MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
JUNE 18, 2014

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Michael Safranski at 7:00 PM, in the Board Room at the District Administrative Facility, located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Mr. Michael Perea, District Secretary, recorded and transcribed the minutes thereof.

DIRECTORS PRESENT
President Michael Safranski
Vice President Edward Mandich
Director Glenn Acosta
Director James Haselton
Director Stephen Dopudja

STAFF PRESENT
Hector Ruiz, General Manager
Michael Perea, District Secretary
Lorrie Lausten, Engineer
Karen Warner, Accounting Supervisor

DISTRICT CONSULTANTS PRESENT:
District General Legal Counsel – Rob Anslow (Bowie, Arneson, Wiles & Giannone)
District Treasurer – Cindy Byerrum (Platinum Consulting Group)
Assistant District Treasurer – Josh Byerrum (Platinum Consulting Group)

PUBLIC PRESENT
There were members of the public present

PLEDGE OF ALLEGIANCE
Mr. Dopudja led the Board and District staff in the pledge of allegiance.

VISITOR PARTICIPATION
Ms. Mary Jane Foley addressed that Board concerning her candidacy for the Metropolitan Water District of Southern California (MET) and spoke to her resume, past experience with MET and MWDOC, and experience in the water industry and state government. Ms. Foley asked the Board for their support for the MET Director Open Position. Ms. Foley highlighted her qualifications for the position, the main goals of the Directorship, and reviewed the importance of collaborative projects at the local agency level. Discussion occurred concerning Ms. Foley's qualifications and the MET Candidate Nominating Committee. Mr. Acosta commended Ms. Foley on experience and work to date. Mr.

Safranski mentioned that the matter of the MET Candidate Nominating Committee had been agendized for discussion, and that Ms. Foley was welcome to stay for the status update.

ORAL COMMUNICATION

No oral communication was received.

DIRECTOR'S COMMENTS

Mr. Acosta commented on his planned attendance at the Santiago Aqueduct Commission (SAC) Meeting the following day, and that an amendment to the SAC Joint Powers Agreement is proposed regarding the Baker Pipeline and the Baker Water Treatment Plant (BWTP) capacities.

Mr. Haselton commended District staff for their work in organizing the Water Awareness Event on May 31, 2014, and commented that moving the event to the front of the Administrative Facility was an excellent idea, and the event appeared to be the largest attended event to date.

Mr. Mandich commented concerning the Water Awareness Event, and commended District staff, as well.

Mr. Dopudja commented concerning the Water Awareness Event, and commended District staff, as well. Mr. Dopudja mentioned that Ms. Betty Burnett had been appointed to the position of General Manager for the South Orange County Wastewater Authority (SOCWA).

Mr. Safranski commented concerning the Water Awareness Event, and commended District staff for their work on the event. Mr. Safranski mentioned that Mr. Derek McGregor had been appointed to the position of Member at Large for the Orange County Local Agency Formation Commission (OCLAFCO).

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz reported on the following matters:

1. Mr. Ruiz commented on his participation in the St. John's Episcopal Church Elementary School Science Technology Engineering Art and Math (STEAM) Group Presentation. Mr. Ruiz mentioned that he was an observer for the presentations was on water conservation and recycling.

2. Mr. Ruiz mentioned that the Municipal Water District of Orange County (MWDOC) has scheduled a Water Policy Forum and Dinner for July 30, 2014, and that any Directors who are interested in attending the event should contact the District Secretary to RSVP.

ITEMS TOO LATE TO BE AGENDIZED

Mr. Ruiz commented that there were no items too late to be agendized.

CONSENT CALENDAR

The Board President indicated that all matters under the Consent Calendar would be approved by one motion unless a Board member requested a separate action on a specific item. Mr. Safranski requested to have Item 4 to be removed from the Consent Calendar.

Action: A motion was made by Director Acosta and seconded by Vice President Mandich to approve the Consent Calendar, Item Nos. 1 through 3, and to move Item 4 to the Action Calendar.
The motion carried 5 – 0.

ACTION CALENDAR
ADMINISTRATIVE MATTERS

ITEM 4: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/ATTENDANCE ITEMS

Mr. Safranski requested to revise the Fees and Expenses Report to include his attendance at the Association of California Agencies (ACWA) Spring Conference; Mr. Perea commented that the Report will be updated to reflect the change.

Action: A motion was made by Director Haselton and seconded by Director Dopudja to approve the Directors' Fees and Expenses Report as amended. The motion carried 5 – 0.

ITEM 5: DISTRICT WEBSITE UPGRADE PROJECT

Mr. Ruiz provided a status update on this project, and commented that District staff has completed the Content Management System training, and that District staff has prepared a demonstration of the website for Board review. Mr. Perea highlighted sections of the website, which included the Board of Directors information page and the individual Director pages. Mr. Ruiz mentioned that the District will use the website to advertise District projects and events, Water Use Efficiency Rebate Programs and Conservation-related issues, and maintain the District's commitment to transparency. Discussion occurred concerning the website and Director web pages. Discussion occurred concerning the impact of Proposition 73 on the communication of information through websites; Mr. Anslow advised that Proposition 73 does not apply to websites.

Action: Received status update. No action taken.

ITEM 6: TCWD NETWORK INFRASTRUCTURE AND DESKTOP SYSTEM UPGRADES

Mr. Ruiz provided a status update on this project, and commented that the project will be completed by the end of the June or the first week of July. Mr. Perea commented on the pilot testing completed to date, and that certain users have been designated for further testing. Discussion occurred concerning some of the issues identified to date and the subsequent steps to resolve those issues.

Action: Received status update. No action taken.

ITEM 7: DISCUSSION AND POSSIBLE ADOPTION OF RESOLUTION NO. 2014-1199 ESTABLISHING APPROPRIATIONS LIMIT FOR FISCAL YEAR 2014/2015

Mr. Ruiz presented this matter for discussion, and commented that District staff coordinated with District General Legal Counsel for the District's Appropriations Limit for Fiscal Year 2014/2015. Discussion occurred concerning the methodology for the preparation and establishment of the Appropriations Limit.

Action: A motion was made by Vice President Mandich and seconded by Director Haselton to adopt Resolution No. 2014-1199, Resolution of the Board of Directors of Trabuco Canyon Water District Establishing Appropriations Limit for Fiscal Year 2014/2015, Pursuant to Article XIIIB of the California Constitution. The motion carried 5 – 0.

ITEM 8: FISCAL YEAR 2014/2015 UNDEVELOPED LAND/WATER STANDBY ASSESSMENT AND PUBLIC HEARING

Mr. Ruiz provided a status update on this matter, and commented that District staff has coordinated with NBS (Consultant) to prepare the required Water Standby Assessment Preliminary Report. Mr. Ruiz commented that District staff has coordinated with the Orange County Register for the publishing of the Public Notice, in addition with the mailing to each parcel owner within the District's service area. Discussion occurred concerning the proper notification and publishing of public notices. Mr. Ruiz mentioned that District staff will review the Report for government parcels which may be exempt from the assessment, and provide an update at the Public Hearing scheduled for the July 16, 2014, Regular Board Meeting.

Action: Received status update. No action taken.

FINANCIAL MATTERS

ITEM 9: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) FISCAL YEAR 2014/2015 BUDGET

Mr. Ruiz presented a status update on this matter, and commented that at the May 21, 2014, Regular Board Meeting, the Board approved the proposed Water Use Efficiency Budget (WUE) enhancements of approximately $9,900. Mr. Ruiz added that these additional costs have been included in the Fiscal Year 2014/2015 Budget, and that District staff is coordinating with MWDOC staff on the agreements for the WUE Program enhancements. Mr. Perea delivered a Powerpoint presentation and reviewed the approved WUE Program enhancements with the Board. Discussion occurred concerning the WUE Programs and approved devices.

Action: A motion was made by Director Acosta and seconded by Director Haselton to authorize the General Manager to execute the Water Use Efficiency Program

Enhancement Agreements with MWDOC for a not to exceed budget of $9,900, as presented. The motion carried 5 – 0.

ITEM 10: TRABUCO CANYON WATER DISTRICT FISCAL YEAR 2014/2015 GENERAL FUND BUDGET

Mr. Ruiz presented this matter for review, and commented that Ms. Byerrum was in attendance to answer any financial questions from the Board. Mr. Ruiz reviewed the final version of the Fiscal Year 2014/2015 Budget Guideline, and mentioned that the Budget had been reviewed with the Financial/ Audit Committee. Mr. Ruiz reviewed the Budget Summary, and mentioned that District staff projects a net surplus of approximately $141,567 for Fiscal Year 2014/2015. Discussion occurred concerning the budget preparation process and the transparent and clarity with which District staff presented the budget. Discussion occurred concerning the benefits of the use of a public relations firm to work on behalf of the District.

Action: A motion was made by Director Acosta and seconded by Vice President Mandich to adopt Resolution No. 2014-1200 – Resolution of the Board of Directors of the Trabuco Canyon Water District Approving the General Fund Budget for Fiscal Year 2014/2015. The motion carried 5 -0.

ITEM 11: TRABUCO CANYON WATER DISTRICT FISCAL YEAR 2014/2015 CAPITAL IMPROVEMENT PROJECT BUDGET

Mr. Ruiz provided a status update on this matter, and mentioned that the proposed Fiscal Year 2014/2015 Capital Improvement Project (CIP) Budget had been reviewed with the Engineering/ Operations Committee. Mr. Ruiz reviewed the final version of the CIP Budget, and mentioned that District staff had revised the budget based on the recommendations and discussion at the May 29, 2014, Special Board Meeting, which included moving the Fuel Tender purchase to an “A” project, the cost of the Administration Building Recoating, and non-substantive grammatical corrections. Discussion occurred concerning the purchase of an emergency generator for the Water Treatment Plant; Mr. Ruiz mentioned that District staff will conduct an in-house study to determine the most effective and efficient power generation solution, and will work with available vendors on the matter.

Action: A motion was made by Director Haselton and seconded by Director Acosta to adopt Resolution No. 2014-1201 – Resolution of the Board of Directors of the Trabuco Canyon Water District Approving the Capital Improvement Project Budget for Fiscal Year 2014/2015. The motion carried 5 -0.

ITEM 12: TRABUCO CANYON WATER DISTRICT FISCAL YEAR 2014/2015 DEBT SERVICE BUDGETS (ACTION AS THE LEGISLATIVE BODY FOR COMMUNITY FACILITIES DISTRICT NO. 2) – PORTOLA HILLS, CITY OF LAKE FOREST

Mr. Ruiz presented this matter for Board review, and mentioned that District staff coordinated with NBS to calculate the special tax levies for Community Facility District (CFD) No. 2 – Portola Hills, in the

City of Lake Forest. Mr. Ruiz added that this is the final year for levying special taxes to this CFD. Discussion occurred concerning the Fiscal Year 2013/2014 Cost Recovery Analysis Report.

Action: A motion was made by Director Acosta and seconded by Director Dopudja to adopt Resolution No. 2014-1202 – Resolution of the Board of Directors of the Trabuco Canyon Water District, Acting as the Legislative Body of Community Facilities District No. 2 of the Trabuco Canyon Water District, Approving the Budget for 2014/2015 for Community Facilities District No. 2 of the Trabuco Canyon Water District (Baldwin Property, Et Al). The motion carried 5 -0.

ENGINEERING MATTERS

ITEM 13: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

Mr. Ruiz provided a status update on this project, and reviewed the major project tasks remaining which included the following:

- Southern California Edison (SCE) Easement Procurement – Mr. Ruiz commented that District staff has not received any formal comments from SCE, but based on informal discussions and conversations with SCE staff that they are actively working on the granting of an easement to the District.
- County of Orange Flood, Parks and Trails – Mr. Ruiz commented that the meeting held with County staff, which Director Mandich attended and assisted on this matter, successfully presented the significance of the project and the urgent need for its completion. Mr. Ruiz added that County staff has confirmed that the project tentatively does not significantly encroach on County Flood Control easements. Discussion occurred concerning the urgency of the project's completion and coordination with Tetra Tech (Consultant).

Discussion occurred concerning project timeline for completion and coordination with the Federal Emergency Management Agency.

Action: Received status update. No action taken.

ITEM 14: BAKER REGIONAL WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and reviewed Irvine Ranch Water District (IRWD) Baker Water Treatment Plant and Raw Water Conveyance Facilities Project Report for June, 2014, with the Board. Mr. Ruiz added that the Project Committee Meeting for June, 2014, was cancelled due to continued demolition at the project site and there were no items required for action by the Committee. Discussion occurred concerning the Construction Manager's Summary section of the Report and possible project challenges.

Action: Received status update. No action taken.

ITEM 15: SHADOW ROCK DETENTION BASIN FACILITY

Mr. Ruiz provided a status update on this project, and reviewed the major project tasks remaining, which included the following:

- Mr. Ruiz commented that District staff had received the US Army Corps of Engineers (ACOE) letter of permission at the end of business day.
- Mr. Ruiz mentioned that the SCE Site Power Procurement/Easement Agreement has been completed and submitted to the adjacent property owner for acceptance. Discussion occurred concerning the timeline for completion of the electrical portion of the project; Mr. Ruiz mentioned that District staff will coordinate with SCE approved contractors for the work.
- Mr. Ruiz mentioned that District staff has scheduled a meeting with City of Rancho Santa Margarita staff on the following Tuesday to review the applicable project permits.

Discussion occurred concerning the timeline for project completion and coordination efforts with City staff.

Action: Received status update. No action taken.

LEGISLATIVE MATTERS

ITEM 16: DISCUSSION AND POSSIBLE ACTION CONCNERNING STATEWIDE DROUGHT CONDITIONS

Mr. Ruiz provided a status update concerning this matter, and mentioned that District staff had prepared a Powerpoint presentation concerning updates on the statewide drought. Mr. Perea delivered the Statewide Drought Conditions Update Presentation which included the following highlights:

- Review of the 2014 Statewide Drought Declaration
- Statewide Drought Conditions update which included snow survey updates, increased statewide fire activity, and federal disaster funding for fighting wildfires.
- Water Agency Conservation Efforts as highlighted by ACWA, and the 2014 Drought Report: Impacts and Strategies for Resilience (June, 2014).
- Review of District Water Use Efficiency Rebate Programs and financial enhancements.

Discussion occurred concerning water use efficiency rebate programs and methods of public outreach.

Action: Received status update. No action taken.

ITEM 17: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING METROPOLITAN WATER DISTRICT (MET) DIRECTOR NOMINATING COMMITTEE

Mr. Ruiz presented this matter for discussion, and provided a copy of the resume and biography received by the District from Ms. Mary Jane Foley. Mr. Ruiz mentioned that Mr. Safranski had a status update on the matter to share with the Board. Mr. Safranski provided an update of the June 9, 2014, MET Director Nominating Committee to the Board, which included the roles and expectations of the Committee members and the list of candidates to date. Mr. Safranski mentioned that the next Committee meeting was scheduled for Friday, June 20, 2014. Discussion occurred concerning the meeting format, Committee protocol, and the anticipated timeline for completion.

Action: Received status update. No action taken.

ITEM 18: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Ruiz had commented on the following matters:

- OC LAFCO Special District Alternate Seat Election results: Mr. Ruiz mentioned the Mr. James Fisler was re-elected to the position.

- Orange County Grand Jury Report, "Sustainable and Reliable Orange County Water Supply": Mr. Ruiz reviewed select sections of the report for Board review. Discussion occurred concerning the role of the Grand Jury and the level of research to complete the Report.

Action: There was no action taken.

OTHER MATTERS

- Mr. Ruiz commented that District staff has selected the top nine candidates for the Open Positions in the Wastewater Department, and those interviews have been scheduled to begin on Thursday, June 19, 2014.

- Mr. Ruiz mentioned that Ms. Lausten had attended and completed the Safety Assessment Program training sponsored by the California Office of Emergency Services (CalOES). Ms. Lausten added that the training was designed to educate participants on building inspections and disaster assistance, which is applicable to the District's facilities as well as neighboring public agencies.

ADDITIONAL DIRECTORS' COMMENTS

There were no additional Directors' comments received.

ADDITIONAL GENERAL MANAGER COMMENTS

Mr. Ruiz mentioned that District staff had received a letter from Dove Canyon Master Association regarding the Southern California Gas Company's (SoCalGas) Advanced Meter Infrastructure (AMI) and requested the District's participation in public outreach concerning the project. Mr. Ruiz added that the matter and a presentation from SoCalGas will be agendized for review at the July 8, 2014, Engineering/Operational Committee Meeting.

Mr. Anslow mentioned that Bowie, Arneson, Wiles & Giannone will provide District staff with information concerning the Firm's hourly rate review and increases for Board review at the next Regular Board Meeting. Discussion occurred concerning the potential impact of legal cost increases on the District's budget.

END ACTION CALENDAR

ADJOURNMENT

President Safranski adjourned the June 18, 2014, Regular Board meeting at 8:40 PM