



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | AUGUST 14, 2025**

DIRECTORS PRESENT

John Horst, Committee Chair
Mike Safranski, 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, CMMS/SCADA Administrator

STAFF ABSENT

None

CONSULTANTS PRESENT

Claire Collins, Hanson Bridgett, LLP (Remote)
Ian Berg, Starting Line Advisory

PUBLIC PRESENT

None

CALL MEETING TO ORDER

Director Horst called the August 14, 2025 Finance/Audit Committee Meeting to order at 8:15 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 that Ms. Collins was in attendance remotely to discuss Item 2 on the agenda.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

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).

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | AUGUST 14, 2025**

ITEM 2: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT'S FIXED CHARGES METHODOLOGY

Mr. Paludi presented this matter for Committee consideration, and he reported that the Board requested to review the District's fixed charges methodology related to the 1-inch fixed charge. Mr. Berg delivered a PowerPoint presentation which analyzed the potential impacts of a reduction of the 1-inch fixed meter charge to the District's current financial plan. Mr. Berg presented an alternate rate scenario with potential revenue impact along with a recommendation from staff, legal, and finance to keep the current rates as published in the cost-of-service study. Discussion occurred regarding the capacity of a 1-inch, 5/8" and 3/4" meter in relation to the methodology for calculating the fixed charge, along with requirements for customers with 1-inch meters and fire sprinklers. Ms. Collins cautioned that reducing the 1-inch meter fixed charge may create legal and financial risk to the District. The Committee asked staff to bring back additional analysis to the September meeting, including what the fixed charges for each meter size would be if the 3/4" meter was the "base size" instead of the 5/8"; and what the fixed charges for each meter size would be in the current rate study (5/8" as base) if the 3/4" meter size was assigned a fixed charge according to its corresponding capacity rating.

RECOMMENDATION: None – Informational item only.

ITEM 3: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, TENTATIVE FUTURE MEETINGS/ATTENDANCE

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

ITEM 4: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT'S HEALTH BENEFIT COSTS FOR CALENDAR YEAR 2026

Mr. Paludi presented this matter for Committee consideration, and he reported that CalPERS requires the District to adopt an annual resolution establishing its employer health benefit contribution. Mr. Perea provided a brief background of the health benefit methodology calculation established by the Board in June 2024, and he presented the CalPERS health benefit rates for calendar year 2026 along with a proposed employer contribution amount and fiscal impact. Discussion occurred concerning the potential financial impacts to the health benefit budget based on the approved rate increases.

RECOMMENDATION: Recommend the Board of Directors adopt the approved employer health benefit contribution by resolution effective January 1, 2026, consistent with District policy (Action Calendar).

ITEM 5: DISCUSSION OF DISTRICT RESERVE FUND ALLOCATION IN INVESTMENT POOLS

Mr. Paludi presented this matter for Committee consideration. Mr. Berg delivered a PowerPoint presentation reviewing the District's investment pool activity and a high-level comparison of both Local Agency Investment Fund (LAIF) and California Cooperative Liquid Assets Securities System (CLASS) assets and investments Mr. Berg provided a recommended allocation strategy for eligible funds that considers policy requirements, administrative efforts, and reserve fund transparency. After a brief discussion regarding the proposed strategy, the Committee expressed their support for Mr. Berg's recommendations.

RECOMMENDATION: None – Informational item only.

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | AUGUST 14, 2025**

ITEM 6: FINANCIAL REPORT

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

FINANCIAL ANALYSIS SUMMARY

Discussion occurred concerning the District's draw on loan proceeds throughout the fiscal year to advance Capital Projects.

CASH & INVESTMENTS REPORT (UNAUDITED)

Discussion occurred concerning LAIF versus CLASS yield percentages, and the potential risk to the District's financial position by moving unrestricted funds.

DISTRICT SUMMARY BUDGET v. ACTUAL

Discussion occurred concerning Net Revenue/Expenses year to date.

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

ITEM 7: OTHER MATTERS

Mr. Paludi reported that the unfilled Customer Service Representative I position budgeted for FY 2025-26 will be put on hold and proposed that Mr. David Rodriguez be hired as a full-time Principal Engineer for the District. Mr. Paludi noted that Mr. Rodriguez is currently a contracted employee through Project Partners and that a significant portion of the projected cost of the full-time Principal Engineer position would be offset by what the District currently pays Project Partners. He also stated that Mr. Rodriguez has proven to be a great asset by helping to keep the District's Capital projects on track. Mr. Berg added that staffing will be re-evaluated during the mid-year budget process.

Mr. Paludi provided a brief update on the RFP for Potential Combined Services to Achieve Rate Relief, and he reported that a meeting will be set up with both agencies at the Board level to discuss a timeline and progress goals. Mr. Paludi added that he will provide updates at the Regular Board Meeting during General Manager comments.

Director Safranski applauded the District's efforts to mitigate infrastructure issues by prioritizing capital improvements to the system.

Director Horst requested that potential dates for the upcoming TCWD community Chat forums be provided to the Board members to determine their availability for participation.

RECOMMENDATION: None – Informational item only.

ADJOURNMENT

Director Horst adjourned the August 14, 2025 Finance/Audit Committee Meeting at 10:21 a.m.