



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | FEBRUARY 20, 2025

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on February 20, 2025, was called to order by President Ed Mandich at 5:30 p.m. in the Board Room at the District Administrative Facility located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Mr. Michael Perea, District Secretary, transcribed the minutes thereof.

DIRECTORS PRESENT

President Ed Mandich
Vice President Glenn Acosta
Director Mark Anderson
Director John Horst
Director Michael Safranski

DIRECTORS ABSENT

None

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Lorrie Lausten, District Engineer
Gary Kessler, Water Operations Superintendent
Karen Warner, Principal Accountant
Roseann Lejsek, Executive Assistant
Phil Serpas, CMMS/SCADA Administrator
Other staff were present

DISTRICT CONSULTANTS

Claire Collins, District General Legal Counsel - Hanson Bridgett, LLP

PUBLIC PRESENT

There were members of the public present.

PLEDGE OF ALLEGIANCE

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

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

None

VISITOR PARTICIPATION

None

DIRECTOR'S COMMENTS

President Mandich stated that Director's comments would be given ahead of Oral Communication.

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Director Anderson commented that after considering discussions at the January Regular Board Meeting, he believes the District must prioritize water rates, water supply, and Saddleback Meadows.

Director Horst apologized for missing the January Regular Board Meeting due to a family matter. Director Horst requested a Special Board Meeting be held to explore funding opportunities to supplement rates. Director Horst reported that he spoke with Assemblywoman Kate Sanchez for her assistance in lobbying the State for funding to supplement the rates. Director Horst acknowledged an over-step in his position as Director concerning a letter he drafted for Assemblywoman Sanchez.

Director Safranski reported that the Energy Efficiency Committee Year End Report for 2024 is in the process of being finalized and will be presented at the March Regular Board Meeting. Director Safranski also reported on the meetings he attended during the previous month.

ORAL COMMUNICATION

President Mandich acknowledged the members of the public who submitted written comments via email before the Regular Board meeting, related to items not on the agenda.

Jeff Maus – Mr. Maus addressed the Board of Directors with his concerns regarding the current rates and charges. Mr. Maus stated that he did not choose the size of his meter and that the rates are unfair and a hardship for him. Mr. Maus stated that he submitted an application for the Meter Downsizing Program and requested that the District communicate with him regarding his application status.

Rick Heard – Mr. Heard addressed the Board of Directors with his concerns regarding the District’s infrastructure. Mr. Heard read comments from other agencies regarding their water system limits for firefighting. Mr. Heard requested that the District identify and communicate its system limitations along with the costs for improvements. Mr. Heard thanked Mr. Paludi for speaking about emergency generation, and he thanked staff for recognizing backup power as a necessity. Mr. Heard also thanked Director Acosta for proposing TCWD-owned property for a firefighting facility.

Sue Marucci - Ms. Marucci addressed the Board of Directors with her concerns related to the District’s Meter Downsizing Program approval process. Ms. Marucci commented that she had a poor experience with the previous Board and educated herself with the process through speaking with other agencies.

Rena Bates-Smith – Ms. Smith allotted her time to Ms. Marucci. Ms. Marucci stated that she believes the District needs to merge with Irvine Ranch Water District (IRWD).

Raymond Puzio – Mr. Puzio addressed the Board of Directors with his questions regarding any water delivery action plan that the District may have in place for fire events as well as questions regarding the fire hydrants on Hamilton Trail.

Fred Yeakel – Mr. Yeakel addressed the Board of Directors and expressed his appreciation concerning the approval of his meter downsizing request.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported on the following matters:

- TCWD and SMWD will be giving a joint presentation at the City of RSM City Council Meeting the following week to discuss high wind and wildfire preparedness efforts. Mr. Paludi reported that Mr. Perea would deliver the presentation.

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- Staff were closely monitoring the significant debris flow from the recent rainstorm, and he expressed his appreciation to Orange County Public Works (OCPW) for working with District staff to rehabilitate and improve the earthen berm in Trabuco Creek adjacent to the District’s Groundwater Treatment Facility.

CONSENT CALENDAR

President Mandich indicated that all matters under the Consent Calendar would be approved by one motion unless a Board member or staff member requests a separate action on a specific item. Mr. Paludi presented Items 1-4 for Board consideration and approval in accordance with the agenda, and President Mandich announced the proposed financial terms of the General Manager’s contract amendment under Item 5 before the vote was held.

ITEM 1: APPROVAL OF MINUTES OF BOARD MEETING(S)

1. January 13, 2025 Special Board Meeting Minutes
2. January 16, 2025 Regular Board Meeting Minutes

ITEM 2: TREASURER’S REPORT

1. January 9, 2025 Finance/Audit Committee Meeting Recap
2. December 2024 Preliminary Unaudited Financials
3. January 2025 Bills for Consideration, Payroll and Payroll Taxes

ITEM 3: APPROVAL OF ENGINEERING/OPERATIONAL COMMITTEE MEETING RECAP(S)

1. January 8, 2025 Engineering/Operational Committee Meeting Recap

ITEM 4: APPROVAL OF EXECUTIVE COMMITTEE MEETING RECAP(S)

1. January 13, 2025 Executive Committee Meeting Recap

ITEM 5: APPROVAL OF SECOND AMENDMENT TO GENERAL MANAGER’S EMPLOYMENT AGREEMENT

Public Comment was received in relation to Item 5 on the agenda.

Alan Burnham – Mr. Burnham addressed the Board of Directors with his concerns regarding the approval of the amendment to the General Manager’s contract. Mr. Burnham stated that considering the District’s financial position, he does not support the General Manager’s salary increase. Mr. Burnham stated that he believes the District has been mismanaged, specifically citing the transmission main pipeline repair, and that the District should prioritize consolidation talks with IRWD and SMWD.

Discussion occurred regarding the Board’s rationale for approval of the amendment to the General Manager’s contract. Director Anderson and Director Horst both spoke to their personal views prior to being elected to the Board along with the insight they have since received regarding the General Manager’s performance and both expressed their support for approval of the amendment to the General Manager’s employment agreement.

MOTION: Approve the consent calendar as presented – Director Safranski

SECOND: Director Acosta

AYES: Directors Mandich, Acosta, Anderson, Horst & Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

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ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 6: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/ATTENDANCE

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

MOTION: Approve the tentative future meetings/attendance items and ratify the Directors' expenses and fees from January 2025 – Director Acosta

SECOND: Director Mandich

AYES: Directors Mandich, Acosta, Anderson, Horst & Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

ITEM 7: CONSIDERATION OF ACCOUNT ADJUSTMENTS RESULTING FROM METER DOWNSIZING

Mr. Paludi presented this matter for Board consideration, and he provided an overview of the changes made to the Meter Downsizing Program at the December 2024 Regular Board Meeting. Mr. Paludi stated that at that time, the Board authorized the General Manager to approve adjustments and ratify them with the Board. Mr. Paludi provided a brief update on the program's progress including a summary of account adjustments and requests in process. Mr. Paludi reported that staff has received a high volume of phone calls and meter downsizing requests.

MOTION: Ratify individual meter-downsizing account adjustments exceeding \$1,001.00 made by the General Manager, as previously approved by the Board – Director Safranski

SECOND: Director Acosta

AYES: Directors Mandich, Acosta, Anderson, Horst & Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

ITEM 8: CONSIDERATION OF A RESOLUTION CONCERNING THE HOLDING OF REGULAR MEETINGS OF THE BOARD OF DIRECTORS AND AMENDING THE REGULAR BOARD MEETING DATE AND TIME

Mr. Paludi presented this matter for Board consideration, and he reported that this item was discussed at the January Regular Board Meeting and was tabled for future discussion with the full Board. Discussion occurred among the Board members with proposed changes to the date and time of the Regular Meeting of the Board of Directors to better accommodate the public while being sensitive to staff's schedules.

MOTION: 1. Amend the date and time of the Regular Meeting of the Board of Directors of the Trabuco Canyon Water District to every third Wednesday of each month at 6:00 p.m.

2. Adopt Resolution No. 2025-1341 – Resolution of the Board of Directors of the Trabuco Canyon Water District Providing of the Holding of the Regular Meeting of the Board of Directors and Amending the Rules and Regulations of the Trabuco Canyon Water District – Director Acosta

SECOND: Director Safranski

AYES: Directors Mandich, Acosta, Anderson, Horst & Safranski

NOES: None

ABSTAIN: None

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ABSENT: None
MOTION PASSED/FAILED: Passed 5 – 0

ITEM 9: DISCUSSION CONCERNING BOARD ROOM AUDIO/VISUAL SYSTEM UPGRADES

Mr. Paludi presented this matter for Board consideration, and he reported that in response to the public's concerns regarding the poor audio quality, staff rented audio equipment to pilot test for improvements to the audio in the meeting room.

Public Comment was received in relation to Item 9 on the agenda.

Jay Gentile – Mr. Gentile addressed the Board of Directors with his concerns regarding the rental equipment invoice and various fees. Mr. Gentile expressed his concern with the District's bid review process in light of the District's financial position and certain costs associated with the rental equipment.

Discussion occurred concerning potential solutions to address the audio issues in the Board Room, and the Board directed staff to procure multiple quotes for the Board's review. Director Horst offered to work directly with staff on equipment procurement and set up. Director Safranski commented that although he understands the public's concerns, staff's time and resources should be focused on critical issues and that he is not in support of proceeding with any audio/visual improvements at this time.

MOTION: Approve staff to procure multiple quotes for audio/video (A/V) system improvements – Director Mandich
SECOND: Director Acosta
AYES: Directors Mandich, Acosta, Anderson & Horst
NOES: Director Safranski
ABSTAIN: None
ABSENT: None
MOTION PASSED/FAILED: Passed 4 – 1

ITEM 10: DISCUSSION CONCERNING WATER AWARENESS DAY 2025 EVENT

Mr. Paludi presented this matter for Board consideration, and he provided a brief history of the District's annual family-friendly community outreach and education event. Mr. Paludi stated that the event has been well received by the public in previous years, and he stated that the matter is being presented to the Board for direction on the future hosting of this event. Discussion occurred regarding the low priority of this event and the need to better utilize the District's funds for higher priority projects at this time.

MOTION: Approve to not hold the 2025 Water Awareness Day Event – Director Acosta
SECOND: Director Safranski
AYES: Directors Mandich, Acosta, Anderson, Horst & Safranski
NOES: None
ABSTAIN: None
ABSENT: None
MOTION PASSED/FAILED: Passed 5 – 0

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FINANCIAL MATTERS

ITEM 11: CONSIDERATION OF A RESOLUTION CONCERNING DISTRICT TREASURER’S ANNUAL STATEMENT OF INVESTMENT POLICY

Mr. Paludi presented this matter for Board consideration, and he provided an overview of the District’s annual requirement to review and incorporate any relevant changes to the investment policy resulting from new laws or regulations. Ms. Collins reported that only non-substantive changes were made to the policy, and she asked for a motion to adopt the new investment policy by way of resolution.

MOTION: Adopt Resolution No. 2025-1342 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting an Investment Policy – Director Horst

SECOND: Director Acosta

AYES: Directors Mandich, Acosta, Anderson, Horst & Safranski

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

ENGINEERING MATTERS

ITEM 12: SOURCES OF SUPPLY AD HOC COMMITTEE REPORT – JANUARY 28, 2025 MEETING

President Mandich invited public comment in relation to Item 12 on the agenda.

Al Burnham – Mr. Burnham addressed the Board of Directors with his concerns regarding the known criticality of the pipeline in 2022. Mr. Burnham stated that he believed consolidation to be the answer and that he believed his water bill would be lower if the District consolidated with Irvine Ranch Water District (IRWD). Mr. Burnham provided a handout that summarized his comments to the Board of Directors.

Ray Chandos – Mr. Chandos addressed the Board of Directors requesting that the Board consider agency consolidation due to the costs associated with the pipeline repair, and he stated that all options should be on the table.

Jay Gentile – Mr. Gentile addressed the Board of Directors concerning potential agency consolidation and asked that the Board consider that other agencies have similar capital improvement challenges, like IRWD’s multi-million-dollar Irvine Lake rehabilitation project. Mr. Gentile stated that consolidation would likely result in establishing a zone rate for Trabuco Canyon for local costs and for pumping water to higher elevations. Mr. Gentile also stated that the District’s infrastructure repairs will still be required and those costs would not be absorbed by other agency customers. Mr. Gentile cautioned that consolidation is not always the answer.

Mr. Paludi presented this matter for Board consideration, and he reported that an Ad Hoc Committee of the Board of Directors was formed to oversee the evaluation of the District’s sources of water supply. Mr. Paludi asked Director Anderson to recap the discussion at the committee meeting.

Director Anderson stated that the Board acknowledges the public’s concerns and that all options are being considered as potential solutions. Director Anderson provided a summary of the Ad Hoc Committee’s discussion concerning repairing versus replacing the pipeline to ensure the District has adequate drinking water supply going into the warmer months. Director Anderson reported that he and the General Manager met with IRWD’s General Manager, and a member of their Board and that discussion occurred regarding the potential need to increase water purchases and how that might require TCWD buying into IRWD’s system. Director Anderson also reported that the discussion included IRWD’s experiences with consolidation and that IRWD provided generic information

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on the steps that the District would need to take to determine feasibility. Director Anderson noted that under a consolidation rates would not decrease but that accessibility to sources of supply may be better. Director Anderson added that the urgent matter at hand is working with IRWD and Santa Margarita Water District (SMWD) to better balance the water supply between interties and get through the summer months. President Mandich asked if a consultant could outline the steps involved in exploring a consolidation.

Ms. Collins stated that staff can bring back the steps required, and the general costs associated for an evaluation of agency consolidation.

Ms. Lausten reported that she is working on a slip-lining repair option for the transmission main pipeline and that she should have the cost estimate in two weeks and a final report in six weeks. Ms. Lausten added that she is also considering a study to balance water supply purchased from IRWD and SMWD.

Director Anderson recommended scheduling a Special Board Meeting to discuss the matter more fully as well as CIP plan reprioritization to consider funding the transmission main pipeline repair.

Director Horst supported evaluating all funding strategies for the District's capital improvement needs.

President Mandich provided the following direction to staff:

1. Schedule Source of Supply Ad Hoc as soon as Ms. Lausten receives the final report on the Dimension Treatment Plant transmission pipeline rehab project
2. Schedule a Special Board Meeting to discuss funding strategies for the District's capital improvement projects
3. Bring back the steps involved if an agency were to consider consolidation

MOTION: None. Informational item only.

ITEM 13: CONSIDERATION OF DISTRICT SERVER UPGRADE PROJECT – CAL-OES CYBERSECURITY GRANT-FUNDED

Mr. Paludi presented this matter for Board consideration, and he asked Mr. Perea to provide a report on this matter. Mr. Perea provided a background of the original server upgrade CIP project and budget totaling \$180,000 which was approved by the Board of Directors in August 2024. Mr. Perea reported that soon after the Board's approval of the original project, Cal OES announced the Cybersecurity grant funding up to \$250,000 per recipient without agency matching. Mr. Perea reported that District staff worked with Highroad IT and Soto Resources to apply for the grant, and the District was awarded the full \$250,000 grant in December 2024. Mr. Perea reviewed the Highroad IT quote and answered questions from the Board. Mr. Perea recommended the Board increase the project budget to \$300,000 to meet the grant cybersecurity enhancement minimum requirements and hardware cost increases noting the significant project funding. Mr. Perea noted that this would bring the District's actual costs down to \$50,000 instead of the original \$180,000. Mr. Perea added that as a condition of the grant, Cal OES requires a resolution to be passed by the Board of Directors.

Director Safranski expressed his appreciation to staff for pursuing grant opportunities to offset District costs.

- MOTION:**
1. Amend the FY 2025-26 Capital Improvement Program Server Upgrade Project budget to \$300,000 with partial funding of \$250,000 from the approved CalOES Cybersecurity Grant.
 2. Approved the Highroad IT Quote No. TCWD25-0129A in the amount of \$279,146.26 for the TCWD Server Project Upgrade.
 3. Adopt Resolution No. 2025-1343 – Resolution of the Board of Directors of Trabuco Canyon Water District Providing and Taking Actions Necessary for the Purpose of Obtaining Federal Assistance Subgranted Through the State of California for the Fiscal Year 2024 SLGCP Cybersecurity Grant Sub-Awards. – Director Acosta

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SECOND: Director Safranski
AYES: Directors Mandich, Acosta, Anderson, Horst & Safranski
NOES: None
ABSTAIN: None
ABSENT: None
MOTION PASSED/FAILED: Passed 5 – 0

ITEM 14: CONSIDERATION OF A RESOLUTION CLARIFYING TCWD’S APPLICATION OF IN-LIEU STORAGE CHARGE

Mr. Paludi presented this matter for Board consideration, and he reported that the District is seeking to clarify its Rules and Regulations concerning applicability of in-lieu storage fees for developments. Ms. Collins reported that the District’s Rules and Regulations lack clarity and consistency in this area, and she stated that the General Manager has the authority to provide interpretation and clarity as to conditions under which in-lieu storage fees apply to developments. Ms. Collins stated that the General Manager has issued an interpretation clarifying the application of these rules that is consistent with the District’s custom and practice, and she requested a motion to adopt a resolution to ratify this clarification.

MOTION: Adopt Resolution No. 2025-1344 – Resolution of the Board of Directors of the Trabuco Canyon Water District Clarifying the Applicability of the Water Storage Fee to Developments of One (1) Equivalent Dwelling Unit – Director Safranski
SECOND: Director Acosta
AYES: Directors Mandich, Acosta, Anderson, Horst & Safranski
NOES: None
ABSTAIN: None
ABSENT: None
MOTION PASSED/FAILED: Passed 5 – 0

ITEM 15: CONSIDERATION OF POTABLE WATER SYSTEM STORAGE EVALUATION 2024 UPDATE

Mr. Paludi presented this matter for Board consideration, and he asked Ms. Lausten to provide an update on this matter. Ms. Lausten reported that the District’s 2022 Master Plan states that the District’s storage criteria is to have seven days of emergency storage, and that this is consistent with Metropolitan Water District of Southern California’s (MET) criteria. Ms. Lausten provided a summary of Hazen & Sawyer’s evaluation results.

MOTION: The Board of Directors received and filed the Trabuco Canyon Water District – 2024 Storage Evaluation Report

ITEM 16: DISCUSSION REGARDING FACILITY BACKUP GENERATOR POWER SUPPLY

Mr. Paludi presented this matter for Board consideration, and he reported that staff was asked to put together a backup generation inventory and that Mr. Perea had been working on an evaluation. Mr. Perea expressed his appreciation to staff for their input in gathering the equipment information for the evaluation, and he reported on the backup power vulnerabilities. Mr. Perea noted that those facilities without backup power do have the ability to receive backup power via mobile generators, and he provided an overview of the high priority facilities. Mr. Perea stated that staff will bring quotes for a mobile generator to the Engineering/Operational Committee for review. Discussion occurred regarding plans to provide backup generation to critical sites. Mr. Perea added that staff will pursue grant funding opportunities for an additional generator, where available.

MOTION: None. Informational item only.

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LEGISLATIVE AND OTHER MATTERS

ITEM 17: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Paludi reported on bills currently being drafted in the current legislative session, and he asked Ms. Collins to expand on the item. Ms. Collins reported that multiple bills were being prepared in the current legislative session concerning wildfire and infrastructure hardening, and she reported that two proposed bills specifically dedicate funding to water infrastructure hardening for rural areas. Ms. Collins added that there may be potential opportunities to apply for funding in the future.

MOTION: None. Informational item only.

GENERAL COUNSEL REPORT

None

OTHER INFORMATION/MATTERS

None

ADDITIONAL DIRECTORS' COMMENTS

Director Safranski reported that the discussion at the South Orange County Agencies meeting was a concern regarding adequate water supply during a fire event and limitations of hydrants to fight fires in high winds.

Director Anderson expressed a sense of urgency to complete the Saddleback Meadows agreement. Mr. Paludi provided a brief overview associated with bringing the proposed amendment to the Board for review and approval.

Director Horst requested a future agenda item on District public outreach efforts. Mr. Paludi indicated this matter would be agenda item for the next regular meeting.

ADJOURNMENT

President Mandich adjourned the February 20, 2025 Regular Board Meeting at 7:49 p.m.