MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
DECEMBER 17, 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 Stephen Dopudja
Director James Haselton

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)

PUBLIC PRESENT
There were members of the public present

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

ADMINISTER OATH OF OFFICE
Mr. Perea administered the Oath of Office for Directors Acosta, Mandich and Safranski for their term of office beginning January 1, 2015, through December 31, 2019

Mr. Safranski thanked the Board for their support and efforts during the year.

VISITOR PARTICIPATION
No visitor participation was received.

ORAL COMMUNICATION
No oral communication was received.

DIRECTOR'S COMMENTS
Mr. Dopudja congratulated Directors Acosta, Mandich and Safranski on their re-appointment to the Board.

Mr. Mandich thanked the Board for their support.

Mr. Haselton congratulated Directors Acosta, Mandich and Safranski on their re-appointment to the Board, and mentioned that he enjoys serving along side his fellow Directors.

Mr. Acosta congratulated Directors Mandich and Safranski on their appointments, and mentioned that it was an honor to serve with them on the Board.

Mr. Safranski wished Happy Holidays to the Board, District staff and their families and friends.

REPORT FROM THE GENERAL MANAGER
Mr. Ruiz reported on the following matters:

1. Mr. Ruiz mentioned that the District received a request for information from the Orange County Grand Jury. Mr. Ruiz added that the information was publically available information for the organizational structure and financials of the District, the Trabuco Canyon Public Financing Authority, and the Trabuco Canyon Improvement Corporation.

2. Mr. Ruiz reminded the Board that the required AB1234 Ethics training was due before December 31, 2014, and to provide Mr. Perea a copy of the completed training certificate for District file.

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.

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

ACTION CALENDAR
ADMINISTRATIVE MATTERS

ITEM 6: ELECTION OF BOARD OFFICERS

The General Manager, Mr. Hector Ruiz, commented that pursuant to the District's General Policy and Rules and Regulations, the annual election for the offices of President and Vice President of the Board of Directors were to be held.

OFFICE OF PRESIDENT

Mr. Ruiz opened the nominations for the Office of Board President (President). Director Mandich nominated Director Dopudja for the Office of President, and mentioned that Director Dopudja has been a great addition to the Board. Director Acosta seconded the nomination of Director Dopudja for the Office of President. There were no other nominations for the Office of President.

Action: Mr. Ruiz called for votes in favor of Director Dopudja for the Office of President. Votes were cast orally, and Director Dopudja was voted for the Office of President with a 5 – 0 vote.

OFFICE OF VICE PRESIDENT

Mr. Ruiz opened the nominations for the Office of Vice President. Director Safranski nominated Director Acosta for the Office of Vice President. President Dopudja seconded the nomination of Director Acosta for the Office of Vice President. There were no other nominations for the Office of Vice President.

Action: A nomination was made by Director Safranski nominating Director Acosta for the Office of Vice President. There were no further nominations, and Mr. Ruiz closed the nominations.
Votes were cast orally, and Director Acosta was voted for the Office of Vice President with a 5 – 0 vote.

ITEM 7: COMMITTEE MEMBER AND AGENCY REPRESENTATIVE

Mr. Ruiz presented this matter to the Board for consideration, and mentioned that the enclosed staff report shows the current Committee assignments, however the District's Rules and Regulations do not require the approval of Committee Member and Agency Representative appointments at this time. Discussion occurred among the Board concerning assignments for Calendar Year 2015, and during the discussion, President Dopudja made the following Committee assignments:

DISTRICT STANDING COMMITTEES	CHAIR	MEMBER	ALTERNATE
Engineering/Operational Committee	Mandich	Dopudja	Acosta
Executive Committee	Acosta	Dopudja	None
Finance/Audit Committee	Haselton	Safranski	Acosta

MEMBER AGENCY REPRESENTATIVE ASSIGNMENTS	TITLE	PRIMARY	SECONDARY
Association of California Water Agencies	Director	Safranski	None
Baker Water Treatment Plant Project Committee	Member	Ruiz	Dopudja
California Special Districts Association	Delegate	Acosta	None
Independent Special Districts of Orange County	Member	Haselton	Mandich
Santiago Aqueduct Commission	Commissioner	Acosta	Mandich
MEMBER AGENCY REPRESENTATIVE ASSIGNMENTS, cont.	**TITLE**	**PRIMARY**	**SECONDARY**
South Orange County Wastewater Authority Board	Director	Dopudja	Mandich
South Orange County Wastewater Authority Engineering Committee (Staff)	Staff Member	Ruiz	None
South Orange County Water Agencies	Liaison	Safranski	None
South Orange County Watershed Management Area Executive Committee	Member	Mandich	None
ORGANIZATION REPRESENTATIVE ASSIGNMENTS	**TITLE**	**PRIMARY**	**SECONDARY**
American Water Works Association	Liaison	Ruiz	None
City of Santa Margarita City Council Meeting No. 1	Liaison	Mandich	None
City of Santa Margarita City Council Meeting No. 2	Liaison	Acosta	None
Local Agency Formation Commission	Liaison	Ruiz	None
Municipal Water District of Orange County Board	Liaison	Dopudja	None
Water Advisory Committee of Orange County	Member	Acosta	None

Action: President Dopudja assigned the Committee Members and Agency Representatives.

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ITEM 8: DISCUSSION AND POSSIBLE ACTION RELATING TO THE ADJUSTMENT TO TCWD'S CAPACITY CHARGES FOR WATER SERVICE

Mr. Ruiz presented this matter for Board consideration and mentioned that District staff has complied with the notification requirements for the adjustment of the District's Capacity Charges for water service. Mr. Ruiz added that District staff filed a Notice of Exemption with the County of Orange on December 3, 2014, and notified current developers in the District's service area of the proposed changes.

Action: A motion was made by Director Safranski and seconded by Director Acosta to adopt Resolution No. 2014-1208 – Resolution of the Board of Directors of the Trabuco Canyon Water District Determining Compliance with Procedural Requirements, Making Findings, Amending Capacity Charge Rates, Amending the Rules and Regulations of the Trabuco Canyon Water District and Taking Related Actions.
The motion carried 5 – 0.

ENGINEERING MATTERS

ITEM 9: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

Mr. Ruiz provided a status update on this project, and mentioned that District staff had delivered a letter to Southern California Edison (SCE) Board President Mr. Pedro Pizarro as directed at the December 10, 2014 Special Board Meeting. Mr. Ruiz added that District staff has not received a response from SCE concerning the matter. Mr. Ruiz reviewed the SCE letter dated December 4, 2014 Consent Agreement denial letter with the Board. Discussion occurred concerning easement acquisition coordination efforts with SCE to date. Mr. Ruiz presented an Interim Final Inspection Report letter from the Federal Emergency Management Agency (FEMA) received on December 8, 2014, which listed the completed FEMA-1952-DR Projects, and reviewed the actual project costs with the Board. Mr. Ruiz mentioned that District staff has prepared a request for project timeline extension letter to send to FEMA which addresses the SCE easement condemnation process. Discussion occurred concerning the District letter to SCE and the possible response timeline. Mr. Ruiz mentioned that Directors Safranski and Acosta scheduled a meeting with County of Orange Supervisor Lisa Bartlett for January 7, 2015, to discuss and provide an overview of the project. Discussion occurred concerning coordination with the County of Orange for the short-term partial closure of the trail and the criticality of the project.

Action: Received status update. No action taken.

ITEM 10: BAKER REGIONAL WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and mentioned that the Project Committee (PC) met in November. Mr. Ruiz added that the PC approved the contract for $7,500 to Harper and Associates Engineering for quality control and inspection of the facility's concrete surfaces, and that this cost was approved in the original project budget. Discussion occurred concerning a tour of the facility for the Board Members. Mr. Ruiz provided an update on the project timeline and milestones, and reviewed the Construction Report for December, 2014.

Action: Received status update. No action taken.

ITEM 11: SHADOW ROCK DETENTION BASIN FACILITY

Mr. Ruiz provided a status update on this project, and mentioned that the recent rain events have delayed this project. Mr. Ruiz presented a contract change order in the amount of $23,130.37 for additional earthwork, grading, gravel and fabric installation at the basin. Discussion occurred concerning project budget and timeline, and the potential impact of any future rain delays on the construction.

Action: A motion was made by Director Safranski and seconded by Director Haselton to ratify Southern California Grading, Inc. Contract Change Order No. 1 in the amount of $23,130.37 for additional grading, gravel and fabric installation. The motion carried 5 - 0.

ITEM 12: SKYRIDGE DEVELOPMENT

Mr. Ruiz presented this matter to the Board, and mentioned that this development is reviewed by the Engineering/Operational Committee on a monthly basis. Mr. Ruiz provided background on the development and commented that it is located in the City of Mission Viejo (City). Mr. Ruiz added that Standard Pacific Homes (Developer) is extending sewer infrastructure and connections to the adjacent Montessori school and that the school's water meter requires relocation. Mr. Ruiz mentioned that the Montessori school is granting an easement to the District for the relocation of the water meter. Discussion occurred concerning the requirement of recycled water for common area landscape irrigation.

Action: A motion was made by Vice President Acosta and seconded by Director Safranski to accept the Grant of Easement to the District by Children's School House for Water.
The motion carried 5 – 0.

LEGISLATIVE MATTERS

ITEM 13: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING STATEWIDE DROUGHT CONDITIONS

Mr. Ruiz provided a status update concerning this matter, and mentioned that the Municipal Water District of Orange County (MWDOC) is meeting with member agencies to discuss a Water Supply Allocation Plan. Mr. Ruiz added that preliminary discussions indicated that the implementation of any type of allocation plan will be different than the allocation plan of 2009. Mr. Ruiz commented on his attendance in a State Water Board Public Hearing webinar which emphasized the importance of water use efficiency devices and technology to decrease water demands during the drought, and highlighted the impacts of AB1881 on new developments throughout the State. Discussion occurred concerning budget based versus tiered water rate structures, and the challenges of both rate structures. Mr. Anslow provided a brief update on City of San Juan Capistrano Proposition water rate structure and challenges. Discussion occurred concerning the Proposition 218 process and requirements, and the impact of the recent rain events on the State's snowpack.

Action: Received status update. No action taken.

ITEM 14: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Ruiz had commented on the following matters:

- Mr. Ruiz mentioned that the Independent Special Districts of Orange County (ISDOC) is calling for candidate for the Third Vice President position. Mr. Ruiz added that any candidate nomination requires the adoption by resolution.

Action: There was no action taken.

OTHER MATTERS

Mr. Ruiz commented that there were no other matters for discussion.

CLOSED SESSION

The Board, through President Dopudja, recessed the Open Session portion of the Meeting at 7:55 PM. The Board met in Closed Session as set forth in the Meeting Agenda.

CLOSED SESSION NO. 1

The Board, through President Dopudja reconvened the Open Session of the Meeting at 8:52 PM.

ITEM 15: DISCUSSION AND POSSIBLE ACTION RELATED TO THE GENERAL MANAGER'S YEAR END PERFORMANCE EVALUATION

The Board of Directors met in Closed Session with the General Manager to discuss possible action concerning the General Manager's Year End Performance Evaluation and the proposed new General Manager's Services Agreement.

Action: A motion was made by Vice President Acosta and seconded by Director Safranski to approve the new General Manager's Services Agreement in the form presented to the Board, including the exhibits thereto, with the General Manager's salary to be set at $190,000 annually and the term of the Service Agreement to extend through February 28, 2018.
The motion carried 5 – 0.

A motion was made by Director Safranski and seconded by Vice President Acosta to direct District staff to select and retain a qualified compensation consultant to review general manager (or equivalent chief executive officer) total compensation by reviewing comparable compensation rates from other comparable Southern California public agencies and provide a results report and recommended total compensation rate range for the District's General Manager to the Board. Target date for completion of this work and provision of the report and recommendations to the Board is six months from this authorization.
The motion carried 5 – 0.

There was no other announcement concerning this matter, and no further action was taken.

ADDITIONAL GENERAL MANAGER COMMENTS

Mr. Ruiz commented on the following matters:

- Mr. Ruiz mentioned that the District is currently using a temporary employee to assist Customer Service while District staff advertised for and Administrative Assistant. Mr. Ruiz added that the District received more than 150 employment applications and resumes.
- Mr. Ruiz mentioned that the District Holiday Employee Lunch is scheduled for Friday, December 19, and extended an invitation to the Board.
- Mr. Ruiz reminded the Board of the District-observed Holiday schedule and reviewed the planned closure dates for the Administration Facility.

- Mr. Ruiz asked Mr. Perea to provide the Board with an update on the District's Toys for Tots collection. Mr. Perea highlighted a photograph of the collection box and mentioned that it was very successful with the donations received by District customers.

ADDITIONAL DIRECTORS' COMMENTS

Director Safranski commended District staff for their work during his term as President of the Board of Directors and wished a Happy Holiday season to everyone in attendance.

Director Mandich wished everyone in attendance a Happy Holiday season.

Director Acosta wished everyone in attendance a Happy New Year.

END ACTION CALENDAR

ADJOURNMENT

President Safranski adjourned the December 17, 2014, Regular Board meeting at 8:17 PM