



## TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | MARCH 13, 2025

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### **DIRECTORS PRESENT**

Mike Safranski, Committee Chair  
John Horst, 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**

A member of the public joined virtually

### **CALL MEETING TO ORDER**

Director Safranski called the March 13, 2025 Finance/Audit Committee Meeting to order at 8:02 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**

Mr. Paludi reported on the following matters:

- Mr. Paludi expressed his appreciation to Director Horst and Mr. Perea for their efforts in finding a low-cost audio system solution for the Board Room.
- Mr. Paludi reported that the bridge at Trabuco Creek has been closed due to high winds and intense weather during the current rainstorm. Mr. Paludi added that no negative impacts to the District's facilities have been reported.

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**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.

**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**

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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 February 2025 and tentative future meetings/attendance (Action Calendar).

**ITEM 3: DISCUSSION CONCERNING ACCOUNT ADJUSTMENTS RESULTING FROM METER DOWNSIZING**

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Mr. Paludi presented this matter for Committee consideration, and he reported that staff is bringing forward account adjustments over \$1000 for ratification by the Board. Mr. Paludi provided the Committee with a handout showing the list of applicants and their current application status. Mr. Paludi stated that Ms. Lausten and Mr. Perea were reviewing open applications, and he noted that the table would be updated with any changes and provided to the full Board at the Regular Board Meeting. A brief discussion occurred regarding challenges staff has experienced in changing out meters at some properties in the Canyon area.

**RECOMMENDATION:** Recommend the Board of Directors ratify individual meter-downsizing account adjustments exceeding \$1,001.00 made by the General Manager, as previously approved by the Board (Action Calendar).

**ITEM 4: DISCUSSION CONCERNING FY 2026 OPERATING BUDGET ASSUMPTIONS**

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Mr. Paludi presented this matter for Committee consideration, and he invited Mr. Berg to discuss the District's FY 2025-26 budget process. Mr. Berg delivered a PowerPoint presentation outlining the FY 2025-26 budget process, including a 10-year Capital Improvement Program (CIP) Plan, balancing rates and future debt assumptions, the District's water supply, Metropolitan Water District of Southern California (MET) cost increases and Irvine Ranch Water District's (IRWD) wholesale rates. The Committee requested that they be provided with a copy of Mr. Berg's presentation.

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

**ITEM 5: FINANCIAL REPORT**

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Ms. Warner presented the preliminary unaudited financials for January 2025.

**FINANCIAL ANALYSIS SUMMARY**

Ms. Warner provided an overview of the report for the Committee. Discussion occurred concerning various bullet points in the summary report.

**CASH & INVESTMENTS REPORT (UNAUDITED)**

Ms. Warner provided an overview of the report for the Committee. Discussion occurred concerning the District's banking investment requirements and strategies.

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***DISTRICT SUMMARY BUDGET v. ACTUAL***

Discussion occurred concerning incurred source of supply costs and debt service costs year to date.

***WATER FUND***

***District Capital – Water***

Discussion occurred regarding Unplanned Repairs/Expenses for Miscellaneous Electrical work – Water.

The Committee requested information regarding actual project costs versus approved budgeted costs in relation to unplanned projects. Mr. Paludi stated that the information requested will be included in the Quarterly CIP update to the Board.

***SEWER FUND***

***Total Transmission & Distribution***

Ms. Warner reported that this line item trended higher than budgeted for the year due to a Southern California Edison billing issue.

***District Capital – Sewer***

Ms. Lausten reported that the Golf Club Sewer Lift Station (SLS) Rehabilitation project is completed. Ms. Lausten briefly reported on the WWTP Hoffman Blower Building Rehabilitation project.

Discussion occurred regarding the District’s Capital Asset Policy and depreciation schedule.

***RECYCLED WATER FUND***

***District Capital – Recycled Water***

Ms. Warner reviewed the capital improvement costs accrued in January 2025, including the Dove Recycled Booster Pump Station.

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

**ITEM 6: OTHER MATTERS**

Discussion occurred regarding a comment received at the February Regular Board meeting on a rates and charges comparison between TCWD and neighboring agencies, and it was noted that the comparison was not a true comparison and did not include fixed charges on the IRWD customers’ property tax bill.

Discussion occurred regarding the advantages of placing certain fixed rates on the property tax bill. Mr. Berg noted that August 31 is the deadline for submissions to the Tax Collector’s Office.

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

**ADJOURNMENT**

Director Safranski adjourned the March 13, 2025 Finance/Audit Committee Meeting at 9:34 a.m.