



MINUTES OF THE SPECIAL BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | APRIL 28, 2025

The Special Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on April 28, 2025, was called to order by President Edward Mandich at 6:30 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

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Lorrie Lausten, District Engineer
Karen Warner, Principal Accountant
Roseann Lejsek, Executive Assistant

DISTRICT CONSULTANTS

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

PUBLIC PRESENT

There were members of the public present.

PLEDGE OF ALLEGIANCE

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

ITEMS TOO LATE TO BE AGENDIZED

None

VISITOR PARTICIPATION

Director Mandich stated that public comments have been received in relation to an item on the agenda.

ORAL COMMUNICATION

None

DIRECTOR'S COMMENTS

None

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported that the RSM Chamber of Commerce is hosting a Federal and State Legislative Update at the Tijeras Creek Golf Club on May 9, 2025 at 7:00 a.m. with Congresswoman Young Kim and Assemblymember Kate Sanchez.

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ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 1: RESOLUTION AUTHORIZING REQUEST FOR PROPOSALS FOR POTENTIAL COMBINED SERVICES TO ACHIEVE RATE RELIEF

Director Mandich read the names of members of the public that provided written comments in relation to Item 1 on the agenda, and he noted that all comments received were opposed to the District combining services and/or annexing with another agency. Director Mandich added that hard copies of written public comments were on the table for viewing.

Ric Heard – Mr. Heard addressed the Board of Directors with his concerns regarding the District’s potential reorganization with another agency. Mr. Heard summarized Santa Margarita Water District’s (SMWD) annexation of the City of San Juan Capistrano’s utilities and the reported impacts to customers. Mr. Heard shared that SMWD guaranteed rates would not increase for two years, but that after the two-year timeframe, the Santa Margarita Water District Board of Directors unanimously voted to increase rates and that San Juan Capistrano customers had no recourse.

Mr. Paludi presented this matter for Board consideration, and he reported that the Board directed staff to prepare an RFP to gather information from other agencies that may potentially achieve rate relief through combined services. Mr. Paludi noted that the intent is to take a non-committal step and to put the onus on other agencies, if interested, to complete a feasibility study. Ms. Collins commented that the intent of the RFP is to solicit information from other agencies to lower costs. Ms. Collins added that the Board is welcome to make comments on the language in the RFP.

Director Safranski commented that he supports the RFP process in order to explore the possibility of reorganization once and for all. Director Acosta commented that he personally views consolidation with another agency as a last resort and that he has concerns regarding consolidation with a large agency, but that he supports the exercise of gathering data and information. Director Horst commented that his understanding is that reorganization has never been truly explored, and that he supports the RFP in order to gather information and make an informed decision. Director Anderson commented that he needs to see data from the RFP responses before commenting. Director Anderson stated that he would exercise caution in comparing SMWD’s increases to San Juan Capistrano’s rates, stating that San Juan Capistrano’s infrastructure was 30 years old and needed repairs. Director Mandich commented that the District is engaging in shared services discussions with SMWD to assist in cost reduction efforts.

Director Horst asked for clarification on whether the RFP would be open to any District or just to adjacent agencies. Director Horst explained his position in wanting to extend the RFP to public and possibly private agencies outside of the District’s two neighboring agencies, in order to attract the most interest. Ms. Collins clarified that physical connectivity to the District’s service area is the key driver, but that the decision is at the Board’s discretion. Discussion occurred regarding the importance of connectivity between two systems when exploring reorganization. Director Mandich expressed that the RFP should be submitted to SMWD and Irvine Ranch Water District (IRWD) only.

Discussion occurred concerning the status of the transmission main pipeline rehabilitation project. Mr. Paludi commented that staff is proceeding with the project due to its urgency. Ms. Lausten stated that plans will go out to bid in two weeks.

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MOTION: That the Board of Directors Adopt Resolution No. 2025-1347 authorizing the General Manager to issue a Request for Proposals for Potential Combined Services Options to Achieve Rate Relief to IRWD and SMWD - Director Acosta

SECOND: Director Safranski

AYES: Directors Acosta, Anderson, Horst & Safranski

NOES: Director Mandich

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 4 -1.

ITEM 2: TRABUCO CANYON WATER DISTRICT FISCAL YEAR 2025-26 BUDGET WORKSHOP

Mr. Paludi presented this matter for Board consideration, and he introduced Ian Berg with Starting Line Advisory to present the FY 2025-26 proposed budget draft and financial plan. Mr. Paludi stated that Mr. Berg has been working with staff to put together the budget-based financial model with a 10-year Capital Improvement Program (CIP) budget.

Mr. Berg delivered a PowerPoint presentation discussing Long-Term Planning and Rates, a 10-Year Capital Improvement Program, Capital Financing, Cash Reserves, the District's Reserves Policy, and the Operating Budget Summary.

Director Safranski requested that staff review the proposed 24% rate increase and look at every option to reduce this percentage. Director Horst asked for clarification on whether rates could be lowered after adoption. Ms. Collins clarified that a reduction is allowed after the adoption of new rates. Discussion occurred concerning the District's long-term capital financing strategy for financial stability and capital investment. Mr. Berg presented various short-term and long-term financing solutions for the Board's consideration. Discussion occurred regarding the pros and cons of many options presented. Discussion occurred regarding items in the District's proposed Operating Budget. Director Mandich thanked Mr. Berg for his presentation, and he stated that the proposed 24% increase is the biggest concern. Discussion occurred regarding the possibility of adjusting the budget model with a lower percentage increase beginning July 1st and bringing those scenarios to the next budget workshop for the Board's consideration.

The Board expressed their appreciation to Mr. Berg for his presentation.

ADJOURNMENT

President Mandich adjourned the April 28, 2025 Special Board Meeting at 8:52 p.m.