



**FINANCE/AUDIT COMMITTEE MEETING AGENDA  
TRABUCO CANYON WATER DISTRICT  
ADMINISTRATION FACILITY  
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CA  
DECEMBER 12, 2024 at 11:00 AM**

---

**COMMITTEE MEMBERS**

Glenn Acosta, Committee Member  
Edward Mandich, Committee Member Alternate

**DISTRICT STAFF**

Fernando Paludi, General Manager  
Michael Perea, District Secretary  
Ian Berg, 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](http://www.tcwd.ca.gov). You may submit public comments by email to the Committee at [mperea@tcwd.ca.gov](mailto: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. November 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 November 2024 and tentative future meetings/attendance (Action Calendar).

**ITEM 3: UPDATE ON METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (MET) REVERSE CYCLIC PROGRAM**

**RECOMMENDED ACTION:**

Informational item only. No action required.

**ITEM 4: PRESENTATION OF TRABUCO CANYON WATER DISTRICT'S FISCAL YEAR 2023-24 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)**

**RECOMMENDED ACTION:**

Recommend the Board of Directors receive and file the Trabuco Canyon Water District Fiscal Year 2023-24 Annual Comprehensive Financial Report (ACFR) (Action Calendar).

**ITEM 5: CONSIDERATION OF LINE BREAK BILLING ADJUSTMENT FOR DOVE CANYON MASTER ASSOCIATION**

**RECOMMENDED ACTION:**

Recommend the Board of Directors approve a line break account adjustment in the amount of \$2,468.40 for Dove Canyon Master Association consistent with District General Policy & Rules and Regulations (Action Calendar).

**ITEM 6: FINANCIAL REPORT**

**A) PRESENTATION OF PRELIMINARY UNAUDITED FINANCIAL STATEMENTS**

**RECOMMENDED ACTION:**

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

**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 December 12, 2024 as presented (Consent Calendar).



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING AGENDA | DECEMBER 12, 2024**

**ITEM 7: OTHER MATTERS**

**RECOMMENDED ACTION:**

*Hear Other Matters from the General Manager or District Staff.*

**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](http://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](http://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](http://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 | DECEMBER 12, 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. *November 14, 2024*

**CONTACTS (staff responsible): PALUDI/PEREA**



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

---

**DIRECTORS PRESENT**

Don Chadd, Committee Chair  
Glenn Acosta, Committee Member

**STAFF PRESENT**

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

**STAFF ABSENT**

None

**CONSULTANTS PRESENT**

Ian Berg, Starting Line Advisory

**PUBLIC PRESENT**

None

**CALL MEETING TO ORDER**

Director Chadd called the November 14, 2024 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**

Director Acosta stated that he has enjoyed serving alongside Director Chadd and that he will be missed. Director Acosta reported on his attendance at the Municipal Water District of Orange County (MWDOC) Administration and Finance Committee Meeting.

Director Chadd thanked staff for their hard work and preparation of his meeting documents.

**REPORT FROM THE GENERAL MANAGER**

None

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

**ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP**

---

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

**RECOMMENDATION:** The Committee recommended forwarding this matter to the Board of Directors (Consent Calendar).

**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.

**RECOMMENDATION:** Recommend the Board of Directors ratify the Directors' fees and expenses for October 2024 and tentative future meetings/attendance (Action Calendar).

**ITEM 3: FINANCIAL REPORT**

---

Mr. Paludi introduced Ian Berg, with Starting Line Advisory, as the District's new consultant for accounting and financial services. Mr. Paludi provided a brief overview of Mr. Berg's professional background, including his previous employment with Eide Bailly. Mr. Berg addressed the Committee and stated that he is looking forward to working with the District and that he anticipates the transition will be smooth with no interruption of service.

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

***WATER FUND***

***Total Operating Revenue***

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

***Total Source of Supply***

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

***Total Salaries & Benefits***

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

***Total Transmission & Distribution***

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

***Total General & Administrative***

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

***Net Total Unrestricted Cash Inflow/(Outflow)***

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

***District Capital – Water***

Ms. Warner reviewed the capital improvement costs accrued in September 2024, including costs associated with the following: SCADA System Upgrades, Pump Replacements, Line Break Repairs, and two Air-Vac Repairs.

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

***SEWER FUND***

***Total Operating Revenue***

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

***Total Salaries & Benefits***

Ms. Warner reported that this line item was trending slightly lower than budgeted for the year.

***Total Transmission & Distribution***

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

***Total General & Administrative***

Ms. Warner reported that this line item trended lower than budgeted for the year.

***Net Total Unrestricted Cash Inflow/(Outflow)***

Ms. Warner reported that this line item showed a positive increase of sewer reserves for the year.

***District Capital – Sewer***

Ms. Warner reviewed the capital improvement costs accrued in September 2024, including the following: Golf Club Sewer Lift Station (SLS) Rehabilitation, SCADA System Upgrades, WWTP Hoffman Blower Building Rehabilitation, Barneburg SLS Wet Well Rehab, Asphalt Repair – El Toro Road Force Main Break, and Odor Control – Lift Stations.

***RECYCLED WATER FUND***

***Total Operating Revenue***

Ms. Warner reported that this line item was trending higher than budgeted for the year due to higher than-normal recycled water sales.

***Total Source of Supply***

Ms. Warner reported that this line item was trending slightly higher than budgeted for the year due to increased treatment-related and chemical purchase costs.

***Total Salaries & Benefits***

Ms. Warner reported that this line item was trending slightly lower than budgeted for the year.

***Total Transmission & Distribution***

Ms. Warner reported that this line item was trending slightly lower than budgeted for the year.

***Total General & Administrative***

Ms. Warner reported that this line item trended lower than budgeted for the year.

***Net Total Unrestricted Cash Inflow/Outflow)***

Ms. Warner reported that this line item trended higher than the budgeted increase of recycled water reserves for the year.

***District Capital – Recycled Water***

Ms. Warner reviewed the capital improvement costs accrued in September 2024, including the following: SCADA System Upgrades and outlet gate repairs by divers at the recycled water reservoir.

**RECOMMENDATION:** Recommend the Board of Directors receive and file this information (Action Calendar).

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

**ITEM 4: OTHER MATTERS**

---

Mr. Paludi presented the following matters for Committee consideration:

***Budget Workshop***

Mr. Paludi reported that the District will begin discussions on next year’s budget in the next few months, and he stated that he anticipates further discussion on the District’s rates and charges when reviewing the financial model.

***Staff Update(s)***

Mr. Perea reported that the District has hired Mr. Joshua Gough into the entry level role of Customer Service Field Technician I.

**RECOMMENDATION:** None – Informational item only.

**ADJOURNMENT**

Director Chadd adjourned the November 14, 2024 Finance/Audit Committee Meeting at 8:19 a.m.

DRAFT

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | DECEMBER 12, 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 2024-25 Budgeted Board Expenses: \$45,200

**RECOMMENDED ACTION:**

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

**EXHIBIT(S):**

1. Directors' Fees and Expenses Report for November 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 | NOVEMBER 2024**

<b>MEETING DESCRIPTION</b>	<b>ACOSTA</b>	<b>CHADD</b>	<b>DOPUDJA</b>	<b>MANDICH</b>	<b>SAFRANSKI</b>
<b>DISTRICT MEETINGS</b>					
Executive Committee Meeting			11/04/24	11/04/24	
Engineering/Operational Committee Meeting			11/06/24		11/06/24
Finance/Audit Committee Meeting	11/14/24	11/14/24			
Individual Meeting with General Manager	11/18/24	11/19/24		11/18/24	11/19/24
Regular Board Meeting	11/21/24	11/21/24		11/21/24	11/21/24
<b>REPRESENTATIVE MEETINGS</b>					
Community Associations of Rancho (CAR) Meeting		11/12/24			
City of Rancho Santa Margarita - City Council Meeting					
City of Rancho Santa Margarita - Planning Commission Meeting	11/06/24				
Independent Special Districts of Orange County (ISDOC) Monthly Meeting				11/05/24	
Independent Special Districts of Orange County (ISDOC) Quarterly Meeting					
MWDOC Administration/Finance Committee Meeting	11/13/24				
MWDOC Board Meeting	11/20/24				
South Orange County Integrated Regional Watershed Management Executive Committee Meeting					
Orange County Local Agency Formation Commission (OC LAFCO)				11/13/24	
South Orange County Water Agencies Group Meeting					11/25/24
Santiago Aqueduct Commission Meeting (SAC)					
Southern California Water Coalition (SCWC) Annual Meeting & Dinner	11/07/24				
Water Advisory Commission of Orange County (WACO)	11/01/24				
<b>NUMBER OF MEETINGS ATTENDED</b>	<b>8</b>	<b>4</b>	<b>2</b>	<b>5</b>	<b>4</b>
<b>PER DIEMS (\$125 per each meeting*)</b>	<b>\$1,000.00</b>	<b>\$500.00</b>	<b>\$250.00</b>	<b>\$625.00</b>	<b>\$500.00</b>
<b>DIRECT REIMBURSABLE EXPENSES</b>					
<b>DIRECT REIMBURSABLE EXPENSES TOTALS</b>	<b>\$0.00</b>				
<b>INDIRECT REIMBURSABLE EXPENSES</b>					
<b>INDIRECT REIMBURSABLE EXPENSES TOTALS</b>					
<b>TOTAL (PER DIEMS + DIRECT REIMBURSABLE EXPENSES)</b>	<b>\$1,000.00</b>	<b>\$500.00</b>	<b>\$250.00</b>	<b>\$625.00</b>	<b>\$500.00</b>
<i>* Maximum per diem per day is one; maximum 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
<b>DISTRICT PUBLIC MEETINGS</b>													
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	-	-	-	-	-	-	-	-	-	-	-	-
<b>PUBLIC MEETINGS</b>													
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
<b>CONFERENCES</b>													
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 | DECEMBER 12, 2024**

**FINANCIAL MATTERS**

**ITEM 3: UPDATE ON METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (MET) REVERSE CYCLIC PROGRAM**

---

Trabuco Canyon Water District (TCWD) is a retail water agency in the Metropolitan Water District of Southern California (MET) service area. The Municipal Water District of Orange County (MWDOC) is the wholesale intermediary agency of which TCWD is a member agency.

**PROGRAM BACKGROUND**

MET has developed the **Reverse Cyclic Program** as an innovative financial and resource management tool to address challenges stemming from fluctuating water demands and revenue needs. First introduced during the 2020-2022 drought, the program was initially designed to preserve critical water supplies from the State Water Project (SWP) while generating much-needed revenue by allowing member agencies to pre-purchase water at the current full-service rate for deferred delivery in a future year.

The program was effective during its pilot phase in 2022, where it facilitated the sale of over 24,000 acre-feet of water and supported MET's revenue requirements during a period of low SWP allocations and limited sales. Due to the unique circumstances of this current fiscal year, MET adopted an expanded version of the Reverse-Cyclic Program on November 19, 2024, to address the dual challenges of record-high storage levels from consecutive wet years and significantly reduced demand due to cooler weather and local capacity constraints, such as refilled reservoirs and basins. Additionally, when MET adopted their Biennial Budget for FY2024-25 & FY2025-2026, they budgeted for unidentified water sales (for additional revenues) of \$60 million per year.

The program's ability to align financial and operational priorities is critical to its utility. As part of MET's adopted Biennial Budget, CY 2025 and CY 2026 rates for treated and untreated water have already been set. Pre-purchasing water at the current year's full-service rate, with deferred delivery, provides short-term certainty benefits. By allowing member agencies to lock in current rates for future deliveries, the program mitigates the impact of potential rate increases, provides flexibility to agencies unable to receive water deliveries immediately, and generates immediate cash flow for MET. For MET, this cash flow is crucial to meeting revenue targets in its current Biennial Budget and addressing the financial realities of low water sales amidst high storage costs.

**PROGRAM GENERAL TERMS**

Below are the general terms of the Reverse Cyclic Program Agreement:

- The Reverse Cyclic Program will have up to 100,000 acre-feet of water made available by MET for pre-purchase by its member agencies in CY 2024 & CY 2025.
- MET will bill the member agency the full-service water rate in effect at the time of purchase.
- Purchases can include both treated and untreated water.
- Purchases incur the Readiness-to-Serve charge and are included in the member agencies' revised base firm demands.
- Reverse Cyclic Program deliveries will be deferred to a future year; however, the deferral will not extend beyond 5 years from the date of purchase.
- Reverse Cyclic Program deliveries are made at MET's *sole discretion* but will be negotiated based on the conditions for MET and the member agency. No Capacity Charge will be applied to program deliveries.
- Reverse Cyclic Program deliveries will be prioritized to member agencies if there is a critical need.

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | DECEMBER 12, 2024**

- MET will include future member agency water deliveries under the program as allocated supply under the implementation of the MET Water Supply Allocation Plan.

If the total member agencies' interest exceeds 100,000 acre-feet for the Program's two-year authorization, MET staff will return to the Board to request an increase in the Reverse-Cyclic water made available for pre-purchase. If the MET Board opts not to increase program capacity, MET staff will propose a methodology to distribute the authorized amount among the interested agencies.

For purchases to be eligible for MET's CY 2024 full-service rate, agreements must be executed, and purchase requests must be completed before the end of the calendar year. Therefore, MET has requested that MET member agencies express interest in participation in the program by December 6, 2024. Member agencies should have an agreement ready for execution by December 18, 2024, to allow for a CY 2024 transaction.

More information may be presented at the time of the meeting.

**FUNDING SOURCE:**

General Fund

**FISCAL IMPACT (PROJECT BUDGET)**

None at this time

**RECOMMENDED ACTION:**

*Informational item only. No action required.*

**EXHIBIT(S):**

1. MWDOC Planning & Operations Committee Presentation on MET Reverse Cyclic Program, December 2, 2024
2. MET Reverse Cyclic Program Term Sheet, November 19, 2024

**CONTACTS (staff responsible): PALUDI/PEREA**



**ACTION ITEM**  
December 18, 2024

**TO:** Board of Directors

**FROM:** Harvey De La Torre, General Manager

Staff Contact: Melissa Baum-Haley  
Alex Heide

**SUBJECT:** MWDOC’s PARTICIPATION IN METROPOLITAN’S REVERSE CYCLIC PROGRAM

**STAFF RECOMMENDATION**

---

It is recommended that the Board of Directors: (a) Authorize the General Manager to execute a Reverse-Cyclic Program Agreement with Metropolitan; (b) Facilitate participation in the program for any MWDOC member agencies interested in purchasing Reverse Cyclic water; and (c) Approve MWDOC’s purchase of up to 600 acre-feet of Reverse Cyclic water.

**COMMITTEE RECOMMENDATION**

---

Committee recommends (To be determined at Committee Meeting)

**REPORT**

---

**Program Background**

Metropolitan Water District (Metropolitan) has developed the Reverse Cyclic Program as an innovative financial and resource management tool to address challenges stemming from fluctuating water demands and revenue needs. First introduced during the 2020-2022 drought, the program was initially designed to preserve critical water supplies from the State Water Project (SWP) while generating much-needed revenue by allowing member agencies to pre-purchase water at the current full-service rate for deferred delivery in a future year. The program was effective during its pilot phase in 2022, where it facilitated the sale of over 24,000 acre-feet of water and supported Metropolitan’s revenue requirements during a period of low SWP allocations and limited sales.

<b>Budgeted:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Budgeted amount:	Core: <input checked="" type="checkbox"/>	Choice: <input type="checkbox"/>
<b>Action item amount:</b> \$753,600		Movement between funds: <input type="checkbox"/> Yes <input type="checkbox"/> No	

Due to the unique circumstances of this current fiscal year, Metropolitan adopted an expanded version of the Reverse-Cyclic Program on November 19, 2024, to address the dual challenges of record-high storage levels from consecutive wet years and significantly reduced demand due to cooler weather and local capacity constraints, such as refilled reservoirs and basins. Additionally, when Metropolitan adopted their Biennial Budget for FY2024-25 & FY2025-2026, they budgeted for unidentified water sales (for additional revenues) of \$60 million per year.

The program's ability to align financial and operational priorities is critical to its utility. As part of Metropolitan's adopted Biennial Budget, CY 2025 and CY 2026 rates for treated and untreated water have already been set. Pre-purchasing water at the current year's full-service rate, with deferred delivery, provides short-term certainty benefits. By allowing member agencies to lock in current rates for future deliveries, the program mitigates the impact of potential rate increases, provides flexibility to agencies unable to receive water deliveries immediately, and generates immediate cash flow for Metropolitan. For Metropolitan, this cash flow is crucial to meeting revenue targets in its current Biennial Budget and addressing the financial realities of low water sales amidst high storage costs.

### **Program General Terms**

Below are the general terms of the Reverse Cyclic Program Agreement:

- The Reverse Cyclic Program will have up to 100,000 acre-feet of water made available by Metropolitan for pre-purchase by its member agencies in CY 2024 & CY 2025.
- Metropolitan will bill the member agency the full-service water rate in effect at the time of purchase.
- Purchases can include both treated and untreated water.
- Purchases incur the Readiness-to-Serve charge and are included in the member agencies' revised base firm demands.
- Reverse Cyclic Program deliveries will be deferred to a future year; however, the deferment will not extend beyond 5 years from the date of purchase.
- Reverse Cyclic Program deliveries are made at Metropolitan's sole discretion but will be negotiated based on the conditions for Metropolitan and the member agency. No Capacity Charge will be applied to program deliveries.
- Reverse Cyclic Program deliveries will be prioritized to member agencies if there is a critical need.
- Metropolitan will include future member agency water deliveries under the program as allocated supply under the implementation of the Metropolitan Water Supply Allocation Plan.

If the total member agencies' interest exceeds 100,000 acre-feet for the Program's two-year authorization, Metropolitan staff will return to the Board to request an increase in the Reverse-Cyclic water made available for pre-purchase. If the Metropolitan Board opts not to increase program capacity, Metropolitan staff will propose a methodology to distribute the authorized amount among the interested agencies.

For purchases to be eligible for Metropolitan's CY 2024 full-service rate, agreements must be executed, and purchase requests must be completed before the end of the calendar year. Therefore, Metropolitan has requested that Metropolitan member agencies express interest in participation in the program by December 6, 2024. Member agencies should have an agreement ready for execution by December 18, 2024, to allow for a CY 2024 transaction.

### **MWDOC Member Agency Participation**

At the November 21 MWDOC Member Agency General Managers Meeting, MWDOC staff presented to the program and inquired whether there was interest from the agencies to participate in the program. Several agencies expressed strong interest in pre-purchasing Reverse-Cyclic Program water.

The initial level of interest is outlined in Table 1 below; more interest was expressed than listed in Table 1. To comply with the expedited timing for CY 2024 purchase requests, they are, in turn, bringing program participation to their Boards, if required.

### **MWDOC Participation**

As part of the 2023 update to the MWDOC Reserve Policy, the MWDOC Board asked staff to place funds aside for any future opportunity to participate in water management programs or projects. These funds were assigned to an undesignated fund for programs/projects and are currently available to purchase water from this Reserve Cyclic Program.

Additionally, at the November 21 MWDOC Member Agency General Managers Meeting, the MWDOC member agencies encouraged MWDOC to participate in the Reverse-Cyclic Program. As discussed with the agencies, any savings from MWDOC's participation will be utilized to cover a future Core-funded expense that provides service-area-wide benefits, such as updates to the Orange County Reliability Study or Demand Forecasting projects.

Based on remaining undesignated funds, MWDOC anticipates the purchase of up to 600 acre-feet of Reverse Cyclic water.

Table 1. The initial level of Reverse Cyclic Program water interest by the agency.

Agencies Interested in Participating in Reverse Cyclic		
Agency <sup>1</sup>	Interest level Expressed (AF)	Potential Participation Financial Obligation <sup>2</sup>
Irvine Ranch Water District	60,000	\$ 75,360,000
Santa Margarita Water District	5,000	\$ 6,280,000
Newport Beach	500	\$ 628,000
MWDOC	600	\$ 753,600

<sup>1</sup> Agency Interest as of Nov 25, additional member agencies may ultimately participate in the program and/or interest level may change

<sup>2</sup> Financial Obligation is assumed at the CY 2024 treated water rate of \$1,256/AF

**ALIGNMENT WITH BOARD STRATEGIC PRIORITIES**

---

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Clarifying MWDOC’s mission and role; defining functions and actions.                        | <input checked="" type="checkbox"/> Work with member agencies to develop water supply and demand objectives. |
| <input checked="" type="checkbox"/> Balance support for Metropolitan’s regional mission and Orange County values and interests. | <input checked="" type="checkbox"/> Solicit input and feedback from member agencies.                         |
| <input type="checkbox"/> Strengthen communications and coordination of messaging.   | <input type="checkbox"/> Invest in workforce development and succession planning.                            |

**Additional Comments:** The program was discussed at the November 21 MWDOC Member Agency General Managers Meeting; the member agencies expressed strong interest in both pre-purchasing Reverse-Cyclic Program water through MWDOC and having MWDOC participate in the program.

**BOARD OPTIONS**

---

**Option #1:** Staff recommends the Board of Directors: (a) Authorize the General Manager to execute a Reverse-Cyclic Program Agreement with Metropolitan; (b) Facilitate participation in the program for any MWDOC member agencies interested in purchasing Reverse-Cyclic water; and (c) Approve MWDOC’s purchase of up to 600 AF of Reverse-Cyclic water.

**Fiscal Impact:** MWDOC will facilitate a pass-through pre-purchase of up to \$82,268,000 on behalf of the MWDOC member agencies participating in the program; MWDOC will pre-purchase up to \$753,600.

**Option #2:** Staff recommends the Board of Directors: (a) Authorize the General Manager to execute a Reverse-Cyclic Program Agreement with Metropolitan and (b) Facilitate participation in the program for any MWDOC member agencies interested in purchasing Reverse-Cyclic water.

**Fiscal Impact:** MWDOC will facilitate a pass-through pre-purchase of up to \$82,268,000 on behalf of the MWDOC member agencies participating in the program.

**List of Attachments/Links:**

*Attachment 1: Metropolitan Reverse Cyclic Program Board Memo*

*Attachment 2: Presentation - MWDOC's Participation in Metropolitan's Reverse Cyclic Program*



- **Board of Directors**  
***One Water and Stewardship Committee***

11/19/2024 Board Meeting

---

7-3

## Subject

---

Authorize the General Manager to enter into Reverse-Cyclic Program agreements with participating agencies to defer deliveries of up to 50,000 acre-feet in calendar year 2024 and up to 50,000 acre-feet in calendar year 2025; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

---

Staff proposes the Board of Directors (“Board”) authorize the General Manager to enter into Reverse-Cyclic Program (“Program”) agreements with interested member agencies based on modified terms to the existing Program and implement the Program to make up to 50,000 acre-feet available for pre-purchase in each Calendar Year (“CY”) 2024 and 2025 for deferred delivery in a future year. The Program will allow member agencies to pre-purchase supplies at the current full-service rate for deferred delivery in a future year. This will generate new water sales revenues in the current biennium while allowing Metropolitan and the member agencies to defer and manage the delivery of water supply. Staff presented the potential modifications to the Program as an Information Letter to the One Water and Stewardship Committee in September 2024. Staff have since incorporated member agency and committee feedback into the recommended proposed modifications and is seeking approval and implementation of the Program. The Board previously approved and implemented a limited, one-year version of the Program in CY 2022 to help preserve Metropolitan’s limited State Water Project (“SWP”) stored supplies and generate water sales revenues. By initiating the Program this year, Metropolitan will benefit from generating additional revenue while allowing member agencies saturated with high local supplies the ability to pre-purchase supplies for deferred delivery in a future year when they are better able to accept Metropolitan deliveries.

## Proposed Action(s)/Recommendation(s) and Options

---

### Staff Recommendation: Option #1

#### Option #1

Authorize the General Manager to enter into Reverse-Cyclic Program agreements with participating agencies to defer deliveries of up to 50,000 acre-feet in calendar year 2024 and up to 50,000 acre-feet in calendar year 2025.

**Fiscal Impact:** The Program will generate new revenues at the full-service water rate for every acre-foot of program participation without incurring current-year costs associated with the delivery of water supply, providing positive net revenues in the current budget biennium. These new revenues will help Metropolitan to achieve the Board’s approved directive to generate up to \$60 million in new, one-time revenues in Fiscal Years 2024/25 and 2025/26 and manage unrestricted cash reserves in accordance with Board approved policies. Future costs of the delivery of water supply associated with the Reverse-Cyclic Program, if applicable, will be incorporated into the revenue requirements in budget and rates for the appropriate future biennium budgets. In dry years, the difference in revenues due to increases in the full-service rate between the time of purchase and the time of delivery is anticipated to be offset with savings to Metropolitan that would accrue from having to acquire water during drought years of the pre-purchase. In wet years, the Program is

implemented when Metropolitan has water in storage and would have incurred the cost to store that water regardless of the pre-sale. Metropolitan benefits from the time value of the money by receiving revenues this year for deliveries that will be made in a future year. This program balances Metropolitan's current hydrologic and financial conditions, marked by record water storage levels and low water transaction revenues.

**Business Analysis:** The Program will generate revenues in the current budget biennium by increasing water sales revenues from pre-purchased sales. The Program will allow member agencies and Metropolitan to be able to defer and plan for the water deliveries over a future period that ensures that adequate water supplies are available and that the member agencies can take delivery of the deferred water supply.

### Option #2

None required

**Fiscal Impact:** Potential loss of full-service water sales revenue in the current budget biennium.

**Business Analysis:** Not implementing the Reverse-Cyclic Program would decrease the potential for generating new revenues in the current biennium and potentially increase costs necessary to meet demands in future dry years

### Alternatives Considered

---

None

### Applicable Policy

---

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 4209: Contracts

Metropolitan Water District Administrative Code Section 4507: Billing and Payment of Water Deliveries

By Minute Item 43514, dated April 13, 1999, the Board adopted the Water Surplus and Drought Management Plan

### Related Board Action(s)/Future Action(s)

---

By Minute Item 52707, dated February 8, 2022, the Board authorized the General Manager to enter into Reverse-Cyclic agreements with participating agencies to preserve the availability of State Water Project supplies to Metropolitan.

### Summary of Outreach Completed

---

Staff presented the potential modifications to the Reverse-Cyclic Program to the member agency managers meeting in August 2024.

Staff brought an informational report on the potential modifications to the Reverse-Cyclic Program to the One Water and Stewardship Committee in September 2024.

### California Environmental Quality Act (CEQA)

---

#### CEQA determination(s) for Option #1:

The proposed action is exempt from CEQA because it involves entering into Reverse-Cyclic agreements for the deferred delivery of surplus water at existing public or private facilities with negligible or no expansion of use and no possibility of significantly impacting the physical environment. (State CEQA guidelines Section 15301).

#### CEQA determination(s) for Option #2:

None required

## Details and Background

---

### Background

Metropolitan is currently faced with the challenge of managing water supplies while also managing a new revenue requirement in the current budget biennium. Metropolitan seeks to expand its portfolio of water management actions and programs available to address those challenges. While the back-to-back wet years have allowed Metropolitan to reach record-high dry-year storage levels, Metropolitan continues to experience low demands due to the overall cooler weather and member agency constraints such as limited capacity due to refilled reservoirs and replenishment basins. The Program is one of the approaches that can help to generate additional water sales revenues in the current budget biennium and to mitigate capacity or other restricted conditions. Staff proposes authorizing the General Manager to enter into agreements with member agencies based on the proposed modified terms described in **Attachment 1** and implementing the Program to allow all member agencies to pre-purchase a combined amount of up to 50,000 acre-feet in CY 2024 and up to 50,000 acre-feet in CY 2025 for future delivery. Allowing Reverse-Cyclic purchases will generate revenue to help meet the financial requirements of the current biennial budget.

### Board Approval of the 2022 Reverse-Cyclic Program

During the 2020-2022 drought, the Board took actions to mitigate historically low SWP allocations by authorizing programs to preserve limited SWP stored supplies. As a result, in February 2022, the Board approved the Program to allow member agencies to purchase water in CY 2022 for delivery in a future year. Member agencies paid the full-service rate in effect at the time of purchase, generating revenue that Metropolitan would not have received without the Program. Three SWP-Dependent member agencies participated in the 2022 Reverse-Cyclic Program and pre-purchased an aggregate amount of 24,661 acre-feet before the Program ended on December 31, 2022. To date, Metropolitan has completed a majority of the 2022 Reverse-Cyclic deliveries and currently has a Reverse-Cyclic balance of 2,661 acre-feet. Metropolitan expects to complete the remaining 2022 balance by December 2027.

### Member Agency and Committee Feedback on Proposed Modifications

Staff presented potential modifications to the Program to the Member Agencies Managers Meeting (“MAMM”) in August 2024. In September 2024, staff provided an introduction and overview of the proposed modifications to the One Water and Stewardship Committee. In October 2024, this item was deferred to November 2024 to provide member agencies more time to review and evaluate the Program terms. In late October, staff held a workshop with member agencies to address concerns and receive feedback on the proposed modifications. Based on the feedback received, staff has made the following changes to the proposed modifications: (1) removed the request for authorization and delegation to the General Manager for initiating the Program, (2) removed the condition for member agencies to meet a baseline prior to receiving Reverse-Cyclic deliveries, and (3) added a provision that, if member agency total interest exceeds the 100,000 acre-feet for the two authorized calendar years, staff will return to the Board to request an increase to the Reverse-Cyclic water made available for pre-purchase to meet the member agency total interest. If the demand for participation exceeds 100,000 acre-feet but the Board opts to not increase the optimization, staff will propose a methodology to distribute the authorized amount among the interested member agencies to the Board for approval.

### Proposed Modifications to the Reverse-Cyclic Program and General Terms

Staff recommends that the Board authorize the General Manager to enter into Reverse-Cyclic Program agreements with participating agencies based on modified terms from the 2022 version of the Program and initiate the Program to make up to 50,000 acre-feet available for pre-purchase in CY 2024 and up to 50,000 acre-feet in CY 2025. If member agency total demand for the Program exceeds 100,000 acre-feet, staff will return to the Board to request an increase to and allocation of the amount of water made available to the member agencies for pre-purchase for deferred delivery.

## General Terms

The following conditions will apply to the Program:

- Metropolitan and the participating member agencies will enter into individual agreements.
- Metropolitan will make up to 50,000 acre-feet available for pre-purchase in CY 2024 and up to 50,000 acre-feet available for pre-purchase in CY 2025 for deferred delivery.
- Metropolitan will bill the member agency at the full-service water rate in effect, plus the treatment charge, if applicable, at the time of the purchase.
- At the time of purchase, the member agency and Metropolitan agree to defer Metropolitan deliveries of Reverse-Cyclic water.
- Metropolitan will include the future member agency water deliveries under the Program as allocated supply under a Metropolitan Water Supply Allocation Plan implementation or any other allocation or shortage program that may be implemented.
- When Metropolitan determines water is available to deliver to participating agencies, Metropolitan will deliver water to reduce the balance of supplies deferred under the Program.
  - Metropolitan, at its sole discretion, shall determine when the water may be returned.
  - Deliveries will be negotiated based on the conditions for Metropolitan and the member agency but will not exceed five full calendar years from the date of purchase unless the Parties mutually agree to a different delivery schedule.
  - Metropolitan will make best efforts to prioritize deliveries to the member agency if there is a critical need; for example, the groundwater storage basin reaches low levels where wells are not operable, or the basin reaches emergency storage levels.
  - If Metropolitan is unable to deliver the pre-purchased water within five years due to the member agency's inability to receive the water, then losses shall be applied to the pre-purchased water at a rate of 20 percent per year. Metropolitan will not apply any losses to the pre-purchased water if the water is delivered within five years or if delivered after five years due to Metropolitan's inability to deliver the water within that time period.

## Reporting and Billing

Metropolitan regularly reports to the Board on developing supply and demand conditions through WSDM Plan reports. Staff provides these monthly reports through the winter and spring and keeps the Board apprised of developing conditions, including the potential use of storage assets and the likelihood of storing or withdrawing supplies. Implementation of the Program will be incorporated into this regular reporting.

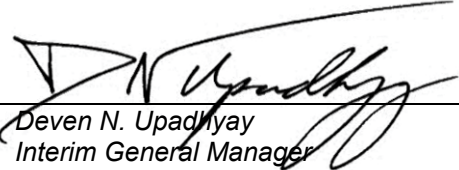
Under the Program, Metropolitan will bill the member agency the full-service water rate plus the treatment charge, if applicable, at the time of the purchase. Under the Program, billing will occur before delivery is made, modifying the timing of billing required under Section 4507 of the Metropolitan Administrative Code (normally required at the time of delivery); all other aspects of Section 4507 will continue to apply. Member agency purchases under the Program will be part of the member agency's Revised Base Firm Demand for the year of the purchase. Metropolitan will include purchases made under this Program to determine the member agency's Readiness-to-Serve Charge at the time of purchase but will not include the purchase or delivery in the determination of the agency's Capacity Charge because the initiation of the Program and the deliveries are at Metropolitan's discretion.

## Summary

Authorizing the General Manager to enter into agreements based on the proposed modifications to the Reverse-Cyclic Program in CY 2024 and CY 2025 would help Metropolitan generate revenue at a time of low sales by allowing all interested member agencies to pre-purchase supplies this biennium for deferred delivery in a future

year. Metropolitan will bill member agencies the full-service rate and applicable treatment charge in effect at the time of purchase. In doing so, the member agency will avoid paying the projected higher service rate that would be in place when Metropolitan makes the deferred delivery.

  
\_\_\_\_\_  
*Brandon J. Goshi*  
*Interim Manager,*  
*Water Resource Management* 11/7/2024  
*Date*

  
\_\_\_\_\_  
*Deven N. Upadhyay*  
*Interim General Manager* 11/12/2024  
*Date*

**Attachment 1 – Term Sheet Reverse-Cyclic Program**

Ref# wrm12701119

## **Term Sheet**

### **Reverse-Cyclic Program**

#### **Program Purpose**

To allow the General Manager to enter into agreements with participating member agencies to allow the pre-purchase of water supplies and defer delivery of Metropolitan Water District of Southern California's ("Metropolitan") water.

#### **Program Criteria**

- Member agency and Metropolitan will enter into a Reverse-Cyclic Program ("Program") agreement to allow for delivery deferments of water purchased by member agencies, as provided under the Program.
- Member agency will purchase the water at the time of the deferment.
- At the time of purchase, the member agency and Metropolitan agree to defer Metropolitan deliveries of Reverse-Cyclic water.
- Metropolitan will bill the member agency at the full-service water rate in effect, plus the treatment charge if applicable, at the time of the purchase.
- Metropolitan will include member agency purchases under the Program as allocated supply under a Metropolitan Water Supply Allocation Plan implementation or any other allocation or shortage program that may be implemented.
- Water sold and delivered under the Program shall be documented and ineligible for other Metropolitan programs.

#### **Delivery**

- When Metropolitan determines water is available, Metropolitan will deliver water to the member agency to reduce the deferment balance under the Program.
  - Metropolitan, at its sole discretion, shall determine when the water may be returned.
  - Deliveries will be negotiated based on the conditions for Metropolitan and the member agency but will not exceed five full calendar years from the date of purchase unless the Parties mutually agree to a different delivery schedule.
  - Metropolitan will make best efforts to prioritize deliveries to the member agency if there is a critical need; for example, the groundwater storage basin reaches low levels where wells are not operable, or the basin reaches emergency storage levels.

- Metropolitan will not apply any losses to the pre-purchased water if the water is delivered within five years or if delivered after five years due to Metropolitan's inability to deliver the water within that time. If Metropolitan is unable to deliver the pre-purchased water within five years due to the member agency's inability to receive the water, then losses shall be applied to the pre-purchased water at a rate of 20 percent per year.

### **Program Costs**

- Metropolitan will bill the member agency at the full-service water rate in effect, plus the treatment charge if applicable, at the time of the purchase.
- Member agency purchases under the Reverse-Cyclic Program will be considered part of the member agency's Revised Base Firm Demand for the year in which the purchases are made.
- Purchases made under this program are to be included in the determination of the member agency's Readiness-to-Serve Charge at the time of purchase.
- The deliveries will not be counted towards the determination of the member agency's Capacity Charge because the deferred delivery of water will be made at Metropolitan's discretion.

### **Term**

- The Reverse-Cyclic Program Agreement shall terminate once Metropolitan completes the Reverse-Cyclic deliveries.

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | DECEMBER 12, 2024**

**FINANCIAL MATTERS**

**ITEM 4: PRESENTATION OF TRABUCO CANYON WATER DISTRICT'S FISCAL YEAR 2023-24 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)**

---

Trabuco Canyon Water District's (District) Annual Comprehensive Financial Report (ACFR) for Fiscal Year (FY) 2023-24 contains the audited financial statements for the District as well as additional information intended to give the reader a better understanding of the financial statements. The ACFR is prepared in accordance with guidelines established by the Government Accounting Standards Board (GASB) and in conformance with requirements of the Government Finance Officers Association (GFOA) in order to be considered for GFOA's Certificate of Achievement for Excellence award. This award recognizes governments whose annual financial reports achieve the highest standards in government accounting and financial reporting. TCWD was honored with the award for its first ACFR for Fiscal Year 2021-22 and is awaiting notification for its FY 2022-23 ACFR.

The FY 2023-24 financial statements were prepared by District staff and audited by certified independent auditors Nigro & Nigro LLP. The ACFR reports the District's financial position as of FY 2023-24 and the change in financial position from FY 2022-23. It includes an Introductory Section, audited financial statements, accompanying auditor's report, Management's Discussion and Analysis, and Statistical Section with ten consecutive years of financial and statistical information.

ACFR highlights will be presented to the Committee and additional information regarding the financial audit process may be provided at the time of the meeting.

**FUNDING SOURCE:**

General Fund

**FISCAL IMPACT**

The District's contract with Nigro & Nigro LLP for independent auditing services for a three-year period (beginning FYE 2022) is for a total not-to-exceed amount of \$61,500.

**ENVIRONMENTAL COMPLIANCE:**

Not applicable


**RECOMMENDED ACTIONS:**

*Recommend the Board of Directors receive and file the Trabuco Canyon Water District Fiscal Year 2023-24 Annual Comprehensive Financial Report (ACFR).*

**EXHIBIT(S):**

1. TCWD Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2024 - PowerPoint Presentation.

**CONTACTS (staff responsible): PALUDI/PEREA/WARNER**



Fiscal Year 2023-24  
Audit / Financials

**TRABUCO CANYON**  
WATER DISTRICT

# N&N Opinion

- ◆ Clean Opinion
- ◆ Fair presentation of financial position
- ◆ Reasonable Assurance
- ◆ GAAP Compliance



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Trabuco Canyon Water District  
Trabuco Canyon, California

### Opinion

We have audited the accompanying financial statements of the Trabuco Canyon Water District (District), which comprise the balance sheets as of June 30, 2024 and 2023, and related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and related notes to the financial statements, as listed in the table of contents.

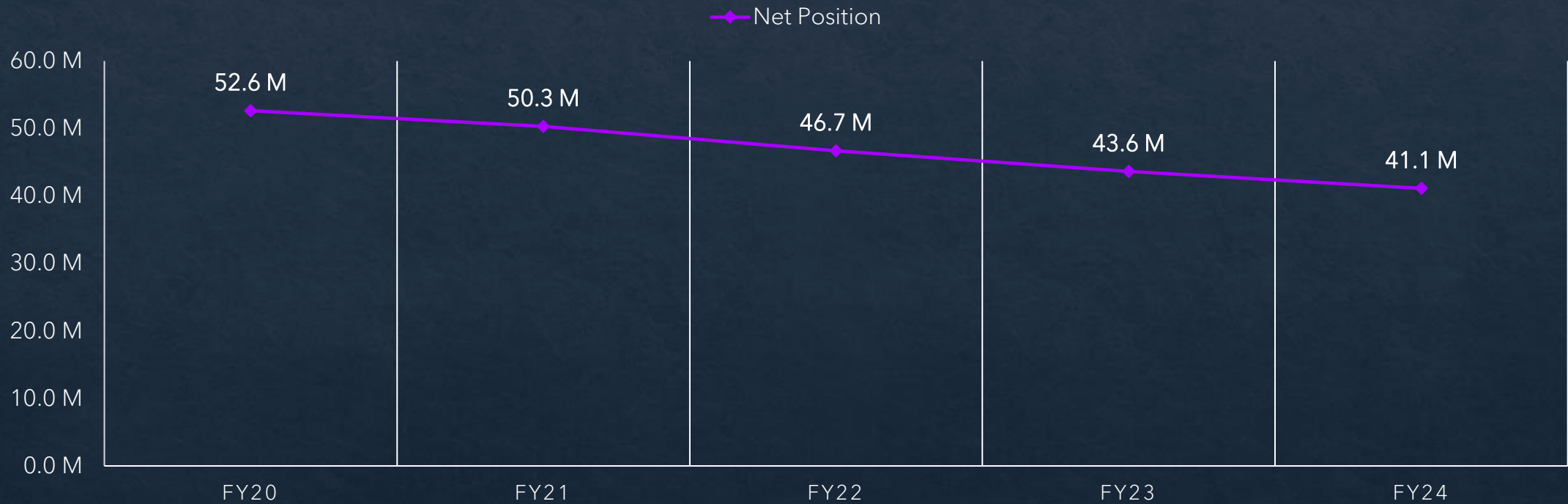
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2024 and 2023, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

# Financial Summary

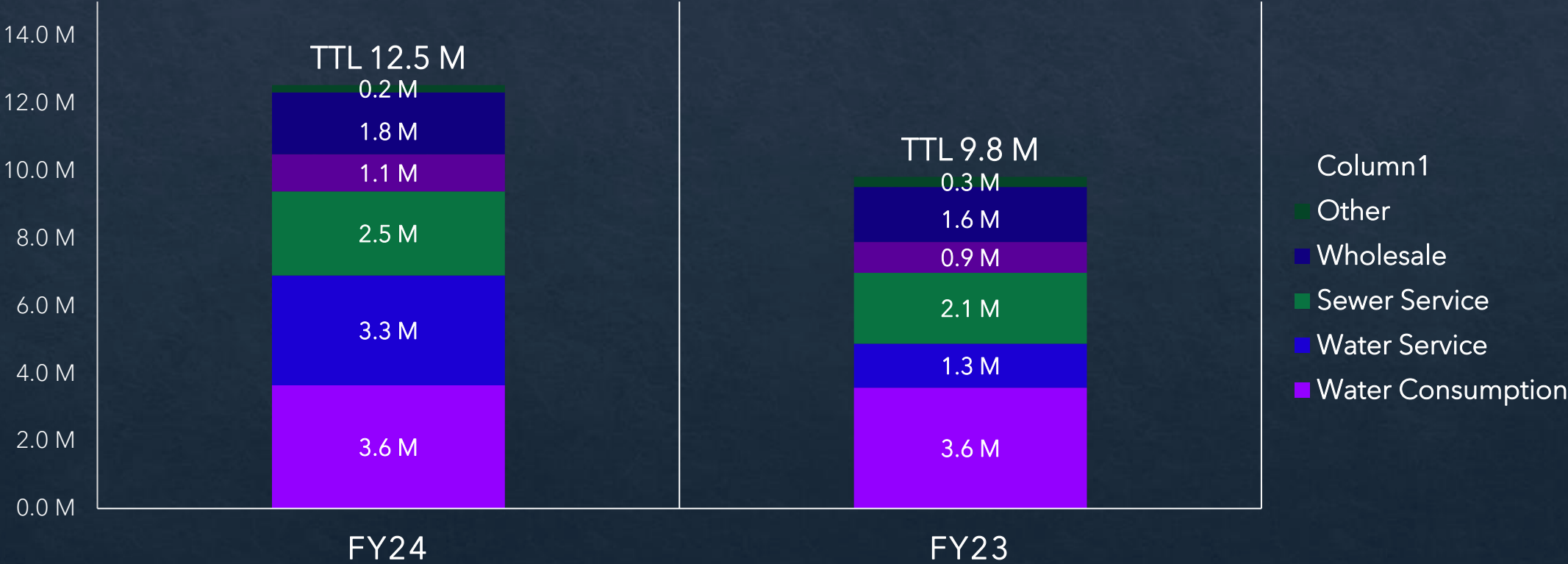
	<u>2024</u>	<u>2023</u>	<u>Variance</u>	<u>%</u>
Op Revenues	12,529,600	9,813,737	2,715,863	28%
Op Ex	(13,400,424)	(12,325,384)	(1,075,040)	9%
Depreciation	(4,347,932)	(4,357,962)	10,030	0%
<b>Operating Loss</b>	<b>(5,218,756)</b>	<b>(6,869,609)</b>	<b>1,650,853</b>	<b>-24%</b>
Non-Op Rev / (Ex)	2,709,582	2,391,802	317,780	13%
<b>Change before CC</b>	<b>(2,509,174)</b>	<b>(4,477,807)</b>	<b>1,968,633</b>	<b>-44%</b>
Capital Contributions	-	1,412,901	(1,412,901)	-100%
<b>Change in Net Position</b>	<b>(2,509,174)</b>	<b>(3,064,906)</b>	<b>555,732</b>	<b>-18%</b>

# 5-Year Net Position Trend

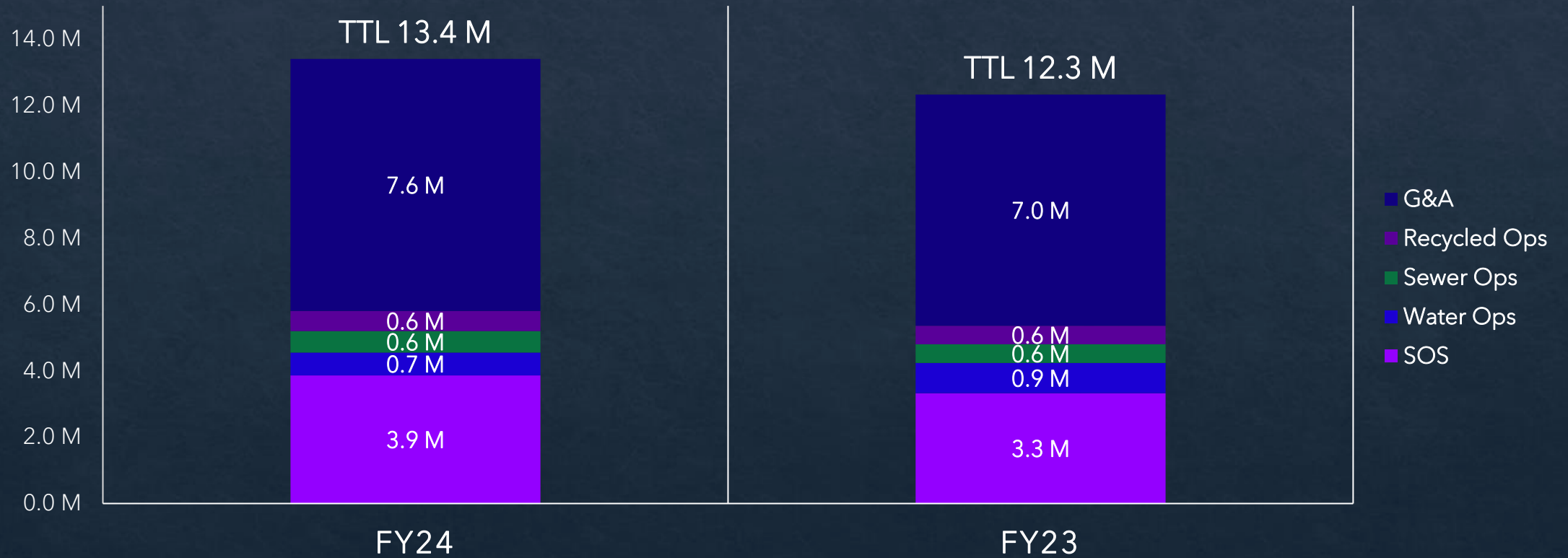
## NET POSITION BY FISCAL YEAR



# Operating Revenue



# Operating Expense



### 2024 – Loan Payable

On April 1, 2024, the District entered into an installment purchase agreement with the Trabuco Canyon Public Finance Authority (Authority) to provide funds for various capital improvement projects as well as to refinance the \$10,000,000 2022 project loan payable. Through an assignment agreement also dated April 1<sup>st</sup>, 2024, the Authority agrees to sell, assign and transfer to Capital One Public Funding, LLC (Lender), the right to receive all installment payments from the District. The terms of the agreement provide for interest payable semi-annually on January 1<sup>st</sup> and July 1<sup>st</sup> at a rate of 4.61% per annum, with principal payments due annually on July 1<sup>st</sup>. The loan is set to mature on July 1<sup>st</sup>, 2044. Annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ 506,850	\$ 506,850
2026	639,000	930,690	1,569,690
2027	669,000	900,540	1,569,540
2028	701,000	868,962	1,569,962
2029	734,000	835,885	1,569,885
2030-2034	4,222,000	3,626,180	7,848,180
2035-2039	5,315,000	2,531,697	7,846,697
2040-2044	6,694,000	1,153,514	7,847,514
4045	1,534,000	35,359	1,569,359
Total	20,508,000	\$ 11,389,677	\$ 31,897,677
Current	-		
Long-term	\$ 20,508,000		

# \$20.5 M Debt Issuance

2024

# Cash and Cash Equivalents





**STARTING LINE**  
ADVISORY

# Questions

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | DECEMBER 12, 2024**

**FINANCIAL MATTERS**

**ITEM 5: CONSIDERATION OF LINE BREAK BILLING ADJUSTMENT FOR DOVE CANYON MASTER ASSOCIATION**

Trabuco Canyon Water District (TCWD and District) provides recycled water services to Dove Canyon Master Association (DCMA) for irrigation purposes throughout the Dove Canyon community. DCMA owns and operates their recycled water distribution system within the community after a 10-inch meter adjacent to Dove Dam. In October 2024, DCMA reported to the District that their recycled water distribution system experienced significant line breaks in May 2024 after an investigation performed by a third-party consultant. TCWD has a long-standing administrative procedure that is supported by the District’s General Policy and Rules & Regulations (Policy) which allows customers to request an account adjustment due to line breaks. The methodology used compares the month the line break occurred compared to an average of the same period in previous years as indicated below:

Bill Date	Metered Consumption
6/18/2024	7,560
<b>Prior 3 Years</b>	
6/20/2023	5,417
6/15/2022	9,114
6/15/2021	6,333
<b>3Y Average</b>	6,955

Description	Values
Original Water Demand	7,560
3 Year Average Demand	6,955
Difference	605
FY 2023-24 Recycled Water Rate	\$4.08
<b>Total Proposed Adjustment</b>	<b>\$2,468.40</b>

Based on the established administrative procedure methodology, the District is prepared to provide an account adjustment to DCMA in the amount of \$2,468.40. According to District Policy, Section 6.2.1 requires that “All adjustments of \$1,001.00 or more shall be determined by the Board.” District staff recommends the Board of Directors approve a line break account adjustment for DCMA at the next regular meeting. More information may be presented at the time of the meeting.

**FUNDING SOURCE:**

General Fund

**FISCAL IMPACT**

Customer account adjustment in the amount of \$2,468.40

**RECOMMENDED ACTION:**

*Recommend the Board of Directors approve a line break account adjustment in the amount of \$2,468.40 for Dove Canyon Master Association consistent with District General Policy & Rules and Regulations (Action Calendar).*

**EXHIBIT(S):**

1. TCWD General Policy and Rules & Regulations, Section 6.2.1
2. DCMA Account Service Billing History January 2021 through September 2024

**CONTACTS (staff responsible): PALUDI/PEREA**

# **General Policy and Rules and Regulations of TCWD**

## **CHAPTER 6: CUSTOMER SERVICE; BILLING; SERVICE TERMINATION**

### **Section 6.1      Application of Rules and Regulations; Service Agreement.**

**The provision of water service and/or wastewater service to any District Customer is expressly subject to compliance with all applicable terms and conditions of these Rules and Regulations and other applicable requirements of the District at all times.**

All Customers and Applicants on Application for New Service shall enter into a Service Agreement for water/wastewater service with the District prior to service being activated. Service Agreements shall provide that the Applicant or Customer agrees to the application of these Rules and Regulations to such Applicant or Customer at all times while such person or party is a customer of the District. All District Customers are provided water and/or wastewater service subject to compliance with these Rules and Regulations, as amended from time to time, at all times. The District may prescribe additional conditions for water or wastewater service to any Customer in a permit issued by the District. Each District Customer shall be subject to the provisions of the Rules and Regulations, which may be changed from time to time, as applicable to such Customer at all times.

### **Section 6.2      Water Service.**

6.2.1 Customer's Responsibility. Every Customer receiving water service from the District shall be responsible for all water passing through the Meter of said Customer. The District shall not be required to adjust bills claimed to be excessive or charges incurred by the Customer, unless it is clearly shown to the satisfaction of the General Manager and the Board, prior to the due date shown on the bill, that such excessive charge was due to errors or omissions of the District or its employees. The District's decision in such matters shall be final. Any adjustments of \$1,000.00 or under shall be made by the

General Manager. All adjustments of \$1,001.00 or more shall be determined by the Board.

The Customer, or the Applicant on the Application for New Service, is responsible for all bills until the District closes the account. The Customer will then be responsible only for services up to and including the day the account is closed. If the new Customer has not informed the District, in writing, prior to the closing date, that the new Customer is assuming responsibility for the water or service, the account will be closed, water service discontinued and the Meter will be locked.

- 6.2.2 Rates for Water Service. Rates for water service shall be established by the Board from time to time in conformance with Water Code Section 31024 and related law. The current water rates of the District are available from the District's Customer Service personnel upon request.

### **Section 6.3      Wastewater (Sewer) Service.**

- 6.3.1 Customer's Responsibility. Every Customer receiving wastewater service from the District shall be responsible for each wastewater connection to the District's Wastewater System. The District shall not be required to adjust bills claimed to be excessive or charges incurred by the Customer, unless it is clearly shown to the satisfaction of the General Manager and the Board, prior to the due date shown on the bill, that such excessive charge was due to errors or omissions of the District or its employees. The District's decision in such matters shall be final. Any adjustments of \$1,000.00 or under shall be made by the General Manager. All adjustments of \$1,001.00 or more shall be determined by the Board.

The Customer, or the Applicant on the Application for New Service, is responsible for all bills until the District closes the account. The Customer will then be responsible only for services up to and including the day the account is closed.

Wastewater service provided by the District is expressly subject to the terms and conditions of these Rules and Regulations and the provisions of District Ordinance No. 92-16, or any successor thereto. Wastewater service provided by the District

Bill Date	Bill Type	Rate Code	Total Dollars	Metered Consumption
09/17/2024	Regular	WATER - RECLAIMED - DOVE HOA	\$ 65,703.05	1003100
08/20/2024	Regular	WATER - RECLAIMED - DOVE HOA	\$ 61,746.85	942700
07/16/2024	Regular	WATER - RECLAIMED - DOVE HOA	\$ 43,447.40	797200
<b>06/18/2024</b>	<b>Regular</b>	<b>WATER - RECLAIMED - DOVE HOA</b>	<b>\$ 41,202.00</b>	<b>756000</b>
05/21/2024	Regular	WATER - RECLAIMED - DOVE HOA	\$ 8,115.05	148900
04/16/2024	Regular	WATER - RECLAIMED - DOVE HOA	\$ 5,259.25	96500
03/19/2024	Regular	WATER - RECLAIMED - DOVE HOA	\$ 599.50	11000
02/21/2024	Regular	WATER - RECLAIMED - DOVE HOA	\$ 1,602.30	29400
01/17/2024	Regular	WATER - RECLAIMED - DOVE HOA	\$ 11,586.70	212600
12/19/2023	Regular	WATER - RECLAIMED - DOVE HOA	\$ 30,579.95	561100
11/21/2023	Regular	WATER - RECLAIMED - DOVE HOA	\$ 26,094.60	478800
10/17/2023	Regular	WATER - RECLAIMED - DOVE HOA	\$ 32,656.40	599200
09/19/2023	Regular	WATER - RECLAIMED - DOVE HOA	\$ 38,389.80	704400
08/22/2023	Regular	WATER - RECLAIMED - DOVE HOA	\$ 45,621.95	837100
07/18/2023	Regular	WATER - RECLAIMED - DOVE HOA	\$ 19,761.76	425900
<b>06/20/2023</b>	<b>Regular</b>	<b>WATER - RECLAIMED - DOVE HOA</b>	<b>\$ 25,134.88</b>	<b>541700</b>
05/16/2023	Regular	WATER - RECLAIMED - DOVE HOA	\$ 11,521.12	248300
04/17/2023	Regular	WATER - RECLAIMED - DOVE HOA	\$ 162.40	3500
03/20/2023	Regular	WATER - RECLAIMED - DOVE HOA	\$ 8,959.84	193100
02/21/2023	Regular	WATER - RECLAIMED - DOVE HOA	\$ 389.76	8400
01/18/2023	Regular	WATER - RECLAIMED - DOVE HOA	\$ 2,368.00	59200
12/14/2022	Regular	WATER - RECLAIMED - DOVE HOA	\$ 11,728.00	293200
11/15/2022	Regular	WATER - RECLAIMED - DOVE HOA	\$ 18,064.00	451600
10/14/2022	Regular	WATER - RECLAIMED - DOVE HOA	\$ 30,776.00	769400
09/15/2022	Regular	WATER - RECLAIMED - DOVE HOA	\$ 31,852.00	796300
08/15/2022	Regular	WATER - RECLAIMED - DOVE HOA	\$ 43,228.00	1080700
07/18/2022	Regular	WATER - RECLAIMED - DOVE HOA	\$ 28,044.00	701100
<b>06/15/2022</b>	<b>Regular</b>	<b>WATER - RECLAIMED - DOVE HOA</b>	<b>\$ 36,456.00</b>	<b>911400</b>
05/16/2022	Regular	WATER - RECLAIMED - DOVE HOA	\$ 27,244.00	681100
04/15/2022	Regular	WATER - RECLAIMED - DOVE HOA	\$ 18,168.00	454200
03/15/2022	Regular	WATER - RECLAIMED - DOVE HOA	\$ 15,032.00	375800
02/15/2022	Regular	WATER - RECLAIMED - DOVE HOA	\$ 8,692.00	217300
01/18/2022	Regular	WATER - RECLAIMED - DOVE HOA	\$ 3,066.14	84700
12/15/2021	Regular	WATER - RECLAIMED - DOVE HOA	\$ 16,239.32	448600
11/16/2021	Regular	WATER - RECLAIMED - DOVE HOA	\$ 14,045.60	388000
10/15/2021	Regular	WATER - RECLAIMED - DOVE HOA	\$ 29,224.26	807300
09/16/2021	Regular	WATER - RECLAIMED - DOVE HOA	\$ 36,916.76	1019800
08/16/2021	Regular	WATER - RECLAIMED - DOVE HOA	\$ 34,715.80	959000
07/16/2021	Regular	WATER - RECLAIMED - DOVE HOA	\$ 37,742.12	1042600
<b>06/15/2021</b>	<b>Regular</b>	<b>WATER - RECLAIMED - DOVE HOA</b>	<b>\$ 22,925.46</b>	<b>633300</b>
05/17/2021	Regular	WATER - RECLAIMED - DOVE HOA	\$ 21,640.36	597800
04/15/2021	Regular	WATER - RECLAIMED - DOVE HOA	\$ 8,583.02	237100
03/15/2021	Regular	WATER - RECLAIMED - DOVE HOA	\$ 7,330.50	202500
02/16/2021	Regular	WATER - RECLAIMED - DOVE HOA	\$ 6,400.16	176800
01/19/2021	Regular	WATER - RECLAIMED - DOVE HOA	\$ 4,603.14	143400

Bill Date	Metered Consumption
6/20/2023	5417
6/15/2022	9114
6/15/2021	6333
<b>Average</b>	<b>6955</b>

Description	Value
Original Water Demand	7560
3 Year Average Demand	6955
Difference	605
FY 2023-24 Recycled Water Rate	\$ 4.08
<b>Total Proposed Adjustment</b>	<b>\$ 2,468.40</b>

TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | DECEMBER 12, 2024

FINANCIAL MATTERS  
ITEM 6: FINANCIAL REPORT

---

**A) PRESENTATION OF PRELIMINARY UNAUDITED FINANCIAL STATEMENTS**

**RECOMMENDED ACTION:**

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

**B) BILLS FOR CONSIDERATION**

The total of the bills for consideration will be presented at the time of the December 12, 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 December 12, 2024 as presented (Consent Calendar).*

**CONTACTS (staff responsible): PALUDI/PEREA/WARNER**

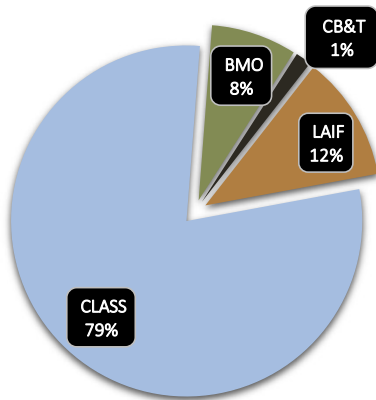


# Trabuco Canyon Water District Cash & Investments

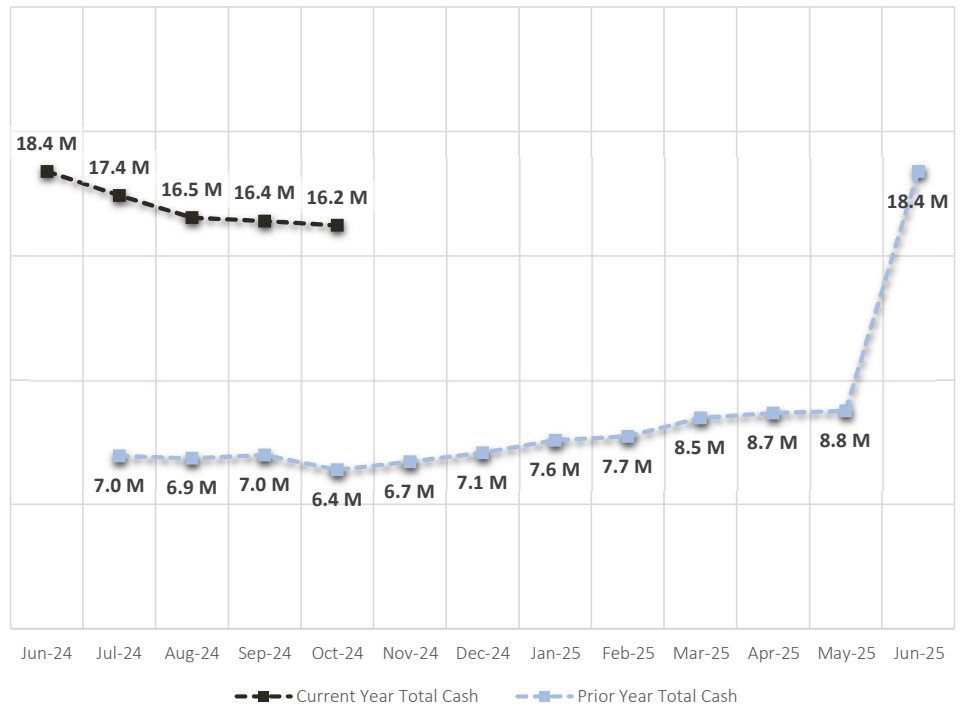
October 31, 2024  
(Unaudited)

	Restricted / Unrestricted	Type	Yield	Cost	Market	% Portfolio
<b>Local Agency Investment Fund (LAIF)</b>						
LAIF	Unrestricted	Investment	4.518%	\$ 604,336	\$ 605,582	3.7%
LAIF Water Storage Facilities	Restricted	Investment	4.518%	1,148,067	1,150,434	7.1%
LAIF Interim Sewage	Restricted	Investment	4.518%	120,958	121,208	0.7%
LAIF 2022 Credit Line Proceeds	Restricted	Investment	4.518%	-	-	0.0%
<b>Total LAIF</b>				<b>1,873,362</b>	<b>1,877,223</b>	<b>11.6%</b>
<b>California Cooperative Liquid Assets Securities System (CLASS)</b>						
CLASS	Unrestricted	Investment	5.002%	2,742,079	2,742,826	16.9%
CLASS 2024 Debt Proceeds	Restricted	Investment	5.002%	10,088,458	10,091,207	62.2%
<b>Total CLASS</b>				<b>12,830,537</b>	<b>12,834,033</b>	<b>79.1%</b>
BMO Checking	Unrestricted	Cash	0.000%	1,276,945	1,276,945	7.9%
CB&T Checking (SRF Loan Covenant)	Restricted	Cash	0.400%	239,344	239,344	1.5%
<b>Total Cash &amp; Investments</b>				<b>\$ 16,220,187</b>	<b>\$ 16,227,545</b>	<b>100.0%</b>

Investments Allocation



Total Cash & Investments Trend





# Trabuco Canyon Water District

## Balance Sheet

October 31, 2024

(Unaudited)

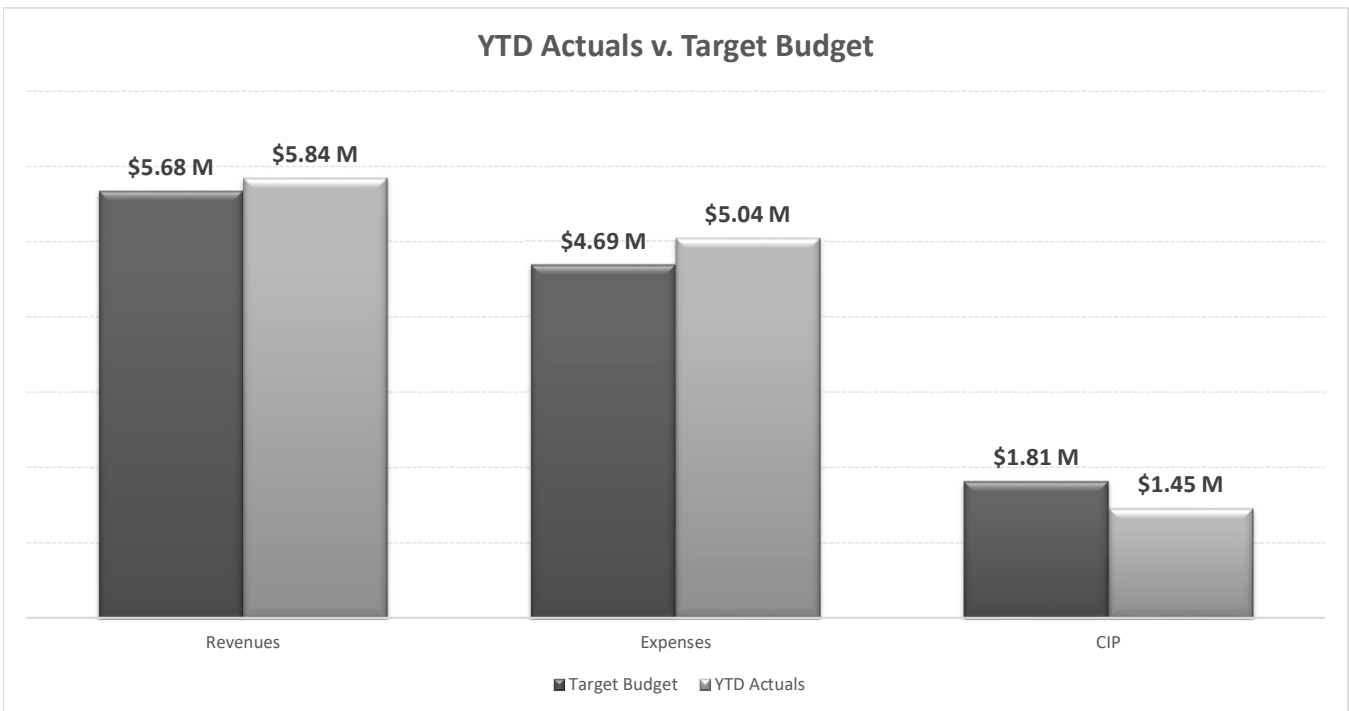
	October 2024
<b>1 Assets</b>	
<b>2 Cash &amp; Investments</b>	
3 Cash & Investments - Unrestricted	\$ 4,623,360
4 Cash & Investments - Restricted	11,596,827
<b>5 Total Cash &amp; Investments</b>	<b>16,220,187</b>
<b>6 Other Current Assets</b>	
7 Accounts Receivable, Net	2,846,107
8 Prepaid & Other	567,670
9 Fair Market Value Adjustment <sup>1</sup>	(8,058)
<b>10 Total Other Current Assets</b>	<b>3,405,718</b>
<b>11 Capital Assets</b>	
12 Capital Assets, at Cost	129,008,350
13 Accumulated Depreciation	(86,256,457)
14 Construction in Progress	5,245,947
<b>15 Total Capital Assets</b>	<b>47,997,840</b>
16 Net OPEB Asset	201,692
17 Deferred Outflows of Resources (DOR)	2,983,516
<b>18 Total Assets &amp; DOR</b>	<b>\$ 70,808,954</b>
<b>19 Liabilities</b>	
<b>20 Current Liabilities</b>	
21 Accounts Payable	\$ 2,046,638
22 Accrued Expenses	717,389
23 Current Portion-Long Term Debt	97,153
24 Deposits on Hand	55,107
<b>25 Total Current Liabilities</b>	<b>2,916,287</b>
<b>26 Long-Term Liabilities</b>	
27 Net Pension Liability	5,352,817
28 State Revolving Fund Loan	1,482,584
29 Debt Issuance 2024	20,508,000
<b>30 Total Long Term Liabilities</b>	<b>27,343,401</b>
31 Deferred Inflows of Resources (DIR)	471,211
<b>32 Total Liabilities &amp; DIR</b>	<b>30,730,899</b>
<b>33 Total Net Position</b>	<b>40,078,054</b>
<b>34 Total Liabilities, Net Position &amp; DIR</b>	<b>\$ 70,808,954</b>

<sup>1</sup> Changes in LAIF and CLASS fair market values are recorded annually at June 30th. The fair market value balance will differentiate from the cash and investments report throughout the year, which reports fair market value on a monthly basis.



**Trabuco Canyon Water District  
Consolidated Budget to Actuals  
FY 2024/2025  
(Unaudited)**

	Adopted Budget	October 2024	YTD Actual	33%
<b>Revenues</b>				
Total Operating Revenue	\$ 14,125,200	\$ 1,417,522	\$ 5,522,188	39%
Total Non-Operating Revenue	2,901,000	63,102	320,482	11%
<b>Total Revenues</b>	<b>17,026,200</b>	<b>1,480,625</b>	<b>5,842,670</b>	<b>34%</b>
<b>Expenses</b>				
Total Source of Supply	4,904,400	1,069,798	2,234,125	46%
Total Salaries and Benefits	5,344,100	417,627	1,727,984	32%
Total Transmission and Distribution	1,581,600	169,776	467,345	30%
Total General and Administrative	2,218,000	114,123	611,694	28%
<b>Total Operating Expense</b>	<b>14,048,100</b>	<b>1,771,324</b>	<b>5,041,148</b>	<b>36%</b>
Miscellaneous Expense	18,100	956	1,049	6%
<b>Total Expenses</b>	<b>14,066,200</b>	<b>1,772,280</b>	<b>5,042,196</b>	<b>36%</b>
<b>Net Total Revenue / (Expense)</b>	<b>2,960,000</b>	<b>(291,655)</b>	<b>800,474</b>	<b>27%</b>
Transfer In - Debt Proceeds for Capital	5,441,589	415,001	1,118,093	21%
Grant Proceeds	-	-	-	
Development Impact Fee Receipts	-	-	-	
Capital Improvement Program	(5,441,589)	(557,762)	(1,453,340)	27%
Debt Service - Principal and Interest	(881,600)	(103,673)	(414,693)	47%
<b>Net Total Cash Inflow / (Outflow)</b>	<b>\$ 2,078,400</b>	<b>\$ (538,089)</b>	<b>\$ 50,533</b>	<b>2%</b>





# Trabuco Canyon Water District

## Water Budget v. Actual

October 31, 2024

(Unaudited)

	October 2024	YTD Actual	FY 25 Adopted Budget	YTD 33%
<b>1 Operating Revenue</b>				
2 Fixed / Capital Service Charges	\$ 308,981	\$ 1,197,228	\$ 3,532,800	34%
3 Variable Consumption Charges	494,908	2,009,885	4,135,900	49%
4 Baker Treatment Plant Water Sales	208,865	551,859	2,115,600	26%
5 Customer Fees	5,661	41,200	149,000	28%
6 Standby Charges	-	8	37,900	0%
7 Uncollectable Accounts	10	10	(25,300)	0%
<b>8 Total Operating Revenue</b>	<b>1,018,425</b>	<b>3,800,189</b>	<b>9,945,900</b>	<b>38%</b>
<b>9 Operating Expense</b>				
<b>10 Source of Supply</b>				
11 Fixed Water Purchases	33,931	122,904	406,300	30%
12 Variable Water Purchases	764,258	1,401,304	2,210,900	63%
13 Baker Treatment Plant Water Sold	185,349	425,637	1,578,700	27%
14 Water Treatment	31,266	74,036	213,000	35%
15 Pumping Electricity	36,006	151,141	340,800	44%
<b>16 Total Source of Supply</b>	<b>1,050,811</b>	<b>2,175,022</b>	<b>4,749,700</b>	<b>46%</b>
<b>17 Salaries and Benefits</b>				
18 Employee/Director Wages	170,441	713,275	2,191,700	33%
19 Employee/Director Benefits	41,206	176,458	547,700	32%
20 Retiree Health Insurance	11,312	45,973	179,300	26%
21 Transfer In - 115 OPEB Trust Reimbursement	(11,312)	(45,973)	(179,300)	26%
22 CalPERS Retirement (Normal)	28,604	114,706	349,500	33%
23 CalPERS Unfunded Accrued Liability (Minimum)	18,725	74,901	171,400	44%
24 Payroll Taxes	11,672	54,392	160,900	34%
<b>25 Total Salaries and Benefits</b>	<b>270,648</b>	<b>1,133,732</b>	<b>3,421,200</b>	<b>33%</b>
<b>26 Transmission and Distribution</b>				
27 System Repairs and Maintenance	47,598	78,539	201,800	39%
28 Vehicles and Equipment	7,042	33,551	90,300	37%
29 Safety, Supplies and Testing	4,381	21,561	78,600	27%
<b>30 Total Transmission and Distribution</b>	<b>59,021</b>	<b>133,651</b>	<b>370,700</b>	<b>36%</b>
<b>31 General and Administrative</b>				
32 Professional Services	26,248	184,048	635,500	29%
33 Office Maintenance, Supplies and Software	24,220	106,404	330,900	32%
34 District Insurance	11,900	44,922	137,600	33%
35 Dues and Memberships	4,603	22,561	101,200	22%
36 Public Outreach	1,323	19,123	138,300	14%
37 Customer Service and Billing	4,984	18,986	77,800	24%
38 Conference, Trainings and Travel	2,748	11,654	31,900	37%
<b>39 Total General and Administrative</b>	<b>76,025</b>	<b>407,699</b>	<b>1,453,200</b>	<b>28%</b>
<b>40 Total Operating Expense</b>	<b>1,456,505</b>	<b>3,850,103</b>	<b>9,994,800</b>	<b>39%</b>
<b>41 Net Operating Revenue / (Expense)</b>	<b>(438,080)</b>	<b>(49,914)</b>	<b>(48,900)</b>	
<b>42 Non-Operating Revenue / (Expense)</b>				
43 Property Tax Revenue	2,781	22,267	1,147,500	2%
44 Interest Revenue - Unrestricted	24,479	78,722	31,000	254%
45 Interest Revenue - Restricted	-	13,455	40,400	33%
46 Other Revenue and Reimbursements	2,563	10,616	59,200	18%
47 Miscellaneous Expense	(668)	(714)	(6,500)	11%
<b>48 Net Non-Operating Revenue / (Expense)</b>	<b>29,156</b>	<b>124,345</b>	<b>1,271,600</b>	<b>10%</b>
<b>49 Net Total Revenue / (Expense)</b>	<b>(408,924)</b>	<b>74,431</b>	<b>1,222,700</b>	<b>6%</b>
<b>50 Other Unrestricted Cash Inflow / (Outflow)</b>				
51 Transfer In - Debt Proceeds for Capital	47,475	75,835	903,700	8%
52 Capital Improvement Program (CIP)	(173,518)	(310,511)	(903,700)	34%
53 Debt Service - Principal and Interest	(52,326)	(209,303)	(526,500)	40%
<b>54 Net Other Unrestricted Cash Inflow / (Outflow)</b>	<b>(178,369)</b>	<b>(443,979)</b>	<b>(526,500)</b>	<b>84%</b>
<b>55 Net Total Unrestricted Cash Inflow / (Outflow)</b>	<b>\$ (587,293)</b>	<b>\$ (369,548)</b>	<b>\$ 696,200</b>	



# Trabuco Canyon Water District

## Water CIP

October 31, 2024

(Unaudited)

Project	October 2024	YTD Actual	FY 25 Adopted Budget	YTD 33%
<b>1 Water CIP</b>				
<b>2 Capital Improvements / Replacements</b>				
3 SCADA System Upgrades	\$ 16,098	\$ 22,789	\$ 184,729	12%
4 Water Transmission Pipeline Upsizing	28,471	28,471	432,250	7%
5 Manual Transfer Switch Installations - Water	-	5,938	40,000	15%
<b>6 Total Capital Improvements / Replacements</b>	<b>44,569</b>	<b>57,198</b>	<b>656,979</b>	<b>9%</b>
<b>7 Equipment</b>				
8 Pump Replacements - Water	-	15,732	99,750	16%
9 New Servers	-	-	80,500	0%
<b>10 Total Equipment</b>	<b>-</b>	<b>15,732</b>	<b>180,250</b>	<b>9%</b>
<b>11 Programs</b>				
12 Pressure Regulating Valve Improvements - Water	-	-	26,600	0%
13 Valve Replacements - Water	2,906	2,906	39,900	7%
<b>14 Total Programs</b>	<b>2,906</b>	<b>2,906</b>	<b>66,500</b>	<b>4%</b>
<b>15 Unplanned Repairs/Expenses</b>				
16 Motor Rebuild for Dimension Water Treatment Plant	-	58,667	-	N/A
17 Line break repairs - Sycamore & Inverary	-	35,493	-	N/A
18 Air vac repair - Glen Echo	-	8,708	-	N/A
19 Air vac repair - Rose Canyon	-	5,765	-	N/A
20 16" repair - El Toro Bike Path	76,170	76,170	-	N/A
21 Filter grate replacements - #1 & 2	49,873	49,873	-	N/A
22 Pump replacement - WWTP	-	-	-	N/A
<b>23 Total Unplanned Repairs/Expenses</b>	<b>126,043</b>	<b>234,676</b>	<b>-</b>	<b>N/A</b>
<b>24 Total Water CIP</b>	<b>\$ 173,518</b>	<b>\$ 310,511</b>	<b>\$ 903,729</b>	<b>34%</b>

Acronym key:

SCADA - Supervisory Control and Data Acquisition



# Trabuco Canyon Water District

## Sewer Budget v. Actual

October 31, 2024

(Unaudited)

	October 2024	YTD Actual	FY 25 Adopted Budget	YTD 33%
<b>1 Operating Revenue</b>				
2 Sewer Residential Charges	\$ 195,405	\$ 754,051	\$ 2,301,500	33%
3 Sewer Commercial Charges	20,260	84,551	257,200	33%
4 Customer Fees	17,398	69,942	284,600	25%
5 Uncollectable Accounts	-	-	(8,400)	0%
<b>6 Total Operating Revenue</b>	<b>233,063</b>	<b>908,543</b>	<b>2,834,900</b>	<b>32%</b>
<b>7 Operating Expense</b>				
<b>8 Salaries and Benefits</b>				
9 Employee/Director Wages	84,388	335,979	1,038,200	32%
10 Employee/Director Benefits	12,922	56,863	227,700	25%
11 Retiree Health Insurance	4,040	16,419	64,100	26%
12 Transfer In - 115 OPEB Trust Reimbursement	(4,040)	(16,419)	(64,100)	26%
13 CalPERS Retirement (Normal)	10,210	39,964	122,600	33%
14 CalPERS Unfunded Accrued Liability (Minimum)	6,688	26,750	79,800	34%
15 Payroll Taxes	4,168	19,426	76,800	25%
<b>16 Total Salaries and Benefits</b>	<b>118,376</b>	<b>478,983</b>	<b>1,545,100</b>	<b>31%</b>
<b>17 Transmission and Distribution</b>				
18 System Repairs and Maintenance	46,303	74,305	378,700	20%
19 T&D Electricity	17,158	77,049	276,300	28%
20 Vehicles and Equipment	5,277	17,908	36,400	49%
21 Safety, Supplies and Testing	2,800	6,218	17,900	35%
<b>22 Total Transmission and Distribution</b>	<b>71,538</b>	<b>175,481</b>	<b>709,300</b>	<b>25%</b>
<b>23 General and Administrative</b>				
24 Professional Services	9,005	65,117	228,100	29%
25 Office Maintenance, Supplies and Software	12,348	54,451	179,300	30%
26 District Insurance	4,636	16,429	49,100	33%
27 Dues and Memberships	1,523	17,480	121,700	14%
28 Public Outreach	-	5,412	19,500	28%
29 Customer Service and Billing	1,242	4,951	20,600	24%
30 Conference, Trainings and Travel	981	4,162	11,500	36%
<b>31 Total General and Administrative</b>	<b>29,734</b>	<b>168,003</b>	<b>629,800</b>	<b>27%</b>
<b>32 Total Operating Expense</b>	<b>219,649</b>	<b>822,467</b>	<b>2,884,200</b>	<b>29%</b>
<b>33 Net Operating Revenue / (Expense)</b>	<b>13,415</b>	<b>86,077</b>	<b>(49,300)</b>	<b>-175%</b>
<b>34 Non-Operating Revenue / (Expense)</b>				
35 Property Tax Revenue	2,002	16,032	1,050,900	2%
36 Interest Revenue - Unrestricted	25,793	151,875	192,600	79%
37 Other Revenue and Reimbursements	4	146	11,000	1%
38 Miscellaneous Expense	(240)	(273)	(7,600)	4%
<b>39 Net Non-Operating Revenue / (Expense)</b>	<b>27,560</b>	<b>167,780</b>	<b>1,246,900</b>	<b>13%</b>
<b>40 Net Total Revenue / (Expense)</b>	<b>40,974</b>	<b>253,856</b>	<b>1,197,600</b>	<b>21%</b>
<b>41 Other Unrestricted Cash Inflow / (Outflow)</b>				
42 Transfer In - Debt Proceeds for Capital	312,946	987,200	4,086,200	24%
43 Capital Improvement Program	(358,774)	(1,084,693)	(4,086,200)	27%
44 Debt Service - Principal and Interest	(43,480)	(173,919)	(304,100)	57%
<b>45 Net Other Unrestricted Cash Inflow / (Outflow)</b>	<b>(89,308)</b>	<b>(271,412)</b>	<b>(304,100)</b>	<b>89%</b>
<b>46 Net Total Unrestricted Cash Inflow / (Outflow)</b>	<b>\$ (48,333)</b>	<b>\$ (17,556)</b>	<b>\$ 893,500</b>	



# Trabuco Canyon Water District

## Sewer CIP

October 31, 2024

(Unaudited)

Project	October 2024	YTD Actual	FY 25 Adopted Budget	YTD 33%
<b>1 Wastewater CIP</b>				
<b>2 Capital Improvements / Replacements</b>				
3 Golf Club Sewer Lift Station (SLS) Rehabilitation	\$ 244,957	\$ 757,657	\$ 1,350,000	56%
4 SCADA System Upgrades	5,749	8,139	65,975	12%
5 WWTP Hoffman Blower Building Rehabilitation	13,946	145,175	1,100,000	13%
6 Heritage Sewer Lift Station Rehabilitation	13,383	13,628	632,250	2%
7 Manual Transfer Switch Installations - Sewer	-	7,698	40,000	19%
8 WWTP Fiber Optic Upgrade	-	3,680	300,000	1%
9 Chiquita CIP FY25	34,912	34,912	236,740	15%
10 WWTP Reservoir Gate Improvements	-	-	159,600	0%
11 WWTP Headworks Replacement	-	-	172,900	0%
12 Barneburg SLS Wetwell Rehab	-	16,312	-	N/A
<b>12 Total Capital Improvements / Replacements</b>	<b>312,946</b>	<b>987,200</b>	<b>4,057,465</b>	<b>24%</b>
<b>14 Equipment</b>				
15 New Servers	-	-	28,750	0%
<b>16 Total Equipment</b>	<b>-</b>	<b>-</b>	<b>28,750</b>	<b>0%</b>
<b>17 Unplanned Repairs/Expenses</b>				
18 Chlorine Feed System Pump Replacement	-	12,311	-	N/A
19 Asphalt repair - El Toro Rd force main break	-	24,750	-	N/A
20 Odor control - Lift stations	-	14,604	-	N/A
21 Pump replacement - WWTP	45,828	45,828	-	N/A
<b>22 Total Unplanned Repairs/Expenses</b>	<b>45,828</b>	<b>97,493</b>	<b>-</b>	<b>N/A</b>
<b>23 Total Wastewater CIP</b>	<b>\$ 358,774</b>	<b>\$ 1,084,693</b>	<b>\$ 4,086,215</b>	<b>27%</b>

*Acronym key:*

SCADA - Supervisory Control and Data Acquisition

WWTP - Waste Water Treatment Plant



# Trabuco Canyon Water District Recycled Budget v. Actual

October 31, 2024

(Unaudited)

	October 2024	YTD Actual	FY 25 Adopted Budget	YTD 33%
<b>1 Operating Revenue</b>				
2 Fixed / Capital Service Charges	\$ 13,992	\$ 53,806	\$ 161,600	33%
3 Variable Consumption Charges	152,042	759,649	1,173,600	65%
4 Customer Fees	-	-	13,600	0%
5 Uncollectable Accounts	-	-	(4,400)	0%
<b>6 Total Operating Revenue</b>	<b>166,034</b>	<b>813,456</b>	<b>1,344,400</b>	<b>61%</b>
<b>7 Operating Expense</b>				
<b>8 Source of Supply</b>				
9 Recycled Water Purchases	3,382	14,071	33,300	42%
10 Water Treatment	15,605	45,033	121,400	37%
<b>11 Total Source of Supply</b>	<b>18,987</b>	<b>59,104</b>	<b>154,700</b>	<b>38%</b>
<b>12 Salaries and Benefits</b>				
13 Employee/Director Wages	20,134	80,012	249,200	32%
14 Employee/Director Benefits	4,093	17,421	66,600	26%
15 Retiree Health Insurance	808	3,284	12,800	26%
16 Transfer In - 115 OPEB Trust Reimbursement	(808)	(3,284)	(12,800)	26%
17 CalPERS Retirement (Normal)	2,205	8,602	26,400	33%
18 CalPERS Unfunded Accrued Liability (Minimum)	1,338	5,350	18,000	30%
19 Payroll Taxes	834	3,885	17,600	22%
<b>20 Total Salaries and Benefits</b>	<b>28,603</b>	<b>115,269</b>	<b>377,800</b>	<b>31%</b>
<b>21 Transmission and Distribution</b>				
22 T&D Electricity	27,839	107,571	341,200	32%
23 System Repairs and Maintenance	2,300	15,014	41,400	36%
24 Vehicles and Equipment	1,244	4,127	8,200	50%
25 Safety, Supplies and Testing	7,833	31,501	110,800	28%
<b>26 Total Transmission and Distribution</b>	<b>39,216</b>	<b>158,213</b>	<b>501,600</b>	<b>32%</b>
<b>27 General and Administrative</b>				
28 Professional Services	1,801	13,073	45,600	29%
29 Office Maintenance, Supplies and Software	2,202	9,861	30,400	32%
30 District Insurance	850	3,209	10,000	32%
31 Dues and Memberships	3,067	6,945	38,600	18%
32 Public Outreach	-	1,082	3,800	28%
33 Customer Service and Billing	248	990	4,200	24%
34 Conference, Trainings and Travel	196	832	2,400	35%
<b>35 Total General and Administrative</b>	<b>8,364</b>	<b>35,992</b>	<b>135,000</b>	<b>27%</b>
<b>36 Total Operating Expense</b>	<b>95,171</b>	<b>368,578</b>	<b>1,169,100</b>	<b>32%</b>
<b>37 Net Operating Revenue / (Expense)</b>	<b>70,863</b>	<b>444,878</b>	<b>175,300</b>	<b>254%</b>
<b>38 Non-Operating Revenue / (Expense)</b>				
39 Property Tax Revenue	779	6,235	341,400	2%
40 Interest Revenue - Unrestricted	4,700	21,106	24,800	85%
41 Other Revenue and Reimbursements	1	29	2,200	1%
42 Miscellaneous Expense	(48)	(61)	(4,000)	2%
<b>43 Net Non-Operating Revenue / (Expense)</b>	<b>5,431</b>	<b>27,309</b>	<b>364,400</b>	<b>7%</b>
<b>44 Net Total Revenue / (Expense)</b>	<b>76,294</b>	<b>472,186</b>	<b>539,700</b>	<b>87%</b>
<b>45 Other Unrestricted Cash Inflow / (Outflow)</b>				
46 Transfer In - Debt Proceeds for Capital	54,580	55,058	451,600	12%
47 Capital Improvement Program	(25,470)	(58,136)	(451,600)	13%
48 Debt Service - Principal and Interest	(7,868)	(31,471)	(51,000)	62%
<b>49 Net Other Unrestricted Cash Inflow / (Outflow)</b>	<b>21,242</b>	<b>(34,549)</b>	<b>(51,000)</b>	<b>68%</b>
<b>50 Net Total Unrestricted Cash Inflow / (Outflow)</b>	<b>\$ 97,537</b>	<b>\$ 437,638</b>	<b>\$ 488,700</b>	<b>90%</b>



# Trabuco Canyon Water District

## Recycled CIP

October 31, 2024

(Unaudited)

Project	October 2024	YTD Actual	FY 25 Adopted Budget	YTD 33%
<b>1 Recycled Water CIP</b>				
<b>2 Capital Improvements / Replacements</b>				
3 SCADA System Upgrades	\$ 1,150	\$ 1,628	\$ 13,195	12%
4 Dove Recycled Booster Pump Station	-	-	133,000	0%
5 Dove Canyon Recycled PRV Improvement	-	-	180,000	0%
6 Tick & Dove Creek Pump Station Improvements	-	-	79,800	0%
7 WWTP Reservoir Gate Improvements	-	-	39,900	0%
8 Dove Lake Repairs	53,430	53,430	-	N/A
<b>9 Capital Improvements / Replacements Total</b>	<b>54,580</b>	<b>55,058</b>	<b>445,895</b>	<b>12%</b>
<b>10 Equipment</b>				
11 New Servers	-	-	5,750	0%
<b>12 Equipment Total</b>	<b>-</b>	<b>-</b>	<b>5,750</b>	<b>0%</b>
<b>13 Unplanned Repairs/Expenses</b>				
14 Chlorine Feed System Pump Replacement	-	3,078	-	N/A
15 Diving at Dove Dam	(29,110)	-	-	N/A
<b>16 Total Unplanned Repairs/Expenses</b>	<b>(29,110)</b>	<b>3,078</b>	<b>-</b>	<b>N/A</b>
<b>17 Total Recycled Water CIP</b>	<b>\$ 25,470</b>	<b>\$ 58,136</b>	<b>\$ 451,645</b>	<b>13%</b>

*Acronym key:*

SCADA - Supervisory Control and Data Acquisition

PRV - Pressure Regulating Valves

WWTP - Waste Water Treatment Plant

TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING | DECEMBER 12, 2024

FINANCIAL MATTERS  
ITEM 7: OTHER MATTERS

---

**RECOMMENDED ACTION:**

*Hear Other Matters from the General Manager or District Staff.*

**CONTACTS (staff responsible): PALUDI/PEREA**