



## **TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | JUNE 12, 2025**

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### **DIRECTORS PRESENT**

John Horst, Committee Chair  
Mike Safranski, Committee Member

### **STAFF PRESENT**

Fernando Paludi, General Manager  
Michael Perea, Assistant General Manager  
Karen Warner, Principal Accountant  
Roseann Lejsek, Executive Assistant

### **STAFF ABSENT**

Lorrie Lausten, District Engineer

### **CONSULTANTS PRESENT**

Ian Berg, Starting Line Advisory

### **PUBLIC PRESENT**

None

### **CALL MEETING TO ORDER**

Director Horst called the June 12, 2025 Finance/Audit Committee Meeting to order at 8:01 a.m.

### **VISITOR PARTICIPATION**

No visitor participation was received.

### **ORAL COMMUNICATION**

No oral communication was received.

### **COMMITTEE MEMBER COMMENTS**

Director Safranski reported on his attendance at the City of Rancho Santa Margarita City Council Meeting, and he noted that the city will be hosting a Fire Safety and Preparedness Community event on June 25<sup>th</sup> at the Bell Tower Regional Community Center.

### **REPORT FROM THE GENERAL MANAGER**

Mr. Paludi reported that staff received bids for the Transmission Main Pipeline Rehabilitation Project, and he stated that the bids will be vetted by Ms. Lausten and brought to the Regular Board Meeting the following week for the Board's consideration. Mr. Paludi also reported that staff will be bringing a recommendation to award the Wastewater Treatment Plant Blower Modification Project Construction contract to the next Regular Board Meeting. Mr. Paludi stated that staff received five bids, and he expressed his appreciation for Ms. Lausten's hard work which resulted in greater interest and increased response.

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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. Director Horst noted a change to his meeting attendance for the month of May. Mr. Paludi noted that he will work with staff to update May's report for presentation at the May Regular Board Meeting.

**RECOMMENDATION:** Recommend the Board of Directors ratify the Directors' fees and expenses for May 2025 and tentative future meetings/attendance (Action Calendar).

**ITEM 3: FINANCIAL REPORT**

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

**FINANCIAL ANALYSIS SUMMARY**

Discussion occurred concerning a billing calculation error from Southern California Edison (SCE) and credit the District received in the amount of \$300,500. Discussion also occurred concerning the District's source of supply continuing to trend over budget due to increased demand and purchases of treated water.

**WATER FUND**

***Budget v. Actual***

Discussion occurred concerning Customer Fees and Property Tax Revenue, including frequency of installments.

***District Capital – Water***

Discussion occurred concerning Unplanned Repairs/Expenses.

**SEWER FUND**

***District Capital - Sewer***

Discussion occurred concerning Unplanned Repairs/Expenses.

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

**ITEM 4: ADOPTION OF PROPOSED FISCAL YEAR 2026 OPERATING AND CAPITAL IMPROVEMENT PLAN BUDGETS**

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Mr. Paludi presented this matter for Committee consideration, and he reported that the District held two budget workshops, and that staff received instruction from the Board to analyze lower water rate adjustment scenarios for their consideration. Mr. Berg delivered a Fiscal Year 2025-2026 Proposed Budget and Financial Plan presentation which highlighted various rate scenario options, and included average customer bill impacts during cooler versus warmer months, as well as potential impacts to the District's reserves.

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- RECOMMENDATION:**
1. Recommend the Board of Directors approve the proposed District Salary Paytable with Classifications and Monthly Salary Ranges as presented, to be effective as of July 1, 2025 (Action Calendar).
  2. 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 (Action Calendar).
  3. 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 (Action Calendar).

**ITEM 5: APPROVAL OF CASH RESERVES POLICY UPDATE**

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Mr. Paludi presented this matter for Committee consideration, and he reported that Mr. Berg laid out the pools of cash reserves within the current policy as well as identifying new reserve pools. Mr. Berg provided an overview of the proposed updates to the policy including updating certain fund pools, as well as dissolving others that the District no longer uses. Discussion occurred concerning other proposed policy changes for Committee consideration.

- RECOMMENDATION:** Recommend the Board of Directors adopt Resolution No. 2025-1350 – Resolution of the Board of Directors of Trabuco Canyon Water District Approving a Cash Reserves Policy, Rescinding and Superseding Certain Prior Resolutions and Taking Related Actions (Action Calendar).

**ITEM 6: AUTHORIZATION OF FINANCE AND ACCOUNTING ADVISORY RETAINER SERVICES AND APPOINTMENT OF DISTRICT TREASURER**

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Mr. Paludi presented this matter for Committee 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 recognized the District’s Principal Accountant, Ms. Warner, for all of her knowledge and hard work.

- RECOMMENDATION:**
1. 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 (Action Calendar).
  2. 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 (Action Calendar).

**ITEM 7: 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 Committee consideration. Mr. Perea reported that the District annually sets an Undeveloped Land/Water Standby Charge (Standby Charge) for undeveloped land within District boundaries,

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and he stated that the charge is currently set at \$15.00. Mr. Perea provided a timeline for adoption, and he added that the draft notice to customers was included in the meeting materials.

Director Horst requested that staff compare charges set by other agencies to explore the potential of increasing the District's Standby Charge as a means of increasing revenue and aiding in rate relief to the District's ratepayers.

- RECOMMENDATION:**
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 or 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. (Action Calendar).

**ITEM 8: COMPARISON OF ALTERNATIVE CASH INVESTMENT POOLS**

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Mr. Paludi presented this matter for Committee consideration, and he reported that review of this matter was in response to Director Horst's request to review the District's cash investment pools. Mr. Berg provided a brief overview of the District's switch from Local Agency Investment Fund (LAIF) to California Cooperative Liquid Assets Securities System (CLASS). Mr. Berg presented an investment pool/funds analysis, and he recommended keeping the District's funds invested in CLASS or California Asset Management Program (CAMP) at this time.

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

**ITEM 9: OTHER MATTERS**

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Discussion occurred related to a budget handout provided by Mr. Paludi.

Director Horst commented on his attendance at Santa Margarita Water District's (SMWD) Regular Board Meeting due to an item on their agenda in relation to the District's Request for Proposals for Combined Services to Achieve Rate Relief (RFP). Director Horst stated that he believed there would also be discussion in open session related to this matter but that all discussion happened in closed session. Director Horst added that Irvine Ranch Water District listed the same closed session item on their agenda, and he stated that he did not attend this meeting due to the closed session discussion.

Director Horst asked that the order of public comment be moved to after the Board's discussion of each item. Mr. Paludi recommended Director Horst to bring this matter to the next Regular Board meeting.

Director Horst requested that Mr. Paludi provide an update on the District's RFP during his comments at the next Regular Board meeting, along with a press release to the District's customers.

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

**ADJOURNMENT**

Director Horst adjourned the June 12, 2025 Finance/Audit Committee Meeting at 10:15 a.m.