



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP | NOVEMBER 13, 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**

None

**CONSULTANTS PRESENT**

Ian Berg, Starting Line Advisory

**PUBLIC PRESENT**

None

**CALL MEETING TO ORDER**

Director Horst called the November 13, 2025 Finance/Audit Committee Meeting to order at 8:00 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.

Director Horst had no comments.

**REPORT FROM THE GENERAL MANAGER**

Mr. Perea reported that the General Manager was out of the office and would be returning the following Monday.

**ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP**

Mr. Perea 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).

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**ITEM 2: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, TENTATIVE FUTURE MEETINGS/ATTENDANCE**

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Mr. Perea 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 October 2025 and tentative future meetings/attendance (Action Calendar).

**ITEM 3: MID-YEAR OPERATING AND CAPITAL BUDGET PLANNING UPDATE**

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Mr. Perea presented this matter for Committee consideration. Mr. Berg reported that he prepared two mid-year budget presentation examples for the Committee's review and provided handouts for discussion. Mr. Berg presented the proposed format of the upcoming mid-year budget and the proposed presentation format of monthly financial reports after adoption of the mid-year budget.

Director Horst expressed his appreciation to Mr. Berg for presenting the budget comparisons previously requested by the Committee.

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

**ITEM 4: DISCUSSION CONCERNING RATE PASS THROUGH ADJUSTMENTS EFFECTIVE JANUARY 1, 2026**

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Mr. Perea presented this matter for Committee consideration. Mr. Berg delivered a PowerPoint presentation outlining the District's pass-through rates, a summary of the historical drivers influencing these increases, and the updated fixed and variable pass-through rates effective January 1, 2026.

Mr. Perea provided a draft copy of the pass-through notice mailer to the Committee. The Committee requested modification of the notice to include the scheduled increases approved by the Board on June 18, 2025 along with the total fixed and variable rates as of January 1, 2026, for transparency purposes. Discussion occurred concerning the status of the Board's request for a proposal from IB Consulting as made at the October regular meeting; Mr. Perea reported that IB Consulting has submitted a proposal as requested and this matter will be agendaized for Board consideration at the next regular meeting. Mr. Perea recommended the Board issue a request for proposals (RFP) for rate study consulting services.

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

**ITEM 5: CAPITAL FUNDING REIMBURSEMENT RESOLUTION**

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Mr. Perea presented this matter for Committee consideration, and he reported that the proposed resolution would give the District flexibility to replenish reserve funds with debt proceeds when used to fund capital projects.

The Committee expressed their support of the resolution.

**RECOMMENDATION:** Recommend the Board of Directors 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 (Action Calendar).

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**ITEM 6: FINANCIAL REPORT**

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Mr. Berg and Ms. Warner presented the preliminary unaudited financials for September 2025.

***FINANCIAL ANALYSIS SUMMARY***

Discussion occurred concerning the top 10 vendor payments related to costs of the District's legal services. Director Horst commented that the incoming General Manager will be given direction to be more prudent concerning legal services/costs.

***DISTRICT SUMMARY BUDGET v. ACTUAL***

Discussion occurred concerning Net Revenue/Expenses year to date.

***CIP BUDGET v. ACTUAL***

Discussion occurred regarding ways to improve visibility of budget targets for multi-year projects.

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

**ITEM 7: OTHER MATTERS**

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Director Safranski commented on the responsibilities of elected officials. Director Safranski expressed his appreciation to Mr. Perea for the recent tour of the Dimension Water Treatment Plant.

Mr. Berg commented that staff is looking into changing banking services and payroll services.

Director Horst requested information regarding the tour of the transmission main pipe bursting portion of the rehabilitation project. Ms. Lausten reported that the project has experienced a delay due to permitting issues, but she noted that the pipe bursting work began earlier that day. Ms. Lausten added that she would contact the Board members to schedule a site tour during construction periods.

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

**ADJOURNMENT**

Director Horst adjourned the November 13, 2025 Finance/Audit Committee Meeting at 9:09 a.m.