



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | MARCH 19, 2025

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on March 19, 2025, was called to order by President Ed Mandich at 6:01 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
Oscar Ulloa, Wastewater 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
Ian Berg, Starting Line Advisory
Robin Rockey, RockSpark Communications

PUBLIC PRESENT

There were members of the public present.

PLEDGE OF ALLEGIANCE

Director Horst 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

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ORAL COMMUNICATION

Jay Gentile – Mr. Gentile addressed the Board of Directors with his concerns regarding the current rates and charges. Mr. Gentile expressed his concerns with the fixed charges for meters 1” and smaller and that leadership has disproportionately focused on fixed charges for larger meters. Mr. Gentile noted that there are Districts that charge the same rate for meters 1” and smaller.

Allan Burnham – Mr. Burnham addressed the Board of Directors with his concerns regarding the transmission main pipeline repair, and he stated that he would submit his questions via email and requested a response. Mr. Burnham stated that he believes Item 12 on February’s Regular Board Meeting agenda, Sources of Supply Ad Hoc Committee Report, is unclear and does not state that the main transmission line would be discussed. Mr. Burnham expressed his concerns at the prioritization of projects considering the criticality of the main transmission pipeline. Mr. Burnham requested that the Board look into consolidation as a priority and agendaize the matter for future meetings and provide updates.

Ray Chandos – Mr. Chandos addressed the Board of Directors requesting that the Board agendaize an item each month to discuss the District’s rates and charges. Mr. Chandos asked whether the District would perform a mid-term rate study and if there were any updates on the topic of consolidation. Mr. Chandos added that he would like updates from Directors on what they are doing for customers.

Ric Heard – Mr. Heard addressed the Board of Directors with his concerns regarding consolidation. Mr. Heard explained that TCWD ratepayers will lose their local representation and that rates will not go down. Mr. Heard acknowledged that there may be a benefit regarding repairs, but that infrastructure repair costs will still be the responsibility of TCWD ratepayers.

Pat Lawrence – Mr. Lawrence addressed the Board of Directors with his concerns regarding consolidation. Mr. Lawrence commented that he has lived in the community for many years and that in his experience, most people in the Dove Canyon community are very pleased with the District. Mr. Lawrence stated that he is pleased with the Dropcountr app and that he believes an agency merger would not benefit the District’s ratepayers. Mr. Lawrence also stated that other District’s have charges that customers pay at the end of the year in their property taxes. Mr. Lawrence recommended the need to assist customers with larger meters and higher usage, however, he requested that the Board not penalize the majority of ratepayers.

Director 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.

DIRECTOR’S COMMENTS

Director Safranski thanked the members of the public in the audience for their attendance.

Director Horst reported that he and Mr. Perea worked to implement a cost-effective audio system improvement for the Board Room. Director Horst also reported on the meetings he attended during the previous month. Director Horst questioned whether the District has vetted the consolidation topic as it relates to how the District’s customers, employees, and rates may be affected. Director Horst stated that although he does not know the true process of consolidation, he hopes that all homeowners will be able to vote on the matter. Director Horst added that he would like rates to come down without sacrificing everything else in the process. Director Horst noted that staff is only gathering information at this time.

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Director Anderson reported that he received direct communication via email from customer Gloria Sefton, and he requested guidance on answering her questions. Ms. Collins clarified that questions related to items not on the agenda are not answered in the public forum and that communications are not read aloud.

Director Mandich reported on the fire hardening preparedness presentation that Mr. Perea delivered at the City of Rancho Santa Margarita City Council Meeting with Santa Margarita Water District (SMWD). Director Mandich also reported on rebates available to customers through the Municipal Water District of Orange County (MWDOC). Director Mandich stated that the Sources of Supply Ad Hoc Committee is looking into repairing the main transmission pipeline and pursuing cost-saving solutions.

Director Acosta had no comments.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi expressed his appreciation to Director Horst and Mr. Perea for working together and finding a cost-effective audio solution for the Board Room.

CONSENT CALENDAR

Director 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 1-3 for Board consideration and approval in accordance with the agenda.

ITEM 1: TREASURER’S REPORT

1. February 13, 2025 Finance/Audit Committee Meeting Recap
2. January 2025 Preliminary Unaudited Financials
3. February 2025 Bills for Consideration, Payroll and Payroll Taxes

ITEM 2: APPROVAL OF ENGINEERING/OPERATIONAL COMMITTEE MEETING RECAP(S)

1. February 5, 2025 Engineering/Operational Committee Meeting Recap

ITEM 3: APPROVAL OF EXECUTIVE COMMITTEE MEETING RECAP(S)

1. February 3, 2025 Executive Committee Meeting Recap

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

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 4: 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.

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Director Anderson asked his fellow Board members to consider restricting their attendance at seminars and conferences to a minimum in order to curb costs.

Director Safranski requested that Board members attending seminars and conferences bring a report back to the full Board.

- MOTION:** Approve the tentative future meetings/attendance items and ratify the Directors' expenses and fees from February 2025 – Director Acosta
- SECOND:** Director Safranski
- AYES:** Directors Mandich, Acosta, Anderson, Horst & Safranski
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None
- MOTION PASSED/FAILED:** Passed 5 – 0

ITEM 5: CONSIDERATION OF ACCOUNT ADJUSTMENTS RESULTING FROM METER DOWNSIZING

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

A brief discussion occurred reviewing the requirement to ratify adjustments exceeding \$1,001.00 each month. Director Mandich directed staff to agendaize this item next month to vote on a one-time approval applicable to all meter downsizing account adjustments prior to the February 17, 2025 deadline that exceed \$1,001.00.

- MOTION:** Ratify individual meter-downsizing account adjustments exceeding \$1,001.00 made by the General Manager, as previously approved by the Board – Director Acosta
- SECOND:** Director Safranski
- AYES:** Directors Mandich, Acosta, Anderson, Horst & Safranski
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None
- MOTION PASSED/FAILED:** Passed 5 – 0

ITEM 6: DISCUSSION CONCERNING DISTRICT COMMUNITY OUTREACH EFFORTS

Director Mandich invited public comment in relation to Item 6 on the agenda.

Allan Burnham – Mr. Burnham addressed the Board of Directors and he provided information regarding his efforts to keep the public informed of District business. Mr. Burnham stated that the information he publishes is taken from the District's website, social media, and other agencies, and he stated that he would like the District and community to work together. Mr. Burnham expressed his concerns regarding the costs associated with public outreach and questioned the cost-effectiveness of the District's recently mailed notice.

Mr. Paludi presented this matter for Board consideration, and he reported that this matter was reviewed with the Finance/Audit Committee. Mr. Paludi introduced Ms. Rockey with RockSpark Communications to discuss the District's public education and outreach efforts. Ms. Rockey reported that she strategized with staff on how to

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cost-effectively communicate with customers and promote engagement with the District. Ms. Rockey delivered a Community Engagement Program Overview presentation, highlighting the District's goals, various customer engagement and outreach materials, email campaign performance overview and social media metrics.

Discussion occurred regarding the need for balance between public education and outreach versus costs.

Director Acosta commented that every agency needs to educate the public and that the District should be the source of information for its ratepayers, while keeping cost controls in place.

Director Anderson commented that he agrees a balance must be made between services and costs, and he remarked that the discussion is moving in the right direction.

Director Horst expressed his concerns with the current communication strategy, and he suggested that the District put a freeze on any consultant public outreach work until a communications plan is formulated. Director Horst also requested the formation of a Public Outreach Ad Hoc Committee to review the District's needs and current communication strategy.

Director Safranski commented that the District needs to keep its customers informed and that although he is not a proponent of a pause in services, he agrees that reviewing the District's public outreach needs is necessary.

Director Mandich stated that an Ad Hoc Committee would be formed for the next 60 days to discuss the District's Public Education and Outreach communication strategy, and he stated that Director Horst and Director Acosta will sit on the Committee, with Director Horst as Committee Chair.

- MOTION:** Freeze Public Education and Outreach Spending for Any New Work with RockSpark Communications for a Period Not-To-Exceed 60 Days – Director Acosta
- SECOND:** Director Horst
- AYES:** Directors Mandich, Acosta, Anderson, Horst
- NOES:** Director Safranski
- ABSTAIN:** None
- ABSENT:** None
- MOTION PASSED/FAILED:** Passed 4 – 1

FINANCIAL MATTERS

ITEM 7: DISCUSSION CONCERNING FY 2026 OPERATING BUDGET ASSUMPTIONS AND BUDGET WORKSHOP SCHEDULES

Mr. Paludi presented this matter for Board consideration, and he reported that this matter was reviewed with the Finance/Audit Committee. Mr. Paludi introduced Mr. Berg with Starting Line Advisory to discuss the District's FY 2026 budget assumptions. Mr. Berg delivered a Fiscal Year 2025-26 Budget Kickoff PowerPoint presentation which highlighted the District's budget process, reserve targets, 10-year Capital Improvement Program (CIP) in relation to rates and future debt, and debt management policy objectives.

Discussion occurred concerning CIP project construction costs and the rate of inflation, as well as MET's planned water rate increases and IRWD's treated water rates via interconnection. Mr. Berg noted that these items will be reviewed in the first budget workshop. Director Mandich directed staff to schedule two budget workshops, and Mr. Perea stated that he will reach out the members of the Board for their availability.

MOTION: None. Informational item only.

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ENGINEERING MATTERS

ITEM 8: DISTRICT PROPERTIES COMMITTEE REPORT – MARCH 13, 2025 MEETING

Mr. Paludi presented this matter for Board consideration, and he reported that the Committee met to discuss potential uses of District property consistent with the Surplus Land Act. Director Mandich provided a summary of the Committee’s discussion concerning the District’s Porter Property including looking at options for the best return on investment including the issuance of a request for qualifications (RFQ) for the preparation of real property analysis. Discussion occurred regarding potential uses for the property and value assessment. Director Safranski requested that staff keep costs low for this project.

MOTION: None. Informational item only.

ITEM 9: ENERGY EFFICIENCY AD HOC COMMITTEE REPORT – MARCH 14, 2025 MEETING

Mr. Paludi presented this matter for Board consideration. Director Safranski delivered a brief TCWD Energy Program 2024 year-end presentation highlighting the nine highest sites for usage and demand, along with next steps for improved efficiency through Southern California Edison (SCE) initiatives. Mr. Perea reported on completed District-wide improvements, other planned improvements at the Wastewater Treatment Plant (WWTP), and he thanked staff for their hard work. Director Safranski expressed his thanks to staff and all of the Energy Efficiency Ad Hoc Committee team members for their participation and input. Director Safranski requested that staff provide quarterly updates to the Board on this matter.

MOTION: None. Informational item only.

Director Mandich moved Item 12 after Item 9 on the agenda.

ITEM 12: CONSIDERATION OF AMENDMENT NO. 1 TO PROCESSING AGREEMENT IN CONNECTION WITH REQUEST FOR CONDITIONAL WILL-SERVE LETTER FOR SADDLEBACK MEADOWS DEVELOPMENT

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

John Schatz – Mr. Schatz addressed the Board of Directors and expressed his thanks to staff and Legal Counsel for working to resolve this matter. Mr. Schatz added that he is available to answer any questions.

Bruce Conn – Mr. Conn addressed the Board of Directors with his concerns in regards to building an off-site reservoir. Mr. Conn stated that he believes this would be an imposition to the community with the potential for legal issues. Mr. Conn added that he believes the plan is short-sighted.

Ray Chandos – Mr. Chandos addressed the Board of Directors and questioned why the minutes from the February Regular Board Meeting were not included in the meeting packet. Mr. Chandos expressed his concerns with his rate money potentially being spent on litigation of this issue. Mr. Chandos requested a review of the tank’s location.

Mr. Paludi presented this matter for Board consideration, and he provided a summary of the 2023 Processing Agreement and proposed amendment. Mr. Paludi reported that the Developer bears the responsibility to find a site and complete the reservoir project, and he stated that there is no risk to the District. Mr. Paludi added that the Developer will be obligated to fund any District work in relation to the project.

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Discussion occurred regarding the proposed amendment and recognition of Director Anderson’s valued contribution to this matter. Discussion also occurred regarding the original project plans and Developer’s challenges with building on the original parcel.

- MOTION:** Authorize the General Manager to execute Amendment No. 1 to the Processing Agreement in Connection with Request for Conditional Will-Serve Letter, which includes approval to sign Final Map No. 15230 – Director Anderson
- SECOND:** Director Safranski
- AYES:** Directors Mandich, Acosta, Anderson, Horst & Safranski
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None
- MOTION PASSED/FAILED:** Passed 5 – 0

ITEM 10: 2024 UPDATE TO THE DISTRICT’S DESIGN CRITERIA AND STANDARD DRAWINGS

Mr. Paludi presented this matter for Board consideration, and he reported that the District’s Standards were last updated in 2007. Mr. Paludi complimented Ms. Lausten and Operations for their extensive work on this matter. Ms. Lausten expressed her appreciation to Operations and Legal Counsel for their contributions to the updated manual. Ms. Lausten provided a brief overview of the updates and additions to the Manual, and she noted that the document was reviewed by Legal Counsel for possible conflicts with the District’s Rules and Regulations.

The Board expressed their appreciation for all the work that went into updating the Manual.

- MOTION:**
 1. Receive and file the Domestic and Nondomestic Water and Sewer Design and Construction Manual.
 2. Recommend that the Board of Directors adopt Resolution No. 2025-1340 adopting the Domestic and Non-Domestic Water and Sewer Design & Construction Manual – Director Anderson
- SECOND:** Director Acosta
- AYES:** Directors Mandich, Acosta, Anderson, Horst & Safranski
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None
- MOTION PASSED/FAILED:** Passed 5 – 0

ITEM 11: UPDATE ON STATE WATER BOARD CROSS CONNECTION CONTROL PLAN HANDBOOK (CCCPH) REQUIREMENTS AND PLAN ADOPTION

Mr. Paludi presented this matter for Board consideration, and he extended his compliments to Mr. Perea for his complex work on this matter. Mr. Perea reported that this matter was reviewed with the Engineering/Operational Committee. Mr. Perea provided background information on the State Water Board’s adoption of the new Cross-Connection Control Policy Handbook (CCCPH) and the requirement for each agency to adopt these new regulations by July 1, 2025. Mr. Perea stated that the District is participating in a cost-sharing agreement with 26 agencies and a consultant to produce a plan template that each agency can tailor to their specific needs. Mr. Perea expressed his appreciation to the Board for approving the AMR/AMI Infrastructure Implementation project which replaced all meters in the service area with AMR/AMI meters. Mr. Perea stated that these meters have continuous reverse flow monitoring which significantly reduces the District’s distribution system vulnerability for cross-connections and satisfies the requirement for hazard assessments on services without backflow protection

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assemblies. Mr. Perea provided a timeline for adoption of the CCCPH, and he stated that a final draft will be presented at future Regular Board meeting.

MOTION: None. Informational item only.

LEGISLATIVE AND OTHER MATTERS

ITEM 13: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Paludi reported that bills affecting water agencies are being drafted in the current legislative session, and he stated that staff will bring these to the Board in the coming months for support or dissent.

Ms. Collins reported that due to a hold on expenditures over \$50,000, Federal grant funding may not be released which may affect District projects.

MOTION: None. Informational item only.

GENERAL COUNSEL REPORT

None

OTHER INFORMATION/MATTERS

None

ADDITIONAL DIRECTORS' COMMENTS

Director Horst commented that he is looking forward to a Special Board Meeting to discuss cost-saving ideas. Director Horst also stated that he is looking for a way to tie Zoom in and improve meetings.

ADJOURNMENT

President Mandich adjourned the March 19, 2025 Regular Board Meeting at 8:35 p.m.