



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP | OCTOBER 10, 2024**

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**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  
Roseann Lejsek, Executive Assistant  
Phil Serpas, SCADA/CMMS Administrator

**STAFF ABSENT**

Karen Warner, Principal Accountant

**CONSULTANTS PRESENT**

None

**PUBLIC PRESENT**

None

**CALL MEETING TO ORDER**

Director Chadd called the October 10, 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**

None

**REPORT FROM THE GENERAL MANAGER**

None

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

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Mr. Paludi presented the Finance/Audit Committee Meeting Recap for Committee review in accordance with the agenda. Director Chadd did not attend the previous committee meeting and did not vote on this matter.

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

**TRABUCO CANYON WATER DISTRICT  
FINANCE AUDIT COMMITTEE MEETING RECAP | OCTOBER 10, 2024**

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

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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 September 2024 and tentative future meetings/attendance (Action Calendar).

**ITEM 3: GRANT RESOLUTION FOR DOVE DAM OUTLET IMPROVEMENTS PROJECT GRANT APPLICATION**

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Mr. Paludi presented this matter for the Committee's consideration. Ms. Lausten reported that the District is applying for grant funding through the California Department of Water Resources' (DWR) Dam Safety and Climate Resilience Local Assistance Program. Ms. Lausten stated that she worked with the Department of Dam Safety to reclassify the condition of Dove Dam to meet the Program's eligibility requirements for grant funding. Ms. Lausten also stated that DWR may award 50% of the total allowable project costs up to \$1.5 million dollars.

**RECOMMENDATION:** Recommend that the Board of Directors adopt Resolution No. 2024-XXXX Authorizing the Submission of a Grant Application to the Dam Safety and Climate Resilience Local Assistance Program (Action Calendar).

**ITEM 4: FINANCIAL REPORT**

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Mr. Perea presented the preliminary unaudited financials for August 2024 in Ms. Warner's absence, and he highlighted the following items:

***WATER FUND***

***Total Operating Revenue***

Mr. Perea reported that this line item was trending as budgeted for the year.

***Total Source of Supply***

Mr. Perea reported that this line item was trending slightly lower than budgeted due to lower-than-normal water sales.

***Total Salaries & Benefits***

Mr. Perea reported that this line item was trending as budgeted for the year.

***Total Transmission & Distribution***

Mr. Perea reported that this line item was trending higher than budgeted for the year due to system repairs and maintenance.

***Total General & Administrative***

Mr. Perea reported that this line item was trending lower than budgeted for the year.

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

Mr. Perea reported that this line item trended a use of water reserves funds for the month, but trended a higher than budgeted for the year in accordance with the rate study.

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***District Capital – Water***

Mr. Perea reviewed the capital improvement costs accrued in August 2024, including costs associated with the following: SCADA System Upgrades and the unplanned repair of Motor Rebuild for Dimension Water Treatment Plant (DWTP).

***SEWER FUND***

***Total Operating Revenue***

Mr. Perea reported that this line item was trending slightly lower than budgeted for the year.

***Total Salaries & Benefits***

Mr. Perea reported that this line item was trending slightly lower than budgeted for the year.

***Total Transmission & Distribution***

Mr. Perea reported that this line item was trending lower than budgeted for the year.

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

Mr. Perea reported that this line item reported a use of wastewater reserves for the month in accordance with the rate study.

***District Capital – Sewer***

Mr. Perea reviewed the capital improvement costs accrued in August 2024, including the following: Golf Club Sewer Lift Station (SLS) Rehabilitation, SCADA System Upgrades, WWTP Hoffman Blower Building Rehabilitation, Manual Transfer Switch Installations – Sewer, WWTP Fiber Optic Upgrade, and unplanned repairs of the Chlorine Feed System Pump Replacement.

***RECYCLED WATER FUND***

***Total Operating Revenue***

Mr. Perea 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***

Mr. Perea 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***

Mr. Perea reported that this line item was trending slightly lower than budgeted for the year.

***Total Transmission & Distribution***

Mr. Perea reported that this line item was trending lower than budgeted for the year.

***Total General & Administrative***

Mr. Perea reported that this line item trended lower than budgeted for the year.

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

Mr. Perea reported that this line item trended a positive increase of recycled water reserves for the year in accordance with the rate study.

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***District Capital – Recycled Water***

Mr. Perea reviewed the capital improvement costs accrued in August 2024, including the following: SCADA System Upgrades and unplanned repairs of the Chlorine Feed System Pump Replacement.

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

**ITEM 5: OTHER MATTERS**

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Mr. Paludi presented the following matters for Committee consideration:

***Airport Fire***

Mr. Paludi reported that a portion of the District’s Porter Property was burned in the Airport Fire. Mr. Paludi stated that the District is submitting the reported damages to CalOES, however the Orange County damages may not reach the monetary threshold for FEMA disaster relief. Mr. Paludi also reported on the multi-agency coordination and response during and after the fire. Mr. Perea added that the National Park Service reached out to the District requesting to be invoiced for the water that their agency used in the fire-fighting efforts.

***DWTP Earthquake Damage***

Ms. Lausten reported that a structural assessment was completed by Hazen Sawyer, and she stated that the District will need to contract with a structural engineer for a structural fix recommendation.

***District Treasurer***

Mr. Paludi provided the Committee with at status update on the contract with the District’s accounting firm, Eide Bailly. Mr. Paludi reported on the District’s transition plan, and he stated that staff is evaluating the need for an internal financial employee position within the District.

***Montessori School***

Mr. Paludi provided the Committee with a brief status update on the Montessori School’s damage claim.

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

**ADJOURNMENT**

Director Chadd adjourned the October 10, 2024 Finance/Audit Committee Meeting at 8:25 a.m.