



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | OCTOBER 19, 2023

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on October 19, 2023, was called to order by President Stephen Dopudja at 5:30 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 Don Chadd
Director Michael Safranski

DIRECTORS ABSENT

Director Glenn Acosta

STAFF PRESENT

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

DISTRICT CONSULTANTS PRESENT VIRTUALLY

Claire Collins, Hanson & Bridgett, LLP – General Counsel

PUBLIC PRESENT

There were members of the public present.

PLEDGE OF ALLEGIANCE

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

ITEMS TOO LATE TO BE AGENDIZED

None

Director Dopudja recommended moving item no. 7 up on the agenda to accommodate members of the public attending the meeting.

VISITOR PARTICIPATION

None

ORAL COMMUNICATION

Mr. George Sun addressed the Board of Directors with his concerns regarding the recently adopted meter flat charges. Mr. Sun commented that the meter flat charge for his 2" meter was higher than charges paid by friends in other water district service areas, and he asked why TCWD customers are being punished with the high charges.

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DIRECTOR'S COMMENTS

Director Chadd had no comments.

Director Mandich commented that many of the items on the meeting agenda are in response to customer feedback at the public hearing meeting when the rates and charges were adopted, including energy cost factors and the pursuit of grant funding for capital projects.

Director Safranski reported on his attendance at the City of RSM City Council meeting, and he provided a brief update concerning the proposed city council districting process and Antonio Parkway median improvement project.

Director Dopudja welcomed the members of the public in attendance, and he reported that the District will schedule a Chat with TCWD event which provides a more informal opportunity for customers to speak with Board members.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported on the following matters:

- District Facility Tour - Mr. Paludi provided a summary of the event that was held on Saturday, October 14, 2023.
- New Water Year – Mr. Paludi commented that the month of October was the beginning of the new water year.
- H2O for HOAs Event – Mr. Paludi reported that District staff would participate in this annual event on October 26th hosted at the Norman P. Murray Center in the city of Mission Viejo.
- PFAS/PFOA – Mr. Paludi reported that the District and other water agencies are opting in on a class action lawsuit against certain manufacturers due to the impacts of PFAS/PFOA in water supplies. Mr. Paludi added that the District's water sources tested lower than the reporting limit for PFAS/PFOA as required by the EPA in the fifth round of unregulated contaminant monitoring rule (UCMR-5).

CONSENT CALENDAR

President Dopudja 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.

MOTION: Approve the Consent Calendar as presented – Director Safranski

SECOND: Director Mandich

AYES: Directors Dopudja, Mandich, Chadd & Safranski

NOES: None

ABSTAIN: None

ABSENT: Acosta

MOTION PASSED/FAILED: Passed 4 – 0 – 1 with Director Acosta absent.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

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

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

MOTION: Approve the tentative future meetings/attendance items and ratify the Directors' expenses and fees from September 2023– Director Mandich

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SECOND: Director Safranski

AYES: Directors Dopudja, Mandich, Chadd & Safranski

NOES: None

ABSTAIN: None

ABSENT: Acosta

MOTION PASSED/FAILED: Passed 4 – 0 – 1 with Director Acosta absent.

ITEM 7: DISCUSSION CONCERNING RESIDENTIAL WATER METER RESIZING PROCEDURE AND POLICY

Mr. Paludi presented this matter for Board consideration, and he mentioned that this matter was previously reviewed with the Executive and Finance/Audit Committees. Mr. Paludi provided background information on the recent adoption of the District's rates and charges and an overview of the development and methodology of the meter flat charge. Mr. Paludi commented that certain parcels in the District's service area may have been originally sized with a meter larger than needed, but this determination was made by the original developer or home builder. Director Dopudja commented that the Board has directed staff to develop a procedure and policy to address oversized residential meters while mitigating risks to both the District and customer.

Mr. Paludi presented a process flowchart of the proposed procedure for Board consideration, and he indicated that the District may not immediately involve the Orange County Fire Authority (OCFA) if it is obvious that a smaller water meter will meet the customer's needs. Discussion occurred concerning the proposed resizing process and potential impacts to the customer. Director Dopudja commented that the process should not be burdensome to the customer but also meet the District's standards and plumbing code requirements.

Director Mandich indicated that resizing the water meter for a home without interior fire sprinklers would be a relatively easy process, but he expressed concern with requiring OCFA approval of site water demand calculations.

Director Chadd expressed concern with the potential impacts to communities in the event of a fire if a residential water meter has been downsized inappropriately.

Mr. Paludi presented the proposed meter downsizing application and permit for Board consideration, and he highlighted the water demand factors that can identify the appropriate meter size. Mr. Paludi reviewed the proposed indemnification form that customers would be required to complete and notarize, and he reported that many agencies have a similar process and form for this type of procedure. Director Dopudja added that the term "meter charge" is a misnomer and that "capacity charge" would be more accurate because it covers more than the cost of the meter, for example, distribution system improvement costs and capital improvement projects, and he further added that the District's Cost of Service Study details the associated costs in the charge.

Mr. Jay Gentile addressed the Board of Directors and he expressed his concerns with the proposed procedure and policy. Mr. Gentile commented that the current meter flat charge represents a significant increase in cost to customers, and he asked that staff evaluate the water demand differences between 3/4" and 1" meters.

Ms. Sue Marucci addressed the Board of Directors and expressed her concerns with the proposed procedure. Ms. Marucci inquired why the District needs all the information in the proposed permit documents as the District is aware of the metered service demands. Ms. Marucci expressed that the meter flat charges are too high for customers, including the 1" meter charge.

Mr. George Sun addressed the Board of Directors and he commented that he is a licensed civil engineer. Mr. Sun commented that the OCFA is a complex agency that will be difficult to receive approval for homeowners with

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interior fire sprinklers for water meter resizing. Mr. Sun agreed with the proposed water sizing methodology but cautioned the Board on the legal risks of replacing meters rather than simply charging customers a lower meter flat rate.

Ms. Sue Marucci, on behalf of Mr. Jeff Foster, addressed the Board of Directors and further expressed her concerns about the increased meter flat charge. Ms. Marucci stated that customers like Mr. Foster did not create this situation.

Ms. Carrie Wigh addressed the Board of Directors and she inquired about the costs for the meters and when they are to be replaced. Mr. Wigh commented that the District did not properly educate the public on the increases prior to approval. She added that other customers similar to her have one acre or larger properties in high-risk fire areas near the National Forest and that they should be exempt from flat meter charges.

Mr. David Ballard addressed the Board of Directors and he expressed his concerns on the increased meter flat charges as he owns two parcels with separate water meters. Mr. Ballard inquired about assistance from the District related to his water services.

Mr. Steven Grube addressed the Board of Directors and he commented that he did not understand his residential water meter was 1 1/2" when the OCFA minimum meter size requirement for homes with fire sprinklers was 1". Mr. Grube asked the Board to explain why the meter flat charge was increased dramatically.

Mr. George Sun, on behalf of Ms. Wendy Chang, addressed the Board of Directors and further expressed his concerns on the meter flat charge increase. Mr. Sun recommended that the Board evaluate an option to provide financial relief by reducing the fee based on usage criteria.

Director Mandich commented that the District worked with an independent, third-party consultant to prepare the updated rates and charges consistent with Proposition 218 and that more fixed costs are being recovered through the fixed charge. Director Mandich added that the charge cannot be lowered without physically changing the meter.

Director Chadd expressed that he understood how the customers felt about the charge increase, but that the District is shifting fixed costs on the fixed charges instead of the volumetric charge. Director Chadd encouraged the customers to voice their concerns and to take advantage of the meter resizing procedure if applicable to their situation. Director Chadd commented that the rate development process occurred over a year-long period, but that perhaps the Board needs to re-evaluate the rates and perform a Proposition 218 follow up.

Director Dopudja commented that Proposition 218 requirements sets the maximum amount the District can assess through rates and charges, and the District may reduce charges at a future date. Director Dopudja added that the District cannot reduce the meter flat charge without changing out the meter and must charge according to the meter size. Director Dopudja recommended that District staff work with OCFA to determine their level of involvement for approval on this matter.

Discussion occurred concerning the approval process for the proposed procedure and policy. Director Chadd recommended that the proposed procedure and policy be approved by the Board at a future meeting. Director Dopudja urged staff to implement the meter resizing procedures as soon as possible, subject to refinements discussed during the meeting and confirmation of OCFA's requirement to approve requests with fire sprinklers. Director Mandich suggested the scheduling of a Special Board Meeting to approve the procedure and policy.

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MOTION: The Board of Directors recommended this matter be agendaized for Board consideration at a Special Board Meeting.

ITEM 6: DISTRICT ENERGY EFFICIENCY AD HOC COMMITTEE UPDATE

Mr. Paludi presented this matter for Board consideration, and he reported that District staff has met with the ad hoc committee to evaluate opportunities for energy efficiency and cost controls. Director Safranski delivered a PowerPoint presentation that highlighted the efforts of the ad hoc committee to date, including the evaluation of the District facilities with the highest energy demands based on Southern California Edison (SCE) data and the overarching goals for the team. Director Safranski added that the ad hoc committee will meet again in early November to discuss next steps.

Director Dopudja commended Directors Safranski and Mandich and District staff for the progress on the matter.

MOTION: None

FINANCIAL MATTERS

ITEM 8: APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH IB CONSULTING FOR ANNUAL FINANCIAL PLAN UPDATES

Mr. Paludi presented this matter for Board consideration, and he reported that this matter was reviewed with the Finance/Audit Committee. Mr. Paludi commented that District staff has requested a proposal from IB Consulting to perform an annual financial plan update for Fiscal Year 2024 based on direction from the Board of Directors. Mr. Paludi added that the purpose of the financial plan update would be to calibrate the adopted rates based on the actual performance of the plan and to assist staff with the planned long-term debt transaction. Director Dopudja commented that the purpose of this work is based on the Board's action at the June 29, 2023 public hearing and to complete a performance analysis of the rates and charges.

MOTION: Authorize the General Manager to execute a Professional Services Agreement with IB Consulting for Annual Financial Plan Updates for FY 2024 in an amount not-to-exceed of \$27,000 – Director Mandich

SECOND: Director Safranski

AYES: Directors Dopudja, Mandich, Chadd & Safranski

NOES: None

ABSTAIN: None

ABSENT: Acosta

MOTION PASSED/FAILED: Passed 4 – 0 – 1 with Director Acosta absent.

ENGINEERING MATTERS

ITEM 9: APPROVAL OF CONTRACT WITH HYDROTECH ELECTRIC FOR MANUAL TRANSFER SWITCH UPGRADES FOR EMERGENCY OPERATIONS

Mr. Paludi presented this matter for Board consideration, and he reported that this matter was reviewed with the Engineering/Operational Committee. Mr. Paludi commented that District staff have requested a proposal from Hydrotech Electric for upgrading certain District facilities with manual transfer switches in the event of emergency operational needs. Mr. Paludi added that this work is budgeted for Fiscal Year 2023-24 and sole sourced with the District's preferred vendor.

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MOTION: Authorize the General Manager to execute a contract for the Manual Transfer Switch Upgrades for Emergency Operations to Hydrotech Electric in the amount of \$117,305, with a contingency of \$2,695, for a not-to exceed amount of \$120,000– Director Safranski

SECOND: Director Mandich

AYES: Directors Dopudja, Mandich, Chadd & Safranski

NOES: None

ABSTAIN: None

ABSENT: Acosta

MOTION PASSED/FAILED: Passed 4 – 0 – 1 with Director Acosta absent.

ITEM 10: ADOPTION OF RESOLUTION AUTHORIZING SUBMITTAL OF AN APPLICATION FOR THE USBR WATERSMART DROUGHT RESPONSE PROGRAM: DROUGHT RESILIENCY PROJECTS FOR FY 2024

Mr. Paludi presented this matter for Board consideration, and he reported that this matter was reviewed with the Engineering/Operational Committee. Mr. Paludi commented that District staff is applying to the US Bureau of Reclamation (USBR) WaterSMART Drought Response Program Drought Resiliency Project for FY 2024 for improvements to the Dove and Tick Creek pump stations. Mr. Paludi added that this project has already been awarded \$380,000 which is approximately 50% of the total project cost, and that this grant award would fund most of the remaining balance of the project budget. Mr. Paludi commented that the adoption of a resolution by the Board is a requirement for the grant, and he recommended that the Board adopt the proposed resolution.

MOTION: Adopt Resolution No. 2023-1325 Authorizing the Submittal of an Application for the USBR WaterSMART Drought Response Grant Program – Director Mandich

SECOND: Director Safranski

AYES: Directors Dopudja, Mandich, Chadd & Safranski

NOES: None

ABSTAIN: None

ABSENT: Acosta

MOTION PASSED/FAILED: Passed 4 – 0 – 1 with Director Acosta absent.

ITEM 11: LOCAL GOVERNMENTAL AND LEGISLATIVE MATTER(S)

Mr. Paludi provided a brief update on the proposed statewide water conservation regulations on indoor and outdoor water use, and he commented that many water agencies have expressed concerns about the potential impacts.

Mr. Paludi reported that he would be on vacation in the month of November, and that he would not be in attendance at the November Regular Board Meeting.

MOTION: None

GENERAL COUNSEL REPORT

Ms. Collins provided a brief update on the class action lawsuit regarding the impacts of PFAS/PFOA, and that more information will be presented at a future meeting.

OTHER INFORMATION/MATTERS

Mr. Perea reported that the Robinson Ranch Girl Scout Troop 7650 has started using the District Board Room for their monthly meetings consistent with the Board adopted policy, and he added that the Troop members hand wrote a thank you letter to the District for the use of the room.

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ADDITIONAL DIRECTORS' COMMENTS

None

ADJOURNMENT

President Dopudja adjourned the October 19, 2023, Regular Board Meeting at 7:53 p.m.