



**FINANCE/AUDIT COMMITTEE MEETING AGENDA
TRABUCO CANYON WATER DISTRICT
ADMINISTRATION FACILITY
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CA
MARCH 12, 2026 at 8:30 AM**

COMMITTEE MEMBERS

John Horst, Committee Chair
Glenn Acosta, Committee Member
Mike Safranski, Committee Member Alternate

DISTRICT STAFF

Larry McKenney, General Manager
Michael Perea, Assistant General Manager
Ian Berg, District Treasurer
Karen Warner, Principal Accountant

AGENDA NOTE:

Trabuco Canyon Water District will make this Finance/Audit Committee Meeting available by telephone audio as follows:

Telephone Audio: 1 (669) 900-6833 **Access Code:** 941-0657-5794

Persons desiring to monitor the Committee meeting agenda items may download the agenda and documents on the internet at www.tcwd.ca.gov. You may submit public comments by email to the Committee at mperea@tcwd.ca.gov. In order to be part of the record, emailed comments on meeting agenda items must be received by the District, at the referenced e-mail address, not later than 7:00 a.m. (PDT) on the day of the meeting.

CALL MEETING TO ORDER

VISITOR PARTICIPATION

Members of the public wishing to address the Committee regarding a particular item on the agenda are requested to submit public comments at the time of the meeting or by email to the Board at mperea@tcwd.ca.gov. Public comments may also be submitted by teleconference during the meeting. The Committee Chair will call on the visitor following the Committee's discussion about the matter. Committees do not constitute a quorum of the Board of Directors and Committee Members cannot make decisions on matters. The Committee makes recommendations only to the Board of Directors. Members of the public will be given the opportunity to speak to the Committee prior to making a recommendation on the matter. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.

ORAL COMMUNICATION

Members of the public who wish to make comment on matters not appearing on the agenda are regarding a particular item on the agenda are requested to submit public comments at the time of the meeting or by email to the Board at mperea@tcwd.ca.gov. Public comments may also be submitted by teleconference during the meeting. The Committee Chair will call on the visitor following the Committee's discussion about the matter. Committees do not constitute a quorum of the Board of Directors and Committee Members cannot make decisions on matters. The Committee makes recommendations only to the Board of Directors. Under the requirements of State Law, Committee Members cannot take action on items not identified on the agenda and will not make decisions on such matters. The Committee Chair may direct District Staff to follow up on issues as may be deemed appropriate. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.

COMMITTEE MEMBER COMMENTS

REPORT FROM THE GENERAL MANAGER

FINANCIAL MATTERS

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

RECOMMENDED ACTION:

Approve the following Finance/Audit Committee Meeting Recap(s) and recommend that the Board receive and file the same (Consent Calendar):

1. February 12, 2026

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

RECOMMENDED ACTION:

Recommend the Board of Directors approve the Directors' fees and expenses for February 2026 and tentative future meetings/attendance (Action Calendar).

ITEM 3: DISTRICT FINANCIAL POLICY UPDATES – CASH RESERVES POLICY & DEBT MANAGEMENT POLICY

RECOMMENDED ACTION:

Committee to receive presentation at the time of the meeting and recommend the Board of Directors adopt the policy updates.

ITEM 4: DISCUSSION CONCERNING CHANGING DISTRICT BANKING SERVICES

RECOMMENDED ACTION:

Committee to receive presentation at the time of the meeting and provide direction as deemed appropriate.

ITEM 5: DISCUSSION CONCERNING AMENDING THE DISTRICT'S CONTRACT WITH CALPERS FOR PENSION COST SHARING

RECOMMENDED ACTION:

Recommend the Board of Directors adopt Resolution No. 2026-1364 – Resolution of the Board of Directors of the Trabuco Canyon Water District Amending Employer Paid Member Contributions (EPMC) Under CalPERS and Establishing A Three-Year Phase-Out (Action Calendar).

ITEM 6: FINANCIAL REPORT

A) PRESENTATION OF PRELIMINARY UNAUDITED FINANCIAL STATEMENTS

RECOMMENDED ACTION:

Recommend that the Board receive and file the preliminary unaudited financial statements for January 2026 (Consent Calendar).

B) BILLS FOR CONSIDERATION

RECOMMENDED ACTION:

Approve and ratify the bills for consideration and warrant register and recommend that the Board ratify payment of the Bills for Consideration for March 12, 2026 as presented (Consent Calendar).



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING AGENDA | MARCH 12, 2026**

ITEM 7: OTHER MATTERS

RECOMMENDED ACTION:

Hear Other Matters from the General Manager or District Staff.

ADJOURNMENT

AVAILABILITY OF AGENDA MATERIALS

Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Trabuco Canyon Water District Finance/Audit Committee in connection with a matter subject to discussion or consideration at an open meeting of the Finance/Audit Committee are available for public inspection at the Trabuco Canyon Water District Administrative Facility, 32003 Dove Canyon Drive, Trabuco Canyon, California (District Administrative Facility) or will be posted online on the District's website located at www.tcwd.ca.gov. If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available online at www.tcwd.ca.gov at the same time as they are distributed to the Committee, except that, if such writings are distributed immediately prior to or during the meeting, they will be posted online on the District's website located at www.tcwd.ca.gov.

COMPLIANCE WITH THE REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE SECTION 54954.2

In compliance with California law and the Americans with Disabilities Act, if you need special disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 858-0277, at least 48 hours in advance of the scheduled Board meeting. Notification at least 48 hours prior to the meeting will assist the District in making reasonable arrangements to accommodate your request. The Board Meeting Room is wheelchair accessible.



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | MARCH 12, 2026**

FINANCIAL MATTERS

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

RECOMMENDED ACTION:

Approve the following Finance/Audit Committee Meeting Recap(s) and recommend that the Board receive and file the same. (Consent Calendar):

1. *February 12, 2026*

CONTACTS (staff responsible): MCKENNEY/PEREA



**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP | FEBRUARY 12, 2026**

DIRECTORS PRESENT

John Horst, Committee Chair
Glenn Acosta, Committee Member

STAFF PRESENT

Larry McKenney, 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 February 12, 2026 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 Horst welcomed Director Acosta back to the Committee.

REPORT FROM THE GENERAL MANAGER

Mr. McKenney concurred with Director Horst's statements.

ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

Mr. McKenney 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

Mr. McKenney presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review.

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | FEBRUARY 12, 2026**

Director Horst noted an item for correction in the report. Mr. Perea thanked Director Horst for his comments, and he stated that a revised report would be presented at the Regular Board Meeting for Board consideration and approval.

RECOMMENDATION: Recommend the Board of Directors ratify the revised Directors' fees and expenses for January 2026 and tentative future meetings/attendance (Action Calendar).

ITEM 3: DISCUSSION CONCERNING FY 2027 OPERATING BUDGET ASSUMPTIONS AND DEBT FINANCING SCHEDULING

Mr. McKenney presented this matter for Committee consideration, and he reported that the District started the Fiscal Year 2027 budget development process, which includes planning for debt issuance for capital project funding and completing a new cost of service study for updated rates and charges. Mr. Berg delivered a PowerPoint presentation outlining the calendar for the FY 2027 budget process, along with a high-level overview of strategic financial considerations, revenue assumptions, capital financing assumptions, and inflationary assumptions.

Discussion occurred regarding the timeline for a new cost of service study and rate structure development, as well as the District's agreements with various agencies that carry financial implications.

RECOMMENDATION: None – Informational item only.

ITEM 4: FINANCIAL REPORT

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

CASH & INVESTMENTS

Discussion occurred concerning reserve fund balances and targets.

FINANCIAL ANALYSIS SUMMARY

Discussion occurred regarding an increase to the District's cash position from the prior month.

DISTRICT SUMMARY BUDGET v. ACTUAL

Discussion occurred concerning total revenue, net income from operations and net change in unrestricted cash.

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

ITEM 5: OTHER MATTERS

Mr. Berg reported that staff is exploring a potential transition to a new banking institution, and that interviews are set up for the following week. Mr. Berg added that the District is seeking better returns, terms for financing, and overall customer service.

RECOMMENDATION: None – Informational item only.

ADJOURNMENT

Director Horst adjourned the February 12, 2026 Finance/Audit Committee Meeting at 8:57 a.m.

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | MARCH 12, 2026**

FINANCIAL MATTERS

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

Directors' Fees and Expenses

Consistent with Board policy, Directors are reimbursed for expenses incurred while serving in their capacity as Directors. Additionally, Directors earn a per diem stipend for attendance at meetings or functions in a Director capacity. Per Ordinance No. 91-15 (adopted July 17, 1991), Directors per diem amount is limited to \$125 per meeting for a maximum of ten days per calendar month. The attached spreadsheet provides a recap of the meetings, seminars, and conferences attended by Directors along with expenses recorded to date.

Future Meetings

Future meetings have been identified for reference purposes, and the designated directors are anticipated to attend. In the event an unanticipated meeting occurs that requires attendance by a director, the meeting attendance will be subsequently presented to the Board of Directors for ratification.

FUNDING SOURCE:

General Fund

FISCAL IMPACT (PROJECT BUDGET)

FY 2025-26 Budgeted Board Expenses: \$45,100

RECOMMENDED ACTION:

Recommend that the Board ratify the Directors' fees and expenses for February 2026 and tentative future meetings/attendance. (Action Calendar)

EXHIBIT(S):

1. Directors' Fees and Expenses Report for February 2026
2. Directors' Tentative Future Meetings/Attendance – Calendar Year 2026.

CONTACTS (staff responsible): MCKENNEY/PEREA

**TRABUCO CANYON WATER DISTRICT
DIRECTORS' FEES AND EXPENSES MONTHLY REPORT | FEBRUARY 2026**

MEETING DESCRIPTION	ACOSTA	ANDERSON	HORST	MANDICH	SAFRANSKI
DISTRICT MEETINGS					
Chat with TCWD Community Forum		02/24/26	02/24/26		
District Properties Committee Meeting No. 1		02/05/26		02/05/26	
District Properties Committee Meeting No. 2		02/24/26		02/24/26	
Engineering/Operational Committee Meeting		02/04/26		02/04/26	
Executive Committee Meeting	02/02/26	02/02/26			
Finance/Audit Committee Meeting	02/12/26		02/12/26		
Individual Meeting with General Manager	02/17/26	02/11/26	02/10/26	02/11/26	02/10/26
Regular Board Meeting	02/18/26	02/18/26	02/18/26	02/18/26	02/18/26
REPRESENTATIVE MEETINGS					
UWI Spring Conference - Day 1	02/25/26				
UWI Spring Conference - Day 2	02/26/26				
UWI Spring Conference - Day 3	02/27/26				
Community Associations of Rancho (CAR) Meeting					02/10/26
City of Rancho Santa Margarita - City Council Meeting				02/25/26	02/11/26
Independent Special Districts of Orange County (ISDOC) Monthly Meeting		02/03/26			
MWDOC Administration/Finance Committee Meeting			02/11/26		
MWDOC Board Meeting			02/18/26		
Orange County Local Agency Formation Commission (OC LAFCO)		02/11/26			
Santiago Aqueduct Commission Meeting					
South Orange County Agencies Group Meeting					
South Orange County Integrated Regional Watershed Management Executive Committee Meeting					
Water Advisory Commission of Orange County (WACO)		02/06/26			
NUMBER OF MEETINGS ATTENDED	7	8	5	6	3
PER DIEMS (\$125 per each meeting*)	\$875.00	\$1,000.00	\$625.00	\$750.00	\$375.00
DIRECT REIMBURSABLE EXPENSES					
UWI Spring Conference - Indian Wells - Attached Expense Report	\$774.06				
DIRECT REIMBURSABLE EXPENSES TOTALS	\$774.06				
INDIRECT REIMBURSABLE EXPENSES					
INDIRECT REIMBURSABLE EXPENSES TOTALS					
TOTAL (PER DIEMS + DIRECT REIMBURSABLE EXPENSES)	\$1,649.06	\$1,000.00	\$625.00	\$750.00	\$375.00
<i>* Maximum per diem per day is one; maximum per month is 10</i>					

DIRECTOR SIGNATURE

EXPENSE CLAIM

Director Glenn Acosta

Event: Urban Water Institute - 2026 Spring Conference

Dates: February 25-27, 2026

Location: Indian Wells, CA

Meals: None claimed

Mileage: Not claimed*

Hotel: Feb 25: \$299 per night + \$58.03 fees/taxes

Feb 26: \$299 per night + \$58.03 fees/taxes

Hotel Self-Parking: Feb 25 - \$30

Feb 26 - \$30

TOTAL: \$774.06

* Allowable mileage reimbursement is \$168 based on 120 miles each way * 2 * \$0.70/mile.

TRABUCO CANYON WATER DISTRICT | 2026 PUBLIC MEETING AND CONFERENCE CALENDAR

		2026											
LINE ITEM	MEETING DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
DISTRICT PUBLIC MEETINGS													
1	Executive Committee Meeting	01/05/26	02/02/26	03/02/26	04/06/26	05/04/26	06/01/26	07/06/26	08/03/26	09/07/26	10/05/26	11/02/26	12/07/26
2	Engineering/Operational Committee Meeting	01/07/26	02/04/26	03/04/26	04/01/26	05/06/26	06/03/26	07/01/26	08/05/26	09/02/26	10/07/26	11/04/26	12/02/26
3	Finance/Audit Committee Meeting	01/15/26	02/12/26	03/12/26	04/09/26	05/14/26	06/11/26	07/09/26	08/13/26	09/10/26	10/08/26	11/12/26	12/10/26
4	Regular Board Meeting	01/21/26	02/18/26	03/18/26	04/15/26	05/20/26	06/17/26	07/15/26	08/19/26	09/16/26	10/21/26	11/18/26	12/16/26
5	District Properties Committee Meeting	-	-	-	-	-	-	-	-	-	-	-	-
PUBLIC MEETINGS													
6	City of RSM City Council Meeting - Meeting No. 1	01/14/26	02/11/26	03/11/26	04/08/26	05/13/26	06/10/26	07/08/26	08/12/26	09/09/26	10/14/26	11/11/26	12/09/26
7	City of RSM City Council Meeting - Meeting No. 2	01/28/26	02/25/26	03/25/26	04/22/26	05/27/26	06/24/26	07/22/26	08/26/26	09/23/26	10/28/26	11/25/26	12/23/26
8	City of RSM Planning Commission Meeting	01/07/26	02/04/26	03/04/26	04/01/26	05/06/26	06/03/26	07/01/26	08/05/26	09/02/26	10/07/26	11/04/26	12/02/26
9	Independent Special Districts of Orange County Meeting - Executive	01/06/26	02/03/26	03/03/26	04/07/26	05/05/26	06/02/26	07/07/26	08/04/26	09/01/26	10/06/26	11/03/26	12/01/26
10	Independent Special Districts of Orange County Meeting - Quarterly	01/29/26	-	-	04/30/26	-	-	07/30/26	-	-	10/29/26	-	-
11	Orange County Local Agency Formation Commission (OC LAFCO)	01/14/26	02/11/26	03/11/26	04/08/26	05/13/26	06/10/26	07/08/26	08/12/26	09/09/26	10/14/26	11/11/26	12/09/26
12	Municipal Water District of Orange County (MWDOC) Board Meeting	01/21/26	02/18/26	03/18/26	04/15/26	05/20/26	06/17/26	07/15/26	08/19/26	09/16/26	10/21/26	11/18/26	12/16/26
13	Santiago Aqueduct Commission Meeting	-	-	03/19/26	-	-	06/18/26	-	-	09/17/26	-	-	12/17/26
14	Quarterly South Orange County Integrated Regional Watershed Management Executive Committee												
15	Monthly South Orange County Integrated Regional Watershed Management Executive Committee												
16	South Orange County Water Agencies Group Meeting*	01/27/26	-	03/24/26	-	05/26/26	-	07/28/26	-	09/22/26	-	11/24/26	-
17	Water Advisory Committee of Orange County	01/09/26	02/06/26	03/06/26	04/03/26	05/01/26	06/05/26	07/10/26	08/07/26	09/04/26	10/02/26	11/06/26	12/04/26
CONFERENCES													
18	ACWA Spring Conference - Sacramento, CA					05/05-05/07							
19	ACWA Fall Conference - Anaheim, CA												12/01 - 12/03
20	CSDA Annual Conference -Palm Desert, CA								08/24-08/27				
21	CSDA GM Leadership Summit - Newport Beach, CA						06/28 - 06/30						
22	CSDA SDLA Conference - San Diego, CA					05/11 - 05/14							
23	Colorado River Water User's Association (CRWUA) Annual Conference – Las Vegas, NV												12/09 - 12/11
24	Urban Water Institute (UWI) Annual Conference - San Diego, CA								08/19 - 08/21				
25	Urban Water Institute (UWI) Spring Conference - Indian Wells, CA		02/25-02/27										

LEGEND

District Observed Holiday - Reschedule Meeting
 *4th Tuesday of the Odd Numbered Month

FINANCIAL MATTERS

ITEM 3: DISTRICT FINANCIAL POLICY UPDATES – CASH RESERVES POLICY & DEBT MANAGEMENT POLICY

Background

Trabuco Canyon Water District (District) will periodically review and update financial policies due to regulatory requirements or financial strategies that require additional consideration.

Cash Reserves Policy (2025)

The Board of Directors adopted Resolution No. 2025-1350 which updated the District’s Cash Reserves Policy for the purpose of the identification or establishment of reserve funds, explains the purpose and size of each reserve, and provides an oversight of reserve fund management. Building and maintaining adequate reserves over time helps accomplish several important financial goals, including the ability to absorb economic downturns, compensate for reduced revenues from declines in water sales, be prepared for unanticipated large-scale expenses, to “smooth” rate adjustments from year to year, and to promote intergenerational equity to ratepayers. A properly designed reserve policy sends a positive signal to bondholders, rating agencies, and regulatory agencies that the District is committed to forward-looking financial management and financial sustainability.

Debt Management Policy (2022)

As part of the 2022 debt issuance, a Debt Management Policy was prepared to establish parameters for issuing and managing debt. The goals of the Policy are not only to ensure that the District properly manages cost of borrowing and risk through preserving and enhancing credit quality, but also to comply with applicable laws and reporting requirements. As stated in the Policy, the policy objectives relative to debt and financial-related activities are:

- a. Maintain cost-effective access to the capital markets through prudent fiscal management policies and practices;
- b. Minimize debt service commitments through effective planning and cash management;
- c. Protect the District’s creditworthiness and achieve the highest practical credit rating;
- d. Spread cost over the useful life of an asset;
- e. Smooth out annual cash flow by using debt financing to spread the cost of a project over a period of years;
- f. Optimize overall financial resources;
- g. Refinance outstanding obligations when appropriate to achieve debt service savings or for programmatic reasons;
- and
- h. Fully and timely repay all debt.

The District Treasurer has worked with staff and the District’s independent financial advisors Fieldman to identify areas of both policies that require updating to remain consistent with financial regulatory requirements and the District’s goals set by the Board of Directors. More information may be provided at the time of the meeting.

RECOMMENDED ACTION:

Committee to receive presentation at the time of the meeting and recommend the Board of Directors adopt the policy updates.

EXHIBITS:

- 1. Cash Reserves Policy Updates – Redline Version
- 2. Debt Management Policy Updates – Redline Version

CONTACTS (staff responsible): McKENNEY/PEREA/BERG



Cash Reserve Policy

Purpose

The Trabuco Canyon Water District (the District) cash reserve policy establishes reserve funds, explains the purpose and size of each reserve, and provides an oversight of reserve fund management. Through maintaining cash reserves, the District commits adequate funding for ongoing operating costs, capital infrastructure and unanticipated emergencies. A **properly designed prudent** reserve policy sends a positive signal to the community of ratepayers, bondholders, rating agencies and regulatory agencies, that the District is committed to forward-looking financial management and ensuring fiscal responsibility and financial sustainability. Reserve funds can provide intergenerational equity to ratepayers, meaning that ratepayers pay for services provided and used by them in the current period. Consistent with best practice in government water utilities, the District will utilize the cash reserve policy as a guide during the annual budget and financial planning procedures and will always strive to maintain sufficient reserve funds to meet targets set forth in this policy.

Policy

The policy establishes three (3) pools of cash reserve types, with the following individualized reserve levels:

1. **Unassigned Reserve Funds** are funds that have not been designated or legally restricted. The District will use unassigned reserve funds during day-to-day operations. This includes funds held in the District bank and investment accounts that are not legally restricted and have not been designated by Board action. There is no minimum target for unassigned reserve funds.
2. **Designated Reserve Funds** are designated by the Board for specific purposes. The District will establish designated reserves to ensure financial sustainability and to stabilize cash flow. The District can utilize these funds to meet short-term and long-term obligations, invest in capital infrastructure, smooth rates, absorb economic downturns or address unplanned emergencies. The Board of Directors will approve a transfer of designated reserve funds during the annual budget process, in which the Board will authorize the General Manager or



Trabuco Canyon Water District | Cash Reserve Policy
Board Approved

District Treasurer to execute a transfer of reserve funds on July 1st of the budgeted fiscal year. Designated reserve transfers outside of the annual budget process must be authorized by Board resolution. Unless otherwise stated in this cash reserve policy, interest derived from designated reserve balances will be considered unrestricted and unassigned in nature. The purposes, funding sources, targets, and uses of designated reserve funds are as follows:

Designated Reserve Fund	Purpose	Funding Source	Funding Levels	Use
Operating Reserve	Provide operating cash flow and rate-smoothing options	Excess Net Revenues over Expenses from Operations after operating expenses and <u>debt service</u> , interest earnings in the respective utility fund it was derived from	3 to 6 months operating expense budget plus 1-year of debt service , excluding the 2011 SRF Loan , Baker Treatment Plant wholesale expenses, and depreciation and amortization for the utility fund it is reserved for plus 1-year of debt service excluding the 2011 State Revolving Fund (SRF) Loan	Operating budget deficits, rate-smoothing and rate stabilization ongoing cash-flow needs
Capital Program Reserve	Provide funding for the Capital Improvement Program (CIP)	Excess Net Revenues over Expenses from Operations after operating expenses and <u>debt service</u> , interest earnings in the respective	Minimum equal to depreciation from audited financials, maximum equal to the annual average of the 10-Year CIP for the utility fund it	Capital Improvement Program pay-go expenses, Pre- payments on <u>outstanding capital-related debt</u>



Trabuco Canyon Water District | Cash Reserve Policy
Board Approved

	utility fund it was derived from	is reserved for budget	
<u>Rate Stabilization Fund</u>	<u>Appropriate funds as provided for in the 2024 Installment Purchase Agreement (IPA)</u>	<u>Net Revenues after operating expenses and debt service, interest earnings</u>	<u>The District shall review this annually and fund this reserve as provided for in the 2024 IPA</u> <u>The District will use amounts as provided for in the 2024 IPA</u>
<u>Special Purpose Fund</u>	<u>Appropriate funds as provided for in the 2024 IPA</u>	<u>Net Revenues after operating expenses and debt service, interest earnings</u>	<u>The District shall review this annually and fund this reserve as provided for in the 2024 IPA</u> <u>The District will use amounts as provided for in the 2024 IPA</u>
<u>Water Emergency Reserve¹</u>	Provide funding for unplanned events in the water utility fund	<u>ExcessNet Revenues over Expenses from Operations after operating expenses and debt service, interest earnings in the water utility fund</u>	<u>Minimum: 5% Min: 3% of water utility net capital assets net of depreciation Target: \$2,500,000 Max: 5% of water fund net capital assets</u> <u>Operating budget deficits, unplanned Unplanned repairs, emergency response, system compliance in the water utility fund</u>
<u>Wastewater Emergency Reserve¹</u>	Provide funding for unplanned events in the wastewater utility fund	<u>ExcessNet Revenues over Expenses from Operations after operating expenses and debt service, interest earnings in</u>	<u>Minimum Min: 3% of wastewater utility net capital assets Max: 5% of wastewater utility net capital assets net of depreciation</u> <u>Operating budget deficits, unplanned Unplanned repairs, emergency response, system compliance in the wastewater utility fund</u>



Trabuco Canyon Water District | Cash Reserve Policy
Board Approved

		the wastewater utility fund	Target: \$2,000,000	
Recycled Emergency Reserve¹	Provide funding for unplanned events in the recycled water system	Excess Net Revenues over Expenses from Operations after operating expenses and debt service, interest earnings in the recycled water utility fund	Minimum Min: 3% of recycled utility net capital assets Max: 5% of recycled water utility net capital assets net of depreciation Target: \$500,000	Operating budget deficits, unplanned Unplanned repairs, emergency response, system compliance in the recycled water utility fund

¹ The District may satisfy the emergency reserve minimum and maximum funding requirements through alternative sources, such as an existing unsecured line of credit, if approved by the Board.

3. **Restricted Reserve Funds** satisfy external requirements and restraints of agreements, creditors, grantors, or law. Restricted reserve funds shall be maintained in separate accounts and distinguished from unassigned reserves and designated reserves.

Restricted Reserve Fund	Purpose	Funding Source	Target	Use
Capital Loans Reserve Debt Proceeds	Debt-funded Capital Improvement Program (CIP) projects. <u>Establish a separate Reserve for each debt issuance.</u>	Proceeds from <u>each respective</u> debt issuance, interest earnings	No minimum target	Debt-funded <u>capital</u> projects



Trabuco Canyon Water District | Cash Reserve Policy
Board Approved

Capital Improvement Charge (CIC) Reserve	Fund water distribution and treatment facilities	Water utility fund impact fees from developers and, interest earnings	No minimum target	Future improvements to District water system capacity
Water Storage Facilities Reserve	Fund additional water storage capacity to meet storage and fire flow requirements	Water utility fund impact fees from developers and, interest earnings	No minimum target	Future improvements to District water storage facilities
Wastewater Capacity Fees Reserve	Fund future improvements to the District's wastewater infrastructure	Wastewater utility fund impact fees from developers and, interest earnings	No minimum target	Future improvements to District wastewater system
State Revolving Fund Loan Reserve	2011 State Revolving Fund Loan covenant compliance	Previously collected Water Reliability and Emergency Storage Fees, interest earnings	Total of remaining Annual payments on the 2011 State Revolving Fund SRF Loan	Payments toward the 2011 State Revolving Fund SRF Loan
Oaks at Trabuco Reserve	Protect the District from developer insolvency	Deposit with from developer of the Oaks at Trabuco, interest earnings	Reserve amount designated and investment invested per the agreement	Used if the developer becomes insolvent

Oversight and Reporting of Reserve Funds

Reserve levels are monitored throughout the fiscal year by the District Treasurer. The Treasurer will provide reporting of reserve fund levels to the Finance/Audit Committee of the Board of Directors each month. The Board of Directors can waive policy requirements under emergency appropriate circumstances.



[Trabuco Canyon Water District](#) | Cash Reserve Policy
[Board Approved](#)

Annual Review of Cash Reserve Policy

The cash reserve policy will be reviewed and updated annually during the budget process to ensure conformance with the District's strategic goals and objectives and updated as necessary in compliance with material changes in risk exposures, legal requirements, regulations, or standards.

TRABUCO CANYON WATER DISTRICT DEBT MANAGEMENT POLICY

The Debt Management Policy (“Debt Policy”) of the Trabuco Canyon Water District (“District”) was approved by the Board of Directors of the District (“Board”) on February 8, 2022. The Debt Policy may be amended by the Board as it deems appropriate from time to time in the prudent financial management of the District.

Debt, properly issued and managed, is a valuable funding resource for the District. It assists in the District’s efforts to allocate limited resources, to provide the highest quality of service to the public, and when used appropriately and prudently, can minimize the District’s utility rates and charges over time.

1. PURPOSE

1.1 The purpose of this Debt Management Policy (“Debt Policy”) is to establish and maintain parameters for issuing and managing debt, provide guidance as to types and amounts of permissible debt and methods of sale to be used, articulate policy goals, demonstrate a commitment to long-term capital and financial planning, and promote objectivity in the District’s decision-making process.

1.2 The goals of the Debt Policy are to ensure that the District maintains a sound debt position that achieves the most advantageous cost of borrowing commensurate with prudent levels of risk, preserve and enhance credit quality and ratings assigned to its debt, and is intended to comply with law, including California Government Code Section 8855 and the California Debt and Investment Advisory Commission (“CDIAC”) guidance, to ensure all debt issuances are consistent and all required reports are submitted to CDIAC on time.

2. POLICY OBJECTIVES

2.1 The primary objectives of the District’s debt and financial-related activities are to:

- a. Maintain cost-effective access to the capital markets through prudent fiscal management policies and practices;
- b. Minimize debt service commitments through effective planning and cash management;
- c. Protect the District’s creditworthiness and achieve the highest practical credit rating; if such is necessary to proceed with the recommended financing;
- d. Spread cost over the useful life of an asset;
- e. Smooth out annual cash flow and mitigate rate impacts by using debt financing to spread the cost of a project over a period of years;
- f. Optimize overall financial resources;

- g. Refinance outstanding obligations when appropriate to achieve debt service savings or for programmatic reasons; and
- h. Fully and timely repay all debt.

2.2 The Debt Policy is an integral component of the District's overall financial practices and capital-intensive expenditure plan. The issuance of debt must be generally consistent with the District's planning goals, capital improvement programs, and budget. The issuance of debt must be designed to assure sufficient resources to fund all of the District's operating and capital requirements in all reasonably foreseeable circumstances.

3. SCOPE AND DELEGATION OF AUTHORITY

3.1 Overall policy direction of this Debt Policy is provided by the District's Board. The General Manager and Treasurer or designee implement the Debt Policy and have day-to-day responsibility for structuring, implementing, and managing the District's debt and finance program. The General Manager and Treasurer or designee will use these guidelines to review and report to the Board any long-term debt implications, including cost of borrowing, historical interest rate trends, ~~credit enhancement~~ availability capacity, opportunities to refund existing debt obligations, and other financial considerations. This Debt Policy requires that the Board specifically authorize each debt financing.

3.2 While adherence to this Debt Policy is required in certain circumstances, the Board recognizes that changes in the capital markets, District programs, and other unforeseen circumstances may from time to time produce situations that are not covered by the Debt Policy and will require modifications or exceptions to achieve policy goals. In these cases, management flexibility is appropriate, upon obtaining specific authorization from the Board.

4. STANDARDS FOR USE OF DEBT FINANCING-

In financial planning, the District will evaluate the use of various alternatives including current year funding of capital projects through rates and other revenue, various forms of debt financing, use of reserves, and inter-fund borrowing if available and appropriate. The District will utilize the most advantageous financing alternative, balancing the goals of long-term cost minimization, risk exposure, and compliance with generally accepted ratemaking principles. The District's debt management program will consider debt issuance where public policy, equity, general ratemaking principles, economic efficiency, and compliance with long-term financial planning parameters favor financing over cash funding.

3.34.1 Use and Timing of Debt

- a. The District will utilize debt financing as an appropriate approach to fund long-term capital improvements and ensure that existing and future users pay their fair share of infrastructure costs. Long-term improvements include the acquisition and/or construction of land, facilities, infrastructure, and enhancements or expansions to existing facilities. Debt may be issued to fund the planning, pre-design, design, land and/or easement acquisition,

construction and related fixtures, equipment and other costs as permitted by law. The District will not issue debt to fund operating needs.

- b. The General Manager ~~and Treasurerer-designee~~ will periodically evaluate the District's existing debt and execute re-financings or prepayment (refunding) when economically beneficial. A refinancing may include the issuance of bonds or other obligations to refund existing bonds or other obligations. Debt may only be issued upon Board authorization and when the District has pledged appropriated sufficient funds to pay the obligation of principal and interest.

3.44.2 Credit Rating and Quality

- a. The District will seek to maintain the highest possible credit ratings that can be achieved for debt instruments without compromising rate payer affordability. To enhance creditworthiness, the District is committed to prudent financial management, systematic capital planning, and long-term financial planning.
- b. All District debt management activities for new debt issuances will be conducted in a manner conducive to receiving the highest credit ratings possible consistent with the District's debt management objectives.

3.54.3 Rebate Policy. The District will develop a system of reporting interest earnings and rebates that complies with the Internal Revenue Code requirements relating to rebate, yield limits, and arbitrage. The District will accurately account for all interest earnings in debt-related funds to ensure that the District is compliant with all debt covenants and with State and Federal laws. The District will invest funds in accordance with the investment parameters set forth in each respective bond indenture, and as permitted by the District's Investment Policy.

3.64.4 Joint Powers Authorities & Conduit Financing. For the purpose of debt financing, the District may participate in a joint powers authority with one or more other eligible entities pursuant to Section 6500 of the California Government Code if deemed advantageous and appropriate and approved by the Board.

4.5. DEBT MANAGEMENT

4.45.1 There are no specific provisions within the California Government Code that limit the amount of debt that can be issued by the District. The District will provide periodic reviews of its financial performance and evaluate its performance relative to the financial policies outlined in this Debt Policy. Necessary appropriations for annual debt service requirements will be routinely included in the District's budget.

4.25.2 The District will issue debt only in the case where there is an identified source of repayment. Debt will be issued to the extent that (1) projected revenues are sufficient to pay for the proposed debt service together with existing debt service covered by such existing revenues, or (2) additional revenues or savings have been identified as a source of repayment in an amount sufficient to pay for the proposed debt. The proceeds of any debt obligation shall be expended only for the purpose for which it was authorized. Debt will be structured for the shortest period

possible, consistent with a fair allocation of costs to current and future users. Borrowings by the District will be of a duration that does not exceed the projected useful life of the improvement that it finances, ~~and where feasible, should be shorter than the projected economic life.~~

4.35.3 The District may issue debt on a fixed or variable interest rate basis. Fixed rate securities enhance budget predictability through the life of the securities and can be advantageous in a low interest rate environment. When appropriate, the District may choose to issue securities that pay a rate of interest that varies according to a predetermined formula or results from a periodic remarketing of the securities. Variable rate debt, if any, should not exceed 25% of total outstanding debt. It may be appropriate to issue short-term or long-term variable rate debt to diversify the District's debt portfolio, reduce interest costs or provide interim funding for capital projects.

4.45.4 The proceeds of bond sales will be invested until used for the intended project(s) in order to maximize utilization of the public funds. The investments will be made to obtain the highest level of safety of principal. The District's Debt Policy, Investment Policy, and the specific bond indentures govern objectives and criteria for investment of bond proceeds.

4.55.5 The General Manager ~~and Treasurer or designee~~ will monitor dedicated debt service reserve fund balances, if any, and periodically review and recommend on the advisability of prepayment or refunding of related debt with the Board. A potential refunding will be assessed in combination with any new capital projects requiring financing, and the benefits of the refunding will be evaluated in relation to its costs and risks.

5.6. TYPES OF DEBT

5.16.1 The following types of debt are allowable under this Debt Policy, subject to applicable law including Government Code Section 8855(i)(1)(B), and the District's statutory authority to issue debt:

- a. General obligation bonds
- b. Commercial paper
- c. Bond or grant anticipation notes
- d. Lease revenue bonds, certificates of participation, and lease-purchase transactions
- ~~d.e.~~ Revenue bonds issued through Joint Powers Authorities
- e.f. Other revenue bonds, including private placement obligations
- f.g. Tax and revenue anticipation notes
- g.h. Land-secured financings

~~h.i.~~ Refunding obligations

~~i.j.~~ State revolving fund or other government loans

~~j.k.~~ Lines of credit

~~k.l.~~ Letters of credit

~~5.26.2~~ The Board may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment to this Debt Policy.

~~6.7.~~ METHOD OF SALE/ISSUANCE-

The District will select the method of sale that best fits the type of bonds being sold, market conditions, and the desire to structure bond maturities to enhance the overall performance of the entire debt portfolio. Three general methods exist for the sale of municipal bonds, each requiring Board approval. A recommendation regarding the proposed method of sale shall be prepared by the General Manager or Treasurer~~or designee~~ and provided to the Board prior to the proposed issuance.

~~6.47.1~~ Competitive Sale-

Bonds will be marketed to a number of prequalified underwriting firms. The underwriter is selected based on the best bid for the District's securities, i.e., highest price/lowest yield. The District will award the sale of the competitively sold bonds on a true interest cost basis. The District's General Manager or Treasurer~~or designee~~ or Board President are hereby authorized to sign the bid form on behalf of the District fixing the interest rates on bonds sold on a competitive basis.

~~6.27.2~~ Negotiated Sale

The Board approves selection of the underwriter, or team of underwriters, of its securities in advance of the bond sale. The General Manager and Treasurer~~or designee~~ works with the underwriter to bring the issue to market and negotiates all rates and terms of the sale. In advance of the debt issuance, the Board will determine compensation for and liability of each underwriter employed and the designation rules and priority of orders under which the sale will be conducted. The District's General Manager or ~~designee-Treasurer~~ or the Board President are hereby authorized to sign the bond purchase agreement on behalf of the District.

~~6.37.3~~ Direct Purchase/Private Placement

The District may elect to issue debt through a direct purchase with a bank counterparty or on a private placement basis. Such methods of sale shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance. Private placement financing shall also be considered if it is determined that access to the public market is limited and timing considerations require that a financing be completed.

7.8. CRITERIA FOR ISSUING DEBT

7.18.1 The General Manager ~~and Treasurer or designee~~ will evaluate the need for issuing debt, taking into consideration the anticipated capital program and long-term rate projections. The purpose and policy objectives of this Debt Policy will be factored into the decision-making process. Projects will only be financed if the District has the ability to repay the debt and fund appropriate operations and maintenance costs for the asset. The repayment period for any debt must not exceed the anticipated useful life of assets and improvements funded by the debt.

7.28.2 If incurring debt is the best option for funding a particular project, the following criteria will be used to determine the optimum debt structure:

- a. The term, repayment structure, and interest rate mode must ensure other financial objectives are met.
- b. The type of debt instrument will generally, but not necessarily, be optimized to achieve the lowest net present value cost. The District reserves the right to utilize a structuring that does not necessarily result in the lowest net present value cost, provided it aligns with other strategic objectives.
- c. Any conditions for the debt must not place undue burdens or obligations on the District.

7.38.3 If the General Manager ~~and Treasurer or designee~~ determines the use of debt is appropriate, then a report will be provided to the Board that: (1) describes the intended use of the financial proceeds; (2) recommends a specific type of debt, including duration, type, interest rate characteristics, call features, credit enhancement, or financial derivatives to be used in the transaction; and (3) presents the impact of the bonds on the District's forecasted rates based on the anticipated maturity schedule.

8.9. REFINANCING/REFUNDING EXISTING DEBT

The District will periodically evaluate any outstanding bond issues for refunding opportunities and will bring it to the attention of the Board those opportunities that are in the District's interest. A debt refinancing or refunding will be deemed to be in the District's interest if the net present value savings as a percentage of the refunded par amount is at least 3% for any current refunding transaction and 5% for any advance refunding transaction. Reports to the Board shall describe anticipated savings and the structure of refunding and refunded debt, and any refunded transaction executed will be followed with a report on actual savings.

9.10. RELATIONSHIP OF DEBT TO CAPITAL IMPROVEMENT PROGRAM

The District shall integrate its debt issuances with the goals of its Capital Improvement Program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes and are consistent with the rate and financial planning parameters specified in the District's long-term financial plans.

40.11. CREDIT ENHANCEMENTS

Credit enhancement may be used to improve or establish a credit rating on a District debt obligation. Types of credit enhancements include letters of credit, bond insurance, or surety policies. The District may consider the use of credit enhancement on a case-by-case basis, evaluating the economic benefit versus the cost for each case. Only when a clearly demonstrable saving or other measurable advantage can be shown will enhancement be considered and authorized.

41.12. PROFESSIONAL SERVICES

41.12.1 Selection of Finance Team Members. The General Manager and Treasurer or designee will make recommendations for all financing team members, with the Board providing the final approval. Financing team members may include a financial advisor, bond counsel, disclosure counsel, and underwriter. Selection of those financing team members shall be in accordance with District policies.

41.212.2 Financial Advisor

The District may utilize a financial advisor to assist in its debt issuance and debt administration process as is deemed prudent and necessary by the General Manager and Treasurer and in compliance with Municipal Securities Rulemaking Board regulations. This assistance includes advising on the best type of debt instrument to use, the merits of the various methods of sale, and assessing whether refunding opportunities exist. The financial advisor will assist staff in selecting the rest of the finance team members, developing and coordinating the overall financial schedule, structuring the financing, and assisting with the review of the District's legal and disclosure documents.

41.312.3 Bond Counsel

The District will retain bond counsel for all debt issues. The General Manager and Treasurer or designee with input from General Counsel shall make a recommendation to the Board for approval of bond counsel for each issuance.

Bond counsel will prepare the necessary authorizing resolutions, agreements, and other documents necessary to execute the financing. The District's debt issuances will include a written opinion by bond counsel affirming that the District is authorized to issue the proposed debt and that the District has met all constitutional and statutory requirements necessary for issuance and a determination of the proposed debt's federal income tax status. The approving opinion and other documents relating to the issuance of debt will be prepared by bond counsel with extensive experience in public finance and tax issues.

41.412.4 Disclosure Counsel

For transactions that are publicly sold, the District will retain disclosure counsel to assist with preparing the required disclosure documents, including the Official Statement. The District may utilize a separate firm as disclosure counsel as it deems necessary. If cost effective and in the best interest of the District, bond counsel may also serve as disclosure counsel.

11.512.5 Underwriter

For negotiated sales, the District will generally select or pre-qualify underwriters through a competitive process. This process may include a request for proposal or qualifications to all firms considered appropriate for the underwriting of a particular issue or type of bond. The General Manager ~~and Treasurer or designee~~ will recommend the appropriate method to evaluate the underwriter submittals and then select or qualify firms on that basis. Final [selection of](#) underwriters will require Board approval. The District will have the right to select a senior manager for a proposed negotiated sale, as well as co-managers and selling group members, as appropriate.

11.612.6 Conflict of Interest Disclosure by Finance Team Members

All finance team members will be required to provide full and complete disclosure, relative to agreements with other financing team members and outside parties. The extent of the disclosure may vary depending on the nature of the transaction. However, generally, no agreements will be permitted which could compromise the firm's ability to provide independent advice that is solely in the District's best interest to the extent the firm's role involves a duty to do so, or which could reasonably be perceived as a conflict of interest.

12.13. INTERNAL CONTROL PROCEDURES

Pursuant to Government Code 8855(i)(1)(E), the District will maintain all debt-related records according to the District's Document Retention Policy. The District will maintain internal controls to ensure compliance with the Debt Policy, all debt covenants and any applicable Federal and State law, including but not limited to the following: initial bond disclosure, continuing disclosure, tax- exemption, post-issuance compliance, investment of bond proceeds, and annual reporting to CDIAC.

[Prior to approving the issuance of any debt, the District shall comply with Government Code Section 5852.1 by disclosing specified good faith estimates in a public meeting prior to the authorization of the issuance of debt.](#)

13.14. INITIAL AND CONTINUING DISCLOSURE COMPLIANCE

The District will submit a Report of Proposed Debt Issuance to CDIAC that also certifies it has adopted a debt [management](#) policy concerning the use of debt and that the proposed debt issuance is consistent with those policies no later than 30 days prior to the sale of any debt issue, in accordance with Government Code Section 8855(i). Not later than 21 days after the sale of the debt, the District will submit a Report of Final Sale to CDIAC with a copy of the final Official Statement or other required documents, in accordance with Government Code Section 8855(j). For any issue that has submitted a Report of Final Sale, the District will also submit an annual report covering its fiscal year no later than seven (7) months after the end of the reporting period, containing the information set forth in Government Code Section 8855(k). The District may engage a third-party consultant to ensure compliance with this ongoing reporting requirement.

The District will meet secondary disclosure requirements and remain in compliance with SEC Rule 15c2-12 addressing continuing disclosure obligations. The General Manager ~~and Treasurer or designee~~ shall be responsible for providing ongoing disclosure information to the

Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, the central depository designated by the SEC for ongoing disclosures by municipal issuers. The District will annually provide required financial information and operating data no later than the required due date, following the end of the District's fiscal year, and will provide timely notice of certain enumerated events with respect to the bonds, if material, as defined in the District's bond covenants. The District may engage a third-party consultant to ensure compliance with this ongoing reporting requirement.

14.15. DEBT MANAGEMENT POLICY REVIEW AND ADOPTION

~~The General Manager or designee shall have the authority to make non-substantive updates to this Policy as needed. The Debt Policy shall be reviewed by the Board annually, and a~~Any updates regarding changes to law or SEC rules will be presented for approval and adoption by the Board. The Board may waive aspects of this policy in connection with individual financings if the Board determines such waiver to be in the best interest of the District.

~~###~~

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | MARCH 12, 2026**

FINANCIAL MATTERS

ITEM 4: DISCUSSION CONCERNING CHANGING DISTRICT BANKING SERVICES

Background

Periodically, Trabuco Canyon Water District (District) reviews its banking services to ensure the level of services meets the District’s financial goals. In January 2013, the Board of Directors adopted Resolution 2013-1182 (attached) which authorized changing general banking services to Bank of the West.

In 2023, Bank of the West was acquired by BMO U.S., and all banking services were transitioned to their corporation. There have been certain challenges associated with the initial transition and subsequent banking customer service-related matters over the three years with BMO U.S.

In 2026, District staff performed interviews with three prospective banks for the purpose of transitioning all banking services to a new provider. The banks interviewed were as follows:

- Banc of California
- California Bank of Commerce
- Five Star Bank

The interview process with each banking institution included a review of the following:

- pricing & fee structures
- fraud protection & internal controls
- banking portal functionality & operation
- typical implementation & onboarding
- customer service & account management
- line of credit options
- money market fund return

After a careful review of the proposals submitted by each bank, District staff recommends a change in District banking services by resolution at the regular meeting. More information may be provided at the time of the meeting.

RECOMMENDED ACTION:

Committee to receive presentation at the time of the meeting and provide direction as deemed appropriate.

EXHIBITS:

1. Resolution No. 2013-1182 – Resolution of the Board of Directors of the Trabuco Canyon Water District Authorizing Actions with Respect to District General Banking Services, Approving Certain Actions by District Treasurer and Staff In Such Regard, Agreements Approving Certain Documents for Such Services and Taking Related Actions

CONTACTS (staff responsible): McKENNEY/PEREA/BERG

RESOLUTION NO. 2013-1182

RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRABUCO CANYON WATER DISTRICT AUTHORIZING ACTIONS WITH RESPECT TO DISTRICT GENERAL BANKING SERVICES, APPROVING CERTAIN ACTIONS BY DISTRICT TREASURER AND STAFF IN SUCH REGARD, AGREEMENTS APPROVING CERTAIN DOCUMENTS FOR SUCH SERVICES AND TAKING RELATED ACTIONS

WHEREAS, the Trabuco Canyon Water District ("District" or "TCWD") is a county water district organized and operating pursuant to Water Code Sections 30000 and following; and

WHEREAS, TCWD requires certain banking and cash management services for its fiscal requirements and to meet TCWD and customer needs; and

WHEREAS, TCWD has undertaken to request proposals for certain banking and cash management services and TCWD's Treasurer and staff, based on such proposals, and review of the qualifications of various proposing entities, has recommended Bank of the West to provide such services to TCWD; and

WHEREAS, this Board has received copies of the Bank of the West proposal and other information concerning such banking and cash management services; and

WHEREAS, the Board deems it appropriate to designate the TCWD officers and staff members who have certain delegated rights and responsibilities in connection with such banking and cash management services, to include TCWD's Treasurer; and

WHEREAS, based on such recommendation and information provided to this Board, and the requirements of Bank of the West, TCWD's Board of Directors ("Board") has determined to adopt this Resolution to provide for such banking and cash management services, to authorize certain actions by the Treasurer and to designate TCWD staff to take certain related actions.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TRABUCO CANYON WATER DISTRICT HEREBY RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS:

Section 1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference.

Section 2. **Authorization for Certain Banking and Cash Management Services Agreement(s).** The District Treasurer and General Manager are authorized to enter into an agreement(s) with Bank of the West to provide certain banking and cash management services as described in TCWD's request for proposals and the form(s) presented to this Board. The Board President, Board Secretary, General Manager and Treasurer (each a "Designated Officer"), are hereby authorized and directed, for and in the name and on behalf of the District, to execute,

acknowledge and deliver an agreement(s) for such banking and cash management services with Bank of the West (“Bank”) in such form(s) as such Designated Officers shall determine, with changes that the Designated Officers, or any of them may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Authorization for Management of Cash Management Services.

(a) The following individuals whose names, titles and signatures appear below (“Authorized Representatives”) are each appointed and delegated authority by the Board to direct the Bank with respect to the funds and cash management services of the District conducted by, or held with, the Bank, any one of whom acting alone shall be authorized to direct the Bank with respect to deposits to such fund(s), and any two of whom acting together shall be authorized to direct the Bank with respect to transfers or withdrawals from such fund(s), and to administer the fund(s) consistent with the foregoing and the District’s financial policies and directives, until such Authorized Representative(s) resign, or their respective successor(s) is/are appointed by the Board:

<u>Name</u>	<u>Title</u>	<u>Sample Signature</u>
Hector Ruiz	General Manager	
Michael Perea	Administrative Services Manager	
Ed Mandich	Board President	

(b) The Treasurer, with the counter-signature of the General Manager, is authorized to designate, in writing, additional TCWD employees, from time to time, who may be authorized to undertake other cash management actions with the Bank, or otherwise give instructions to the Bank regarding TCWD’s cash management service(s) (as shall be set forth in such designation). Such designation(s) shall be provided to the Bank and kept on file with TCWD.

Section 4. Authority for Management of Cash Management Services. The Board hereby finds and determines that it has full power and lawful authority to adopt this Resolution and to confer the powers therein granted to the Designated Officers and Authorized Representatives named therein, and that such persons have full power and authority to exercise the same.

Section 5. Additional Authority. The authority conferred herein is in addition to any

other authorizations of the Designated Officers and Authorized Representatives otherwise conferred by the District and this Board now in effect. Such authorizations shall remain in force until otherwise directed by the District or this Board and notice of such shall be transmitted to the Bank in a timely manner thereupon. The Bank may rely upon the directives of this Resolution until such time as notice of such change(s) has been provided to the Bank as set out in the agreement(s) with the Bank.

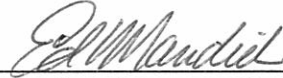
Section 6. **Other Actions.** Subject to the foregoing, the District's Treasurer, General Manager and other District officers and staff and District consultants and legal counsel are hereby authorized and directed to take all necessary and appropriate actions as may be required or desirable to carry out the directives of this Resolution.

Section 7. **Effective Date.** This Resolution shall be effective upon adoption.

[Remainder of this page is blank]

ADOPTED, SIGNED, and APPROVED this 16th day of January, 2013.

TRABUCO CANYON WATER DISTRICT:



President/Vice President



District Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, Michael Perea, District Secretary of the Trabuco Canyon Water District, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2013-1182 of such Board and that the same has not been amended or repealed.

Dated this 16th day of January, 2013.



District Secretary,
Trabuco Canyon Water District

FINANCIAL MATTERS

ITEM 5: DISCUSSION CONCERNING AMENDING THE DISTRICT'S CONTRACT WITH CALPERS FOR PENSION COST SHARING

Background

Since 1998, Trabuco Canyon Water District (District) has contracted with the California Public Employees' Retirement System (CalPERS) for employee pension benefits. In February 2026, the Board of Directors and the International Brotherhood of Electrical Workers (IBEW) finalized and approved a Memorandum of Understanding (MOU) for represented employees.

One of the provisions of the recently adopted MOU is the phase-out of the District paying for the Employer Paid Member Contributions (EPMC) for employees that are Classic CalPERS members (Article 25.3) as follows:

For all CalPERS "Classic" employees, TCWD currently pays the employee share of retirement contributions, at a rate of 8% of annual salary per year. Implementation will begin when both parties have approved and ratified the agreement. Classic employees will have their salaries increased by 3% and TCWD's contribution to CalPERS for that employee will be reduced by that same 3%. For the second year, Classic employees will have their salaries increased by 3% and TCWD's contribution to CalPERS for that employee will be reduced by that same 3%. In the third year, Classic employees will have their salaries increased by 2% and TCWD's contribution to CalPERS for that employee will be reduced by that same 2%. By doing so, it is the intent of the Parties that at the end of the three-year period, that each Classic employee will have had an 8% salary increase, and a reduction to zero of TCWD's employee contribution to CalPERS.

According to CalPERS, the District's pension contract with CalPERS needs to be amended in order to implement this change. District staff have coordinated with CalPERS staff to facilitate this contract amendment consistent with the MOU which requires the adoption of a resolution that rescinds the EPMC payment by the District and transitions responsibility to employees over the three-year period. A draft copy of the proposed resolution (attached) has been provided to CalPERS for their review. More information may be presented at the time of the meeting.

RECOMMENDED ACTION:

Recommend the Board of Directors adopt Resolution No. 2026-1364 – Resolution of the Board of Directors of the Trabuco Canyon Water District Amending Employer Paid Member Contributions (EPMC) Under CalPERS and Establishing A Three-Year Phase-Out (Action Calendar).

EXHIBITS:

1. DRAFT Resolution No. 2026-1364

CONTACTS (staff responsible): McKENNEY/PEREA/BERG

RESOLUTION NO. 2026-1364

RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRABUCO CANYON WATER DISTRICT AMENDING EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) UNDER CALPERS AND ESTABLISHING A THREE-YEAR PHASE-OUT

WHEREAS, the Trabuco Canyon Water District (“District”) is a contracting agency of the California Public Employees' Retirement System (“CalPERS”) pursuant to the California Government Code; and

WHEREAS, the contract between the Board of Administration of the Public Employees' Retirement System and the Board of Directors of the Trabuco Canyon Water District was effective January 1, 1998 with a 2.0% at 60 formula and the District paid the member contributions on behalf of the employee; and

WHEREAS, the contract between CalPERS and the District was amended effective July 1, 2001 from a 2.0% at 60 formula to a 2.0% at 55 formula and the District paid the member contributions on behalf of the employee; and

WHEREAS, the contract between CalPERS and the District was amended effective December 1, 2006 from a 2.0% at 55 formula to a 2.5% at 55 formula and the District paid the member contributions on behalf of the employee; and

WHEREAS, the District previously adopted a resolution (Resolution No. 2008-1103) on November 19, 2008, providing for the employer pick-up of the Employer Paid Member Contributions (“EPMC”) pursuant to Government Code section 20691 and restated the District’s payment of employee contributions to CalPERS consistent with Section 11 of the adopted contract with CalPERS; and

WHEREAS, the current EPMC provided by the District equals eight percent (8%) of reportable compensation for eligible employees; and

WHEREAS, the District and International Brotherhood of Electrical Workers (IBEW) have met and conferred in good faith regarding modification of EPMC, as required by the Meyers-Milias-Brown Act, where applicable; and

WHEREAS, the District Board of Directors finds that a phased reduction of EPMC for both IBEW-represented and unrepresented employees that are Classic CalPERS members is fiscally prudent and in the best interests of the District and its ratepayers.

NOW, THEREFORE, BE IT RESOLVED:

The Board of Directors of Trabuco Canyon Water District hereby ratifies and authorizes the historical EPMC reporting from 1998 to present; rescinds Resolution No. 2008-1103; and approves the following actions:

Section 1. Reduction of Employer Paid Member Contributions

Effective as set forth below, the District's Employer Paid Member Contributions (EPMC) shall be reduced in the following progressive schedule:

1. **Effective [April 1, 2026 – Year 1]**

EPMC shall be reduced by **3%**, resulting in District payment of 5% of the member contribution.

2. **Effective [January 1, 2027 – Year 2]**

EPMC shall be reduced by an additional **3%**, resulting in District payment of 2% of the member contribution.

3. **Effective [January 1, 2028 – Year 3]**

EPMC shall be reduced by a final **2%**, resulting in **0% EPMC**.

Thereafter, employees shall pay 100% of their required member contributions.

Section 2. Member Contributions

Beginning on each effective date above, employees shall pay the corresponding increased portion of the required member contribution directly through payroll deduction on a pre-tax basis pursuant to Internal Revenue Code section 414(h)(2), unless otherwise required by law.

Section 3. Implementation

The General Manager (or designee) is authorized and directed to:

- Execute and submit all required documentation to CalPERS.
- Notify affected employee groups.
- Take all actions necessary to effectuate this Resolution.

Section 4. Supersession

To the extent this Resolution conflicts with any prior EPMC resolution, this Resolution shall control effective on the dates specified above.

Section 5. Severability

If any provision of this Resolution is found invalid, such invalidity shall not affect the remaining provisions.

The remainder of this page is blank

ADOPTED, SIGNED AND APPROVED on March 18, 2026.

TRABUCO CANYON WATER DISTRICT

By: _____

President/Vice President

By: _____

District Secretary

DRAFT

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | MARCH 12, 2026**

**FINANCIAL MATTERS
ITEM 6: FINANCIAL REPORT**

A) PRESENTATION OF PRELIMINARY UNAUDITED FINANCIAL STATEMENTS

RECOMMENDED ACTION:

Recommend that the Board receive and file the preliminary unaudited financial statements for January 2026 (Consent Calendar).

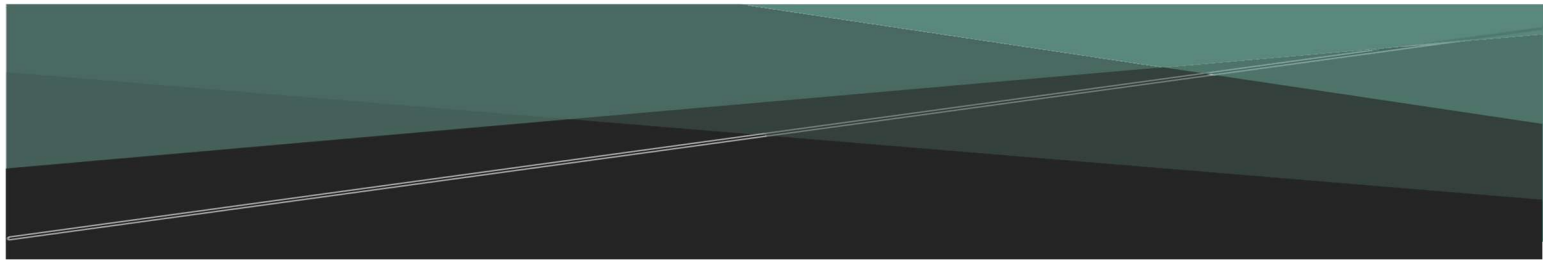
B) BILLS FOR CONSIDERATION

The total of the bills for consideration will be presented at the time of the March 12, 2026 Finance/Audit Committee Meeting.

RECOMMENDED ACTION:

Approve and ratify the bills for consideration and warrant register and recommend that the Board ratify payment of the Bills for Consideration for March 12, 2026 as presented (Consent Calendar).

CONTACTS (staff responsible): MCKENNEY/BERG/WARNER



Financial Reporting

January 2026

No assurance is provided on these financial statements. These statements do not include a statement of cash flows. All disclosures required by Generally Accepted Accounting Principles (GAAP) are not included.





**Trabuco Canyon Water District
Financial Analysis
January 2026**

CASH & INVESTMENTS

As of the reporting date, District cash and investments totaled \$10,773,848. More than two-thirds of the investment portfolio is invested in the California Cooperative Liquid Assets Securities System (CLASS) Prime Fund for the pool’s safety, liquidity, and a competitive yield. During January 2026, the estimated monthly return for the Local Agency Investment Fund (LAIF) outperformed CLASS by approximately 0.0148%. This spread remained consistent with the prior month. The District Treasurer will monitor the portfolio and update the investment allocations as necessary.

CASH FLOW HIGHLIGHTS

During the reporting month, the District’s cash position decreased \$676,011 from the prior month. The District paid for a construction progress payment on the Dimension Plant Transmission Main project totaling \$469K along with associated construction management services for November and December 2025, which are the primary contributors to the decrease in cash. The table below shows the primary categories of cash inflows and outflows:

<i>Cash Inflows</i>	Utility Payments	\$ 1,066,965
	Property Taxes	133,184
	OPEB Trust Reimbursements	-
	Investments	38,927
	Miscellaneous Receipts	4,443
	Total Inflows	1,243,518
<i>Cash Outflows</i>	Accounts Payable	1,464,700
	Payroll and Benefits	454,830
	Debt Service	-
	Miscellaneous Payments	-
		Total Outflows
	Net Cash Inflows / (Outflows)	\$ (676,011)

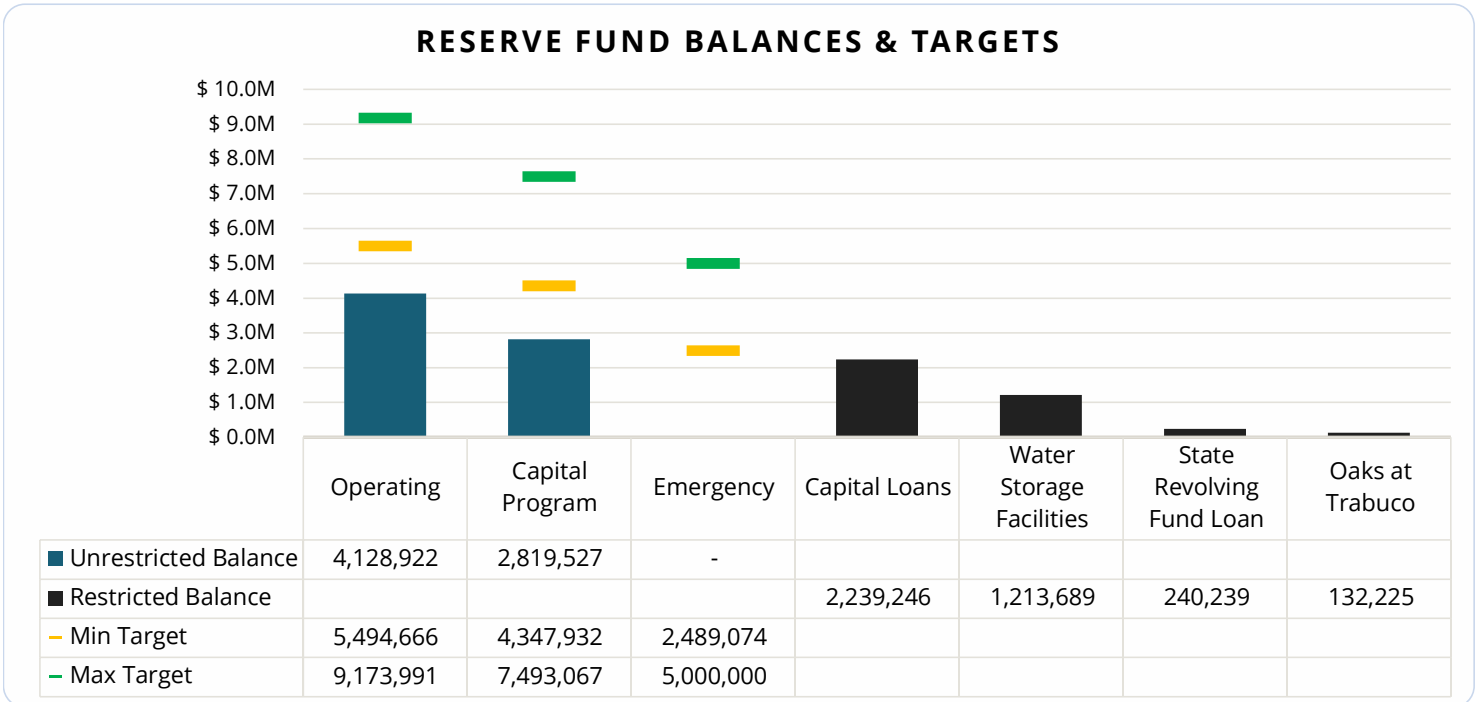
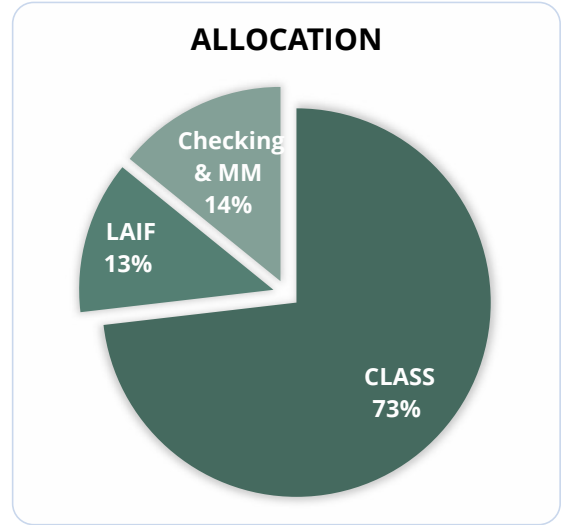
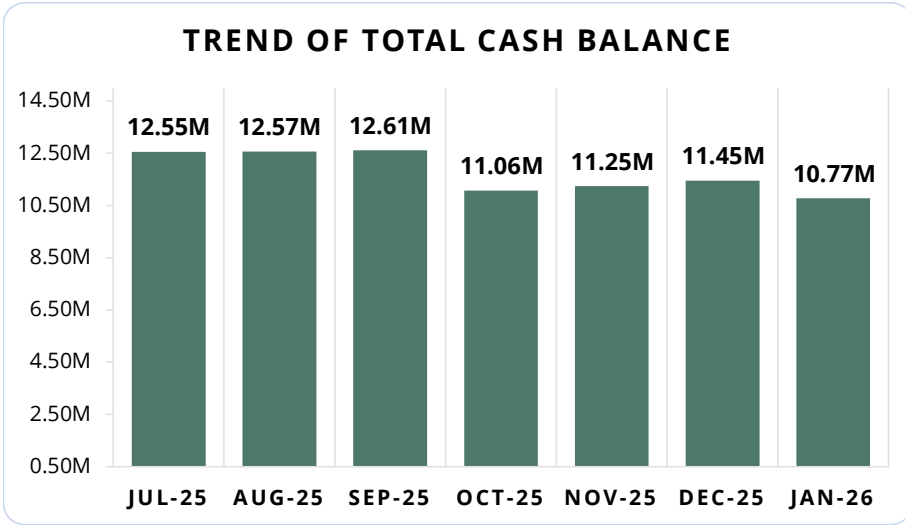
TOP 10 TOTAL VENDOR PAYMENTS

Accounts Payable activities represent the largest category of cash outflows for the District during the reporting month. The table below lists the top ten payments to vendors during the reporting month:

Top 10 Payments	Vendor	Operating / Capital	Description of Payments
\$469,291.45	T.E. ROBERTS INC	Capital	Progress payment on DWTP Transmission Main Phase 1B.
\$304,192.21	ADP	Operating	Employee payroll
\$222,773.17	IRVINE RANCH WATER DISTRICT	Operating	November 2025 emergency water deliveries
\$150,637.45	CALPERS	Operating	Employee retirement program
\$109,062.00	BUTIER ENGINEERING, INC.	Capital	Construction management for DWTP Transmission Main Phase 1A and 1B. (November and December)
\$93,123.86	MWDOC	Operating	November 2025 water, \$58.7K conservation framework technical assistance program
\$69,740.11	SOUTHERN CALIFORNIA EDISON	Operating	Power for District facilities
\$59,695.00	W.M. LYLES CO.	Operating	SCADA contract services
\$35,786.10	LONE STAR BLOWER, INC.	Capital	WW-40 WWTP Hoffman Blower Building
\$34,406.01	SUPERIOR ELECTRIC MOTOR SERVICE, INC	Capital	WW-48 Wastewater Pump Replacements (Lift Station)

Cash & Investments as of January 31, 2026

	Type	Rate	Par / Book		% Portfolio
			Value	Market Value	
Local Agency Investment Fund	LAIF	3.931%	\$ 1,366,992	\$ 1,369,974	12.7%
California Cooperative Liquid Assets Securities System	CLASS	3.783%	\$ 7,881,972	\$ 7,884,265	73.1%
BMO Checking	Checking	0.000%	\$ 1,284,644	\$ 1,284,644	11.9%
CB&T Money Market (SRF Loan Reserve)	Money Market	0.300%	\$ 240,239	\$ 240,239	2.2%
Total Cash & Investments			\$ 10,773,848	\$ 10,779,123	100.0%



Treasurer Certification

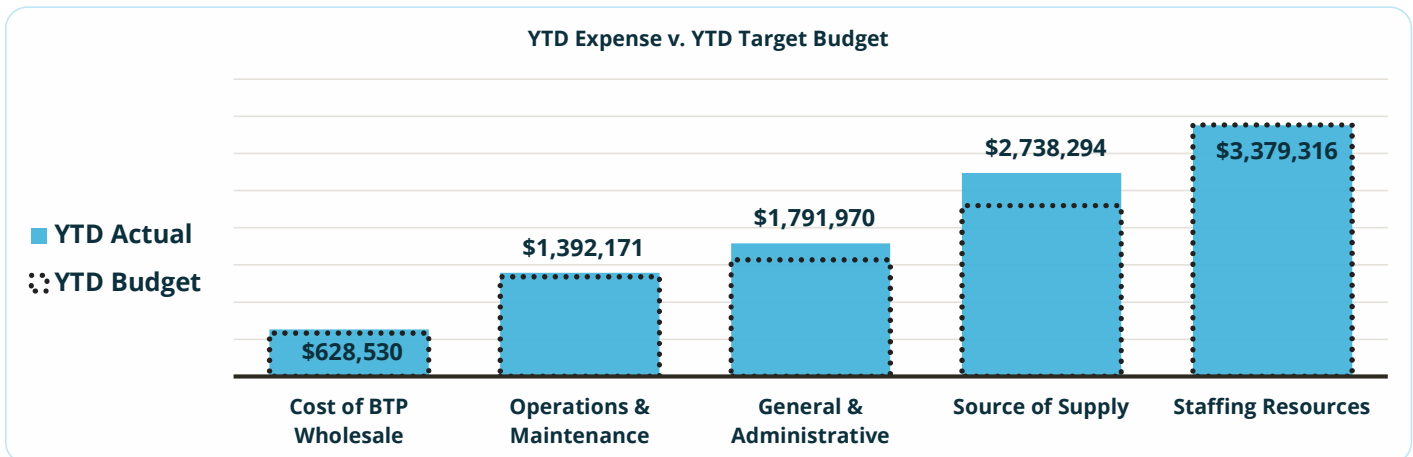
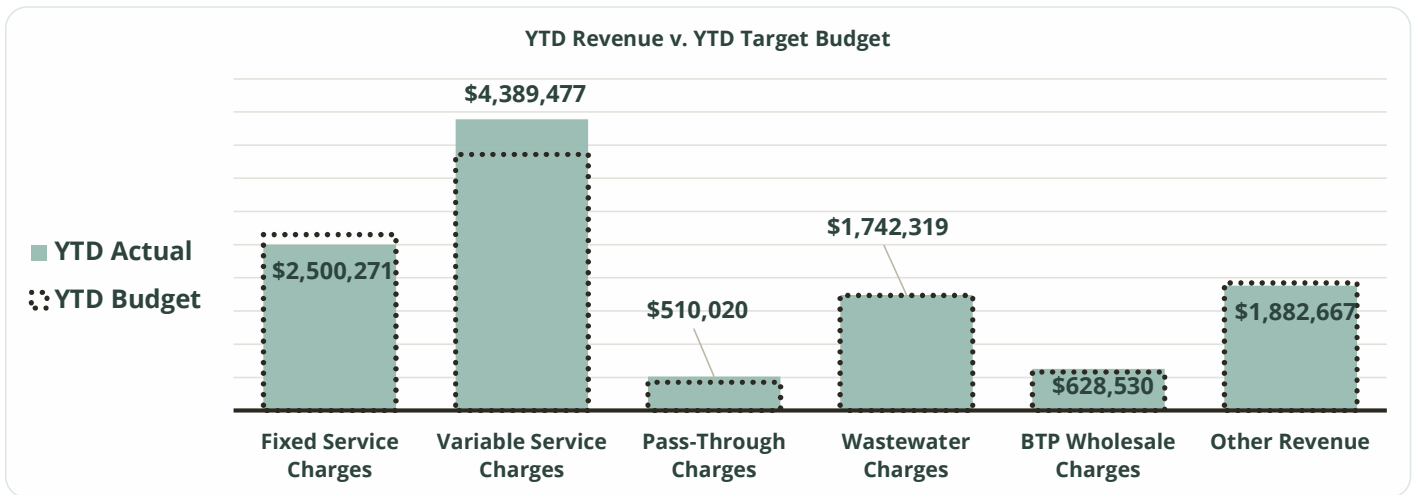
I certify that all investment actions executed since the last reporting period have been made in full compliance with the District's Investment Policy and the District is able to meet its expenditure obligations for the next six months.

Ian Berg, CPA
District Treasurer



Schedule A: Budget v. Actual Summary
January 2026

	A	B	C	D	E = C - B	F = B / C
	Jan 2026	Jan 2026	FY 2026	FY 2026	FY 2026	YTD % of
	Period	YTD	Mid-Year	Original	Remaining	Budget
	Actuals	Actuals	Budget	Budget	Budget	58.3%
1 Fixed Service Charges	\$ 364,907	\$ 2,500,271	\$ 4,547,500	\$ 4,499,900	\$ 2,047,229	▲ 55.0%
2 Variable Service Charges	383,784	4,389,477	6,616,700	6,386,300	2,227,223	66.3%
3 Pass-Through Charges	53,323	510,020	728,500	870,800	218,480	70.0%
4 Wastewater Charges	250,197	1,742,319	2,973,200	2,973,200	1,230,881	58.6%
5 BTP Wholesale Charges	194,791	628,530	997,100	1,493,900	368,570	63.0%
6 Other Revenue	234,343	1,882,667	3,299,000	3,370,400	1,416,333	57.1%
7 Total Revenue	1,481,344	11,653,285	19,162,000	19,594,500	7,508,715	60.8%
8 Source of Supply	329,228	2,738,294	3,937,400	3,674,900	1,199,106	▲ 69.5%
9 Cost of BTP Wholesale	194,791	628,530	997,100	1,493,900	368,570	▲ 63.0%
10 Staffing Resources	509,097	3,379,316	5,795,700	5,870,500	2,416,384	58.3%
11 Operations & Maintenance	216,919	1,392,171	2,296,100	2,296,100	903,929	60.6%
12 General & Administrative	230,049	1,791,970	2,688,100	2,652,900	896,130	▲ 66.7%
13 Total Expense	1,480,084	9,930,281	15,714,400	15,988,300	5,784,119	▲ 63.2%
14 Net Income / (Loss) from Operations	1,260	1,723,005	3,447,600	3,606,200	1,724,595	▲ 50.0%
15 Capital Loans Reserve	2,475,345	5,336,326	11,115,656	10,570,177	5,779,330	48.0%
16 Grant Proceeds for CIP	-	248,400	250,000	470,700	1,600	99.4%
17 Capital Improvement Program	(2,475,345)	(5,455,287)	(11,825,356)	(10,969,877)	(6,370,069)	46.1%
18 CIP Contingency	-	-	-	(1,097,000)	-	NA
19 Debt Service	-	(573,171)	(1,815,341)	(2,570,070)	(1,242,170)	31.6%
20 Net Change in Unrestricted Cash	\$ 1,260	\$ 1,279,274	\$ 1,172,559	\$ 10,130	\$ (106,715)	





**Trabuco Canyon Water District
Financial Analysis
January 2026**

SCHEDULE A: BUDGET V. ACTUAL SUMMARY

The District Financial Summary presents financial performance in comparison to the adopted budget for each major category. The current reporting period represents approximately 58% of the fiscal year.

- **Line 1 Fixed Service Charges** includes fixed charges to customers for Potable and Recycled Water service. The District implemented Recycled Water rates at 100% of the 2023 Cost-of-Service (COS) study rate plan for FY 2026 and Potable Water rates at 94.0% on July 1, 2025. Potable Water rates have been adjusted to 100% of the allowable rate as of January 1, 2026. Due to the semiannual rate adjustment schedule for Potable Water, this line should catch up to the expected budget by the end of the fiscal year.
- **Line 2 Variable Service Charges** includes volumetric charges for Potable and Recycled Water services. The District implemented Recycled Water rates at 100% of the 2023 Cost-of-Service (COS) study rate plan for FY 2026 and Potable Water rates at 94.0% on July 1, 2025. Potable Water rates have been adjusted to 100% of the allowable rate as of January 1, 2026. As of the reporting period, increased volumetric water consumption trends during the beginning of the fiscal year are offsetting the delayed timing of the Potable Water rate adjustments.
- **Line 3 Pass-Through Charges** includes Potable Water fixed and variable charges passed through to customers to recover wholesale water cost escalations beyond the assumptions included in the 2023 COS study. The Board adopted this pass-through rate provision during the last Proposition 218 process. Updated pass-through rates have been implemented as of January 1, 2026, based on updated wholesale water supply costs. As of the reporting period, volumetric water consumption has trended higher than expected.
- **Line 4 Wastewater Charges** include fixed and variable charges billed to customers for wastewater service. The District implemented Wastewater rates at 100.0% of the 2023 COS study rate plan on July 1, 2025.
- **Line 5 BTP Wholesale Charges** includes one-to-one reimbursement from the City of San Clemente for Baker Water Treatment Plant (BTP) water purchased from the District at Metropolitan Water District of Southern California (MET) untreated water rates, as well as a pro-rated share of maintenance cost reimbursements. The original adopted District budget included 1,113 AF of wholesale water sold and 87 AF of BTP water used for District supply. The mid-year budget was adjusted and assumed 743 AF in sales to San Clemente and 457 AF for District supply. As of the reporting period, the District has sold 522 AF to the City of San Clemente and used 179.7 AF to supply District customers.
- **Line 6 Other Revenue** includes property tax receipts, customer fees, investment earnings and other miscellaneous revenue. The District receives most property tax revenue in November, December, April and May during the fiscal year, which causes results to spike during these months.
- **Line 8 Source of Supply** includes the cost of Potable and Recycled water supply to meet customer demand. This includes the purchase of untreated water at the Dimension Water Treatment Plant, fully treated water purchases via neighboring agency connections, and MET/MWDOC fixed water costs and other surcharges. Currently, the DWTP conveyance pipeline is non-operational, and the mid-year budget includes 9 months of more expensive emergency water purchases during FY 2026. Increased Summer demand and more expensive emergency water purchases are causing this line item to trend higher than expected.
- **Line 9 Cost of BTP Wholesale** includes the cost of Baker Water Treatment Plant water sold to the City of San Clemente. This line item accounts for the per acre-foot charge of water paid to MWDOC at MET untreated water rates, excluding



**Trabuco Canyon Water District
Financial Analysis
January 2026**

the SAC Operational Surcharge, and the quarterly maintenance charges paid to IRWD. The amount of water sold to San Clemente is not easily predictable with the current emergency supply structure.

- **Line 10 Staffing Resources** includes employee compensation, health benefits, retirement contributions, retiree health insurance, and OPEB trust reimbursements (reimbursements from the District's Section 115 OPEB trust).
- **Line 11 Operations & Maintenance** includes general repairs and maintenance, electrical repairs, vehicle and equipment maintenance, distribution electricity, lab testing and operating supplies.
- **Line 12 General & Administrative** includes professional services, office maintenance and supplies, Board of Directors, liability insurance, dues and memberships, public outreach and rebate programs, customer service and billing, conference, training, travel and miscellaneous expenses. One-time annual payments for liability and property insurance, LAFCO fees, ACWA dues and the MWDOC program for technical assistance with California conservation framework have already occurred.
- **Line 15 Capital Loans Reserve** includes loan proceeds that fund the District Capital Improvement Program. During the fiscal year, the District has funded roughly 98% of the program with restricted proceeds remaining from the 2024 loan.
- **Line 16 Grant Proceeds for CIP** includes grant funds received for capital projects. The original FY 2026 budget included \$220.7K for project RW-23 (Tick & Dove Creek Pump Station Improvements) and \$250K for project DW-03 (Admin Building Server Replacement). The mid-year budget removed the anticipated proceeds for project RW-23 due to a change in project execution. As of the reporting period, the District received \$248.4K for project DW-03 which was completed during FY 2025.
- **Line 17 Capital Improvement Program** includes planned CIP during FY 2026. Schedule C outlines the financial progress of individual projects as of the reporting date.
- **Line 18 CIP Contingency** included a 10% contingency amount for unplanned capital project needs in the original budget. This funding was projected during the budget process to plan for escalations in project costs and emergency projects not known at the time of original budget adoption. During the mid-year budget process, these contingency funds were allocated into the Capital Improvement Program as new needs were identified.
- **Line 19 Debt Service** includes debt service payments for the 2011 SRF loan, 2024 capital project loan, and the projected and budgeted 2026 short-term capital project loan planned at the time of budget adoption. The 2011 and 2024 loans are paid twice per year in December (due January 1st) and in June (due July 1st).

**Schedule B: Operating Budget v. Actual
January 2026**

	A	B	C	D	E = C - B	F = B / C
	Jan 2026	Jan 2026	FY 2026	FY 2026	FY 2026	YTD % of
	Period	YTD	Mid-Year	Original	Remaining	Budget
	Actuals	Actuals	Budget	Budget	Budget	58.3%
1 Service Charges						
2 Fixed Service Charges	\$ 364,907	\$ 2,500,271	\$ 4,547,500	\$ 4,499,900	\$ 2,047,229	55.0%
3 Variable Service Charges	383,784	4,389,477	6,616,700	6,386,300	2,227,223	66.3%
4 Fixed Service Charges Pass-Through	18,713	129,849	210,300	262,700	80,451	61.7%
5 Variable Service Charges Pass-Through	34,610	380,172	518,200	608,100	138,028	73.4%
6 Wastewater Charges	250,197	1,742,319	2,973,200	2,973,200	1,230,881	58.6%
7 Total Service Charges	1,052,211	9,142,088	14,865,900	14,730,200	5,723,812	61.5%
8 BTP Wholesale						
9 BTP Wholesale Water Sales	106,862	483,883	704,000	1,054,800	220,117	68.7%
10 BTP Maintenance Charges	87,928	144,647	293,100	439,100	148,453	49.4%
11 Total BTP Wholesale	194,791	628,530	997,100	1,493,900	368,570	63.0%
12 Other Revenue						
13 BTP Capital Recovery	44,757	79,786	143,400	214,800	63,614	55.6%
14 Property Tax Receipts	131,206	1,437,626	2,437,300	2,437,300	999,674	59.0%
15 Customer Fees	35,697	254,980	520,200	520,200	265,220	49.0%
16 Interest Revenue	18,540	86,565	160,000	160,000	73,435	54.1%
17 Miscellaneous Revenue	4,143	23,711	38,100	38,100	14,389	62.2%
18 Total Other Revenue	234,343	1,882,667	3,299,000	3,370,400	1,416,333	57.1%
19 Total Revenue	1,481,344	11,653,285	19,162,000	19,594,500	7,508,715	60.8%
20 Source of Supply						
21 Variable Water Purchases	268,943	2,149,714	2,678,000	2,849,800	528,286	80.3%
22 BTP Water Purchases TCWD	128	166,177	441,300	93,600	275,123	37.7%
23 BTP Maintenance Expense TCWD	13,612	58,549	192,800	46,800	134,251	30.4%
24 Fixed Water Purchases	40,565	287,929	401,700	401,700	113,771	71.7%
25 Chemicals & Electricity	5,981	75,924	223,600	283,000	147,676	34.0%
26 Total Source of Supply	329,228	2,738,294	3,937,400	3,674,900	1,199,106	69.5%
27 Cost of BTP Wholesale						
28 BTP Water Purchases for Wholesale	106,862	483,883	704,000	1,054,800	220,117	68.7%
29 BTP Maintenance Expense Sales	87,928	144,647	293,100	439,100	148,453	49.4%
30 Total Cost of BTP Wholesale	194,791	628,530	997,100	1,493,900	368,570	63.0%
31 Staffing Resources						
32 Employee Compensation	354,115	2,354,633	4,045,600	4,115,500	1,690,967	58.2%
33 Employee Benefits	102,529	722,468	1,355,100	1,360,000	632,632	53.3%
34 CalPERS Retirement Unfunded Liability	32,917	230,416	395,000	395,000	164,585	58.3%
35 Retiree Health Insurance Payments	19,536	125,389	201,700	201,700	76,311	62.2%
36 OPEB Trust Reimbursement	-	(53,590)	(201,700)	(201,700)	(148,110)	26.6%
37 Total Staffing Resources	509,097	3,379,316	5,795,700	5,870,500	2,416,384	58.3%
38 Operations & Maintenance						
39 System Repairs and Maintenance	131,090	672,235	1,030,600	1,030,600	358,365	65.2%
40 Distribution Electricity	60,966	497,612	914,700	914,700	417,088	54.4%
41 Vehicles and Equipment	11,755	114,369	188,800	188,800	74,431	60.6%
42 Lab Testing & Supplies	13,109	107,956	162,000	162,000	54,044	66.6%
43 Total Operations & Maintenance	216,919	1,392,171	2,296,100	2,296,100	903,929	60.6%
44 General & Administrative						
45 Professional Services	146,718	666,412	1,148,500	1,033,000	482,088	58.0%
46 Office Maintenance & Supplies	51,192	440,483	616,200	616,200	175,717	71.5%
47 Board of Directors	13,024	66,376	111,700	111,700	45,324	59.4%
48 District Insurance	5,081	248,744	242,000	237,500	(6,744)	102.8%
49 Dues & Memberships	1,733	202,359	247,200	247,200	44,841	81.9%
50 Public Outreach & Rebate Programs	129	87,905	100,000	100,000	12,095	87.9%
51 Customer Service and Billing	10,053	62,324	81,600	81,600	19,276	76.4%
52 Conference, Trainings and Travel	1,819	14,257	32,300	32,300	18,043	44.1%
53 Miscellaneous Expense	299	3,109	108,600	193,400	105,491	2.9%
54 Total General & Administrative	230,049	1,791,970	2,688,100	2,652,900	896,130	66.7%
55 Total Expense	1,480,084	9,930,281	15,714,400	15,988,300	5,784,119	63.2%
56 Net Income / (Loss) from Operations	\$ 1,260	\$ 1,723,005	\$ 3,447,600	\$ 3,606,200	\$ 1,724,595	50.0%



Schedule C: Capital Improvement Program

ID	Project Description	A	B	C	D	E = C - B	F = B / C	Since Project Inception	
		Jan 2026	Jan 2026	FY 2026	FY 2026	FY 2026	YTD % of	F	G
		Period Actuals	YTD Actuals	Mid-Year Budget	Original Budget	Remaining Budget	Budget 58.3%	Total Project Actuals	Total Project Budget
Potable Water									
PW-02	DWTP Electrical Improvements	\$ -	\$ 10,948	\$ 300,000	\$ 300,000	\$ 289,052	4%	\$ 10,948	\$ 2,000,000
PW-03	Transmission Main Replacement DWTP to Ridgeline PS	2,354,010	4,288,637	7,000,000	7,000,000	2,711,363	61%	4,456,076	11,000,000
PW-04	DWTP Filter #4 Repair	3,846	54,724	50,879	-	(3,846)	108%	63,724	50,879
PW-20	10" Pipeline Replacement Cooks Corner to Harris Grade	-	-	100,000	225,000	100,000	0%	178,184	3,310,816
PW-25	Trabuco Oaks / Adkinson Fire Flow Improvements	-	-	150,000	150,000	150,000	0%	-	1,539,800
PW-35	Pressure Reducing Vault Improvements - PW	-	6,737	20,000	-	13,263	34%	Program	Program
PW-36	PW Pump Replacements	-	-	100,000	-	100,000	0%	Program	Program
PW-37	PW Valve Replacements	-	-	40,000	-	40,000	0%	Program	Program
PW-38	Saddle Crest Reservoir Outlet Pipe	-	3,799	275,000	275,000	271,201	1%	3,799	275,000
PW-41	PW Meter Replacements	-	10,117	20,000	-	9,883	51%	Program	Program
PW-77	Small Capital - PW	-	10,150	50,000	-	39,850	20%	Program	Program
Total Potable Water		2,357,856	4,385,112	8,105,879	7,950,000	3,720,766	54%	4,712,731	18,176,495
Recycled Water									
RW-13	Dove Canyon Recycled Booster Pump Station	31,090	85,570	560,000	560,000	474,430	15%	290,677	1,233,574
RW-23L	Tick & Dove Creek Pump Station Improvements (Loan)	-	-	-	-	-	NA	-	1,532,913
RW-23P	Tick & Dove Creek Pump Station Improvements (Paygo)	-	-	259,700	259,700	259,700	0%	-	951,887
RW-50	Dove Canyon Recycled PRV Improvement	-	-	100,000	-	100,000	0%	73,384	292,546
RW-51	Reservoir V-Ditch Rehabilitation	-	192,106	192,106	-	-	100%	192,106	192,106
RW-77	Small Capital - RW	-	18,071	30,000	-	11,929	60%	Program	Program
Total Recycled Water		31,090	295,747	1,141,806	819,700	846,058	26%	556,167	4,203,025
Wastewater									
WW-06	WWTP Influent EQB Piping to SBRs & Pump Improvements	-	10,207	100,000	-	89,793	10%	10,207	1,000,000
WW-09	Heritage Sewer Lift Station Rehabilitation	2,623	34,646	200,000	400,000	165,354	17%	404,217	2,500,000
WW-40	WWTP Hoffman Blower Building Rehab / MCC Replacement	50,594	252,928	1,477,672	1,290,177	1,224,743	17%	758,434	2,600,000
WW-41	WWTP SCADA & Fiber Optic Upgrade	-	23,319	-	-	(23,319)	NA	Not readily available	
WW-46	Wet Well Recoating Program	-	-	30,000	-	30,000	0%	Program	Program
WW-47	Manhole Recoating Program	-	-	30,000	-	30,000	0%	Program	Program
WW-48	WW Pump Replacements	-	103,464	100,000	-	(3,464)	103%	Program	Program
WW-49	SMWD Chiquita WWTP Shared Capital	32,890	41,513	120,000	140,000	78,487	35%	Program	Program
WW-50	WWTP Headworks Replacement	291	224,346	370,000	370,000	145,654	61%	224,346	370,000
WW-51	WWTP Handrail Replacement - Segment B&C	-	-	20,000	-	20,000	0%	-	20,000
WW-77	Small Capital - WW	-	61,623	75,000	-	13,377	82%	Program	Program
Total Wastewater		86,399	752,048	2,522,672	2,200,177	1,770,624	30%	1,397,204	6,490,000
Wastewater / Recycled									
WR-77	Pump Replacements - WW / Recycled	-	9,076	25,000	-	15,924	36%	9,076	Program
Total Wastewater / Recycled		-	9,076	25,000	-	15,924	36%	9,076	-
Joint Projects									
DW-77	Small Capital - DW	-	13,303	30,000	-	16,697	44%	13,303	Program
Total Joint Projects		-	13,303	30,000	-	16,697	44%	13,303	-
Total Capital Improvement Program		\$ 2,475,345	\$ 5,455,287	\$ 11,825,356	\$ 10,969,877	\$ 6,370,069	46%	\$ 6,688,481	

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING | MARCH 12, 2026**

**FINANCIAL MATTERS
ITEM 7: OTHER MATTERS**

RECOMMENDED ACTION:

Hear Other Matters from the General Manager or District Staff.

CONTACTS (staff responsible): MCKENNEY/PEREA