



MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | NOVEMBER 19, 2025

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on November 19, 2025, was called to order by President Ed Mandich at 6:03 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
Director Mark Anderson
Director John Horst
Director Michael Safranski

DIRECTORS ABSENT

Vice President Glenn Acosta

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
Gary Kessler, Water Operations Superintendent
Oscar Ulloa, Wastewater Operations Superintendent
Other staff were present

STAFF ABSENT

None

DISTRICT CONSULTANTS

Claire Collins, District General Legal Counsel - Hanson Bridgett, LLP
Ian Berg, District Treasurer – Starting Line Advisory
Habib Isaac, IB Consulting
Andrea Boehling, IB Consulting
Dr. Deborah Diep, Center for Demographic Research, Cal State Fullerton

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

VISITOR PARTICIPATION

None

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On behalf of the Board of Directors, President Mandich presented Mr. Paludi with a proclamation honoring his six years of service with Trabuco Canyon Water District. Director Mandich expressed his appreciation to Mr. Paludi for his leadership of the District.

Director Safranski expressed his appreciation to Mr. Paludi for his leadership of the District over the last six years despite the many challenges he faced during his tenure.

Director Anderson stated that it has been a pleasure working with Mr. Paludi.

Director Horst thanked Mr. Paludi for helping to educate him on the water industry.

ORAL COMMUNICATION

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

Olga Poletaeva – Ms. Poletaeva addressed the Board of Directors with her concerns regarding the District’s rates and charges. Ms. Poletaeva stated that she has submitted a meter downsize request, however, she believes her account should be reviewed for an allocation adjustment in order to decrease her charges.

Nicholas Jaber – Mr. Jaber addressed the Board of Directors and introduced himself as an attorney with water and wastewater experience in Santa Cruz County. Mr. Jaber offered himself as a resource to the Board and to the community. Mr. Jaber added that he appreciates all that the District does.

Margaret (Peggy) Munhall – Ms. Munhall addressed the Board of Directors with her concerns regarding the District’s rates and charges. Ms. Munhall expressed her opinion that the District should consolidate to decrease customer expenses.

Allan Burnham – Mr. Burnham addressed the Board of Directors with his observations of non-District owned heavy equipment on Porter Ranch Road and the absence of a water truck on-site.

DIRECTOR’S COMMENTS

Director Safranski provided a brief report on the City of Rancho Santa Margarita City Council Meeting that he attended earlier in the month.

Director Horst provided a brief report on the Municipal Water District of Orange County (MWDOC) meetings he attended earlier in the month.

Director Anderson reported on a meeting he had with the newly appointed OC LAFCO Executive Officer to gain an understanding of the consolidation process, along with the timeframe for TCWD’s next municipal service review.

Director Mandich had no comments.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported that the Engineering/Operational Committee meeting would be rescheduled due to the Association of California Water Agencies (ACWA) Conference.

Mr. Paludi noted that this would be his final Board meeting, and he expressed his appreciation to the Directors for the opportunities they provided which contributed to his professional growth. Mr. Paludi thanked staff for their support, which allowed him to accomplish much during his employment with the District. Lastly, Mr. Paludi expressed his appreciation to the customers.

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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 1-3 for Board consideration and approval in accordance with the agenda.

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

1. October 15, 2025 Special Board Meeting Minutes
2. October 15, 2025 Regular Board Meeting Minutes
3. October 21, 2025 Special Board Meeting Minutes
4. October 29, 2025 Special Board Meeting Minutes
5. October 30, 2025 Special Board Meeting Minutes

ITEM 2: TREASURER’S REPORT

1. October 9, 2025 Finance/Audit Committee Meeting Recap
2. September 2025 Preliminary Unaudited Financials
3. October 2025 Bills for Consideration, Payroll and Payroll Taxes

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

1. October 1, 2025 Engineering/Operational Committee Meeting Recap

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

1. September 8, 2025 Executive Committee Meeting Recap
2. October 13, 2025 Executive Committee Meeting Recap

MOTION: Approve the consent calendar as presented – Director Anderson

SECOND: Director Safranski

AYES: Directors Mandich, Anderson, Horst & Safranski

NOES: None

ABSTAIN: None

ABSENT: Director Acosta

MOTION PASSED/FAILED: Passed 4 – 0 – 1 with Director Acosta absent

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.

MOTION: Approve the tentative future meetings/attendance items and ratify the amended Directors’ expenses and fees from October 2025 – Director Horst

SECOND: Director Mandich

AYES: Directors Mandich, Anderson, Horst & Safranski

NOES: None

ABSTAIN: None

ABSENT: Director Acosta

MOTION PASSED/FAILED: Passed 4 – 0 – 1 with Director Acosta absent

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ITEM 6: INFORMATIONAL UPDATES FROM BOARD COMMITTEES

Committee members provided updates on the following Committees:

Finance/Audit Committee – Director Horst reported that the Committee discussed the pass-through rate postcard mailer and how to better communicate the overall rate increases beginning January 1, 2026.

Director Mandich reported that the Board has hired Mr. Larry McKenney to be the District’s new General Manager beginning January 2026. Director Mandich added that Mr. McKenney is from Southern California and is familiar with our neighboring agencies.

MOTION: None. Informational item only.

ITEM 7: SPECIAL DISTRICT LEADERSHIP FOUNDATION (SDLF) TRANSPARENCY CERTIFICATE OF EXCELLENCE AWARD TO TRABUCO CANYON WATER DISTRICT

Mr. Perea expressed his appreciation to Ms. Lejsek for her assistance and hard work in obtaining the certificate.

Mr. Paludi reported that earning this certificate requires meeting numerous requirements, which can be challenging for smaller Districts. Mr. Paludi summarized the key compliance obligations, and that the District has met these requirements, receiving two letters of support from neighboring agencies. Mr. Paludi congratulated the District on achieving this distinction.

MOTION: None. Informational item only.

ITEM 8: PRESENTATION ON BOARD DISTRICTING/ESTABLISHING VOTER DIVISIONS – GENERAL COUNSEL

Ms. Collins presented this matter for Board consideration. Ms. Collins reported that this was the first meeting being held to discuss potentially moving the District from at-large elections into Division-based elections. Ms. Collins provided an overview of the legal vulnerabilities that agencies are facing in potential lawsuits related to operating under at-large elections. Ms. Collins introduced Dr. Deborah Diep with the Center for Demographic Research, Cal State Fullerton to provide further information.

Dr. Diep addressed the Board of Directors with a brief history of the agency’s formation and an overview of the required process, timeline and next steps in order to adopt a Division-based election process.

Ms. Collins added that the District is in a good position to make this change in time for the 2026 elections, and she stated that a resolution is being proposed to the state of intention to initiate this process. Ms. Collins asked Director Mandich to open the public hearing on this matter.

Director Mandich opened the Public Hearing at 6:44 p.m.

Ray Chandos – Mr. Chandos addressed the Board of Directors with his concerns regarding this matter, and he questioned the proposed actions of establishing voter divisions based on what he believes is a hypothetical threat of action. Mr. Chandos requested that this matter be tabled or rejected by the Board.

Allan Burnham – Mr. Burnham addressed the Board of Directors to inquire about the origin of this request to move to Division-based elections. Mr. Burnham stated that he believes there is no need for this change to the District’s voting system.

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Gloria Sefton – Ms. Sefton addressed the Board of Directors stating that, considering the potential for consolidation, she does not believe it is prudent to proceed with this matter as this time, and that this matter should be tabled or cancelled.

Sue Marucci – Ms. Marucci addressed the Board of Directors with her concerns regarding the District spending money on this matter in light of a potential merger. Ms. Marucci stated that she does not find this change necessary, and that she believes the Board should wait to determine whether the District will consolidate.

Nicholas Jaber – Mr. Jaber addressed the Board of Directors with his concerns regarding this matter, and he stated that he believes there is not a lot of foundation to support this change to the election process. Mr. Jaber requested that the District provide data points and the likelihood of litigation to support this matter.

Director Mandich closed the Public Hearing at 6:55 p.m.

Discussion occurred regarding the benefit of starting this process now versus waiting due to potential consolidation.

MOTION: Adopt Resolution No. 2025-1360 – Resolution of the Board of Directors of Trabuco Canyon Water District Declaring Its Intention to Transition From An At-Large Election System to a District-Based Election System Pursuant to California Elections Code 10010 – Director Horst

SECOND: Director Mandich

AYES: Directors Mandich and Horst

NOES: Directors Anderson and Safranski

ABSTAIN: None

ABSENT: Director Acosta

MOTION PASSED/FAILED: Failed 2 – 2 – 1 with Director Acosta absent

FINANCIAL MATTERS

ITEM 9: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TRABUCO CANYON WATER DISTRICT'S CURRENT RATES & CHARGES

Mr. Paludi presented this matter for Board consideration, and he reported that both partners from IB Consulting were in attendance to answer any questions.

Public Comment was received related to this item on the agenda.

Jay Gentile – Mr. Gentile addressed the Board of Directors with his concerns regarding the District's fixed charges, and he requested that the Board reassess the fixed charge amounts for the 5/8-inch, ¾-inch, and 1-inch meter charges.

Ray Chandos – Mr. Chandos addressed the Board of Directors requesting that the matter be tabled pending the outcome of the consolidation discussion.

Sue Marucci – Ms. Marucci addressed the Board of Directors with her concerns regarding the District's fixed charges. Ms. Marucci stated that she believes that the District would benefit from having a different firm perform the rate study to provide a fresh perspective. Ms. Marucci stated that she believes the District has high legal costs and that the District should be conservative with spending money on this matter. Ms. Marucci stated that she believes this matter should be tabled due to the pending consolidation discussion.

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Pat Lawrence – Mr. Lawrence addressed the Board of Directors with his concerns regarding the District’s rates and charges, and he stated that he believes that the 1-inch meter fixed charge should be the same as the ¾” and 5/8-inch fixed charges.

Director Safranski raised the question on whether it makes sense to start a new rate study at this time. Director Safranski agreed with public comment that utilizing a different rate consultant may provide new perspective.

Director Anderson commented that he is having difficulty understanding which specific questions the District intends to address with a new rate study. Director Anderson explained that his objective in conducting such a study is to compare the District’s figures with those of neighboring agencies once the RFP responses are received. Director Anderson also noted that a significant rate reduction would be necessary in order to support consolidation. Director Anderson also expressed his preference for having the existing firm re-run the model to obtain the required data.

Director Horst asked IB Consulting whether the potable water portion of the rate study could be completed in the next couple of months. Mr. Isaac and Ms. Boehling confirmed that this timeframe was reasonable, and noted that the sewer and recycled rate components could be phased in. Director Horst inquired whether IB Consulting’s pending litigation would affect their ability to perform the work. Mr. Isaac stated that it would not, and that the rate study could be completed without issue.

Mr. Isaac walked through the proposed phases of a rate study with offramps for Board consideration.

Mr. Berg reported to the Board that staff is currently preparing a mid-year budget update for their consideration during the next few months which may provide additional key information for determining the District’s rate revenue requirements.

Discussion occurred regarding the District’s capital costs, aging infrastructure, and proposed rate setting methodologies would be used in a new rate study.

- MOTION:** Approve a contract with IB Consulting to perform a Utility Rate Cost-of-Service Study in Three Phases for a not-to-exceed amount of \$95,960 – Director Horst
- SECOND:** Director Anderson
- AYES:** Directors Mandich, Anderson, Horst and Safranski
- NOES:** None
- ABSTAIN:** None
- ABSENT:** Director Acosta
- MOTION PASSED/FAILED:** Passed 4 – 0 – 1 with Director Acosta absent

ITEM 10: ADOPTION OF RESOLUTION FOR REIMBURSEMENT OF CERTAIN COSTS FROM PROCEEDS OF TAX EXEMPT OBLIGATIONS

Mr. Paludi presented this matter for Board consideration. Mr. Berg reported that adopting this resolution adds flexibility to financial planning so that if unrestricted reserves are needed to cover capital costs prior to issuing debt, those reserve funds can be restored at the time of the transaction.

- MOTION:** Adopt Resolution No. 2025-1359 – A Resolution of the Board of Directors of the Trabuco Canyon Water District Regarding Its Intention to Reimburse Certain Costs from Proceeds of Tax-Exempt Obligations – Director Horst
- SECOND:** Director Safranski
- AYES:** Directors Mandich, Anderson, Horst and Safranski

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NOES: None
ABSTAIN: None
ABSENT: Director Acosta
MOTION PASSED/FAILED: Passed 4 – 0 – 1 with Director Acosta absent

ENGINEERING MATTERS

ITEM 11: AWARD OF CONSTRUCTION CONTRACT FOR HERITAGE SEWER LIFT STATION IMPROVEMENTS

Mr. Paludi presented this matter for Board consideration. Ms. Lausten provided an overview of the proposed site improvements, and she reported that staff solicited bids from five contractors and received two proposals. Ms. Lausten presented a bid comparison summary, and she stated that staff’s recommendation is to award a contract to Ferreira Construction. Ms. Lausten noted that the project cost came in lower than the engineer’s estimate, and she commended the Wastewater Operations staff for their efforts in keeping the station operational.

MOTION: Authorize the General Manager to award a construction contract for the Heritage SLS Improvement Project to Ferreria Construction Co., Inc. DBA Ferreira Coastal Construction, in the amount of \$1,799,813 plus a 10% contingency of \$179,981, for a not-to-exceed amount of \$1,979,794 – Director Safranski
SECOND: Director Mandich
AYES: Directors Mandich, Anderson, Horst and Safranski
NOES: None
ABSTAIN: None
ABSENT: Director Acosta
MOTION PASSED/FAILED: Passed 4 – 0 – 1 with Director Acosta absent

ITEM 12: DIMENSION WATER TREATMENT PLANT TRANSMISSION MAIN PIPELINE REHABILITATION PROJECT UPDATE

Ms. Lausten presented this matter for Board consideration, and she reported that Phase 1A is complete, and that Phae 1B has started near the County of Orange bike trail at El Toro Road. Ms. Lausten noted a delay due to a pending permit from the City of Mission Viejo, and that the pipeline is expected to be back in service in January, followed by restoration of the site by the end of February.

MOTION: None – Informational item only.

LEGISLATIVE AND OTHER MATTERS

ITEM 13: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

There were no matters presented.

MOTION: None.

CLOSED SESSION

The Board of Directors entered closed session in accordance with the agenda at 8:13 p.m. The Assistant General Manager participated in closed session.

The Assistant General Manager left closed session at 9:00 p.m. and the General Manager and District General Counsel entered closed session.

The closed session ended at 10:03 p.m.

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ITEM 14: REPORT OF ACTION(S) TAKEN IN CLOSED SESSION

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

ITEM 15: APPOINTEMENT OF INTERIM GENERAL MANAGER

Ms. Collins announced the motion as follows:

MOTION: Appoint Michael Perea as Interim General Manager for the period of November 20, 2025 through January 4, 2026, at a monthly salary of \$24,877, prorated for the terms of the appointment – Director Mandich

SECOND: Director Safranski

AYES: Directors Mandich, Anderson, Horst and Safranski

NOES: None

ABSTAIN: None

ABSENT: Director Acosta

MOTION PASSED/FAILED: Passed 4 – 0 – 1 with Director Acosta absent

GENERAL COUNSEL REPORT

None

OTHER INFORMATION/MATTERS

None

ADDITIONAL DIRECTORS' COMMENTS

None

ADJOURNMENT

Director Mandich adjourned the November 19, 2025 Regular Board Meeting at 10:05 p.m.