

**MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
NOVEMBER 18, 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
Lorrie Lausten, Engineer
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

Vice President Acosta 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 Haselton commented on the Orange County Register reports of the District's meetings and workshops regarding the ongoing Rate Analysis in the Local Section for Rancho Santa Margarita and The Canyons, Coto de Caza, and Ladera Ranch. Director Haselton expressed his appreciation for District staff's and Raftelis Financial Consultants' efforts in the preparation of the Rate Analysis.

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Vice President Acosta commented on his attendance at the Water Advisory Committee of Orange County (WACO) meeting, and summarized the Metropolitan Water District of Southern California (MET) El Nino Preparation presentation. Vice President Acosta mentioned that the presentation highlighted the current drought conditions and the El Nino's potential impacts on the state's snowpack.

Director Safranski commented on his attendance at the South County Agencies Meeting earlier in the day, and mentioned that the meeting included representatives from both the MWDOC and Orange County Water District (OCWD) Board of Directors to review collaborative efforts between the agencies. Director Safranski added that the subject and the purpose of the current settlement agreement between MWDOC and the South County Agencies was highlighted during the meeting. Director Safranski asked Mr. Ruiz about the benefits of the MWDOC Water Reliability Study; Mr. Ruiz said that the Study covers a broad range of climate conditions and water demands modeled to identify gaps in water supplies to Orange County. Mr. Ruiz noted that the study emphasizes the need for a solution to the Delta fix. Director Safranski added that the group discussed the MET/ County of Los Angeles Reuse Project that is similar to the OCWD's Groundwater Replenishment System (GWRS), provided an update on the Poseidon project application to the Coastal Commission, and the planned water agency representatives from Orange County to the State Water Resources Control Board meeting for December 7, 2015. Discussion occurred concerning the history of the relationships between MWDOC and member agencies.

Director Mandich commented on his attendance at the Rancho Santa Margarita Chamber of Commerce State of the City event on November 13, 2015, and mentioned that the event was well attended.

President Dopudja commented on his attendance at the Municipal Water District of Orange County (MWDOC) Elected Officials Forum on November 5, 2015, which highlighted the impacts of the ongoing statewide drought and the importance of a fix to the delta. President Dopudja commented on his attendance at the Santa Margarita Water District (SMWD) Gobernadora Basin Groundbreaking Event on October 30, 2015, and mentioned that the event was well attended, and an example of another local project that is designed to capture and reuse runoff.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz reported on the following matters:

- Mr. Ruiz provided a brief update on the different methods that the District has used to advertise the Rate Analysis, which included the a postcard to all customers, the District's website, the On Tap Newsletter, as well as word of mouth, such as extending an invitation to the Community Associations of Rancho (CAR) members. Mr. Ruiz reviewed the updated information concerning the Rate Analysis on the District's website which included the Rate Analysis Schedule, a topographical map of the District Pumping Zones, and a District Organizational Overview which demonstrated the current staffing levels within the agency. President Dopudja provided a suggestion for the District's website concerning the Proposition 218 Notice of Public Hearing.

ITEMS TOO LATE TO BE AGENDIZED

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

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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. Director Acosta asked to remove Item No. 4 from the Consent Calendar.

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

ACTION CALENDAR

ADMINISTRATIVE MATTERS

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

Vice President Acosta requested to adjust his schedule to include his attendance at the Independent Special Districts of Orange County (ISDOC) meeting on October 22, 2015.

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

**ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING 2016 BOARD MEMBER COMMITTEE
APPOINTMENTS AND AGENCY REPRESENTATIVE ASSIGNMENTS**

Mr. Ruiz presented this matter for Board review, and mentioned that the District's Organizational Meeting is held annually in December. Mr. Ruiz added that District staff have included the current Board Member Committee Appointments and Agency Representative Assignments for Board review, and that if there is any interest to serve in a different capacity, that the Directors can notify him, the Board President, or the District Secretary. A brief discussion occurred concerning the different appointments and assignments. Director Safranski reviewed the possible challenges with the assignment to the South County Agencies Group for Calendar Year 2016, as the District has been assigned the position as Chair for the following year. Discussion occurred concerning the need for transitional flexibility to meet with scheduling challenges, and the possibility recommending the establishment of a Vice Chair for the group.

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

FINANCIAL MATTERS

**ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING TCWD'S RATE ANALYSIS FOR WATER,
WASTEWATER AND RECYCLED WATER SYSTEMS & SERVICES, AND POTENTIAL ACTION(S) CONCERNING TCWD
RATES**

Mr. Ruiz provided a status update on this matter, and mentioned that this matter required Board action. Mr. Ruiz provided a brief review of the information for the scheduled Public Hearing for the Rate Analysis on December 16, 2015. Discussion occurred concerning the District's commitment to cost control measures to maintain fiscal responsibility, including the defeasement of matured Community Facility District (CFD) charges to certain customers in the respective CFD areas and the low level number of full time employees. Mr. Ruiz reviewed sample presentation slides and images for inclusion in the presentation, and described the District's challenges, such as energy costs associated with pumping water to the District's service area, and using District

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reserves to absorb costs directly related to maintaining low water, wastewater and recycled water rates. Discussion occurred concerning presentation options for the Public Hearing and the importance of transparency with regard to the proposed rates. Mr. Ruiz presented and reviewed the proposed Policy Regarding Rate Change Proceedings (Policy) with the Board. Mr. Ruiz mentioned that the current Policy is from 2007, and District staff is following Legal Counsel's recommendation to update the Policy. Discussion occurred concerning the proposed Policy's notification requirements for rate adjustments; Mr. Ruiz commented that the Policy includes flexibility for District staff to use multiple methods of notification of proposed future rate adjustments, including but not limited to the District's website and monthly newsletter.

Action: A motion was made by Director Safranski and seconded by Vice President Acosta to adopt Resolution No. 2015-1220 – Resolution of the Board of Directors of the Trabuco Canyon Water District Amending Policy Regarding Rate Change Proceedings. 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 reviewed the Major Project Tasks Remaining with the Board. Mr. Ruiz commented that he had submitted a formal letter to CalOES to request an extension to April 2017 for completion of the project, and that CalOES has recommended the same to FEMA on the District's behalf. Mr. Ruiz provided a brief update on the appraiser report, and mentioned that draft report will be completed in late December or January for Engineering/Operational Committee review, and subsequently, Board review. Mr. Ruiz commented that Tetra Tech (Consultant) is currently working on the final design for the project. Discussion occurred concerning project challenges and funding reimbursement timelines. Mr. Ruiz added that District staff plan to meet with Congresswoman Mimi Walters and her staff to introduce them to the project and provide a status of the project in the coming months.

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

ITEM 9: BAKER WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and presented the Irvine Ranch Water District (IRWD) Baker Water Treatment Plant Construction Report for November 2015 for Board review. Mr. Ruiz reviewed the project schedule, and mentioned that the Project Committee (PC) met earlier that day. Mr. Ruiz added that there were no contract change orders for Board review and approval, but mentioned that the project is currently 77 days behind schedule. Discussion occurred concerning current project challenges and the expected timeline for completion.

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

ITEM 10: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE SKYRIDGE DEVELOPMENT

Mr. Ruiz commented that there was no status update on this development at this time, but mentioned that he is working with Santa Margarita Water District (SMWD) staff on the completion of the Inter-agency agreement for the potable water inter-tie and connection to recycled water system. Mr. Ruiz provided an update on the Request for Proposal for Construction Inspection Services related to the installation of water, wastewater, and recycled water utilities for the development. Mr. Ruiz mentioned that District staff is currently reviewing the proposals. Mr. Ruiz added that District staff anticipates contracting with a company within the next few weeks

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and prior to the pre-construction meeting in early December, followed by bringing the approval to the Board for ratification at the December 16, 2015 Regular Board Meeting.

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

LEGISLATIVE, ADMINISTRATIVE, AND OTHER MATTERS

ITEM 11: 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 following exhibits with the Board:

- TCWD Monitoring Report for October 2015, submitted to SWRCB: Mr. Ruiz mentioned that the District’s customers conserved 31% for the month of October 2015 in comparison with the same month in 2013. Mr. Ruiz commented on the challenges with meeting the State Water Board’s mandated Conservation Standard of 28%, and that meeting the goal will be difficult in the coming months without significant wet weather. Mr. Ruiz mentioned that District staff is currently working on projects to maximize conservation efforts, which included a recycled water connection for TY Nursery and a recycled water hydrant connection point for construction water use.
- Mr. Ruiz reviewed a State Water Board Notice of Public Workshop on Urban Water Conservation scheduled for December 7, 2015. Discussion occurred concerning the purpose of the Public Workshop, and if there were any neighboring agencies planning to attend the information workshop.
- Mr. Ruiz reviewed Governor Brown’s Executive Order B-36-15, and highlighted order number three, which explained that, “if drought conditions persist through January 2016, the Water Board shall extend until October 31, 2016, restrictions to achieve a statewide reduction in urban potable water usage”. Discussion occurred concerning the mandated Conservation Standards and the challenges associated with meeting the mandate.

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

ITEM 12: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

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

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

OTHER MATTERS

None

ADDITIONAL DIRECTORS’ COMMENTS

None

ADDITIONAL GENERAL MANAGER COMMENTS

Mr. Ruiz has no other comments.

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CLOSED SESSION

The Board of Directors, through President Dopudja, recessed the Open Session portion of the Meeting at 9:20 PM. The Board met in Closed Session as set forth in the Meeting Agenda.

The Board, through President Dopudja, reconvened the Open Session of the Meeting at 9:53 PM.

ITEM 13: REPORT OF ACTION(S) TAKEN IN CLOSED SESSION

Action: The Board received information concerning the matter. There was no other announcement at that time.

END ACTION CALENDAR

ADJOURNMENT

President Dopudja adjourned the November 18, 2015, Regular Board meeting at 9:55 PM.