



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | SEPTEMBER 14, 2023**

DIRECTORS PRESENT

Don Chadd, Committee Chair
Glenn Acosta, Committee Member

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Karen Warner, Principal Accountant
Roseann Lejsek, Administrative Assistant

CONSULTANTS PRESENT

None

PUBLIC PRESENT

None

CALL MEETING TO ORDER

Director Chadd called the September 14, 2023 Finance/Audit Committee Meeting to order at 8:00 a.m.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

None

REPORT FROM THE GENERAL MANAGER

Mr. Paludi provided a brief status update on District's Facilities Tour scheduled for October 14, 2023, including public outreach efforts, event registration progress, and the tour itinerary.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

Mr. Paludi presented the Finance/Audit Committee Meeting Recap for Committee review in accordance with the agenda.

MOTION: Approve the Finance/Audit Committee Meeting Recap and recommended that the Board receive and file the same as amended (Consent Calendar) – Director Acosta

SECOND: Director Chadd

AYES: Directors Acosta & Chadd

NOES: None

ABSTAIN: None

MOTION PASSED/FAILED: Passed 2-0

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

Mr. Paludi presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review. Discussion occurred concerning reimbursement for conference attendance and lodging. Mr. Paludi indicated that the District is not obligated to provide backup detail on conference reimbursement, and he recommended including the expense report cover sheet only and making the backup detail available upon request.

MOTION: Recommend the Board of Directors ratify the Directors' fees and expenses for August 2023 and tentative future meetings/attendance (Action Calendar) – Director Acosta

SECOND: Director Chadd

AYES: Directors Acosta & Chadd

NOES: None

ABSTAIN: None

MOTION PASSED/FAILED: Passed 2-0

ITEM 3: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT'S HEALTH BENEFIT COSTS FOR CALENDAR YEAR 2024

Mr. Paludi presented this matter for Committee consideration and review, and he reported this matter is reviewed annually. Mr. Perea presented the 2024 CalPERS approved health benefit rates and highlighted the fiscal impacts to the benchmarked plan, PERS Platinum, including a multi-year trend analysis. Mr. Perea reviewed the potential impacts to the FY 2023-24 benefits budget, and he reported the significant increase in retiree benefits. Discussion occurred concerning the overall increase in health benefit costs. Director Acosta requested that District staff bring additional information on the differences between the PERS Platinum and PERS Gold plans to the regular board meeting for Board review.

MOTION: The Committee recommended forwarding this matter to the Board of Directors for review.

ITEM 4: OTHER MATTERS

Mr. Paludi presented the following matters for Committee consideration:

Meter Downsizing Requests

Mr. Paludi reported that the District has received requests from some residential customers with large meters to downsize their meters now that the new rates and charges have taken effect. Director Chadd asked if any meter changes outs have taken place prior to Board discussion; Mr. Paludi stated that no action has been taken on this matter yet, and that he will agendaize this matter for Board discussion at the next regular meeting. Discussion occurred on historical practice on these types of requests and the development of a standard policy and procedure.

Debt Issuance

Mr. Paludi reported that the District will work with its consultants to issue debt consistent with the adopted financial plan and that more information will be presented to the Committee at a future meeting.

MOTION: None – Informational item only.

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ITEM 5: FINANCIAL REPORT

Ms. Warner presented the preliminary unaudited financials for July 2023, and she indicated that the format has been updated to show expenses by separate fund. Ms. Warner highlighted the following items:

WATER FUND

Total Operating Revenue

Ms. Warner reported that this line item was trending lower than budgeted due to less Baker Treatment Plant sales to the City of San Clemente.

Fixed Water Purchases

Ms. Warner reported that this line item was trending higher than budgeted due to the timing of the MWDOC annual retail service connection charge payment.

Employee/Director Benefits

Ms. Warner reported that this line item was trending as budgeted.

Retiree Health Insurance

Ms. Warner reported that this line item, funded by the District's Section 115 OPEB Trust, was trending as budgeted.

Dues & Memberships

Ms. Warner reported that this line item was trending higher than budgeted due to multiple memberships paid in full and the beginning of the year.

Property Tax Revenue

Ms. Warner reported that this line item was trending lower than budgeted as there has been no activity year to date due to normal collection periods are December and April.

Interest Revenue-Unrestricted

Ms. Warner reported that this line item is trending higher than budgeted due to conservative budgeting practices and higher than normal returns on the District's investments.

Capital Improvement Program

Ms. Warner reported that this line item was higher than normal due to CIP spending.

SEWER FUND

Sewer Residential/Commercial Charges

Ms. Warner reported that these line items were trending as budgeted.

Retiree Health Insurance

Ms. Warner reported that this line item, funded by the District's Section 115 OPEB Trust, is trending as budgeted.

RECYCLED WATER FUND

Variable Consumption Charge

Ms. Warner reported that this line item was trending in line with budgeting.

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MOTION: Recommend the Board ratify payment of the bills for consideration for September 14, 2023, as presented (Action Calendar) – Director Acosta

SECOND: Director Chadd

AYES: Directors Acosta & Chadd

NOES: None

ABSTAIN: None

MOTION PASSED/FAILED: Passed 2-0

ADJOURNMENT

Director Chadd adjourned the September 14, 2023, Finance/Audit Committee Meeting at 8:44 a.m.