MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
JUNE 17, 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 7:02 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
Lorrie Lausten, Engineer
Karen Warner, Accounting Supervisor
Lisa Carmouche, Administrative Assistant

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

PUBLIC PRESENT
There were members of the public present.

PLEDGE OF ALLEGIANCE
Director Haselton led the Board and District staff in the pledge of allegiance.

VISITOR PARTICIPATION
Mr. Bob Hoffman, District customer, asked the Board why the District has allowed the William Lyon Homes development on Plano Trabuco Road in light of the mandated water conservation restrictions on existing District customers. Mr. Ruiz mentioned that the high-density development had been planned prior to the water conservation mandated and is also designed with water use efficient devices and will use recycled water for outdoor landscape irrigation. Discussion occurred concerning the impact of the State Water Board's mandatory emergency regulations on the District's budget, the

statewide drought's impacts on the District's sources of water supply, and the District's groundwater production.

ORAL COMMUNICATION
No oral communication was received.

DIRECTOR'S COMMENTS
Director Haselton commended District staff for their work on the Water Awareness Day Event on Saturday, May 30, 2015.

Vice President Acosta echoed Director Haselton's commendation of staff for their work on the Water Awareness Day Event. Vice President Acosta mentioned that he attended the City of Anaheim 2015 Save Water Expo on June 6th, and that the event was well attended. Vice President Acosta mentioned that he did not attend the Water Advisory Committee of Orange County (WACO) Meeting.

Director Safranski commented on his attendance at the Municipal Water District of Orange County (MWDOC) Administrative Code Review Meeting on June 10th, and mentioned that the group discussed the possible adoption of key components of the settlement agreement with the South County Agencies; Mr. Ruiz added that the updated Administrative Code was approved as part of the Fiscal Year 2015/2016 Budget at the MWDOC Regular Board Meeting that morning.

Director Mandich commended Mr. Ruiz on his drought outreach presentation to the City of Rancho Santa Margarita City Council. Director Mandich commented on his attendance at the South Orange County Watershed Management Area Executive Committee Meeting, and reported that Santa Margarita Water District (SMWD) Board President Saundra Jacobs was selected as the Committee Chair. Discussion occurred concerning the next phase of Proposition 84 funding for eligible projects.

President Dopudja commented on his attendance at the WACO Meeting, and reported on some of the highlights from the delivered presentation on the City of San Juan Capistrano legal case on tiered billing structures. Discussion occurred concerning Proposition 218 process and administrative record issues which contributed to the ruling, as well as the importance water as a service, not solely a commodity, including fire protection and suppression. Mr. Dopudja mentioned that he had received a comment from a District customer regarding overwatering and irrigation runoff in the Dove Canyon Plaza; Mr. Ruiz mentioned that District staff is currently working with the landscape contractor to remediate all irrigation-related problems and has notified the property manager of the District's watering schedule.

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

1. Mr. Ruiz mentioned that the South Orange County Wastewater Authority (SOCWA) approved their budget which includes a higher portion of costs beginning in Fiscal Year 2016/2017 due to the planned

operation of Plant 3A by SMWD, instead of SOCWA. Mr. Ruiz mentioned that SOCWA staff is currently evaluating cost allocation methods for their future cost of services.

2. Mr. Ruiz mentioned that the South County Water Agencies Group is currently scheduling a joint meeting with MWDOC and Orange County Water District with tentative dates of July 28th or August 6th.

3. Mr. Ruiz mentioned that County of Orange Supervisor Lisa Bartlett has scheduled a South County Water Workshop on July 8th, and that any interested Directors should coordinate with Mr. Perea.

4. Mr. Ruiz mentioned that the next MWDOC Water Policy Forum and Dinner is scheduled for Wednesday, July 29th, and that the scheduled keynote speaker is Ms. Felicia Marcus, State Water Board Chair. Mr. Ruiz added that any interested Directors should coordinate with Mr. Perea.

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 the Consent Calendar.
The motion carried 5 – 0.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 5: AUTHORIZE ACTION(S) FOR FISCAL YEAR 2015/2016 UNDEVELOPED LAND/WATER STANDBY ASSESSMENT & PUBLIC HEARING

Mr. Ruiz presented this matter for Board review, and mentioned that the Standby Assessment is an annual item which requires a Public Hearing. Mr. Ruiz added that District staff has prepared the required Notice and will comply with the notification procedures for the Public Hearing scheduled to be held during the July 15, 2015 Regular Board Meeting. Discussion occurred concerning the Public Hearing and notification process.

Action: A motion was made by Director Safranski and seconded by Director Mandich to authorize District staff to proceed with the implementation of procedures to set the Fiscal Year 2015/2016 Undeveloped Land/Water Standby Assesments at $15.00 per acre or thereof; and agendized and authorized District staff to furnish Notice for Public Hearing on Proposed Standby Assessments for the July 15, 2015, Regular Board Meeting.
The motion carried 5 – 0.

FINANCIAL MATTERS

ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING MWDOC'S PROPOSED FISCAL YEAR 2015/2016 BUDGET

Mr. Ruiz provided a status update on this matter, and reviewed the MWDOC Fiscal Year 2015/2016 Imported Water Rates with the Board. Mr. Perea presented a handout and reviewed the District's proposed Fiscal Year 2015/2016 Water Use Efficiency (WUE) Rebate Program Enhancements. Mr. Perea provided a status update on the Turf Removal Program funding challenges and limitations, and mentioned that the MWDOC-member agencies were notified at an emergency Turf Removal Working Group Meeting that funding for Turf Removal projects is nearly exhausted. Mr. Perea added that due to this development, that District staff has updated the proposed WUE Rebate Program Enhancements for Fiscal Year 2015/2016. Discussion occurred concerning the WUE device rebates and rebate program funding opportunities.

Action: A motion was made by Vice President Acosta and seconded by Director Safranski to approve TCWD's Fiscal Year 2015/2016 Water Use Efficiency Rebate Program Enhancements in the amount of $12,145.
The motion carried 5 -0.

ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TCWD'S PROPOSED FISCAL YEAR 2015/2016 GENERAL FUND AND CAPITAL IMPROVEMENT PLAN BUDGETS

Mr. Ruiz provided a status update on this matter, and mentioned that District staff and Ms. Byerrum have implemented recommendations from the Board as discussed at the Special Board Meeting – Budget Workshop. Mr. Ruiz delivered a Powerpoint presentation on the proposed Fiscal Year 2015/2016 Budgets, and provided the following additional budget-related developments since the Budget Workshop:

- **Historical and Projected Annual Water Demand**

Mr. Ruiz reviewed historical water demands and commented that District staff is budgeting for the purchase of approximately 2,500 acre feet, without any groundwater. Mr. Ruiz added that District staff is assuming another dry year for budgeting purposes.

- **DRAFT Water Projections**

Mr. Ruiz reviewed the DRAFT Water Projections and highlighted the impact of the State Water Board proposed emergency regulations. Mr. Ruiz mentioned that the projections include normal water production for four months and a 32% reduction in water demands for the eight month period the proposed emergency regulations are in effect. Mr. Ruiz reviewed the State Water Board Conservation Standard methodology and the reasons for the District's 32% mandatory reduction. Mr. Ruiz noted that the proposed budget is in direct response to the mandated State Water Board reductions.

- **Major Budgetary Assumptions**

Mr. Ruiz reviewed the following assumptions in the preparation of the FY2015/2016 Budgets:

- Southern California Edison (SCE) total costs are expected to remain unchanged based on the most recent electrical rate projections.
- Health Care Benefits costs increase of 5%
- Inflation, including fuel, chemicals, cost increase of 2%
- TCWD salaries: no change to total salary costs
- Revised District Employee Salary Pay Table: Mr. Ruiz presented the proposed District Employee Salary Pay Table for Board review, and mentioned that District staff has eliminated the seniority component of the current Salary Pay Table. Mr. Ruiz added that the proposed Salary Pay Table is designed to be merit-based and has been expanded with more incremental steps to encourage individual employee growth based on performance. Mr. Ruiz mentioned that per CalPERS requirement, that the proposed Salary Pay Table requires Board approval. Mr. Ruiz mentioned that District Legal Counsel has provided additional language for Resolution No. 2015-1212 to include the approval of the proposed Salary Pay Table with the Fiscal Year 2015/2016 General Fund Budget. Mr. Ruiz added that there are no planned changes to the proposed total salary costs for Fiscal Year 2015/2016, but that any merit-based salary adjustments will be apportioned from planned retirements and/or vacancies. Mr. Ruiz reviewed the Fiscal Year 2015/2016 District Organizational Chart and highlighted the planned employee retirements and vacancies with the Board. Discussion occurred concerning District staffing challenges and succession planning.

- **MET/MWDOC Water Purchase Costs**

Mr. Ruiz reviewed the planned water purchases costs and fees for FY2015/2016. Mr. Ruiz reviewed the retail meter and incremental charges for the District, and highlighted the following additional MET and MWDOC charges:

- MET Capacity Charge
- MET Readiness to Serve Charge
- MWDOC CHOICE Programs

- **Santiago Aqueduct Commission (SAC)-related charges**

Mr. Ruiz mentioned that District staff will be attending the SAC Meeting the following day and will receive the formal proposed costs for the Fiscal Year 2015/2016.

- **FY2015/2016 Proposed General Fund and Capital Improvement Program Budgets Review**

Mr. Ruiz presented the proposed FY2015/2016 Budget to the Board, and mentioned that Ms. Byerrum was in attendance to answer any of their questions concerning the Budget. Ms. Byerrum reviewed the Budget Summary (Schedule A) with the Board and reviewed the sources of funds from the Operating Budget and uses of funds. Discussion occurred concerning assumed challenges for FY2015/2016. Mr. Ruiz presented the proposed Capital Improvement Program (CIP) for Board review and highlighted planned projects by Department. Mr. Ruiz mentioned that as a result of the increase in workload from the new State Water Board regulations that District staff proposes to postpone certain Major Repairs and Expenses which were originally scheduled for FY2014/2015 to be completed next year.

- **District Rate Analysis of Water, Wastewater, and Recycled Water Systems**

Discussion occurred concerning the planned Rate Analysis of the District's Water, Wastewater, and Recycled Water Systems. Ms. Byerrum mentioned that District staff sent the Request for Proposal for Consultant Services to five prospective consultants, and has received proposals from all five companies. Ms. Byerrum added that the District has established an internal Proposal Review Committee to review the submitted proposals and shortlist the candidates for interview. Discussion occurred concerning comprehensive rate study challenges and the impact of the State Water Board emergency drought regulations. Mr. Hoffman addressed the Board and inquired about the District's revenues and expenses, major repairs and expenses, and whether the District plans to utilize Reserves to offset loss of revenue due to the impacts of the drought; Mr. Ruiz confirmed that the District plans to utilize the Water and Sewer Rate Stabilization Reserves for that exact purpose, and that this is the first time that the district has accessed reserve funds due to drought conditions. Discussion occurred concerning the statewide drought and mandated reductions from both the State Water Board and Metropolitan Water District of Southern California. President Dopudja commented on the District's challenges during the drought, including the impact that mandated reductions pose for fuel modification zones and service water for fire suppression. Director Haselton commended District staff and Ms. Byerrum for their hard work and preparation of the budget during this challenging time. Vice President Acosta echoed Director Haselton's comments, and added that this is one of the District's most challenging years from a financial standpoint .

Action: A motion was made by Director Safranski and seconded by Vice President Acosta to adopt Resolution No. 2015-1212 – Resolution of the Board of Directors of the Trabuco Canyon Water District Approving the General Fund District Budget for Fiscal Year 2015/2016 for an amount of $8,625,720, as amended to approve the District Employee Salary Pay Table effective July 1, 2015.
The motion carried 5 – 0.

A motion was made by Director Safranski and seconded by Director Mandich to adopt Resolution No. 2015-1213 – Resolution of the Board of Directors of the Trabuco Canyon Water District Approving the Capital Improvement Program Budget for Fiscal Year 2015-2016 for an amount of $4,793,000.
The motion carried 5 – 0.

ENGINEERING MATTERS

ITEM 8: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

Mr. Ruiz provided a status update on this project, and mentioned that Southern California Edison (SCE) has approved and agreed to provide a letter of consent for access to their exclusive easement. Mr. Ruiz added that now that work on the project can proceed because of this new development. Mr. Ruiz mentioned that District staff has been notified by Irvine Ranch Water District (IRWD) regarding their concerns of the location of the pipeline, and are currently reviewing the proposed pothole plans. Mr. Ruiz added that additional potholing may be required to fully determine the location of the pipeline, which may cost approximately $25,000 for the potholing and an additional $5,000 for oversight/site management. Discussion occurred concerning notification to Supervisor Lisa Bartlett on the project's status and an expression of gratitude for her assistance; Mr. Ruiz mentioned that as soon as he receives the letter from SCE that District staff could draft a letter for the Board President's signature. Mr. Ruiz reviewed the Easement Acquisition/Procurement Schedule with the Board, and highlighted the Property Appraisal timeline for completion.

Mr. Ruiz provided a status update concerning the Emergency Preparation Work, and mentioned that District staff has requested a quote from GCI (Contractor) to complete the Emergency Bypass Pipeline work. Mr. Ruiz reviewed the timeline for completion and required materials list for Board review, and mentioned that District staff would like to purchase certain long lead items. Discussion occurred concerning project challenges, timeline for project completion, and potential delays due to FEMA's Congressional approval process. President Dopudja recommended that District staff purchase the required materials with a not to exceed amount. Discussion occurred concerning the itemized costs in the GCI quote.

Action: A motion was made by Director Safranski and seconded by Director Mandich to authorize the General Manager for the following items related to the GCI Emergency Bypass Pipeline work quote:

1. Contract with GCI Construction for Item No. 1 Mobilization for a not to exceed amount of $25,000; and Item Nos. 2 and 3 for not to exceed amount of $60,000 in the event of an emergency with notification to the appropriate regulatory agencies;
2. Prepare the necessary environmental documentation for submission to appropriate regulatory agencies.

The motion carried 5 – 0.

ITEM 9: BAKER WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and reviewed the Construction Report for June, 2015 with the Board. Mr. Ruiz added that the Board of Directors and District staff is invited to attend a planned tour of the facility on June 23, 2015 at 10:00 AM, and are required to wear a safety vest and hard hat during the tour.

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

ITEM 10: SHADOW ROCK DETENTION BASIN FACILITY

Mr. Ruiz provided a status update on this project, and mentioned that SCE has completed the electrical power connection. Mr. Ruiz mentioned that the Dedication Ceremony is scheduled for Friday, July 10th, and that District staff is currently coordinating the event staging. Vice President Acosta commented that he would unfortunately not be in attendance at the event as he would be out of town.

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

ITEM 11: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE SKYRIDGE DEVELOPMENT

Mr. Ruiz provided a status update on this development, and mentioned that there has been no current action at the project site. Mr. Ruiz added that District staff has met with SMWD staff to review the proposed agreement concerning potable and recycled water conversions at the site. Discussion occurred concerning drought impacts to the developers planned water usage, including the use of recycled water for construction water, and the projected use of recycled water for the common areas and more efficient landscaping of the new homes.

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

LEGISLATIVE, ADMINISTRATIVE, AND OTHER MATTERS

ITEM 12: 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 reviewed the District's State Water Board Monthly Report (Report) for May 2015. Mr. Ruiz added that the District experienced an 18% reduction on its potable water production compared to June 2013, and that District staff will communicate this reduction through the new gauge signs throughout the service area. Mr. Ruiz highlighted the District's outreach efforts in the complaints received and resolved. Mr. Perea presented a Google Analytics report which demonstrated the total page views and frequently accessed pages for the prior month for Board review. Mr. Ruiz reviewed the drought outreach efforts with the assistance of Thomas Communications Group, which included watering schedule lawn signs, banners, and informational postcards. Mr. Ruiz mentioned that District staff had recently completed a District-wide Call'Em All automated message on June 1st notifying customers of the new watering schedule and the State Water Board's mandated emergency regulations. Mr. Ruiz added that District staff has been meeting with Homeowner Associations and the Nurseries to review their Commercial Irrigation Reduction Plans. Discussion occurred concerning utility billing upgrades and the unavailability of the current online bill pay system; Mr. Perea added that District staff is currently working with the new utility bill consultant on a new online bill payment portal for District customers that prefer credit card or electronic check payment, but that the process is expected to take approximately 90 days. Mr. Perea added that District customers will be notified when the new online bill payment portal is completed. Discussion occurred concerning the District's emergency drought communication signage and mailed postcards.

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

ITEM 13: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS 2015 ELECTION FOR THE SOUTHERN NETWORK, SEAT A

Mr. Ruiz presented this matter for Board review, and that Vice President Acosta is the current Board Representative to CSDA. Discussion occurred concerning the candidates for Seat A.

Action: A motion was made by Vice President Acosta and seconded by Director Safranski to cast a vote for Ms. Jo MacKenzie for the California Special Districts Association Board of Directors 2015 Election for the Southern Network, Seat A.
The motion carried 5 – 0.

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

Mr. Ruiz had no local governmental and/or legislative informational matter(s) to report.

Action: There was no action taken.

OTHER MATTERS

There were no other matters for discussion.

ADDITIONAL DIRECTORS' COMMENTS

There were no additional Director comments received.

ADDITIONAL GENERAL MANAGER COMMENTS

Mr. Ruiz had no additional comments.

END ACTION CALENDAR

ADJOURNMENT

President Dopudja adjourned the June 17, 2015, Regular Board meeting at 9:16 PM.