



## **MINUTES OF THE SPECIAL BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | APRIL 11, 2023**

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The Special Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on April 11, 2023, was called to order by President Dopudja at 5:32 p.m. in the Board Room at the District Administrative Facility located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Ms. Lisa Marie Sangi, Assistant 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  
Lorrie Lausten, District Engineer  
Karen Warner, Principal Accountant  
Lisa Marie Sangi, Executive Assistant

### **DISTRICT CONSULTANTS PRESENT**

Claire Collins, Hansen & Bridgett  
Ian Berg, Eide Bailly  
Habib Isaac, IB Consulting  
Lora Nichols, Fieldman and Rolapp

### **DISTRICT CONSULTANTS VIA CONFERENCE CALL**

Cindy Byerrum, Eide Bailly

### **PLEDGE OF ALLEGIANCE**

Director Mandich 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 a Municipal Water District of Orange County (MWDOC) meeting, and he commented on the quality of the services they provide for member agencies.

### **REPORT FROM THE GENERAL MANAGER**

No comments were received.

**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. Mr. Paludi provided an overview of the District’s proposed five-year Capital Improvement Plan (CIP) which have a significant impact on the proposed rate adjustments. Mr. Isaac delivered a PowerPoint presentation which reviewed an updated revenue requirement based on an optimized CIP budget prepared by District staff. Mr. Isaac highlighted the revised wastewater enterprise fund and proposed rates, and he suggested the District consider using the property tax roll as a collection mechanism of fixed rates as they are typically static. Discussion occurred concerning the potential impacts of using the property tax roll for collection purposes of fixed charges. Mr. Isaac commented that fixed cost recovery through the property tax roll has become a more common practice for agencies due to the non-variability of fixed rates. Mr. Isaac reviewed the difference of real impacts of fixed cost recovery of 40% and 57% to customers, and he reviewed the current recycled water enterprise fund financial position with the current rates in comparison with the proposed rate adjustments.

Director Chadd requested that District staff maintain full transparency and disclosure on this matter at the following regular board meeting and to provide a summary of the impacts of the proposed fixed charges on the property tax bill.

Director Mandich commented that the District needs to be mindful of the customer impacts of using the property tax roll as collection mechanism for fixed costs.

Director Acosta expressed concerns related to the proposed cost difference from 40% to 57%, and he mentioned that he was not in favor of fixed cost recovery through the property tax roll at this time as most residents currently have a low tax bill.

Director Safranski expressed his concern about the proposed cost increase to the rate payers.

Director Dopudja discussed the merits and challenges of recovering fixed costs through the property tax roll, and he expressed his concerns related to the silent messaging to customers in a period of significant inflation.

Discussion occurred concerning the possible delay of certain CIP projects or a strategic reassessment of operational practices to smooth out costs to minimize customer impacts. Mr. Isaac suggested that the District may choose to place the sewer charges only on the property tax bill as they are fixed and consistent.

Director Mandich requested that District staff provide a comparison of highest recycled water users costs in 2022 versus 2024 with the proposed rates.

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 April 11, 2023, Special Board Meeting at 7:12 p.m.