MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
AUGUST 19, 2015

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Stephen Dopudja 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 Stephen Dopudja
Vice President Glenn Acosta
Director James Haselton
Director Edward Mandich
Director Michael Safranski

STAFF PRESENT
Hector Ruiz, General Manager
Michael Perea, District Secretary
Karen Warner, Accounting Supervisor
Lisa Carmouche, Administrative Assistant
Dona Kasaboski, Lead Customer Service Representative

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
Director Safranski led the Board and District staff in the pledge of allegiance.

VISITOR PARTICIPATION
No visitor participation was received.

ORAL COMMUNICATION
No oral communication was received.

DIRECTOR'S COMMENTS
Director Mandich had no comments.

Director Safranski commented on his attendance at the South County Agencies Meeting, and mentioned that the group met with representative from Orange County Water District (OCWD) and Municipal Water District of Orange County (MWDOC). Director Safranski added that the group discussed goals and issues that currently face the South County Agencies, and that an update on the Poseidon project was provided to the group.

Vice President Acosta commented on his attendance at the Water Advisory Commission of Orange County (WACO) meeting which included a presentation delivered by the Santa Ana Watershed Project Authority.

Director Haselton had no comments.

President Dopudja had no comments.

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

1. Mr. Ruiz reported that he received an update from MWDOC on the Metropolitan Water District of Southern California (MET) and San Diego Water Authority lawsuit, and that a ruling is pending. Mr. Ruiz mentioned that any other updates concerning the matter will be shared with the Board.

ITEMS TOO LATE TO BE AGENDIZED
Mr. Ruiz commented that there were no items too late to be agendized.

CONSENT CALENDAR

President Dopudja 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 Vice President Acosta and seconded by Director Safranski to approve Item Nos. 1 through 4 of the Consent Calendar.
The motion carried 5 – 0.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 5: DISCUSSION AND POSSIBLE ACTION CONCERNING TCWD'S 2015 URBAN WATER MANAGEMENT PLAN

Mr. Ruiz presented this matter for discussion, and mentioned that the Department of Water Resources has extended the due date for the completion of the 2015 Urban Water Management Plan (UWMP) to July 1, 2016 to allow additional time for water suppliers to address new water use requirements. Mr. Ruiz added that in past years District staff has prepared the UWMP internally with assistance from consulting firms. Mr. Ruiz highlighted the new requirements for the 2015 UWMP which included water loss reporting per AWWA methodology, 2015 interim compliance for 20x2020, a review of climate change impacts, and the inclusion of Orange County's Water Reliability Study currently being prepared by MWDOC. Mr. Ruiz mentioned that this year District staff would like to participate with MWDOC and other member agencies as noted in the attached exhibit in updating TCWD's UWMP. Mr. Ruiz mentioned that Ms. Lausten has previously worked with MWDOC in similar study at her previous employer, and that she is familiar with the process and cost control measures. Mr. Ruiz reviewed the UWMP schedule project milestones and the cost summary with the Board. Discussion occurred concerning UWMP preparation challenges and adoption timeline.

Action: A motion was made by Vice President Acosta and seconded by Director Mandich to authorize the General Manager to execute Agreement for Sharing Consultant Costs for 2015 Urban Water Management Plans with Municipal Water District of Orange County for a not to exceed amount of $41,220.
The motion carried 5 – 0.

FINANCIAL MATTERS

ITEM 6: DISCUSSION AND POSSIBLE ACTION CONCERNING TCWD'S HEALTH BENEFITS

Mr. Ruiz presented this matter for Board review, and mentioned that the matter of the District's health benefits has been reviewed with the Finance/Audit Committee. Mr. Ruiz highlighted the Trend Analysis of CalPERS Monthly Rates by Year for 2014 through 2016 with the Board, and mentioned that the Board established the PERSChoice, employee plus two dependents level as the benchmark for medical care coverage in September, 2001. Mr. Perea reviewed the true potential fiscal impact to the health benefits budget for Fiscal Year 2015/2016 with the Board which can be approximately an additional 4% increase to the amount budgeted in June 2015, prior to CalPERS provision of the new rates effective January 1 of the following calendar year. Discussion occurred concerning health benefits for different types of employees statewide, and the importance of providing benefits for the retention of quality employees.

Action: A motion was made by Director Safranski and seconded by Director Mandich to adopt Resolution No. 2015-1216 – Resolution of the Board of Directors of Trabuco Canyon Water District Fixing the Employer's Contribution Under the Public Employees' Medical and Hospital Care Act; and adopt Resolution No. 2015-1217 – Resolution of the Board of Directors of Trabuco Canyon Water District Fixing the Employer's Contribution Under the Public Employees' Medical and Hospital Care Act.
The motion carried 5 – 0.

ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE DEVELOPMENT OF TCWD'S TEN YEAR CAPITAL IMPROVEMENT PROGRAM

Mr. Ruiz mentioned that this matter has been reviewed with the Finance/Audit and Engineering/Operational Committees, and mentioned that the proposed Ten Year Capital Improvement Program (CIP) is specifically designed to facilitate the District's Financial Plan for the current Rate Analysis. Mr. Ruiz reviewed the proposed Ten Year CIP with the Board, and highlighted the summarized first and second five-year project costs. Discussion occurred concerning total project costs and the methodology for CIP forecasting and the development of the prioritization criteria. Mr. Ruiz mentioned that District staff welcomes feedback and direction from the Board concerning the Ten Year CIP, and that the matter will be reviewed at the Committee level again prior to submittal to Raftelis Financial Consultants for inclusion into the rate analysis. Discussion occurred concerning financial challenges and project prioritization.

Action: The Board received the information concerning the matter. No action taken.

ITEM 8: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TCWD'S RATE ANALYSIS OF WATER, WASTEWATER AND RECYCLED WATER SYSTEMS & SERVICES

Mr. Ruiz provided a status update concerning this matter, and reviewed the Rate Analysis Study Schedule with the Board. Mr. Ruiz mentioned that Raftelis Financial Consultants (RFC) is currently preparing the District's Financial Plan with specific input from the District's Accounting Supervisor and Customer Service staff. Mr. Ruiz highlighted Task 2 – Financial Plan Development and Board Workshop, and suggested that the Board Workshop could be held on Monday, September 14, 2015. Discussion occurred concerning water use demographics, public outreach and communication, and the possible impacts of the drought emergency regulations on the rate analysis. Mr. Ruiz mentioned that District staff plan to update customers through the On Tap Newsletter, special mailers, the District's website, and at inter-agency meetings such as the Community Associations of Rancho (CAR) Meeting. Discussion occurred concerning the outreach efforts to date, and the importance of transparency concerning the matter of the rate analysis. Vice President Acosta commended District staff's collaboration with TCG on communicating with District customers to date.

Action: The Board received the information concerning the matter. No action taken.

ENGINEERING MATTERS

ITEM 9: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

Mr. Ruiz provided a status update on this project, and reviewed the preliminary pipeline alignment with the Board. Mr. Ruiz added that the based on the findings from the field study, the revised pipeline alignment is approximately three feet within sections of Southern California Edison's (SCE) exclusive easement. Mr. Ruiz mentioned District staff has not received a formal response from SCE concerning a letter of consent for access to their easement, but he has received informal notification that it will be completed soon. Mr. Ruiz commented that the letter of consent will include new design work based on the recent additional potholing survey work. Mr. Ruiz reviewed the projected schedule of events with the Board. Discussion occurred concerning project timeline for completion.

Action: The Board received the information concerning the matter. No action taken.

ITEM 10: BAKER WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and presented the Construction Report for August, 2015 for Board review. Mr. Ruiz added that the Project Committee met on July 28, and highlighted the proposed Contract Change Orders for the value engineering for construction change/credit in the amount of $140,000, and the costs associated with the re-sequencing of the OC-33 meter in the amount of $120,274.96. Mr. Ruiz reviewed the project schedule and mentioned that the contractor has indicated 65 days of negative float that includes time related to the deficiencies with the structural steel erection on the Chemical Building. Discussion occurred concerning project timeline for completion and inter-agency agreement. Mr. Ruiz added that the next Project Committee Meeting is scheduled for September 10, 2015.

Action: The Board received the information concerning the matter. No action taken.

ITEM 11: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE PLANO TRABUCO DEVELOPMENT, WILLIAM LYON HOMES, INC., CITY OF RANCHO SANTA MARGARITA

Mr. Ruiz provided a status update on this development, and mentioned that there were matters related to this development which required action by the Board. Mr. Ruiz reviewed the history of the development and the property, and mentioned that the developer has successfully received approval from the City of Rancho Santa Margarita. Discussion occurred concerning the development's overall impact to the District's service area and water demand; Mr. Ruiz mentioned that the high density development will help to slightly lower the District's daily per capita use, and that the development has been designed to use recycled water for the irrigation of outdoor common areas. Mr. Ruiz reviewed the sewer challenges for the development, but mentioned that District staff has budgeted in improvements for the Via Allegre Sewer Lift Station to accommodate the planned dwelling units. Discussion occurred concerning certain language in the Sub-Area Master Plan (SAMP) and biological loading challenges to the District's sanitary sewer system; Mr. Ruiz mentioned that District staff has budgeted for treatment process improvements for the Robinson Ranch Wastewater Treatment Plant in anticipation for those specific challenges. Discussion occurred concerning associated developer fees and development design challenges.

Action: A motion was made by Vice President Acosta and seconded by Director Safranski to approve the Sub-Area Master Plan prepared by Psomas for the Plano Trabuco Development, William Lyon Homes, Inc. dated June, 2015.
The motion carried 5 – 0.

A motion was made by Vice President Acosta and seconded by Director Mandich to approve the Will Serve Letter for the Plano Trabuco Development, William Lyon Homes, Inc.
The motion carried 5 – 0.

A motion was made by Director Mandich and seconded by Director Safranski to approve the Agreement for Construction of Water and Sewer Facilities (Application for Water Service) William Lyon Homes, Inc., Orange County Tract No. 17805.
The motion carried 5 – 0.

ITEM 12: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE SKYRIDGE DEVELOPMENT

Mr. Ruiz provided a status update on this development, and reviewed the major project tasks remaining to date which included a Developer Agreement for Services, Inter-Agency Agreement with SMWD for potable water inter-tie and connection to the recycled water system, and approval of the Final Tract Map. Mr. Ruiz provided an updated DRAFT Developer Agreement for Services for Board review, and mentioned that the document incorporated certain revisions specific to the updated Sub-Area Master Plan. Mr. Ruiz reviewed the Developer Fees as detailed in the DRAFT Agreement with the Board. Discussion occurred concerning Developer Fees to SMWD for recycled water and the potential challenges for the development based on the impacts of the drought. Mr. Ruiz mentioned that District Legal Counsel has reviewed the updated DRAFT Agreement, that no additional changes have been proposed, and recommends that the Board finalize and approve the Agreement.

Action: A motion was made by Director Safranski and seconded by Vice President Acosta to approve the Agreement for Construction of Water and Sewer Facilities (Application for Water Service) Standard Pacific Corporation, Orange County Tract No. 17392.
The motion carried 5 – 0.

ITEM 13: DISCUSSION AND POSSIBLE ACTION RELATING TO TCWD'S DOMESTIC WATER STORAGE AND RESERVOIR SITE FEASIBILITY STUDY

Mr. Ruiz presented this matter for Board review, and mentioned that the original Domestic Water Storage and Reservoir Site Feasibility Study (Study) was approved by the Board in October 2011, but was placed on hold and not completed due to several developments undergoing changes with respect to the number of dwelling units, use of recycled water, or litigation. Mr. Ruiz added that District staff has contacted Psomas concerning the Study due to the Skyridge development undergoing construction and the Saddle Crest development coming online, and presented the Storage Requirements and Reservoir Site Feasibility Study (Study) proposal from Psomas. Mr. Ruiz mentioned that Psomas has maintained and is familiar with the District's hydraulic computer model, and reviewed the proposed costs for the Study. Discussion occurred concerning current system challenges and limitations.

Action: A motion was made by Director Safranski and seconded by Director Mandich to approve the proposed Storage Requirements and Reservoir Site Feasibility Study by Psomas for a not to exceed amount of $24,500.
The motion carried 5 – 0.

LEGISLATIVE, ADMINISTRATIVE, AND OTHER MATTERS

ITEM 14: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING STATEWIDE DROUGHT CONDITIONS, STATE WATER RESOURCES CONTROL BOARD (SWRCB) DROUGHT REGULATIONS, AND TCWD WATER CONSERVATION MEASURES/ACTIONS

Mr. Ruiz provided a status update on the matter and mentioned that the staff report has been updated to demonstrate the public outreach items completed by District staff and Thomas Communications Group (TCG) to date, as well as items to be completed. Mr. Ruiz mentioned that District staff with TCG's assistance has prepared an On Tap Newsletter for September 2015 which will be included with customer utility bills, and that the next public outreach item to be completed is a Quad-Fold Brochure which will highlight the District's response to the State Water Board's emergency drought regulations and mandated Conservation Standard. Discussion occurred concerning the impact of the drought and customer response to public outreach methods to date. Mr. Ruiz presented the State Water Board Water Conservation Warning Letter dated August 11, 2015, which referenced the District's conservation efforts for June 2015 as within four percent less than the required Conservation Standard. Mr. Ruiz added that the District's monthly report to the State Water Board for potable water use for July 2015 demonstrated a 40% reduction in comparison to July 2013. Mr. Ruiz discussed the District's Water Hero program, and mentioned that District staff has determined the criteria for determining receipt of the Water Hero signage. Ms. Kasaboski reviewed the criteria for the Water Hero program with the Board. Discussion occurred concerning the Conservation Effort Thank You cards for District customers.

Action: The Board received the information concerning the matter. No action taken.

ITEM 15: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Ruiz had the following local governmental and/or legislative informational matter(s) to report:

- Application process for the Association of California Water Agencies (ACWA) Committee Appointments for Fiscal Year 2016/2017
- Letter of Consideration for Ms. Kathleen Tiegs for ACWA President, dated July 20, 2015
- Letter of Support from Cucamonga Valley Water District by Board President James Curatalo in regards to Ms. Kathleen Tiegs, nomination for ACWA President for Fiscal Year 2016/2017.
- Orange County Water District Letter of Support for Cathy Green for ACWA Region 10 Board President.
- ACWA Fact Sheet: "A New Statewide Tax on Water Bills is Not the Solution", August 2015:
  Mr. Ruiz presented and reviewed the fact sheet with the Board. Discussion occurred concerning the challenges for this type of tax based on the recent passage of Proposition 26 which requires a supermajority vote.

Action: A motion was made by Director Safranski and seconded by Director Mandich for the Board President to work the General Manager to draft a letter to California State Legislators in opposition to the proposed New Statewide Tax on Water Bills.
The motion carried 5 – 0.

OTHER MATTERS

Mr. Ruiz had no other matters to discuss.

ADDITIONAL DIRECTORS' COMMENTS

There were no additional Director comments received.

ADDITIONAL GENERAL MANAGER COMMENTS

Mr. Ruiz commented on two recently published Orange County Register articles which highlighted (1) indirect/direct potable water reuse and (2) agricultural fields that are expected to fallow due to the adverse impacts of the statewide drought

END ACTION CALENDAR

ADJOURNMENT

President Dopudja adjourned the August 19, 2015, Regular Board meeting at 8:52 PM.