

**MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
JANUARY 16, 2013**

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Mandich at 7:00 P.M. at TCWD's Main Office located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Michael Perea, District Secretary, recorded and transcribed the minutes thereof.

DIRECTORS PRESENT

Board President Ed Mandich
Vice President Jim Haselton
Director Glenn Acosta
Director Mike Safranski

DIRECTORS ABSENT

Director Stephen Dopudja

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Karen Warner, Accounting Supervisor

DISTRICT CONSULTANTS PRESENT:

District General Legal Counsel - Robert E. Anslow (Bowie, Arneson, Wiles & Giannone)
District Treasurer – Cindy Navoroli – Byerrum (Platinum Consultants)

PUBLIC PRESENT

There were members of the public present

PLEDGE OF ALLEGIANCE

Vice President Jim Haselton led the Board and staff in the pledge of allegiance

VISITOR PARTICIPATION

No comments were received.

ORAL COMMUNICATION

No comments were received.

DIRECTOR'S COMMENTS

Vice President Haselton had no comment.

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Director Acosta wished the Board and District staff a Happy New Year.

Director Safranski commented on the Mesa Consolidated Water District's name change to Mesa Water District. Discussion occurred concerning organizational name change process.

President Mandich recognized and congratulated Mr. Hector Ruiz as District General Manager.

REPORT FROM THE GENERAL MANAGER

The General Manager, Hector Ruiz, commented on the following items:

1. The Metropolitan Water District of Southern California (MET) has scheduled a shutdown of the Santiago Lateral Pipeline for six days, beginning March 3rd. Mr. Ruiz commented that the District will utilize water from Irvine Lake or import treated water through the South County System. Discussion occurred concerning Trabuco Creek Wells Facility production timeline.

ITEMS TOO LATE TO BE AGENDIZED

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. Discussion occurred concerning a correction on Item 1: Approval of Minutes of Board Meeting(s); President Mandich noted a typographical error concerning Item 7: Committee Member and Agency Representative Appointments, City of Rancho Santa Margarita Liaisons. President Mandich requested that the correction be made to the minutes.

Action: A motion was made by Director Acosta and seconded by Director Mandich to approve the Consent Calendar, Item Nos. 1 through 4, as amended. The motion carried 4 – 0 - 1.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 5: DISTRICT WATER METERS AND EMERGING TECHNOLOGY

The General Manager, Hector Ruiz, commented that this matter was reviewed with both the Finance/Audit and Engineering/Operational Committees. Mr. Ruiz commented that the District is interested in using Automatic Meter Read (AMR) Technology in its service area. In particular with new developments, beginning with a pilot project at the eight new homes in the Fieldstone Development located in Trabuco Highlands. Mr. Ruiz commented that staff received the quotes, included in the staff report, from its meter vendors Sensus/Aquametric and Neptune/Equarius. The quotes show costs for AMR water meters, software, and hardware.

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Discussion occurred concerning AMR technology and the method of communication. The Administrative Services Manager, Mr. Michael Perea commented on the benefits of AMR technology, such as a reduction in staff time during meter reads and streamlining the customer service billing process. Discussion occurred concerning the physical construction of the meters and the pilot project timeline and budget.

Action: A motion was made by Director Safranski and seconded by Director Acosta to authorize the General Manager to purchase and implement the water meters, software and hardware from Equarius for a not to exceed amount of \$9,000.00. The motion carried 4 – 0 - 1.

ITEM 6: DISTRICT WEBSITE UPGRADE PROJECT

The General Manager, Hector Ruiz, commented that the District website is functional in its purpose, but is limited and cumbersome, and that website management is performed by District staff. Mr. Ruiz commented that in June, 2012, the Orange County Grand Jury assessed Orange County local government websites. Mr. Ruiz commented that it was originally the District's objective to have an updated website by January, 2013. Mr. Ruiz commented that staff has obtained a limited number of sample Requests for Proposals and sample scopes of work from local agencies for website development and management. Mr. Ruiz commented that staff are scheduled to meet with local agencies concerning shared services, and will solicit sample language and documentation. Discussion occurred concerning website development opportunities, other local agency websites, and possible assistance from an intern.

Action: President Mandich directed staff to prepare a scope of work and draft Request for Proposal for District website development and management.

ITEM 7: WATEREUSE RESEARCH FOUNDATION SPECIAL INITIATIVE FOR ADVANCING DIRECT POTABLE REUSE

The General Manager, Hector Ruiz, commented that WateReuse, a national non-profit organization, has developed a Special California Initiative with the purpose of advancing direct potable reuse as a water supply source. Mr. Ruiz commented that the District is an active member in the local Orange County Chapter of WateReuse, and has been supportive of water reuse projects, such as the Dry Season Recovery System. Mr. Ruiz commented that WateReuse has solicited local agencies for pledges in the form of donations for the Special Initiative, and that the staff is requesting direction from the Board. Discussion occurred concerning the benefits of responding to the request for a donation to the Special Initiative, the amount of the donation, and how this donation would be funded by the District. Mr. Ruiz commented that the funds for the donation could come from revenues from the District's Dry Season Recovery project, which is primarily through the sale of excess recycled urban runoff water.

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Action: A motion was made by Director Acosta and seconded by Director Safranski to authorize the General Manager to pledge on the District's behalf a not to exceed amount of \$4,000.00 over two years to WaterReuse through a joint agreement with other South County Agencies. The motion carried 4 – 0 - 1.

ITEM 8: CONSIDERATION AND POSSIBLE ACTION ON AGREEMENT WITH POSEIDON RESOURCES (SURFSIDE) LLC CONCERNING INFORMATIONAL DISTRIBUTION AND AUTHORIZE GENERAL MANAGER TO BE TCWD'S PRINCIPAL NEGOTIATOR CONCERNING WATER AVAILABILITY AND COSTS FROM POSEIDON RESOURCES HUNTINGTON BEACH FACILITY

The General Manager, Hector Ruiz, commented that this matter concerns Poseidon Resources, LLP, (Poseidon) proposed desalination water treatment plant in Huntington Beach, and their proposal to sell desalinated water to public agencies and municipalities in Orange County. Mr. Ruiz commented that Poseidon has required all involved negotiating agencies agree to a Confidentiality Agreement, which is included for Board Member review. Mr. Ruiz commented that the Municipal Water District of Orange County will act as the principal negotiator for member agencies. Discussion occurred concerning the benefits to the District through the participation in this project; Mr. Ruiz commented that the District will indirectly benefit from this project through the offset of purchased potable water usage by other agencies, which in turn, provides more potable water for the region.

Discussion occurred concerning agreement terms, the impact of signing or not signing the agreement, project funding, timelines, and benefits. District General Legal Counsel, Mr. Rob Anslow commented that Poseidon is looking to avoid negotiating in the press the project's costs and any decision or action regarding the purchase of water would have to be brought to the Board. Mr. Ruiz commented that if the recommended action is approved by the Board, the Confidentiality Agreement will be taken to the next scheduled meeting with the Poseidon representatives at MWDOC, and at that time additional project information will be discussed. Discussion occurred concerning regional and local water reliability, and regional energy issues.

Action: A motion was made by Director Safranski and seconded by President Mandich to (a) approve the Confidentiality Agreement with Poseidon and authorize the General Manager to execute and deliver that Agreement, and (b) that the Board designate TCWD's General Manager to be TCWD's principal negotiator/point of contact concerning information regarding water availability and costs from the Poseidon Resources Huntington Beach Facility, with final approval for any action(s) thereon to be made by the Board. The motion carried 4 – 0 - 1.

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FINANCIAL MATTERS

ITEM 9: DISTRICT TREASURER’S ANNUAL STATEMENT OF INVESTMENT POLICY

The General Manager, Hector Ruiz, commented this matter is reviewed and presented to the Board annually, and is required to be completed by the District by State legislation, effective January 1, 1997. Mr. Ruiz commented that this matter specifies the safety, liquidity, and returns on District investments, and the recommended action is that the Board approve this matter in the form of Resolution No. 2013-1181. Discussion occurred concerning District policy on investments in comparison with other local agencies; the District Treasurer, Ms. Cindy Navaroli-Byerrum commented that the District’s Investment Policy is similar to local agencies, except for Irvine Ranch Water District due to specific reasons. District General Legal Counsel, Mr. Rob Anslow commented the language in the Resolution is standard government code statute language.

Action: A motion was made by Director Safranski and seconded by Vice President Haselton to adopt Resolution No. 2013-1181 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting Treasurer’s Annual Statement of Investment Policy. The motion carried 4 – 0 - 1.

ITEM 10: DISTRICT BANKING SERVICES

The General Manager, Hector Ruiz, commented that staff submitted a request for proposal of banking services to seven banks, and received a total of four responses. Mr. Ruiz commented that staff interviewed two shortlisted banks, Bank of the West and Citizens Bank. Mr. Ruiz commented that at the December 19, 2012, Regular Board Meeting, the Board directed staff to negotiate and prepare an agreement for banking services with Bank of the West. Mr. Ruiz commented that Bank of the West has requested a resolution from the District for banking services. Discussion occurred concerning Bank of the West’s financial stability and health; the District Treasurer, Ms. Cindy Navaroli-Byerrum commented that Bank of the West has an excellent credit rating, fits the District’s criteria for a banking institution, and will have a significant reduction in the District’s annual banking fees. Discussion occurred concerning the agreement’s length of services term; Ms. Navaroli-Byerrum commented that the agreement term is for three years.

Action: A motion was made by Director Safranski and seconded by Director Acosta to adopt Resolution No. 2013-1182 – Resolution of the Board of Directors of Trabuco Canyon Water District Authorizing Action with Respect to District General Banking Services, Approving Certain Actions by District Treasurer and Staff in such regard, Agreements Approving Certain Documents for such Services and Taking Related Actions. The motion carried 4 – 0 - 1.

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ENGINEERING MATTERS

ITEM 11: BAKER REGIONAL WATER TREATMENT FACILITY

The General Manager, Hector Ruiz, provided a status update on the project. Mr. Ruiz commented that the January, 2013, meeting was cancelled, and the project's final design work has been submitted to Irvine Ranch Water District for review. Mr. Ruiz commented that he anticipates additional information to be presented by the end of the month. Discussion occurred concerning the impact of project delays on local agency involvement.

Action: None

ITEM 12: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

The General Manager, Hector Ruiz provided a status update on the project. Mr. Ruiz commented that Tetra Tech (Consultant) had completed and submitted the Funding Analysis (Analysis) to the California Emergency Management Agency (CalEMA) on December 21, 2012, and CalEMA subsequently submitted the Analysis to the Federal Emergency Management Agency (FEMA). Mr. Ruiz presented the Consultant cover letter showing the alternatives evaluated and the repair costs. Discussion occurred concerning the alternative repair options, and project funding and timelines. Mr. Ruiz commented that he anticipates a response from FEMA/CalEMA within the next two months concerning project funding. Discussion occurred concerning environmental impacts posed by the project, if any, and the subsequent abandonment or removal of the affected pipeline post-project completion.

Action: None.

ITEM 13: SHADOW ROCK DETENTION BASIN FACILITY

The General Manager, Hector Ruiz provided a status update on the project. Mr. Ruiz commented that the pre-design meeting will be conducted in February. Mr. Ruiz commented that staff is currently working with Southern California Edison for the procurement of power to the project site. Discussion occurred concerning the impacts of this project for the District's service area, as well as the City of Rancho Santa Margarita's National Pollution Discharge Elimination System (NPDES) Permit Program Requirements and the benefits through the capture of urban runoff water.

Action: None.

LEGISLATIVE MATTERS

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

The General Manager, Hector Ruiz, commented on the following matters:

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1. The Orange County Local Agency Formation Commission (OC LAFCO) is scheduled to meet on February 13, 2013, to discuss the third cycle of the Municipal Services Review and Sphere of Influence Report. Mr. Ruiz commented that as this matter develops, he will update the Board.
2. The OC LAFCO is advertising an Executive Officer position (a copy of the flyer is included in the Blue Folder for review). Mr. Ruiz commented that the position is currently held by Ms. Carolyn Emory, Interim Executive Officer.

Action: None

OTHER MATTERS

The General Manager, Hector Ruiz, commented there were no other matters for discussion.

Action: None.

ADDITIONAL DIRECTORS' COMMENTS

Director Acosta acknowledged Ms. Brooke Edwards Staggs, Orange County Register, in the audience.

President Mandich acknowledged Ms. Edwards Staggs, in the audience, as well.

Director Safranski asked staff to investigate any opportunities for MET/District rebates for customers with the implementation of Automatic Meter Read (AMR) meters in the District's service area.

ADDITIONAL GENERAL MANAGER COMMENTS

The General Manager, Mr. Hector Ruiz commented on the Municipal Water District of Orange County (MWDOC) Water Policy Forum and Dinner scheduled for January 23, 2013. Mr. Ruiz commented that if Directors are interested in attending this event, they were to advise the District Secretary by Friday, January 18th.

CLOSED SESSION

The Board, through President Mandich, recessed the Open Session portion of the Meeting at 8:12 P.M. The Board met in Closed Session with District General Legal Counsel, as set forth in the Meeting Agenda.

CLOSED SESSION #1

The Board, through President Mandich reconvened the Open Session of the Meeting at 8:27 P.M.

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**ITEM 15: DISCUSSION AND POSSIBLE ACTION CONCERNING TORT CLAIM SUBMITTED TO THE
DISTRICT (CLAIM OF TEICHMAN – 2013)**

Action: A Motion was made by Director Acosta and seconded by President Mandich to authorize the District Secretary and General Legal Counsel to provide notice that the claim submitted to the District dated January 7, 2013, and received on January 9, 2013 (identified as Teichman - 2013) was not submitted on the required District claim form, and, if the claim is resubmitted using the required form that the District Secretary and General Legal Counsel be authorized to review such claim and respond, as required by applicable law, if the re-submitted claim is not legally sufficient or not submitted in a timely manner without requirement of further Board action. The motion passed 4 – 0 - 1.

END ACTION CALENDAR

ADJOURNMENT

President Mandich adjourned the January 16, 2013, Regular Board meeting at 8:28 P.M.

Respectfully Submitted,

Michael Perea, District Secretary

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