order by President Dopudja at 5:02 p.m. 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 Stephen Dopudja
Vice President Ed Mandich
Director Glenn Acosta
Director Don Chadd
Director Michael Safranski

STAFF PRESENT

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

DISTRICT CONSULTANTS PRESENT

Ian Berg, Eide Bailly
Habib Isaac, IB Consulting

DISTRICT CONSULTANTS VIA CONFERENCE CALL

Claire Collins, General Counsel – Hanson & Bridgett
Cindy Byerrum, District Treasurer – Eide Bailly

PLEDGE OF ALLEGIANCE

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

VISITOR PARTICIPATION

None

ORAL COMMUNICATION

None

DIRECTOR'S COMMENTS

Director Mandich reported on attendance at the City of Rancho Santa Margarita (RSM) City Council meeting, and he mentioned the Council approved a zoning code amendment related to accessory dwelling units.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi provided a brief report on the District's proposed withdrawal from the South Orange County Wastewater Authority (SOCWA).

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Mr. Paludi reported that the District Trabuco Creek Groundwater Treatment Facility was currently in operation and meeting potable water system demands.

ACTION CALENDAR

ITEM 1: DISTRICT RATES AND CHARGES DEVELOPMENT WORKSHOP PRESENTATION BY IB CONSULTANTS

Mr. Paludi presented this matter for Board consideration, and he introduced the District's consultants present in the audience and participating telephonically. Mr. Isaac delivered a PowerPoint presentation which provided an update on the proposed financial plans for the water and sewer enterprise funds which determine the proposed rates and charges. Mr. Isaac presented multiple cost recovery scenarios that utilized a variable rate of 41% cost recovery with and without peaking impacts and a fixed recovery of 59%. Discussion occurred concerning striking a balance between meeting District revenue requirements to meet capital improvement demands while mitigating increased financial impacts on customers as well as using the property tax roll as a revenue recovery mechanism.

The Board expressed concerns with the fixed water charges impacts on smaller meters which impact a majority of the District's single-family residential (SFR) customers. Director Chadd provided background information on prior practice concerning meter size designation for SFR customers, and he recommended setting the fixed charges for 5/8" and 3/4" meters at the same level as set in the current rates. Director Mandich concurred with Director Chadd's recommendation.

Director Safranski requested an example of utility bills with (1) all utilities, (2) variable water charges only with fixed charges on the tax roll, and (3) a comparison of the proposed rates with other neighboring agencies.

Mr. Paludi recapped the Board's direction on the rate development process as follows:

1. No peaking component on variable rates.
2. Capital improvement based on depreciation funding only.
3. Evaluation of fixed cost recovery at both 41% and 59% for Board consideration and review.
4. Neighboring agency rates comparison.
5. Utility bill comparison – (1) water only and (2) water plus sewer.
6. SFR fixed costs for 5/8" and 3/4" meters set at same level.

The Board expressed their appreciation to both Mr. Isaac and District staff for the presentation and diligent work.

MOTION: Informational item only. No action was taken.

ADJOURNMENT

President Dopudja adjourned the March 28, 2023, Special Board Meeting at 6:57 p.m.