



## **MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | JUNE 18, 2025**

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The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on June 18, 2025, was called to order by President Ed Mandich at 6:00 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  
Jason Stroud, Maintenance Superintendent  
Karen Warner, Principal Accountant  
Roseann Lejsek, Executive Assistant  
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 Safranski 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**

Director Mandich read the names of members of the public that submitted e-comments after the posting of the agenda.

Sue Marucci – Ms. Marucci addressed the Board of Directors with her concerns regarding repair of the transmission main pipeline when consolidation is being discussed. Ms. Marucci provided her history with the meter downsizing program and, and she stated her concerns with the District’s rates and charges.

Fred Yeakel – Mr. Yeakel addressed the Board of Directors, and he remarked on his preference of last month’s Board Room set up.

Gloria Sefton – Ms. Sefton addressed the Board of Directors with her concerns regarding the District’s rates and charges. Ms. Sefton expressed her support for consolidation, and she requested that the matter be agendized at all future Board meetings.

Chris Kinner – Mr. Kinner addressed the Board of Directors and expressed his support of the transmission main pipeline repair. Mr. Kinner stated that consolidation is a complicated process that may take years, and that he lends his support of the pipeline repairs.

Scott Ijams – Mr. Ijams addressed the Board of Directors and he expressed his appreciation to District staff for their hard work to ensure residents receive clean water. Mr. Ijams explained his property layout and 1” meter size requirement, and he noted that he pays more than his neighbors with smaller meters. Mr. Ijams asked the Board to consider a pricing strategy, and he stated that he would like to better understand the District’s rationale for its rates and charges.

**DIRECTOR’S COMMENTS**

Director Anderson reported on his attendance at the Water Advisory Committee of Orange County (WACO), and he stated that Las Virgenes Water District delivered a very informative presentation on lessons they learned from the Los Angeles fires. Director Anderson went through key points and takeaways from the presentation.

Director Horst reported on his attendance at the Municipal Water District of Orange County (MWDOC) Finance and Board meetings.

Director Acosta expressed his thanks to staff for the detailed presentation of the District’s water system at the Special Board Meeting earlier in the week.

Director Safranski reported that the City of Rancho Santa Margarita will be hosting a Fire Safety and Preparedness Community Event on June 25<sup>th</sup> at the Bell Tower Regional Community Center, and that the Community Associations of Rancho (CAR) group will have a booth at the event.

Director Mandich reported that the District Properties Committee met with two land consultant firms to explore potential uses for the District’s Porter property. Director Mandich stated that the District will be contracting with one of the two firms under the General Manager’s authority with terms of 60 days and an amount not-to-exceed \$10k.

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**REPORT FROM THE GENERAL MANAGER**

Mr. Paludi reported on the following matters:

- The District issued an RFQ for potential rate relief to Irvine Ranch Water District (IRWD) and Santa Margarita Water District (SMWD) and he stated that the District received a joint response letter expressing possible interest. Mr. Paludi stated that there is no action for the Board to take at this time, and he stated that staff will be scheduling a meeting with both agencies within the next week to discuss the District’s water supply and to establish rapport. Mr. Paludi suggested that a dedicated webpage could be added to the District’s website to report any information and updates regarding this matter. Director Acosta noted that the Public Outreach Committee would be meeting to strategize on communication. Director Horst added that an email would be sent to customers with information on this matter.
- The District has completed its annual Water Quality Report, and he reported that the District’s water supply meets or exceeds all regulatory standards. Mr. Paludi added that the report can be found on the District’s website and that hard copies are available in the lobby.

**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 separate action on a specific item. Mr. Paludi presented Items 1-4 for Board consideration and approval in accordance with the agenda.

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

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1. May 21, 2025 Regular Board Meeting

**ITEM 2: TREASURER’S REPORT**

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1. May 8, 2025 Finance/Audit Committee Meeting Recap
2. April 2025 Preliminary Unaudited Financials
3. May 2025 Bills for Consideration, Payroll and Payroll Taxes

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

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1. May 7, 2025 Engineering/Operational Committee Meeting Recap

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

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1. May 12, 2025 Executive Committee Meeting Recap

**MOTION:** Approve the consent calendar as presented – 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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**ACTION CALENDAR**

**ADMINISTRATIVE MATTERS**

**ITEM 5: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/ATTENDANCE**

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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 May 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

**ENGINEERING MATTERS**

**ITEM 6: DIMENSION WATER TREATMENT PLANT TRANSMISSION MAIN REHABILITATION PROJECT**

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Public Comment was received in relation to this item on the agenda.

Alan Burnham – Mr. Burnham addressed the Board of Directors, and he stated that he was pleased to see an article on the District's website regarding consolidation, but that he has not heard any additional information on the matter. Mr. Burnham requested that this matter be agendaized at future board meetings. Mr. Burnham asked for a commitment from the Board to explore all options before approving the transmission main rehabilitation project, and he requested that the Board vote no at this time.

Ray Chandos – Mr. Chandos addressed the Board of Directors, and he commented that the District's Water System Overview presentation at the Special Board Meeting was informative, but that the discussion of the pipeline rehabilitation project was not on the agenda. Mr. Chandos stated that he opposes financing the pipeline rehabilitation project until options with other Districts are explored.

Jay Gentile – Mr. Gentile addressed the Board of Directors, and he commented that any possible dissolution of the District will take time, and that the current supply may not meet the District's needs. Mr. Gentile expressed his support of the transmission main pipeline repair, and he stated that relying on emergency connections and not repairing the pipeline would be negligent.

Mr. Paludi presented this matter for Board consideration, and he thanked Ms. Lausten and staff for their tremendous efforts with this matter. Mr. Paludi stated that staff's recommendation is based on the current supply of treated water and increased costs which are trending \$1 million above budget. Mr. Paludi added that there is currently no certainty of reliability, and that the Board's fundamental mission is to provide safe and reliable water to its customers. Mr. Paludi also stated that the Dimension Water Treatment Plant (DWTP) is a valuable resource, and the District cannot rely on other agencies for its water supply.

Ms. Lausten provided an overview of the phases of the project, focusing on the most critical segments of the pipeline for repair. Ms. Lausten went through the bid comparison, and she stated that staff's recommendation is to award Phase 1 of the project to T.E. Roberts. Ms. Lausten discussed the processes and materials to be used in

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Phase 1A and 1B of the project, as well as the tasks and timeline, as provided in the staff report. Ms. Lausten also noted that guarantees of performance were added to the specs due to the Board’s expressed concerns.

Director Acosta expressed his support for projects that provide diverse sources of water. Director Acosta commented that if the District was 100% reliant on IRWD, we would need to buy into their capacity. Which would result in huge costs. Director Acosta stated that it is vital to have different sources and that he believes this is an essential project. Director Acosta noted that the pipeline is a valuable resource that we need to keep in service.

Director Safranski echoed Director Acosta’s comments, and he stated that this is a risk management situation and that the District cannot delay this project. Director Safranski added that proceeding with this project is a prudent operational response to the District’s needs.

Director Anderson expressed his struggle with this matter early on, but that he now understands the complications. Director Anderson stated that as an Engineer he cannot, in good conscience, delay the project for a year. Director Anderson recommended exploring Phase 2 of the project, but to look for responses from other Districts before moving forward.

Director Horst asked whether staff has asked neighboring agencies whether they are unable to supply us with water, and he stated that without asking all questions to other agencies, we should wait to move forward with the project.

Director Mandich commented that the Sources of Supply Ad Hoc Committee has been considerate of the expense and that Ms. Lausten has worked to bring the costs down. Director Mandich added that the District’s main responsibility is to have a safe, reliable, and redundant water supply for its customers.

Mr. Paludi added that although other agencies may be able to supply us with water, they cannot guarantee reliability to an outside agency.

- MOTION:**
1. Authorize the General Manager to award the Dimension Water Treatment Plant Transmission Main Rehabilitation Project, Phase 1A to T.E. Roberts in the amount of \$1,793,012, with a 10% contingency of \$179,301 for a total not-to-exceed amount of \$1,972,313.
  2. Authorize the General Manager to award the Dimension Water Treatment Plant Transmission Main Rehabilitation Project, Phase 1B (Pipe Bursting) to T.E. Roberts in the amount of \$3,721,445, with a 10% contingency of \$372,144 for a total not-to-exceed amount of \$4,093,589 – Director Acosta

**SECOND:** Director Safranski

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

**NOES:** Director Horst

**ABSTAIN:** None

**ABSENT:** None

**MOTION PASSED/FAILED:** Passed 4 – 1

**ITEM 7: ROBINSON RANCH WASTEWATER TREATMENT PLANT BLOWER MODIFICATION PROJECT – CONSTRUCTION CONTRACT AWARD**

Mr. Paludi presented this matter for Board consideration, and he reported that the proposal was sent to eight contractors and the District received four responses, one of which came in below the engineer’s estimate. Ms. Lausten reported that this matter was discussed with the Engineering/Operational Committee, and she provided an overview of the ongoing issues with increased heat in the blower room. Ms. Lausten reported that staff

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purchased two blowers and that one has been received in house. Ms. Lausten stated that after review of the bids, staff is recommending award of the construction contract to SS Mechanical for line items 1 - 15. Discussion occurred regarding the noise impact study that was completed upon the Committee’s recommendation, and it was noted that according to the study, sound panels should not be needed but are included in the design. Ms. Lausten added that upon Legal Counsel’s recommendation, line item 16 cannot be awarded at this time.

**MOTION:** Recommend the Board of Directors authorize the General Manager to award the Robinson Ranch Wastewater Treatment Plant Blower Modification Project to SS Mechanical Construction Corp. in the amount of \$919,022, with a 10% contingency of \$91,900 for a total not-to-exceed amount of \$1,010,922 – 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 8: PUBLIC HEARING ON THE ADOPTION OF ORDINANCE NO. 2025-23 TRABUCO CANYON WATER DISTRICT CROSS CONNECTION CONTROL ORDINANCE**

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Mr. Paludi presented this matter for Board consideration, and he reported that the District joined a multi-agency effort with other Orange County water agencies to prepare a Cross-Connection Control Plan (CCCP) consistent with the adopted Cross-Connection Control Policy Handbook (CCCPH) which became effective July 1, 2024. Mr. Perea reported that the District has had a long-standing practice in place to protect the system, but the District is required to adopt a new CCCP. Mr. Perea stated that the District’s AMR/AMI Infrastructure Implementation Project provides additional support in monitoring potential cross-connection issues.

The Board of Directors, through Director Mandich, opened the public hearing at approximately 7:27 p.m.

Mr. Perea reported that the District received no comments on the proposed adoption of Ordinance No. 2025-23 – Trabuco Canyon Water District Cross Connection Control Ordinance.

The Board of Directors, through Director Mandich, closed the public hearing at approximately 7:28 p.m.

Mr. Perea added that Orange County is a leader in the State for Cross-Connection Control compliance.

**MOTION:** Adopt Ordinance No. 2025-23 Trabuco Canyon Water District Cross Connection Control Ordinance – Director Acosta

**SECOND:** Director Anderson

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

**NOES:** None

**ABSTAIN:** None

**ABSENT:** None

**MOTION PASSED/FAILED:** Passed 5 – 0

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**ITEM 9: PUBLIC HEARING: ANNUAL NOTICE OF PUBLIC HEARING ON THE STATUS OF VACANCIES AND RECRUITMENT AND RETENTION**

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Mr. Paludi presented this matter for Board consideration, and he reported that as of January 1, 2025 the District is required to hold a public hearing on the status of vacancies and recruitment retention efforts undertaken by the District each fiscal year. Mr. Paludi reported that there were currently no vacancies, but that one position is proposed for FY25-26.

The Board of Directors, through Director Mandich, opened the public hearing at approximately 7:31 p.m.

Mr. Perea reported that the District received no comments on the status of vacancies and recruitment and retention efforts undertaken by the District.

The Board of Directors, through Director Mandich, closed the public hearing at approximately 7:32 p.m.

- MOTION:** Receive and file the staffing/vacancy report consistent with Government Code Section 3502.3 – Director Horst
- SECOND:** Director Safranski
- AYES:** Directors Mandich, Acosta, Anderson, Horst & Safranski
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None
- MOTION PASSED/FAILED:** Passed 5 – 0

**ITEM 10: ADOPTION OF PROPOSED FISCAL YEAR 2026 OPERATING AND CAPITAL IMPROVEMENT PLAN BUDGETS**

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Mr. Paludi presented this matter for Board consideration, and he highlighted the extensive budget process, which started with a preliminary budget and rates workshop in April. Mr. Paludi reported on the budget workshops held in April and May, along with requests from the Board to analyze different rate increase options, including bifurcating the increase to provide relief to customers during hotter months. Mr. Berg delivered a PowerPoint presentation of the proposed Fiscal Year 2026 Operating and Capital Improvement Plan Budgets, as well as FY 2026 Budgeted Rate Scenario Options, and he recommended option three which shows a 16.8% increase starting July 1, 2025 and a 6.4% increase starting Jan 1, 2026. Mr. Paludi provided a summary of the 95% increase in FY25 and how it relates to option three for FY26.

Director Horst commented that he believes option three has the greatest balance, and that if approved, the Public Outreach committee will work on how to communicate this information to customers, along with potential impacts to their bill.

Director Safranski commented that the Finance/Audit Committee recommended option three, and he stated that he supports communicating to explain to customers that we are increasing rates to keep the District whole and operational.

Director Acosta expressed his thanks to Director Anderson for his idea to bifurcate the rate increase.

Director Anderson commented that the Board has received public comments advising against raising rates, however, he stated that there is no option but to raise rates.

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Mr. Perea reported that the proposed General Fund Budget includes a 3% Cost of Living Adjustment (COLA), and he noted that the CPI is reviewed on an annual basis. Mr. Perea stated that the 3% proposed increase has been adjusted across the pay table.

**MOTION:** Recommend the Board of Directors approved the proposed District Salary Paytable with Classifications and Monthly Salary Ranges as presented, to be effective as of July 1, 2025 – Director Acosta

**SECOND:** Director Horst

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

**NOES:** None

**ABSTAIN:** None

**ABSENT:** None

**MOTION PASSED/FAILED:** Passed 5 – 0

**MOTION:** Recommend the Board of Directors adopt Resolution No. 2025-1348 – Resolution of the Board of Directors of Trabuco Canyon Water District Approving the District General Fund Budget for Fiscal Year 2026 – Director Safranski

**SECOND:** Director Acosta

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

**NOES:** None

**ABSTAIN:** None

**ABSENT:** None

**MOTION PASSED/FAILED:** Passed 5 – 0

**MOTION:** Recommend the Board of Directors adopt Resolution No. 2025-1349 – Resolution of the Board of Directors of Trabuco Canyon Water District Approving the Capital Improvement Project, Equipment, and Program Budgets for Fiscal Year 2026 – 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 11: APPROVAL OF CASH RESERVES POLICY UPDATE**

Mr. Paludi presented this matter for Board consideration, and he reported that the District is looking to establish a more responsible reserves policy. Mr. Berg noted that the formal adoption of this updated policy will bring the District's policy up to industry standards.

**MOTION:** Recommend the Board of Directors adopt Resolution No. 2025-1350 – Resolution of the Board of Directors of Trabuco Canyon Water District Approving a Cash Reserve Policy, Designating Various Fund Levels, Rescinding and Superseding Certain Prior Reserve Fund Resolutions and Taking Related Actions – Director Acosta

**SECOND:** Director Horst

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

**NOES:** None

**ABSTAIN:** None

**ABSENT:** None

**MOTION PASSED/FAILED:** Passed 5 – 0

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**ITEM 12: AUTHORIZATION OF ACTIONS FOR FISCAL YEAR 2026 UNDEVELOPED LAND/WATER STANDBY CHARGES (ASSESSMENT) AND SET PUBLIC HEARING DATE**

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Mr. Paludi presented this matter for Board consideration, and he reported that the District’s Standby Charge has not been changed since 1996. Mr. Perea added that changes to the policy have been made over the years, however the fee has remained the same.

- MOTION:** 1. Recommend the Board of Directors authorize District staff to proceed with actions for setting the Fiscal Year 2026 Undeveloped Land/Water Standby Assessment at \$15.00 per acre of portion thereof; and  
2. Agendize Public Hearing and authorize District staff to furnish Notice of Public Hearing on Proposed Fiscal Year 2026 Undeveloped Land/Water Standby Assessments for the July 16, 2025 Regular Board Meeting – Director Acosta

**SECOND:** Director Mandich

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

**NOES:** None

**ABSTAIN:** None

**ABSENT:** None

**MOTION PASSED/FAILED:** Passed 5 – 0

**LEGISLATIVE AND OTHER MATTERS**

**ITEM 13: AUTHORIZATION OF FINANCE AND ACCOUNTING ADVISORY RETAINER SERVICES AND APPOINTMENT OF DISTRICT TREASURER**

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Mr. Paludi presented this matter for Board consideration, and he provided a background of the District’s contracted Treasury services with Cindy Byerrum, a Certified Public Accountant (CPA) with Platinum Partners, and later with Eide Bailly, until her retirement in 2024. Mr. Paludi provided a brief overview of Mr. Berg’s qualifications and work history with Ms. Byerrum at Eide Bailly and subsequently started his own firm, Starting Line Advisory. Mr. Paludi reported that the District contracted with Mr. Berg upon Ms. Byerrum’s retirement, and he emphasized the value and knowledge Mr. Berg brings to the District. Discussion occurred regarding Mr. Berg’s scope of work, including appointment as District Treasurer.

Mr. Paludi expressed his appreciation for all of the hard work that Ms. Warner performs as Principal Accountant for the District.

- MOTION:** Recommend the Board of Directors authorize the General Manager to execute a Professional Services Agreement with Starting Line Advisory for finance and accounting advisory retainer services for fiscal year 2026 in an amount not-to-exceed \$152,000 – Director Horst

**SECOND:** Director Safranski

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

**NOES:** None

**ABSTAIN:** None

**ABSENT:** None

**MOTION PASSED/FAILED:** Passed 5 – 0

- MOTION:** Recommend the Board of Directors adopt Resolution No. 2025-1351 – Resolution of the Board of Directors of Trabuco Canyon Water District Appointing Ian Berg with Starting Line Advisory as District Treasurer – Director Acosta

**SECOND:** Director Horst

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

**NOES:** None

**ABSTAIN:** None

**ABSENT:** None

**MOTION PASSED/FAILED:** Passed 5 – 0

**LEGISLATIVE AND OTHER MATTERS**

**ITEM 14: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)**

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There were no items presented.

**MOTION:** None. Informational item only.

**GENERAL COUNSEL REPORT**

None.

**OTHER INFORMATION/MATTERS**

None

**ADDITIONAL DIRECTORS' COMMENTS**

Director Anderson suggested that the Board consider revisiting 1" meter fixed charges due to the large increase in rates from a ¾" meter to a 1" meter. Director Anderson requested that the District find a way to interact with its ratepayers outside of a public meeting format.

Ms. Collins left the meeting at 8:20 p.m.

Director Anderson suggested that staff take a more aggressive approach with the two other agencies in relation to their response to the RFP. Director Acosta recommended making an inquiry with both agencies on when to enter discussions. Mr. Paludi suggested that the Board President reach out to each agency to set expectations and set a schedule on this matter.

Further discussion occurred regarding the 1" meter fixed charge. Director Safranski asked whether there could be any relief for customers due to Proposition 218 requirements. Mr. Paludi suggested that staff bring back the District's rate consultant to revisit the rate analysis, and he noted that looking into the matter may lead to re-opening the rate study.

**ADJOURNMENT**

President Mandich adjourned the June 18, 2025 Regular Board Meeting at 8:31 p.m.