



**FINANCE/AUDIT COMMITTEE MEETING AGENDA
TRABUCO CANYON WATER DISTRICT
ADMINISTRATION FACILITY
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CA
APRIL 11, 2024 at 8:00 AM**

COMMITTEE MEMBERS

Don Chadd, Committee Chair
Glenn Acosta, Committee Member
Edward Mandich, Committee Member Alternate

DISTRICT STAFF

Fernando Paludi, General Manager
Michael Perea, District Secretary
Cindy Byerrum, District Treasurer
Karen Warner, Principal Accountant

AGENDA NOTE:

Trabuco Canyon Water District will make this Finance/Audit Committee Meeting available by telephone audio as follows:

Telephone Audio: 1 (669) 900-6833 **Access Code:** 969-3001-9067

Persons desiring to monitor the Committee meeting agenda items may download the agenda and documents on the internet at www.tcwd.ca.gov. You may submit public comments by email to the Committee at mperea@tcwd.ca.gov. In order to be part of the record, emailed comments on meeting agenda items must be received by the District, at the referenced e-mail address, not later than 7:00 a.m. (PDT) on the day of the meeting.

CALL MEETING TO ORDER

VISITOR PARTICIPATION

Members of the public wishing to address the Committee regarding a particular item on the agenda are requested to complete a speaker card and submit it to staff. The Committee Chair will call on the visitor following the Committee's discussion about the matter. Committees do not constitute a quorum of the Board of Directors and Committee Members cannot make decisions on matters. The Committee makes recommendations only to the Board of Directors. Members of the public will be given the opportunity to speak to the Committee prior to making a recommendation on the matter. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.

ORAL COMMUNICATION

Members of the public who wish to make comment on matters not appearing on the agenda are invited to identify themselves and encouraged to make comment at this time. The Committee Chair will call on the visitor following the Committee's discussion about the matter. Committees do not constitute a quorum of the Board of Directors and Committee Members cannot make decision on matters. The Committee makes recommendations only to the Board of Directors. Under the requirements of State Law, Committee Members cannot take action on items not identified on the agenda and will not make decisions on such matters. The Committee Chair may direct District Staff to follow up on issues as may be deemed appropriate. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.

COMMITTEE MEMBER COMMENTS

REPORT FROM THE GENERAL MANAGER

FINANCIAL MATTERS

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

RECOMMENDED ACTION:

Approve the following Finance/Audit Committee Meeting Recap(s) and recommend that the Board receive and file the same (Consent Calendar):

1. March 14, 2024

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

RECOMMENDED ACTION:

Recommend the Board of Directors approve the Directors' fees and expenses for March 2024 and tentative future meetings/attendance (Action Calendar).

ITEM 3: APPROVE INSTALLMENT PURCHASE AGREEMENT BETWEEN THE TRABUCO CANYON WATER DISTRICT AND THE TRABUCO CANYON PUBLIC FINANCING AUTHORITY

RECOMMENDED ACTION:

Recommend the Board of Directors approve the execution and delivery of an installment purchase agreement between the Trabuco Canyon Water District and the Trabuco Canyon Financing Authority for the purpose of refinancing and financing capital projects and authorizing the execution and delivery of certain related documents and certain other matters (Action Calendar).

ITEM 4: DISCUSS TOTAL COMPENSATION SURVEY UPDATE AND EMPLOYEE HEALTH BENEFIT DETERMINATION METHODOLOGY

RECOMMENDED ACTION:

Receive information at the time of the meeting and make recommendations as deemed appropriate.

ITEM 5: CALIFORNIA CLASS INVESTMENTS PERFORMANCE

RECOMMENDED ACTION:

Committee to discuss information at the time of the Committee Meeting and take any action(s) as deemed appropriate.

ITEM 6: OTHER MATTERS

RECOMMENDED ACTION:

Hear Other Matters from the General Manager or District Staff.

ITEM 7: FINANCIAL REPORT

A) PRESENTATION OF PRELIMINARY UNAUDITED FINANCIAL STATEMENTS

RECOMMENDED ACTION:

Recommend that the Board receive and file the preliminary unaudited financial statements for February 2024 (Consent Calendar).



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING AGENDA | APRIL 11, 2024**

B) BILLS FOR CONSIDERATION

RECOMMENDED ACTION:

Approve and ratify the bills for consideration and warrant register and recommend that the Board ratify payment of the Bills for Consideration for April 11, 2024 as presented (Consent Calendar).

ADJOURNMENT

AVAILABILITY OF AGENDA MATERIALS

Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Trabuco Canyon Water District Finance/Audit Committee in connection with a matter subject to discussion or consideration at an open meeting of the Finance/Audit Committee are available for public inspection at the Trabuco Canyon Water District Administrative Facility, 32003 Dove Canyon Drive, Trabuco Canyon, California (District Administrative Facility) or will be posted online on the District's website located at www.tcwd.ca.gov. If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available online at www.tcwd.ca.gov at the same time as they are distributed to the Committee, except that, if such writings are distributed immediately prior to or during the meeting, they will be posted online on the District's website located at www.tcwd.ca.gov.

COMPLIANCE WITH THE REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE SECTION 54954.2

In compliance with California law and the Americans with Disabilities Act, if you need special disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 858-0277, at least 48 hours in advance of the scheduled Board meeting. Notification at least 48 hours prior to the meeting will assist the District in making reasonable arrangements to accommodate your request. The Board Meeting Room is wheelchair accessible.



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | APRIL 11, 2024**

FINANCIAL MATTERS

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

RECOMMENDED ACTION:

Approve the following Finance/Audit Committee Meeting Recap(s) and recommend that the Board receive and file the same. (Consent Calendar):

1. *March 14, 2024*

CONTACTS (staff responsible): PALUDI/PEREA



TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | MARCH 14, 2024

DIRECTORS PRESENT

Don Chadd, Committee Chair
Ed Mandich, Committee Member

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Lorrie Lausten, District Engineer
Karen Warner, Principal Accountant
Phil Serpas, SCADA/CMMS Administrator

CONSULTANTS PRESENT

None

PUBLIC PRESENT

None

CALL MEETING TO ORDER

Director Chadd called the March 14, 2024 Finance/Audit Committee Meeting to order at 8:05 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

None

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 Chadd

SECOND: District Secretary Mr. Perea

AYES: Director Chadd & Mr. Perea

NOES: None

ABSTAIN: None

MOTION PASSED/FAILED: Passed 2-0

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | MARCH 14, 2024**

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.

- MOTION:** Recommend the Board of Directors ratify the Directors' fees and expenses for February 2024 and tentative future meetings/attendance as amended (Action Calendar) – Director Mandich
- SECOND:** Director Chadd
- AYES:** Directors Mandich & Chadd
- NOES:** None
- ABSTAIN:** None
- MOTION PASSED/FAILED:** Passed 2-0

ITEM 3: ANNUAL UPDATES TO DISTRICT INVESTMENT POLICY

Mr. Paludi presented this matter for Committee consideration, and he reported that this matter is reviewed annually in accordance with District policy and State law. Mr. Paludi added that staff have worked with general counsel and the District Treasurer to review the currently policy to propose certain updates consistent with applicable new laws and regulations which are minor clarifications of existing government code.

- MOTION:** Recommend the Board of Directors adopt Resolution No. 2024-1326 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting an Investment Policy (Action Calendar) – Director Mandich
- SECOND:** Director Chadd
- AYES:** Directors Mandich & Chadd
- NOES:** None
- ABSTAIN:** None
- MOTION PASSED/FAILED:** Passed 2-0

ITEM 4: OTHER MATTERS

Mr. Paludi reported that staff have scheduled a special board meeting/workshop in early April to provide an overview and update on the District's financial plan to the Board of Directors with the recently adopted rates and charges, and will include a discussion on potential alternate capital improvement project schedules.

- MOTION:** None – Informational item only.

ITEM 5: FINANCIAL REPORT

Ms. Warner presented the preliminary unaudited financials for January 2024, and she highlighted the following items:

WATER FUND

Total Operating Revenue

Ms. Warner reported that this line item was trending slightly higher than budgeted.

Total Source of Supply

Ms. Warner reported that this line item was trending lower than budgeted due lower than normal water sales.

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | MARCH 14, 2024**

Total Salaries & Benefits

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

Total Transmission & Distribution

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to increased water quality testing and the purchase of distribution system materials.

Total General & Administrative

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to the timing of insurance payments at the beginning of the fiscal year.

Net Total Unrestricted Cash Inflow/(Outflow)

Ms. Warner reported that this line item trended a positive increase of water reserves.

District Capital – Water

Ms. Warner reviewed the capital improvement costs accrued in January 2024, including costs associated with Dimension Water Treatment Plant (DWTP) Office & Storage improvements, SCADA system upgrades, PSPS Transfer Switch upgrades, and DWTP vault improvements.

SEWER FUND

Total Operating Revenue

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

Total Salaries & Benefits

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

Total Transmission & Distribution

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to blower system repairs at the Robinson Ranch Wastewater Treatment Plant (WWTP).

Net Total Unrestricted Cash Inflow/(Outflow)

Ms. Warner reported that this line item trended a positive increase of sewer reserves.

District Capital – Sewer

Ms. Warner reviewed the capital improvement costs accrued in January 2024, including costs associated with Golf Club Sewer Lift Station (SLS), SCADA system upgrades, WWTP Blower System upgrades, Heritage SLS, PSPS Transfer Switch upgrades, and WWTP Fiber Optic upgrade.

RECYCLED WATER FUND

Total Operating Revenue

Ms. Warner reported that this line item was trending higher than budgeted due to increased recycled water sales earlier in the fiscal year.

Total Source of Supply

Ms. Warner reported that this line item was trending higher than budgeted.

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | MARCH 14, 2024**

Total Salaries & Benefits

Ms. Warner reported that this line item was trending lower than budgeted.

Total Transmission & Distribution

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to system repairs.

Total General & Administrative

Ms. Warner reported that this line item was trending higher than the year-to-date amount due to the timing of insurance payments and certification renewals and professional services costs associated with a project grant application.

Net Total Unrestricted Cash Inflow/(Outflow)

Ms. Warner reported that this line item trended a positive increase of recycled water reserves.

District Capital – Recycled Water

Ms. Warner reviewed the capital improvement costs accrued in January 2024, including costs associated with SCADA system upgrades.

MOTION: Recommend the Board ratify payment of the bills for consideration for March 14, 2024, as presented (Action Calendar) – Director Mandich

SECOND: Director Chadd

AYES: Directors Mandich & Chadd

NOES: None

ABSTAIN: None

MOTION PASSED/FAILED: Passed 2-0

ADJOURNMENT

Director Chadd adjourned the March 14, 2024 Finance/Audit Committee Meeting at 8:15 a.m.

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | APRIL 11, 2024**

FINANCIAL MATTERS

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

Directors' Fees and Expenses

Consistent with Board policy, Directors are reimbursed for expenses incurred while serving in their capacity as Directors. Additionally, Directors earn a per diem stipend for attendance at meetings or functions in a Director capacity. Per Ordinance No. 91-15 (adopted July 17, 1991), Directors per diem amount is limited to \$125 per meeting for a maximum of ten days per calendar month. The attached spreadsheet provides a recap of the meetings, seminars, conferences attended by Directors along with expenses recorded to date.

Future Meetings

Future meetings have been identified for reference purposes and the designated directors are anticipated to attend. In the event an unanticipated meeting occurs that requires attendance by a director, the meeting attendance will be subsequently presented to the Board of Directors for ratification.

FUNDING SOURCE:

General Fund

FISCAL IMPACT (PROJECT BUDGET)

FY 2023/2024 Budgeted Board Expenses: \$45,000

RECOMMENDED ACTION:

Recommend that the Board ratify the Directors' fees and expenses for March 2024 and tentative future meetings/attendance. (Action Calendar)

EXHIBIT(S):

1. Directors' Fees and Expenses Report for March 2024
2. Directors' Tentative Future Meetings/Attendance – Calendar Year 2024.

CONTACTS (staff responsible): PALUDI/PEREA


**TRABUCO CANYON WATER DISTRICT
DIRECTORS' FEES AND EXPENSES MONTHLY REPORT | MARCH 2024**

MEETING DESCRIPTION	ACOSTA	CHADD	DOPUDJA	MANDICH	SAFRANSKI
DISTRICT MEETINGS					
Engineering/Operational Committee Meeting					03/06/24
Energy Efficiency Ad Hoc Committee Meeting				03/15/24	03/15/24
Executive Committee Meeting			03/04/24	03/04/24	
Finance/Audit Committee Meeting		03/14/24		03/14/24	
Individual Meeting with General Manager	03/19/24	03/19/24	03/18/24	03/18/24	03/19/24
Regular Board Meeting	03/21/24		03/21/24	03/21/24	03/21/24
REPRESENTATIVE MEETINGS					
Community Associations of Rancho (CAR) Meeting		03/05/24			
City of Rancho Santa Margarita - City Council Meeting					
City of Rancho Santa Margarita - Planning Commission Meeting	03/06/24				
Independent Special Districts of Orange County (ISDOC) Monthly Meeting				03/05/24	
MWDOC Administration/Finance Committee Meeting	03/13/24				
MWDOC Board Meeting	03/20/24				
Orange County Local Agency Formation Commission (OC LAFCO)				03/13/24	
South Orange County Agencies Group Meeting					03/28/24
Water Advisory Commission of Orange County (WACO)	03/01/24				
NUMBER OF MEETINGS ATTENDED	6	3	3	7	5
PER DIEMS (\$125 per each meeting*)	\$750.00	\$375.00	\$375.00	\$875.00	\$625.00
DIRECT REIMBURSABLE EXPENSES					
DIRECT REIMBURSABLE EXPENSES TOTALS					
INDIRECT REIMBURSABLE EXPENSES					
INDIRECT REIMBURSABLE EXPENSES TOTALS					
TOTAL (PER DIEMS + DIRECT REIMBURSABLE EXPENSES)	\$750.00	\$375.00	\$375.00	\$875.00	\$625.00
<i>* Maximum per diem per day is one; maximum per diems per month is 10</i>					

DIRECTOR SIGNATURE _____

TRABUCO CANYON WATER DISTRICT | 2024 PUBLIC MEETING AND CONFERENCE CALENDAR

		2024											
LINE ITEM	MEETING DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
DISTRICT PUBLIC MEETINGS													
1	Executive Committee Meeting	01/08/24	02/05/24	03/04/24	04/01/24	05/06/24	06/03/24	07/01/24	08/05/24	09/02/24	10/07/24	11/04/24	12/02/24
2	Engineering/Operational Committee Meeting	01/03/24	02/07/24	03/06/24	04/03/24	05/01/24	06/05/24	07/03/24	08/07/24	09/04/24	10/02/24	11/06/24	12/04/24
3	Finance/Audit Committee Meeting	01/11/24	02/08/24	03/07/24	04/11/24	05/09/24	06/13/24	07/11/24	08/08/24	09/12/24	10/10/24	11/14/24	12/12/24
4	Regular Board Meeting	01/18/24	02/15/24	03/14/24	04/18/24	05/16/24	06/20/24	07/18/24	08/15/24	09/19/24	10/17/24	11/21/24	12/19/24
5	District Properties Ad Hoc Committee Meeting	-	-	-	-	-	-	-	-	-	-	-	-
PUBLIC MEETINGS													
6	City of RSM City Council Meeting - Meeting No. 1	01/09/24	02/13/24	03/12/24	04/09/24	05/14/24	06/11/24	07/09/24	08/13/24	09/10/24	10/08/24	11/12/24	12/10/24
7	City of RSM City Council Meeting - Meeting No. 2	01/23/24	02/24/24	03/26/24	04/23/24	05/28/24	06/25/24	07/23/24	08/27/24	09/24/24	10/22/24	11/26/24	12/24/24
8	City of RSM Planning Commission Meeting	01/03/24	02/07/24	03/06/24	04/03/24	05/01/24	06/05/24	07/03/24	08/07/24	09/04/24	10/02/24	11/06/24	12/04/24
9	Independent Special Districts of Orange County Meeting - Executive	01/02/24	02/06/24	03/05/24	04/02/24	05/14/24	06/04/24	07/02/24	08/06/24	09/03/24	10/01/24	11/05/24	12/10/24
10	Independent Special Districts of Orange County Meeting - Quarterly	01/25/24	-	-	04/25/24	-	-	07/25/24	-	-	10/31/24	-	-
11	Orange County Local Agency Formation Commission (OC LAFCO)	01/10/24	02/14/24	03/13/24	04/10/24	05/08/24	06/12/24	07/10/24	08/14/24	09/11/24	10/09/24	11/13/24	12/11/24
12	Municipal Water District of Orange County (MWDOC) Board Meeting	01/17/24	02/21/24	03/20/24	04/17/24	05/15/24	06/19/24	07/17/24	08/21/24	09/18/24	10/16/24	11/20/24	12/18/24
13	Santiago Aqueduct Commission Meeting	-	-	03/21/24	-	-	06/20/24	-	-	09/19/24	-	-	12/12/24
14	Quarterly South Orange County Integrated Regional Watershed Management Executive Committee												
15	Monthly South Orange County Integrated Regional Watershed Management Executive Committee												
16	South Orange County Water Agencies Group Meeting*	01/23/24	-	03/26/24	-	05/28/24	-	07/23/24	-	09/23/24	-	11/25/24	-
18	Water Advisory Committee of Orange County	01/05/24	02/02/24	03/01/24	04/05/24	05/03/24	06/07/24	07/12/24	08/02/24	09/06/24	10/04/24	11/01/24	12/13/24
CONFERENCES													
19	ACWA Spring Conference - Sacramento, CA					05/07-05/09							
20	ACWA Fall Conference - Palm Desert, CA												12/03-12/05
21	CSDA Annual Conference -Indian Wells, CA									09/09-09/12			
22	CSDA GM Leadership Summit - Anaheim, CA						06/23-06/25						
24	CSDA SDLA Conference - San Diego, CA				04/14-04/17								
25	Colorado River Water User’s Association (CRWUA) Annual Conference – Las Vegas, NV												12/04-12/06
23	Urban Water Institute (UWI) Annual Conference - Palm Springs, CA		02/21-02/23										

LEGEND
 District Observed Holiday - Reschedule Meeting
 *4th Tuesday of the Odd Numbered Month

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | APRIL 11, 2024**

FINANCIAL MATTERS

ITEM 3: APPROVE INSTALLMENT PURCHASE AGREEMENT BETWEEN THE TRABUCO CANYON WATER DISTRICT AND THE TRABUCO CANYON PUBLIC FINANCING AUTHORITY

Background

On February 11, 2022, the Trabuco Canyon Water District (the “District”) entered into a credit agreement with BMO (as successor to Bank of the West), to finance certain capital projects in the amount of \$10 million. The final maturity of this loan is July 1, 2024 and requires the payment of the \$10 million in principal at maturity. This debt may be prepaid at any time without premium.

The District’s staff has identified approximately \$10.4 million in additional capital project funding needs for its water, wastewater and recycled water enterprises. The District has an opportunity to repay the BMO credit agreement and obtain additional funds for capital projects to be repaid over 20 to 25 years. The District’s 2023 Cost of Service Study included this debt financing strategy in the rate analysis.

Discussion

The District has engaged its team of consultants: Fieldman Rolapp & Associates, Inc. as Municipal Advisor, Stradling Yocca Carlson & Rauth as Special Counsel, and Oppenheimer as Placement Agent, to prepare the necessary documentation. The District’s finance team has determined it is in the District’s best interest to obtain the financing through a private placement bank, similar to the process completed in 2022.

The resolutions to be presented for consideration by the Board of Directors of the District and the Trabuco Canyon Public Financing Authority (the “Authority”) authorizes the execution and delivery of an installment purchase agreement between the District and the Authority and an Assignment Agreement between the Authority and one or more private placement banks for the purpose of repaying the BMO credit agreement and financing new capital projects. The Authority is a joint powers entity formed by the District and the Community Facilities District No. 7 to assist the District with its financing needs.

The documents before the Board are as follows:

1. Installment Purchase Agreement between the District and the Authority which establishes the specific terms and conditions under which the District’s combined water revenues, wastewater revenues and reclaimed water revenues are pledged to pay the installment payments securing the loan. The Installment Purchase Agreement contains certain financial covenants of the District to provide security for the funds to be applied to repay the loan.
2. Assignment Agreement between the Authority and the private placement bank that assigns the rights and covenants of the Authority under the Installment Purchase Agreement to the bank (including the right to receive the installment payments).

The District will bring the proposed resolution and documents presented at this meeting to the District’s and Authority’s Board of Directors’ meetings on April 18th and will bring back the recommendation for the private placement bank at the District’s upcoming Board meeting in May.

FISCAL IMPACT:

The fiscal impacts associated with this item are undetermined until an installment purchase agreement and assignment agreement with one or more banks with specific terms and conditions are approved.

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | APRIL 11, 2024**

RECOMMENDED ACTION(S):

Recommend the Board of Directors approve the execution and delivery of an installment purchase agreement between the Trabuco Canyon Water District and the Trabuco Canyon Public Financing Authority for the purpose of refinancing and financing capital projects and authorizing the execution and delivery of certain related documents and certain other matters (Action Calendar).

EXHIBITS:

None.

CONTACTS (Staff Responsible): PALUDI/COLLINS/BYERRUM

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | APRIL 11, 2024**

FINANCIAL MATTERS

ITEM 4: DISCUSS TOTAL COMPENSATION SURVEY UPDATE AND EMPLOYEE HEALTH BENEFIT DETERMINATION METHODOLOGY

Trabuco Canyon Water District supports maintaining competitive salaries and benefits as a critical staff recruitment and retention tool. In February 2021, the Board of Directors approved salary adjustments for all employees based on the results of total compensation survey research performed by Ralph Andersen & Associates and reviewed and recommended by an Ad Hoc committee of the Board. In January 2024, to ensure that the District is keeping pace with the market following several years of anomalous price inflation, staff engaged Ralph Andersen to provide an update of the total compensation survey using the same comparator agencies and evaluation criteria.

In addition to total compensation information, the District requested that comparator agencies be surveyed regarding their method of deriving the health insurance benefit they offer their employees. This was done to provide information to support a discussion on the District's method as requested by the Board in September 2023 when the current 2024 health insurance premium benefit was approved.

The results of the health benefit survey as well as the total compensation comparison will be presented at the time of the Committee meeting.

FUNDING SOURCE:

Employee salaries and benefits are funded through the General Fund.

FISCAL IMPACT:

Any adjustments to salaries and benefits have yet to be determined.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDED ACTION(S):

Committee to discuss information at the time of the Committee Meeting and take any action(s) as deemed appropriate.

EXHIBITS:

None.

CONTACTS (staff responsible): PALUDI/PEREA

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | APRIL 11, 2024**

FINANCIAL MATTERS

ITEM 5: CALIFORNIA CLASS INVESTMENTS PERFORMANCE

At the March 16, 2023 Regular meeting, the Board of Directors authorized the District Treasurer to open a Cooperative Liquid Assets Securities System (CLASS) account and invest \$5,000,000 in funds then currently held in the Local Asset Investment Fund (LAIF). At the time, CLASS was a newly created joint powers authority investment pool that functions similarly to LAIF but promised higher returns on invested funds due primarily to asset holdings having a significantly shorter weighted average maturity – an advantage in a quickly rising interest rate environment.

Since May, 2023 when the District’s CLASS account was initiated, the District’s invested funds have returned \$128,300 more than if the same funds had remained invested in LAIF. More information regarding investment performance of the District’s funds in CLASS vs. LAIF will be presented at the time of the meeting.

FUNDING SOURCE:

District reserve funds.

FISCAL IMPACT

Funds invested in CLASS have yielded additional interest income of \$128,300 since May 2023.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDED ACTION(S):

Committee to discuss information at the time of the Committee Meeting and take any action(s) as deemed appropriate.

EXHIBITS:

None.

CONTACTS (staff responsible): PALUDI/BYERRUM/WARNER

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | APRIL 11, 2024**

**FINANCIAL MATTERS
ITEM 6: OTHER MATTERS**

RECOMMENDED ACTION(S):

Hear Other Matters from the General Manager or District Staff.

CONTACTS (staff responsible): PALUDI/PEREA

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | APRIL 11, 2024**

**FINANCIAL MATTERS
ITEM 7: FINANCIAL REPORT**

A) PRESENTATION OF PRELIMINARY UNAUDITED FINANCIAL STATEMENTS

RECOMMENDED ACTION:

Recommend that the Board receive and file the preliminary unaudited financial statements for February 2024 (Consent Calendar).

B) BILLS FOR CONSIDERATION

The total of the bills for consideration will be presented at the time of the April 11, 2024 Finance/Audit Committee Meeting.

RECOMMENDED ACTION:

Approve and ratify the bills for consideration and warrant register and recommend that the Board ratify payment of the Bills for Consideration for April 11, 2024 as presented (Consent Calendar).

CONTACTS (staff responsible): PALUDI/PEREA/WARNER



Trabuco Canyon Water District
Balance Sheet
February 29, 2024
(Unaudited)

		February 2024
1	Assets	
2	Cash & Investments	
3	Cash & Investments - Unrestricted	\$ 4,054,031
4	Cash & Investments - Restricted	3,686,586
5	Total Cash & Investments	7,740,617
6	Other Current Assets	
7	Accounts Receivable, Net	2,256,168
8	Prepaid & Other	57,537
9	Fair Market Value Adjustment ¹	(35,057)
10	Total Other Current Assets	2,278,648
11	Capital Assets	
12	Capital Assets, at Cost	127,974,491
13	Accumulated Depreciation	(83,247,474)
14	Construction in Progress	3,236,211
15	Total Capital Assets	47,963,227
16	Net OPEB Asset	201,692
17	Deferred Outflows of Resources (DOR)	2,508,005
18	Total Assets & DOR	\$ 60,692,190
19	Liabilities	
20	Current Liabilities	
21	Accounts Payable	\$ 813,076
22	Accrued Expenses	267,405
23	Current Portion-Long Term Debt	94,972
24	Deposits on Hand	81,638
25	Total Current Liabilities	1,257,091
26	Long-Term Liabilities	
27	Net Pension Liability	4,449,117
28	State Revolving Fund Loan	1,675,794
29	Bank of the West Loan	10,000,000
30	Total Long Term Liabilities	16,124,911
31	Deferred Inflows of Resources (DIR)	647,305
32	Total Liabilities & DIR	18,029,307
33	Net Position	42,662,883
34	Total Liabilities, Net Position & DIR	\$ 60,692,190

¹ LAIF and CLASS Fair Market Value is adjusted annually at June 30th. This balance may be different from the cash and investments report during the year based on updated market conditions.



Trabuco Canyon Water District
Cash Investments Report
February 29, 2024
(Unaudited)

	Type	Cost	Market	% Total
District Cash & Investments				
Unrestricted				
Local Agency Investment Fund (LAIF)	Investment	\$ (1,636,646)	\$ (1,626,078)	-21.0%
California Cooperative Liquid Assets Securities System (CLASS)	Investment	3,681,447	\$ 3,681,716	47.6%
Bank of the West	Checking	2,009,230	2,009,230	26.0%
Total Unrestricted		4,054,031	4,064,867	52.6%
Restricted				
LAIF - Water Storage Facilities	Investment	1,110,092	1,102,924	14.3%
LAIF - Interim Sewage	Investment	117,101	116,345	1.5%
LAIF - Debt Issuance 2022	Investment	2,220,848	2,206,508	28.5%
CLASS - Debt Issuance	Investment	-	-	0.0%
Cash in CB&T Reserved for SRF Loan	Checking	238,545	238,545	3.1%
Total Restricted		3,686,586	3,664,323	47.4%
Total District Cash & Investments		\$ 7,740,617	\$ 7,729,189	100.0%

Certification

I certify that (1) all investment actions executed since the last report have been made in full compliance with the District's Investment Policy and, (2) the District will meet its expenditure obligations for the next six months as required by California.

Cindy Byerrum

Cindy Byerrum, Treasurer



Trabuco Canyon Water District
Budget to Actual - Water
For the period July 1, 2023 through February 29, 2024
(Unaudited)

	February 2024	YTD Actual	FY 24 Adopted Budget	YTD 67%
1 Operating Revenue				
2 Fixed / Capital Service Charges	\$ 268,913	\$ 2,051,532	\$ 3,113,000	66%
3 Variable Consumption Charges	181,503	2,668,557	3,978,400	67%
4 Baker Treatment Plant Water Sales	126,112	1,089,962	1,560,500	70%
5 Customer Fees	7,322	103,515	238,800	43%
6 Standby Charges	107	20,483	32,300	63%
7 Uncollectable Accounts	-	-	(23,000)	0%
8 Total Operating Revenue	583,958	5,934,049	8,900,000	67%
9 Operating Expense				
10 Source of Supply				
11 Fixed Water Purchases	23,213	240,976	348,900	69%
12 Variable Water Purchases	71,744	772,766	2,015,100	38%
13 Baker Treatment Plant Water Sold	95,899	852,272	1,338,400	64%
14 Water Treatment	11,443	111,625	394,300	28%
15 Pumping Electricity	11,604	199,477	244,300	82%
16 Total Source of Supply	213,902	2,177,116	4,341,000	50%
17 Salaries and Benefits				
18 Employee/Director Wages	145,912	1,205,050	1,954,800	62%
19 Employee/Director Benefits	33,998	315,621	510,400	62%
20 Retiree Health Insurance	11,675	85,347	115,300	74%
21 Transfer In - 115 OPEB Trust Reimbursement	(11,675)	(85,347)	(115,300)	74%
22 CalPERS Retirement (Normal)	25,046	202,391	323,400	63%
23 CalPERS Unfunded Accrued Liability (Minimum)	-	164,806	170,300	97%
24 Payroll Taxes	12,404	92,814	146,000	64%
25 Total Salaries and Benefits	217,360	1,980,683	3,104,900	64%
26 Transmission and Distribution				
27 System Repairs and Maintenance	13,324	196,947	258,700	76%
28 Vehicles and Equipment	6,034	54,140	101,200	53%
29 Safety, Supplies and Testing	8,430	48,058	45,400	106%
30 Total Transmission and Distribution	27,788	299,146	405,300	74%
31 General and Administrative				
32 Professional Services	48,774	330,853	513,400	64%
33 Office Maintenance, Supplies and Software	27,195	240,878	310,600	78%
34 District Insurance	-	116,597	109,300	107%
35 Dues and Memberships	473	87,783	95,400	92%
36 Public Outreach	12,136	84,667	103,300	82%
37 Customer Service and Billing	4,424	36,293	68,400	53%
38 Conference, Trainings and Travel	2,027	22,857	34,100	67%
39 Total General and Administrative	95,028	919,927	1,234,500	75%
40 Total Operating Expense	554,078	5,376,872	9,085,700	59%
41 Net Operating Revenue / (Expense)	29,880	557,177	(185,700)	-300%
42 Non-Operating Revenue / (Expense)				
43 Property Tax Revenue	2,544	670,499	1,245,000	54%
44 Interest Revenue - Unrestricted	11,986	33,187	115,700	29%
45 Other Revenue and Reimbursements	2,329	77,707	54,400	143%
46 Miscellaneous Expense	(9)	(107,559)	(6,200)	1735%
47 Net Non-Operating Revenue / (Expense)	16,850	673,834	1,408,900	48%
48 Net Total Revenue / (Expense)	46,731	1,231,012	1,223,200	101%
49 Other Unrestricted Cash Inflow / (Outflow)				
50 Transfer In - Debt Proceeds for Capital	31,986	524,408	1,206,000	43%
51 Capital Improvement Program (CIP)	(36,455)	(528,877)	(1,206,000)	44%
52 Debt Service - Principal and Interest	-	(115,191)	(901,100)	13%
53 Net Other Unrestricted Cash Inflow / (Outflow)	(4,469)	(119,659)	(901,100)	13%
54 Net Total Unrestricted Cash Inflow / (Outflow)	\$ 42,262	\$ 1,111,352	\$ 322,100	345%

Acronym key:

- OPEB - Other Post-Employment Benefits
- SCADA - Supervisory Control and Data Acquisition System



Trabuco Canyon Water District
District Capital - Water
FY 23-24
(Unaudited)

	Project	February 2024	YTD Actual	FY 24 Adopted Budget	YTD 67%
1	Water CIP				
2	Capital Improvements / Replacements				
3	Dimension Water Treatment Plant (DWTP) Office & Storage	\$ -	\$ 930	\$ 350,000	0%
4	SCADA System Upgrades FY 24	-	155,034	280,000	55%
5	10" Pipeline Replacement - Cooks to Harris Grade	-	-	250,000	0%
6	PSPS Transfer Switch Upgrade - Water	-	1,705	60,000	3%
7	DWTP Vault Improvement	-	2,325	75,000	3%
8	Administration Office Remodel	-	29,014	-	N/A
9	Total Capital Improvements / Replacements	-	189,008	1,015,000	19%
10	Equipment				
11	Fleet	-	174,950	91,000	192%
12	Xerox Copier	4,469	4,469	-	N/A
13	Fire Hydrants	25,229	25,229	-	N/A
14	Total Equipment	29,698	204,648	91,000	225%
15	Programs				
16	Pump Replacement Program - Water	-	13,750	50,000	28%
17	Pressure Regulating Valves (PRV) - Water	6,757	11,500	20,000	58%
18	Valve Replacements - Water	-	109,970	30,000	367%
19	Total Programs	6,757	135,220	100,000	135%
20	Total Water CIP	\$ 36,455	\$ 528,877	\$ 1,206,000	44%

Acronym key:

SCADA - Supervisory Control and Data Acquisition System

PSPS - Public Safety Power Shutoff



Trabuco Canyon Water District
Budget to Actual - Sewer
For the period July 1, 2023 through February 29, 2024
(Unaudited)

	February 2024	YTD Actual	FY 24 Adopted Budget	YTD 67%
1 Operating Revenue				
2 Sewer Residential Charges	\$ 167,803	\$ 1,314,710	\$ 1,933,800	68%
3 Sewer Commercial Charges	15,255	144,619	189,800	76%
4 Customer Fees	15,351	120,538	281,100	43%
5 Uncollectable Accounts	-	-	(3,500)	0%
6 Total Operating Revenue	198,409	1,579,866	2,401,200	66%
7 Operating Expense				
8 Salaries and Benefits				
9 Employee/Director Wages	69,309	607,964	961,500	63%
10 Employee/Director Benefits	13,101	122,016	235,700	52%
11 Retiree Health Insurance	4,170	30,481	41,200	74%
12 Transfer In - 115 OPEB Trust Reimbursement	(4,170)	(30,481)	(41,200)	74%
13 CalPERS Retirement (Normal)	8,795	72,802	115,600	63%
14 CalPERS Unfunded Accrued Liability (Minimum)	-	76,658	79,200	97%
15 Payroll Taxes	4,430	33,148	73,200	45%
16 Total Salaries and Benefits	95,635	912,588	1,465,200	62%
17 Transmission and Distribution				
18 System Repairs and Maintenance	23,017	244,818	295,600	83%
19 T&D Electricity	22,391	166,691	196,300	85%
20 Vehicles and Equipment	2,747	23,848	39,300	61%
21 Safety, Supplies and Testing	2,059	11,594	41,200	28%
22 Total Transmission and Distribution	50,214	446,951	572,400	78%
23 General and Administrative				
24 Professional Services	17,419	127,056	184,900	69%
25 Office Maintenance, Supplies and Software	18,046	125,106	159,300	79%
26 District Insurance	-	41,642	42,600	98%
27 Dues and Memberships	173	60,290	122,000	49%
28 Public Outreach	4,151	11,730	18,300	64%
29 Customer Service and Billing	1,143	8,314	19,200	43%
30 Conference, Trainings and Travel	724	8,163	12,000	68%
31 Total General and Administrative	41,657	382,300	558,300	68%
32 Total Operating Expense	187,507	1,741,839	2,595,900	67%
33 Net Operating Revenue / (Expense)	10,902	(161,972)	(194,700)	83%
34 Non-Operating Revenue / (Expense)				
35 Property Tax Revenue	1,831	482,759	896,000	54%
36 Interest Revenue - Unrestricted	4,231	111,070	105,500	105%
37 Other Revenue and Reimbursements	223	43,608	7,300	597%
38 Miscellaneous Expense	(6)	(45,146)	(7,200)	627%
39 Net Non-Operating Revenue / (Expense)	6,279	592,290	1,001,600	
40 Net Total Revenue / (Expense)	17,181	430,318	806,900	
41 Other Unrestricted Cash Inflow / (Outflow)				
42 Transfer In - Debt Proceeds for Capital	76,348	588,063	2,979,500	20%
43 Capital Improvement Program	(77,944)	(592,412)	(2,979,500)	20%
44 Debt Service - Principal and Interest	-	-	(554,100)	0%
45 Net Other Unrestricted Cash Inflow / (Outflow)	(1,596)	(4,349)	(554,100)	1%
46 Net Total Unrestricted Cash Inflow / (Outflow)	\$ 15,585	\$ 425,969	\$ 252,800	

Acronym key:

OPEB - Other Post-Employment Benefits



Trabuco Canyon Water District
District Capital - Sewer
FY 23-24
(Unaudited)

	Project	February 2024	YTD Actual	FY 24 Adopted Budget	YTD 67%
1	Wastewater CIP				
2	Capital Improvements / Replacements				
3	Golf Club Sewer Lift Station (SLS) Bypass Construction	\$ -	\$ 147,846	\$ 1,800,000	8%
4	SCADA System Upgrades FY 24	-	55,369	100,000	55%
5	WWTP Hoffman Blower Building Rehabilitation	-	46,696	400,000	12%
6	Chiquita FY 24	-	90,849	178,000	51%
7	Heritage SLS Rehabilitation	-	2,665	100,000	3%
8	PSPS Transfer Switch Upgrade - Sewer	-	2,093	60,000	3%
9	WWTP Fiber Optic Upgrade	-	6,820	130,000	5%
10	El Toro SLS System Improvements	-	37,469	79,000	47%
11	Administration Office Remodel	-	10,362	-	N/A
12	Total Capital Improvements / Replacements	-	400,169	2,847,000	14%
13	Equipment				
14	Fleet	-	62,482	32,500	192%
15	Xerox Copier	1,596	1,596	-	N/A
16	Chopper Pump - Sequencing Batch Reactor	24,716	24,716	-	N/A
17	Smart Covers - Sewer Lift stations	18,709	18,709	-	N/A
18	Roots Blower - WWTP	15,693	15,693	-	N/A
19	Total Equipment	60,714	123,196	32,500	379%
20	Programs				
21	Manhole Recoating Program - Sewer	-	-	20,000	0%
22	Pump Replacement Program (Sewer)	17,230	52,027	50,000	104%
23	Wet Well Recoating	-	17,020	30,000	57%
24	Total Programs	17,230	69,047	100,000	69%
25	Total Wastewater CIP	\$ 77,944	\$ 592,412	\$ 2,979,500	20%

Acronym key:

- SCADA - Supervisory Control and Data Acquisition System
- WWTP - Waste Water Treatment Plant
- PSPS - Public Safety Power Shutoff



Trabuco Canyon Water District
Budget to Actual - Recycled
For the period July 1, 2023 through February 29, 2024
(Unaudited)

	February 2024	YTD Actual	FY 24 Adopted Budget	YTD 67%
1 Operating Revenue				
2 Fixed / Capital Service Charges	\$ 11,857	\$ 89,552	\$ 142,200	63%
3 Variable Consumption Charges	7,852	756,139	995,400	76%
4 Customer Fees	-	10,489	7,300	144%
5 Uncollectable Accounts	-	-	(4,000)	0%
6 Total Operating Revenue	19,709	856,180	1,140,900	75%
7 Operating Expense				
8 Source of Supply				
9 Recycled Water Purchases	310	19,516	25,900	75%
10 Water Treatment	11,985	78,418	99,400	79%
11 Total Source of Supply	12,294	97,934	125,300	78%
12 Salaries and Benefits				
13 Employee/Director Wages	16,813	146,818	231,400	63%
14 Employee/Director Benefits	4,762	41,736	75,400	55%
15 Retiree Health Insurance	834	6,096	8,200	74%
16 Transfer In - 115 OPEB Trust Reimbursement	(834)	(6,096)	(8,200)	74%
17 CalPERS Retirement (Normal)	1,887	15,683	24,800	63%
18 CalPERS Unfunded Accrued Liability (Minimum)	-	17,340	18,000	96%
19 Payroll Taxes	886	6,630	16,800	39%
20 Total Salaries and Benefits	24,348	228,207	366,400	62%
21 Transmission and Distribution				
22 T&D Electricity	21,013	210,362	282,000	75%
23 System Repairs and Maintenance	979	34,709	29,600	117%
24 Vehicles and Equipment	465	5,343	8,600	62%
25 Safety, Supplies and Testing	10,111	71,182	157,600	45%
26 Total Transmission and Distribution	32,569	321,596	477,800	67%
27 General and Administrative				
28 Professional Services	3,484	29,882	36,800	81%
29 Office Maintenance, Supplies and Software	2,395	21,640	27,600	78%
30 District Insurance	-	8,328	8,800	95%
31 Dues and Memberships	35	32,512	36,600	89%
32 Public Outreach	830	2,346	3,600	65%
33 Customer Service and Billing	229	1,663	4,000	42%
34 Conference, Trainings and Travel	145	1,633	2,200	74%
35 Total General and Administrative	7,117	98,003	119,600	82%
36 Total Operating Expense	76,329	745,740	1,089,100	68%
37 Net Operating Revenue / (Expense)	(56,620)	110,440	51,800	
38 Non-Operating Revenue / (Expense)				
39 Property Tax Revenue	712	187,740	349,200	54%
40 Interest Revenue - Unrestricted	829	14,865	21,800	68%
41 Other Revenue and Reimbursements	-	3,299	1,800	183%
42 Miscellaneous Expense	(2)	(2,005)	(1,100)	182%
43 Net Non-Operating Revenue / (Expense)	1,538	203,898	371,700	55%
44 Net Total Revenue / (Expense)	(55,081)	314,339	423,500	74%
45 Other Unrestricted Cash Inflow / (Outflow)				
46 Transfer In - Debt Proceeds for Capital	40,190	66,298	326,500	20%
47 Capital Improvement Program	(40,509)	(66,617)	(326,500)	20%
48 Debt Service - Principal and Interest	-	-	(81,400)	0%
49 Net Other Unrestricted Cash Inflow / (Outflow)	(319)	(319)	(81,400)	0%
50 Net Total Unrestricted Cash Inflow / (Outflow)	\$ (55,401)	\$ 314,019	\$ 342,100	92%

Acronym key:

OPEB - Other Post-Employment Benefits



Trabuco Canyon Water District
District Capital - Recycled
FY 23-24
(Unaudited)

	Project	February 2024	YTD Actual	FY 24 Adopted Budget	YTD 67%
1	Recycled Water CIP				
2	Capital Improvements / Replacements				
3	SCADA System Upgrades FY 24	\$ -	\$ 11,074	\$ 20,000	55%
4	Dove Recycled Booster Pump Station	-	-	100,000	0%
5	Recycled PRV Vault Improvements - Dove Canyon	-	465	200,000	0%
6	Administration Office Remodel	-	2,072	-	N/A
7	Capital Improvements / Replacements Total	-	13,611	320,000	4%
8	Equipment				
9	Fleet	-	12,496	6,500	192%
10	Xerox Copier	319	319	-	N/A
11	VFD - Dove / Robinson Ranch Recycled Pump Station	40,190	40,190	-	N/A
12	Equipment Total	40,509	53,006	6,500	815%
13	Total Recycled Water CIP	\$ 40,509	\$ 66,617	\$ 326,500	20%

Acronym key:

- SCADA - Supervisory Control and Data Acquisition System
- PRV - Pressure Regulating Valves
- VFD - Variable Frequency Drive