



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | JULY 16, 2025

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on July 16, 2025, was called to order by President Ed Mandich at 6:04 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
Karen Warner, Principal Accountant
Roseann Lejsek, Executive Assistant
Other staff were present

DISTRICT CONSULTANTS

Laura Ratcliffe, District General Legal Counsel - Hanson Bridgett, LLP
Habib Isaac, IB Consulting

DISTRICT CONSULTANTS ABSENT

Ian Berg, District Treasurer – Starting Line Advisory

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

PRESENTATION TO THE BOARD FROM OC LAFCO SPECIAL DISTRICTS COMMISSIONER & ISDOC VICE PRESIDENT

James Fisler, Special Districts Representative for the Local Agency Formation Commission of Orange County (OC LAFCO), and Paul Mesmer, Vice President of the Independent Special Districts of Orange County Executive Board

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(ISDOC) introduced themselves to the Board of Directors and offered their support as resources to the District. Mr. Fisler provided a 2025 LAFCO Meeting and Events Calendar handout to the Board.

VISITOR PARTICIPATION

None

ORAL COMMUNICATION

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

Alan Burnham – Mr. Burnham addressed the Board of Directors requesting status on various items including order of public comments at Board meetings, a dedicated webpage on the potential consolidation, and an update on discussions with the two agencies. Mr. Burnham also thanked staff for the press release he received discussing the District’s exploration of rate relief options.

Ray Chandos – Mr. Chandos addressed the Board of Directors requesting a progress report on any discussions with Irvine Ranch Water District (IRWD) and Santa Margarita Water District (SMWD), and he requested that this item be agendaized each month.

DIRECTOR’S COMMENTS

Director Safranski provided a brief report on the meetings he attended during the previous month.

Director Horst posed a question regarding the Board’s goals for the coming fiscal year.

Director Anderson commented that the Board is looking at various ways to offset rates, including selling excess property, grant funding opportunities, and potential consolidation.

Director Mandich added to Director Anderson’s comments, stating that the Board will also be reviewing the 1-inch meter flat rate charges. Director Mandich provided a brief update on his discussions with Doug Reinhart, Board President for IRWD, and Betty Olson, Board President for SMWD. Director Mandich explained that IRWD has a protocol they need to follow and that they will go through these steps with District staff when they are ready. Director Mandich explained that SMWD has hired a consultant to review the District’s operations, and that they have requested information from staff. Director Mandich noted that each Board member stated that they have priorities within their own agencies, and that they will prioritize this matter as they are able. Director Mandich asked for the public’s patience as the process will take time and may be lengthy.

Director Acosta had no comments.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported on the following matters:

- District staff is working diligently with staff from IRWD and SMWD to ensure water reliability during the summer months. Mr. Paludi stated that the District’s staff met with both agencies to discuss possible collaborative options and inter-connection alternatives for water supply.
- A meeting will be set up at the General Manager level to establish a broad timeline for the RFP process. Mr. Paludi stated that the process is lengthy, and that limited updates will be available during the information gathering and analysis stage.

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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)

1. May 27, 2025 Special Board Meeting
2. June 16, 2025 Special Board Meeting
3. June 18, 2025 Regular Board Meeting

ITEM 2: TREASURER’S REPORT

1. June 12, 2025 Finance/Audit Committee Meeting Recap
2. May 2025 Preliminary Unaudited Financials
3. June 2025 Bills for Consideration, Payroll and Payroll Taxes

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

1. June 4, 2025 Engineering/Operational Committee Meeting Recap

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

1. June 2, 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

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 5: 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.

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

Bruce Dannemeyer – Mr. Dannemeyer addressed the Board of Directors with questions related to OC LAFCO’s opinion on the potential consolidation matter, as well as the status of an application submission to LAFCO.

Director Acosta commented that an application to LAFCO would be submitted at the conclusion of the process, provided all parties are in agreement.

Director Anderson noted a correction to the Directors Fees and Expenses Monthly Report for June 2025, stating that he did not attend the OC LAFCO meeting for that month.

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Mr. Perea noted Director Anderson’s correction, and he confirmed that June’s report would be amended accordingly.

- MOTION:** Approve the tentative future meetings/attendance items and ratify the amended Directors’ expenses and fees from June 2025 – 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 6: INFORMATIONAL UPDATES FROM BOARD COMMITTEES

Committee members and District staff provided updates on the following Committees:

Finance/Audit Committee - Director Safranski expressed his appreciation for Mr. Berg’s valuable support, and he commended the quality and clarity of Mr. Berg’s presentations.

District Properties Committee – Director Mandich reported that a consultant has been chosen to evaluate potential uses for the District’s Porter Property. Mr. Paludi added that the consultant is expected to submit their findings in September.

Public Outreach Committee – Director Horst reported that staff prepared a press release regarding the approved rates for FY2025-26, and he noted that a copy had been provided to the Board for their review. Director Horst also reported that the Committee is discussing several opportunities to better engage the public including holding informal chats with the community, upgrading the On Tap newsletter, improving the District’s website, and email communications with District news.

Sources of Supply Committee – Mr. Paludi reported that two contracts have been executed with T.E. Roberts for the Transmission Main Pipeline Rehabilitation Project.

MOTION: None. Informational item only.

FINANCIAL MATTERS

ITEM 7: DISCUSSION CONCERNING DISTRICT WATER FIXED CHARGES METHODOLOGY

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

Ray Chandos – Mr. Chandos addressed the Board of Directors and expressed his support for reducing the 1-inch meter fixed charge. Mr. Chandos also shared the results of his research on fixed charges at other agencies.

Jay Gentile – Mr. Gentile addressed the Board of Directors with his appreciation to the Board for agendizing this matter. Mr. Gentile commented that he believes there to be flaws in the rate study, and he shared meter fixed charge comparisons from neighboring agencies.

Pat Lawrence – Mr. Lawrence addressed the Board of Directors with information regarding his average water use charges versus his meter fixed charge. Mr. Lawrence commented that he believes charges should be based on consumption and he provided a letter with his concerns to the Board of Directors.

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Mr. Paludi presented this matter for Board consideration, and he introduced Mr. Habib Isaac with IB Consulting. Mr. Isaac presented an overview of the methodology used in the original rate study.

Discussion occurred concerning potential revenue loss by decreasing the 1-inch meter flat charge and maintaining compliance with the adopted rates. Discussion also occurred regarding the options of performing a new rate study in the middle of the current rate schedule or evaluating the fixed charges after the current rate schedule is complete. Further discussion occurred on whether the District can amend the current charges to be based on consumption.

Director Anderson shared the capacity and pressure limitations at his property, and he stated that he believes all 1-inch meter residential customers should be charged at the same rate as customers with meters sized at 3/4" and 5/8", regardless of impact to revenue.

Director Acosta commented that the Board would need to evaluate how many customers would be affected, and he stated that the District's Treasurer should weigh in on the loss of revenue discussion.

Director Horst commented that he supports completing a new rate study.

Director Mandich directed staff to complete an impact analysis and bring a recommendation to the Finance/Audit Committee for review.

MOTION: None. Informational item only.

ITEM 8: PUBLIC HEARING AND ADOPTION OF TRABUCO CANYON WATER DISTRICT'S FISCAL YEAR 2025-26 UNDEVELOPED LAND/WATER STANDBY CHARGES (ASSESSMENT)

Mr. Paludi presented this matter for Board consideration, and he reported that Standby Charges are adopted each fiscal year, noting that the charges produce a small amount of revenue to the District. Mr. Perea provided an overview of the State-required process, and he confirmed that the District has complied with the noticing requirements consistent with State law.

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

Mr. Perea reported that the District received no comments on the District's proposed undeveloped land/water standby charges for Fiscal Year 2025-26.

The Board of Directors, through Director Mandich, closed the public hearing at approximately 7:33 p.m.

- MOTION:**
1. Receive information at the time of the Board Meeting concerning the proposed Fiscal Year 2025-26 Undeveloped Land/Water Standby Charges.
 2. Conduct Public Hearing to receive public comments relating to the matter.
 3. Adopt Resolution No. 2025-1352 – Resolution of the Board of Directors of Trabuco Canyon Water District Establishing Water Standby Charges for the Fiscal Year 2025/2026; Making Certain Findings and Taking Related Actions in Connection Therewith – Director Anderson

SECOND: Director Safranski

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

NOES: None

ABSTAIN: None

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ABSENT: None
MOTION PASSED/FAILED: Passed 5 – 0

ITEM 9: APPROVAL OF UPDATED DISTRICT PURCHASING POLICY & GUIDELINES

Mr. Paludi presented this matter for Board consideration, and he reported the policy was last updated in 2023. Mr. Paludi reported that the proposed update has non-substantive changes, and he asked Ms. Ratcliffe to provide an overview of the proposed updates. Ms. Ratcliffe reported that the policy has been streamlined to update definitions and key terms, along with insurance provisions and workflow improvements.

Mr. Paludi added that Director Safranski provided constructive feedback on sole source tracking.

Mr. Perea commended the Board for regularly reviewing this policy, and he gave kudos to staff for their adherence to the policy. Mr. Perea also expressed his appreciation to Ms. Ratcliffe for her assistance with updating the policy.

MOTION: Adopt Resolution No. 2025-1353 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting Updated Guidelines for the Procurement of Goods and Services and Cash Disbursements – 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 10: APPROVAL OF APPROPRIATIONS LIMIT FOR FISCAL YEAR 2025-26

Mr. Paludi presented this matter for Board consideration. Mr. Perea reported that the appropriations limit is reviewed and set each year by the Board of Directors. Mr. Perea also reported that General Counsel provided a memorandum which demonstrates the proposed appropriations limits calculations, and that the approved amount represents the maximum appropriations that the District may collect on property taxes each fiscal year.

Director Horst commented that this item was discussed with the Audit/Finance Committee, and that the District has not collected the maximum limit in any given year.

MOTION: Adopt Resolution No. 2025-1354 – Resolution of the Board of Directors of Trabuco Canyon Water District Establishing the Appropriations Limit Applicable to the District during Fiscal Year 2025-2026 - Director Safranski
SECOND: Director Acosta
AYES: Directors Mandich, Acosta, Anderson, Horst & Safranski
NOES: None
ABSTAIN: None
ABSENT: None
MOTION PASSED/FAILED: Passed 5 – 0

ENGINEERING MATTERS

ITEM 11: AWARD OF DIMENSION WATER TREATMENT PLANT IMPROVEMENTS AND RELATED PROJECT UPDATES

Mr. Paludi presented this matter for Board consideration, and he provided a brief overview of the damage sustained to Filter 4 as a result of an earthquake event. Mr. Paludi noted that although the contract amount falls

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within the General Manager’s signing authority, the item is being presented to the Board for transparency purposes. A brief discussion occurred concerning potential issues with filters 1 through 3, and Mr. Perea stated that staff does not anticipate any issues with the other filters. Mr. Kessler echoed Mr. Perea’s comments.

- MOTION:** 1. Receive Dimension Water Transmission Main Rehabilitation Project status updates.
2. Authorize the General Manager to award a construction contract for the DWTP Filter 4 Repair Project to SS Mechanical Construction Corp. in the amount of \$48,910 plus a 10% contingency of \$4,890, for a not-to-exceed amount of \$53,800 – 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 12: APPROVAL OF SCADA INTEGRATION ON-CALL SERVICES AGREEMENT WITH ADVANCED INTEGRATION & CONTROLS (AIC) [A W.M. Lyles Company]

Mr. Paludi presented this matter for Board consideration, and he reported that this project is separate from the SCADA project. Mr. Paludi provided a brief background on staff’s decision to contract with W.M. Lyles to complete the project after the District experienced performance issues with the original contractor. Mr. Paludi stated that Mr. Serpas led the effort to send out the RFP and that three responses were received. Mr. Paludi added that AIC is familiar with the District’s SCADA system and provided competitive pricing.

Mr. Perea noted that the Engineering/Operational Committee expressed concern with certain proposed costs associated with travel time in the AIC proposal, and that language in the contract was changed to ensure only local travel rates would apply subject to the General Manager’s approval.

- MOTION:** Authorize the General Manager to execute a professional services agreement with Advanced Integration & Controls (AIC) [A W.M. Lyles Company] for a not-to-exceed amount of \$100,000 – Director Safranski

SECOND: Director Acosta

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

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED/FAILED: Passed 5 – 0

ITEM 13: QUARTERLY CAPITAL IMPROVEMENT PROGRAM UPDATE

Mr. Paludi presented this matter for Board consideration, and he provided a high-level overview of the status of budgeted projects for FY24/25, and he noted several multi-year projects being carried over into FY25/26. Discussion occurred regarding upcoming projects being added to the FY25/26 CIP summary, including the Pressure Reducing Valve (PRV) at the Ridgeline Interconnection with IRWD, and the Main Transmission Line Rehabilitation project.

MOTION: None. Informational item only.

ITEM 14: SADDLE CREST DEVELOPMENT – ACCEPTANCE OF ON-SITE AND OFF-SITE WATER AND SEWER FACILITIES CONSTRUCTED FOR TRACT NO. 17388

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Mr. Paludi presented this matter for Board consideration, and he reported that staff is recommending that the Board accept all on-site and off-site domestic water and sewer facilities. Mr. Paludi also reported that all bills of sale have been received and the District will be releasing bonds to the developer. Mr. Paludi stated that improvements to the reservoir to inlet/outlet pipe are currently in design.

- MOTION:** Adopt Resolution No. 2025-1346 – Resolution of the Board of Directors of Trabuco Canyon Water District Accepting On-Site and Off-Site Water and Sewer Facilities Constructed for Tract No. 17388 – Director Acosta
- SECOND:** Director Horst
- AYES:** Directors Mandich, Acosta, Anderson & Horst
- NOES:** None
- ABSTAIN:** Director Safranski
- ABSENT:** None
- MOTION PASSED/FAILED:** Passed 4 – 0 – 1 with Director Safranski abstaining

LEGISLATIVE AND OTHER MATTERS

ITEM 15: SUPPORT FOR CANDIDATES FOR THE OFFICES OF PRESIDENT AND VICE PRESIDENT OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES

Mr. Paludi presented this matter for Board consideration, and he reported that the candidates for the offices of President and Vice President are running unopposed. Director Safranski stated that as the District’s primary liaison to ACWA and its voting representative, he has received instructions on how to cast votes on behalf of the District.

- MOTION:** Adopt Resolution No. 2025-1356 – Resolution of the Board of Directors of Trabuco Canyon Water District Supporting Carol Lee Gonzalez-Brady for the position of Vice President of the Association of California Water Agencies – Director Acosta
- SECOND:** Director Safranski
- AYES:** Directors Mandich, Acosta, Anderson, Horst & Safranski
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None
- MOTION PASSED/FAILED:** Passed 5 – 0

- MOTION:** Adopt Resolution No. 2025-1355 – Resolution of the Board of Directors of Trabuco Canyon Water District Supporting Ernesto Avila for the position of President of the Association of California Water Agencies – Director Acosta
- SECOND:** Director Safranski
- AYES:** Directors Mandich, Acosta, Anderson, Horst & Safranski
- NOES:** None
- ABSTAIN:** None
- ABSENT:** None
- MOTION PASSED/FAILED:** Passed 5 – 0

LEGISLATIVE AND OTHER MATTERS

ITEM 16: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

There were no matters presented.

- MOTION:** None

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CLOSED SESSION

The Board of Directors entered to closed session in accordance with the agenda at 8:08 p.m. The General Manager and District General Counsel participated in closed session.

The closed session ended at 9:08 p.m.

ITEM 17: REPORT OF ACTION(S) TAKEN IN CLOSED SESSION

Ms. Ratcliffe reported that the Board of Directors met in closed session to review that matter as agendized, and that there was no action to be reported in closed session.

GENERAL COUNSEL REPORT

None

OTHER INFORMATION/MATTERS

None

ADDITIONAL DIRECTORS' COMMENTS

None

ADJOURNMENT

President Mandich adjourned the July 16, 2025 Regular Board Meeting at 9:09 p.m.