



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | FEBRUARY 15, 2024

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on February 15, 2024, 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 Glenn Acosta
Director Don Chadd
Director Michael Safranski

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Lorrie Lausten, District Engineer
Roseann Lejsek, Administration Assistant
Jason Stroud, Maintenance Superintendent
Blake Smith, Wastewater Operations Chief Plant Operator

DISTRICT CONSULTANTS

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

PUBLIC PRESENT

There were members of the public present.

PLEDGE OF ALLEGIANCE

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

ITEMS TOO LATE TO BE AGENDIZED

None

VISITOR PARTICIPATION

Sue Marucci – Ms. Marucci addressed the Board of Directors with her concerns about the impacts of the District's adopted meter flat charge on customers with meters sized 1 ½" and larger, and she expressed her opinion that this charge is a burden on customers in her community. Ms. Marucci commented that the provided rate notice was convoluted and that she is waiting for a response from the District general legal counsel on this matter.

Director Dopudja indicated that this matter is agendized for discussion, and that Ms. Marucci is welcome to listen to the Board's discussion and comment at that time. Director Dopudja asked Ms. Marucci if she was available for a phone conversation with Ms. Collins the following day, and he requested Ms. Marucci to respect meeting protocol related to public comments.

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Ms. Collins commented that she would be happy to have a phone conversation with Ms. Marucci the following day.

Director Chadd asked if District general legal counsel has been authorized to speak with District customers directly. Discussion occurred concerning communications with District customers.

ORAL COMMUNICATION

None

DIRECTOR'S COMMENTS

Director Acosta reported on his attendance at the Municipal Water District of Orange County (MWD) Administration/Finance Committee Meeting. Director Acosta reported that he will no longer receive health benefits from TCWD effective March 1, 2024.

Director Safranski reported on his attendance at the South Orange County Agencies Group meeting which provided an update on (1) MET budget proposal and potential funding strategies and (2) planned AMP pipeline shutdown and impacts.

Director Mandich had no comments.

Director Chadd had no comments.

Director Dopudja had no comments.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported on the following matters:

- Removal of the following agenda items:
 - Item 12: Consideration of County of Orange Request for Property Rights Related to Trabuco Creek Road Storm Drain Improvement Project – Mr. Paludi reported that the County has notified the District that they are modifying their project plans, and that this matter will be brought back at a later date.
 - Item 14: Staff Presentation Regarding Robinson Ranch Wastewater Treatment Plant Aeration System Improvements – Mr. Paludi reported that Mr. Ulloa is out of the office due to family matters, and that this matter will be brought back at a later date.
- Urban Water Institute (UWI) Conference – Mr. Paludi reported that he will be attending this conference the following week.

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 Acosta

SECOND: Director Safranski

AYES: Directors Dopudja, Mandich, Acosta, & Safranski

NOES: None

ABSTAIN: Director Chadd

ABSENT: None

MOTION PASSED/FAILED: Passed 4 - 0 – 1 with Director Chadd abstaining.

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ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 6: 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 January 2024 – Director Acosta

SECOND: Director Mandich

AYES: Directors Dopudja, Mandich, Acosta, Chadd & Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 -0.

ITEM 7: DISTRICT ENERGY EFFICIENCY AD HOC COMMITTEE UPDATE

Mr. Paludi presented this matter for Board consideration. Director Safranski delivered a brief PowerPoint presentation that highlighted the previous month's energy demands, and he reported that the ad hoc committee did not meet in February. Mr. Perea reported (1) the planned facility site visit was cancelled due to the atmospheric river rain events, (2) the California Air Resources Board (CARB) Advanced Clean Fleets reporting is due by April, and (3) the Committee will work in the coming months with the District's Southern California Edison (SCE) account representative to review energy rates and demands.

MOTION: None – Informational item only.

ITEM 8: DECLARATION OF CERTAIN REAL PROPERTY AS SURPLUS LAND

Mr. Paludi presented this matter for Board consideration, and he reported that this matter has been discussed with the District Properties Committee. Mr. Paludi provided excerpts of the presentation delivered to the Committee, and he highlighted the two District-owned real properties that are proposed for declaration of surplus property. Ms. Collins reviewed the surplus property declaration process which includes the adoption of a resolution indicating such and then advertising the properties on the State online exchange for a ninety-day period. Director Mandich indicated that he would abstain from acting on the resolution for the Saddleback Meadows property.

MOTION: Adopt Resolution No. 2024-1326 – Resolution of the Board of Directors of the Trabuco Canyon Water District Declaring Certain of its Land Known as the "Porter Property" to be Surplus Land – Director Chadd

SECOND: Director Acosta

AYES: Directors Dopudja, Mandich, Acosta, Chadd & Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 -0.

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MOTION: Adopt Resolution No. 2024-1327 – Resolution of the Board of Directors of the Trabuco Canyon Water District Declaring Certain of its Land Known as the “Saddleback Meadows Property” to be Surplus Land – Director Chadd

SECOND: Director Acosta

AYES: Directors Dopudja, Acosta, Chadd & Safranski

NOES: None

ABSTAIN: Mandich

ABSENT: None

MOTION PASSED/FAILED: Passed 4 – 0 – 1 with Director Mandich abstaining.

FINANCIAL MATTERS

ITEM 9: APPROVAL OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) BIENNIAL VALUATION REPORTING FOR CERBT TRUST FUNDING

Mr. Paludi presented this matter for Board consideration, and he reported that this matter was reviewed with the Finance/Audit Committee. Mr. Perea reported that the District is obligated under the Governmental Accounting Standards Board (GASB) to prepare a biennial actuarial valuation of the District’s Other Post-Employment Benefits (OPEB) in order to comply with GASB 74 & 75. Mr. Perea stated that the District withdrew approximately \$160,000 from the trust last year to cover retired employee benefits and noted that the trust was currently funded at 100% and performing well. Mr. Perea reported that Total Compensation Systems, Inc. prepared the District’s last report in 2022 and that their quoted fee includes a 10% discount.

MOTION: Authorize the General Manager to execute a contract with Total Compensation Systems, Inc. for GASB 74/75 Biennial Annual Valuation Reporting for \$5,400– Director Acosta

SECOND: Director Mandich

AYES: Directors Dopudja, Mandich, Acosta, Chadd & Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 -0.

ENGINEERING MATTERS

ITEM 10: RATIFICATION OF PROFESSIONAL SERVICES AGREEMENT FOR CONSTRUCTION MANAGEMENT SERVICES WITH MCM CONSULTING

Mr. Paludi introduced this matter for Board consideration, and he reported that this matter was reviewed with the Engineering/Operational Committee. Ms. Lausten provided a brief overview of the project, and she reported that the District has received four proposals after publicly bidding the project. Ms. Lausten reviewed a proposal evaluation which compared the costs of each proposer. Ms. Lausten recommended awarding the project to MCM Consulting and the ratification of a professional services agreement. Discussion occurred concerning rising costs for construction management services.

MOTION: Ratify a professional services agreement for the Golf Club SLS Improvements for Construction Management Services with MCM Consulting in the amount of \$246,770, plus a 10% contingency of \$24,677, for a total not-to-exceed amount of \$271,447 – Director Acosta

SECOND: Director Safranski

AYES: Directors Dopudja, Mandich, Acosta, Chadd & Safranski

NOES: None

ABSTAIN: None

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ABSENT: None

MOTION PASSED/FAILED: Passed 5 -0.

ITEM 11: APPROVAL OF CONTRACT WITH BEAVENS SYSTEMS INCORPORATED FOR ROBINSON RANCH WASTEWATER TREATMENT PLANT COMMUNICATIONS SYSTEM UPGRADE PROJECT

Mr. Paludi introduced this matter for Board consideration, and he reported that this matter was reviewed with the Engineering/Operational Committee. Ms. Lausten provided an overview of the project, and she presented a quote from Beavens Systems Incorporated in the amount of \$277,259.35. Ms. Lausten reported that this project was originally scoped as primarily a fiber-optic conduit installation and budgeted in the CIP for \$130,000, and she added that the scope was necessarily expanded to include the replacement of certain obsolete in-plant SCADA equipment. Mr. Perea provided an overview of how the Wastewater Treatment Plant operates independent from SCADA to ensure consistent facility operations. Discussion occurred concerning the preference for the competitive bidding process as opposed to sole sourcing this contract. Ms. Lausten commented that the scope of the project expanded through the discovery of additional onsite challenges and the impacts of inflation.

MOTION: Authorize the General Manager to execute a contract for the RRWWTP Communication System Upgrade to Beavens Systems Incorporated in the amount of \$277,259.35, plus a 10% contingency of \$27,725, for a total not-to-exceed amount of \$304,984.35 – Director Acosta.

SECOND: Director Safranski

AYES: Directors Dopudja, Mandich, Acosta, Chadd & Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 -0.

ITEM 13: METER DOWNSIZING PROGRAM UPDATE

Mr. Paludi introduced this matter for Board consideration, and he reported that District staff has prepared and mailed a letter concerning to residential customers with water meters larger than one inch with details on this program. Discussion occurred concerning the program requirements and the impacts of proposition 218 on the rate setting process specifically to fixed rates and charges. Mr. Paludi reported that the District has received seven program applications to date and completed one meter downsizing. Director Chadd expressed his concern with general legal counsel speaking with customers without a staff representative. Discussion occurred concerning specific language in the letter related to the District's approved program requirements. Director Dopudja indicated that this matter does not need to be agendized for further discussion.

MOTION: None – Informational item only.

LEGISLATIVE AND OTHER MATTERS

ITEM 15: LOCAL GOVERNMENTAL AND LEGISLATIVE MATTER(S)

Mr. Paludi provided a handout which summarized Metropolitan Water District's (MET) proposed biennial budget for years 2024-25 and 2025-26, and he reported that the proposed budgets include significant increases due to current supply and demand challenges. Discussion occurred concerning options available to MET; Mr. Paludi reported that MET is considering multiple scenarios, including double-digit increases and/or an increase to the assessed property value taxation rate in its service area. Mr. Paludi added that depending on the final rate adjustments the District can pass through certain increases consistent with the adopted rate study.

MOTION: None – Informational item only.

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GENERAL COUNSEL REPORT

Ms. Collins provided a brief update on new water rates-related proposed legislation which are due the following day, including the following:

- AB 2257 – Proposes an administrative procedure process for rate protests/objections prior to adoption.
- AB 1827 – Proposes the codification of the use of peaking component for water rate setting.
- SB 1072 – Proposes that refunds associated with rate setting are not allowed.

Discussion occurred concerning the use of peaking in the rate setting process.

OTHER INFORMATION/MATTERS

Mr. Perea acknowledged that Wastewater Chief Plant Operator Blake Smith was in attendance, and he recognized his successful passing and receipt of his Wastewater Treatment Plant Operator Grade IV Certificate from the State Water Resources Control Board.

ADDITIONAL DIRECTORS' COMMENTS

Director Chadd provided the additional comments:

- Community Associations of Rancho (CAR) Group – Director Chadd reported that the District is hosting a CAR Group Home Fire Hardening community meeting later this month.
- Finance/Audit Committee – Director Chadd provided a brief update on the financial discussions at the meeting, including requesting staff to provide an update on the performance of the adopted rates and charges. Director Dopudja confirmed that this action was part of his motion at the Special Board Meeting Public Hearing on June 29, 2023.
- Consent Calendar Abstention Vote – Director Chadd explained the reason for abstaining from voting on the consent calendar matters were directly related to a specific comment in the January 3rd Engineering/Operational Committee Meeting recap as referenced in the recap presented for approval.

Director Dopudja explained that his comment was based on his concerns with capital improvement project expenditures and staff accountability. Director Dopudja indicated that the TCWD Board previously approve a significant SCADA change order of approximately \$150,000 that should have been included in the Capital Improvement Plan. Those concerns were not addressed and the TCWD Board had to take action that night to approve another \$300,000 in changes to the SCADA scope of work. Both items were significant oversights and will result in other projects having to be removed from the approved CIP budget. Director Dopudja indicated the Engineering Committee had also requested and was still waiting for a list of impacted capital projects. Director Dopudja indicated he stood by his comment and felt the TCWD Board should be addressing these recurring issues of missed items, so that internal process improvements can be made.

Director Safranski stressed the importance for providing appropriate context to Director comments in meeting minutes.

Director Acosta commended District staff for their hard work on preparing budgets and completing projects, and he urged them to always improve.

ADJOURNMENT

President Dopudja adjourned the February 15, 2024 Regular Board Meeting at 7:15 p.m.