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**THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
TRABUCO CANYON WATER DISTRICT
MAY 16, 2012**

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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 Trabuco Canyon Water District's office located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Teresa Teichman, Secretary to the Board of Directors, recorded and transcribed the minutes thereof.

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DIRECTORS PRESENT

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

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STAFF PRESENT

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Don Chadd, General Manager
Hector Ruiz, District Engineer
Teresa Teichman, Secretary to the Board of Directors
Michael Perea, Special Projects Manager
Karen Warner, Accounting Supervisor

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LEGAL COUNSEL PRESENT

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Robert Anslow, District General Legal Counsel

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PUBLIC PRESENT

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There were several members of the public present

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PLEDGE OF ALLEGIANCE

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

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SPECIAL PRESENTATION

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The Board of Directors and Staff recognized Director Matt Disston for his 20 years of dedicated service and good stewardship of the District in his capacity as a Director of TCWD.

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VISITOR COMMENTS

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There were no visitor comments

1 **ORAL COMMUNICATION**

2 There was no oral communication

3 **DIRECTOR'S COMMENTS**

4 President Mandich provided a summary from a South Orange County Watershed
5 Management Area Partners meeting he attended this month.

6 Director Acosta complimented District Staff relating to the tour of the District's water
7 facilities in recognition of Water Awareness month.

8 **REPORT FROM THE GENERAL MANAGER**

9 Mr. Don Chadd, General Manager, provided a recap and photos from the District tour
10 on May 12, 2012, by TCWD's Water Operators, which provided an opportunity for District
11 customers to understand and view several different sites and facilities within the District
12 relating to water.

13 Mr. Chadd stated the City of Rancho Santa Margarita recognized TCWD at its May 9,
14 2012 City Council meeting and provided a Water Proclamation to the District in recognition of
15 Water Awareness month.

16 Mr. Chadd discussed the reconfiguration of the boardroom as it relates to the two new
17 projectors and screens.

18 Mr. Chadd stated he held a staff meeting relating to the posting hiccup which occurred
19 in April 2012. Mr. Chadd stated new posting policies have been established and that Mrs.
20 Teresa Teichman, Secretary to the Board of Directors, has created a posting log book.

21 Mr. Chadd complimented Mrs. Teichman as it relates to a search through TCWD
22 archived files in order to create a history of District officials from 1985 through current.

23 **ITEMS TOO LATE TO BE AGENDIZED**

24 There were no items too late to be agendized.

25 **CONSENT CALENDAR**

26 President Mandich announced that all matters under the Consent Calendar would be
27 approved by one motion unless a Board Member requests a separate action on a specific item.

1 **ACTION CALENDAR**

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3 President Mandich stated that the General Manager and staff had reviewed all matters
4 under the Action Calendar prior to the Board's consideration.

5 **MOTION:** A motion was made by Director Acosta and seconded by Director
6 Safranski to approve the Consent Calendar, Item Nos. 1A through 1E.
7 The motion carried 4-0.

8 **ADMINISTRATIVE MATTERS**

9 **ITEM NO. 1F: ACTION REGARDING THE TRANSITION OF ACWA HEALTH BENEFITS AUTHORITY
10 TO ACWA JOINT POWERS AUTHORITY**

11 Mr. Chadd advised this matter was brought before the Board at the time of the April 18,
12 2012, Regular Board meeting. Mr. Chadd advised upon Mrs. Teichman's review, it was
13 suggested the resolution be brought back to the Board for re-adoption so that the designation
14 of District officer is more clearly defined.

15 **MOTION:** A motion was made by Director Acosta and seconded by President
16 Mandich to re-adopt Resolution No. 2012-1166 with revised verbiage.
17 Roll call vote was taken, the motion passed 4-0.

18 **ITEM NO. 1G: DISCUSSION AND POSSIBLE ACTION RELATING TO THE APRIL 20, 2012 GRAND
19 JURY REPORT AND REQUIRED RESPONSE**

20 Mr. Chadd advised a report from the Grand Jury (Report) was sent out to Special
21 Districts on April 20, 2012 and the information has now been released to the public. Mr. Chadd
22 advised the Report focuses heavily on Ad Valorem property taxes and not on District
23 operations. Mr. Chadd advised the Report requires a response to the Grand Jury by July 26,
24 2012, and that the General Managers of the South County Special Districts are collaborating on
25 the issue.

26 Director Safranski shared his perspective as it relates to the focus of the Report and
27 information which he considers pertinent to consider. Director Safranski provided the analogy
28 of a 4- legged chair and discussed the significance and merit of each leg as it relates to the
services TCWD provides. Director Safranski stated his complete disappointment in how the

1 Grand Jury did not address the services provided by Special Districts but rather focused on
2 amassed reserves, tax revenues, and the proposed unrealistic restructuring of Special Districts
3 as a whole. Director Safranski pointed out the lack of focus and efficiencies within cities as it
4 relates to the use of public funds and neglect of infrastructure needs versus a more focused,
5 narrow scope of service which Special Districts are able to provide. Lastly, Director Safranski
6 commented on articles written in the Orange County Register's Watch Dog column by Ms. Teri
7 Sforza as it relates to water and sewer agencies.

8 Director Acosta expressed his agreement with Director Safranski and reiterated that the
9 issue of water is not a high priority within city agencies and commented on the practice of cities
10 diverting water revenues to other departments instead of investing in water infrastructure
11 needs.

12 Vice President Haselton commented on his disappointment as it relates to the focus of
13 the Report. Vice President Haselton commented on the tone of recent Watch Dog articles
14 relating to water districts. Vice President Haselton discussed the reduced number of TCWD
15 employees over the years from 33 to 20 and noted that most all employees have multiple titles
16 and multiple duties and commented that this Special District is run efficiently with a reduced
17 workforce.

18 President Mandich spoke to the issue as it relates to the proposed reallocation of taxes
19 as recommended in the Report and commented that besides schools, the Report does not
20 clearly state where potential saved tax revenues would be reallocated. President Mandich
21 stated reserves are necessary for infrastructure needs and pointed out that the Report
22 proposes 1-percent of each Special District's budget be provided to LAFCO in order to fund a
23 committee for the purpose of restructuring Special Districts.

24 Mr. Matt Disston completed a speaker card and addressed the Board. Mr. Disston
25 discussed District reserves and the possible elimination of tax revenues to Special Districts and
26 the potential impact relating to bond underwriters ratings for future borrowing.

27 Mr. Steven Dopudja completed a speaker card and addressed the Board. Mr. Dopudja
28 stated that the generalizations made by the Grand Jury raises many concerns. Mr. Dopudja
spoke to the concern relating to proposed public/private partnerships of agencies. Mr. Dopudja
provided his perspective on the proposed shift in the allocation of property tax revenues and

1 provided statistics and concluded if tax revenues are taken from Special Districts then rate
2 payers will effectively be supplementing property tax revenue in the form of utility rates. Mr.
3 Dopudja commented on transparency issues and stated he feels proposition 218 provides the
4 transparency required of Special Districts. Mr. Dopudja commented he agrees with the
5 Directors assessment of the manner in which cities traditionally spend water revenues and
6 reiterated the focus of most cities is on its parks, roads, and community events versus water
7 reliability and infrastructure needs. Mr. Dopudja recommended to the Board not only
8 answering the required Findings and Conclusions as required by the Grand Jury Report but to
9 challenge the information presented.

10 Ms. Jan Madden completed a speaker card and addressed the Board and Staff. Ms.
11 Madden stated she had not seen this Report previously, however; in looking at the Grand Jury's
12 Findings and Conclusions along with the Recommendations, she would like to have a better
13 understanding of the information being referred to. Ms. Madden requested that the District
14 breakdown information as it relates to District revenues and District reserves in order to allow
15 the public to better understand this information and to participate in the upcoming budget
16 process.

17 Mr. Robert Anslow, District General Legal Counsel, stated the Grand Jury does not have
18 a good understanding of what constitutes restricted and unrestricted reserves.

19 Director Acosta asked if the required response to the Grand Jury is required from TCWD
20 individually or if Special Districts will be responding as a whole.

21 Mr. Chadd advised TCWD is required to provide an independent response to the Grand
22 Jury and clarified that he will be collaborating with other south county General Managers as it
23 relates to the preparation of a Response. Mr. Chadd clarified the recommendation from Staff is
24 to authorize the General Manager to prepare the draft Response and bring back to the Board
25 for their review, comment and possible approval.

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MOTION: A motion was made by Director Acosta and seconded by Director
Safranski to move staff recommendation. The motion carried 4-0.

1 **ITEM NO. 1H: DIRECTION TO STAFF REGARDING FISCAL YEAR 2011/2012 WATER STANDBY**
2 **ASSESSMENT AND PUBLIC HEARING**

3 Mr. Chadd provided background information as it relates to the purpose and equity of
4 establishing a Water Standby Assessment for the District. Mr. Chadd noted the District has not
5 raised the \$15.00 per acre fee since 1997. Mr. Chadd referred to the schedule provided by Mrs.
6 Teichman as it relates to procedures and requirements for conducting a Public Hearing.

7 **MOTION:** A motion was made by Director Acosta and seconded by President
8 Mandich to move staff recommendation. The motion carried 4-0.

9 **FINANCIAL MATTERS**

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11 **ITEM NO. 1I: DISCUSSION AND POSSIBLE ACTION RELATING TO BOARD OF DIRECTOR**
12 **HEALTH BENEFITS**

13 Mr. Chadd stated this item is on the agenda for the purpose of discussion. Mr. Chadd
14 advised the issue relating to Director benefits is embroiled in the overall question; should public
15 officials have benefits at all? Mr. Chadd recommended the Board refer the matter to an Ad Hoc
16 Committee in order to pursue alternatives.

17 President Mandich called for the formation of a Director Benefits Ad Hoc Committee for
18 the purpose of reporting back to the Board possible alternatives relating to Directors health
19 benefits. President Mandich named himself as Committee Chair and Director Safranski as
20 Committee Member.

21 Director Acosta commented that TCWD owes it to the ratepayers to explore alternatives
22 due to the fact that benefit costs have become a significant expense of the District and in good
23 consciousness cannot continue to be passed on to the ratepayers.

24 **ITEM NO. 1J: DISCUSSION AND POSSIBLE ACTION RELATING TO TCWD BUDGET**
25 **DEVELOPMENT PROCESS**

26 Mr. Chadd stated he brought preliminary assumptions to the Board at the time of the
27 April 18, 2012, Regular Board meeting and advised since that time he attended the
28 MWDOC/MET Manager's meeting and was able to obtain a copy of the power point presented

1 which provides information on the state water supply. Mr. Chadd reviewed the slides and
2 provided information regarding reservoirs throughout the state of California and advised the
3 larges reservoir in California is the snow pack. Mr. Chadd reviewed information regarding the
4 upper Colorado basin and reviewed benchmarked levels such as last year's data, average years
5 data, and current conditions. Mr. Chadd explained the state water allocation and reviewed
6 the percentage decrease from last year to current. Mr. Chadd discussed MET's 2012-2013
7 supply and demand figures.

8 Mr. Chadd stated during his individual Director meetings last week, there were
9 requests to reschedule the May 19, 2012, Special Board meeting to a week night. Discussion
10 occurred as to Director availability.

11 **MOTION:** A motion was made by Director Acosta and seconded by President
12 Mandich to authorize the District Secretary to prepare the required
13 notices and posting to cancel the Special Board Budget Workshop on May
14 19, 2012, at 8:00 a.m. and reschedule the same to occur on Monday, May
15 21, 2012, at 6:00 p.m. The motion carried 4-0.

16 ENGINEERING MATTERS

17 **ITEM NO. 1K: DISCUSSION AND POSSIBLE ACTION RELATING TO ORGANIZATIONAL ANALYSIS 18 OF TCWD**

19 Mr. Chadd reminded the Board that at the time of the April 18, 2012, Regular Board
20 meeting, the Board of Directors commented on the merits of performing an organizational
21 analysis to evaluate opportunities for improved efficiencies and/or costs savings to the District.
22 At the time of the Finance/Audit Committee meeting on May 2, 2012, the General Manager
23 asked for clarification as it relates to instruction from the Board to obtain quotes for proposals
24 of an organizational analysis. The Finance/Audit committee provided instruction to the General
25 Manager to prepare a scope of work and solicit Requests for Proposals (RFP) from qualified
26 firms for an organizational assessment of TCWD, but not to engage any service prior to bringing
27 information back to the Board.

28 Mr. Chadd provided a copy of the April 25, 2012 RFP sent out to five firms. Mr. Chadd
indicated three firms replied and based on his review of information and the associated cost he

1 recommends Ohlund Management and Technical Services. Mr. Chadd stated Ms. Ohlund is
2 ready to begin work pending authorization by TCWD's Board of Directors.

3 **MOTION:** A motion was made by Director Safranski and seconded by Director
4 Acosta to move staff recommendation. The motion carried 4-0.

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6 **ITEM NO. 1L: STATUS UPDATE RELATING TO THE BAKER REGIONAL WATER TREATMENT**
7 **FACILITY**

8 Mr. Ruiz, District Engineer, advised that the May, 2012, Baker Regional Water Treatment
9 Facility (BRWTF) Committee meeting was cancelled. Mr. Ruiz advised each agency is continuing
10 to review the design submittal. Mr. Ruiz advised that IRWD is preparing a variance relating to
11 solids handling for presentation to their committee and board this month. Mr. Ruiz advised the
12 Board he will bring the information to TCWD's committee and board once it has been approved
13 by the IRWD Board of Directors.

14 Discussion occurred between Staff and the Board as it relates to the cost increase and
15 time delays anticipated due to significant changes in the design.

16 The Board received and filed the information. No action required.

17 **ITEM NO. 1M: STATUS UPDATE RELATING TO THE ALTERNATE RAW WATER TRANSMISSION**
18 **LINE (ARWTL) (16-inch Raw Water Transmission Line – Serrano Creek Crossing**
19 **Alternate Route – PW79)**

20 Mr. Ruiz advised Tetra Tech is working on the request for information from FEMA which
21 is due the first week of June. Mr. Ruiz stated he will bring the Executive Summary Report to the
22 Board once it is prepared. Mr. Ruiz indicated the work is progressing well.

23 Discussion occurred between Staff and the Board as it relates to the appeal process and
24 the proposed course of action the District will take if all levels of appeals are denied.

25 The Board received and filed the information. No action required.

26 **ITEM NO. 1N: STATUS REPORT AND POSSIBLE ACTION RELATING TO DOVE RESERVOIR TO**
27 **TRABUCO RESERVOIR INTER-TIE AND TRABUCO HIGHLANDS PRESSURE**
28 **REDUCING STATIONS PROJECTS**

1 Mr. Ruiz provided a status update and stated the project is moving along well and
2 advised the trench for the 10-inch line has been backfilled and pressure tested and the
3 connection between Brookseed and Dove is scheduled to occur the week of May 21, 2012.
4 Mr. Ruiz advised a large vein of bedrock was discovered last week while excavating. Mr. Ruiz
5 stated this resulted in a time and material change order due to additional heavy duty
6 equipment and additional labor required. Mr. Ruiz will bring the change order back to the
7 Board for ratification.

8 Mr. Chadd provided a sample of the e-mail correspondence which Mr. Ruiz sends out
9 weekly to residents on Brookseed. Mr. Ruiz advised that the residents in the area of the
10 construction project have been very understanding.

11 The Board received and filed the information. No action required.

12 **ITEM NO. 10: STATUS UPDATE AND POSSIBLE ACTION RELATING TO THE SHADOW ROCK**
13 **DETENTION BASIN FACILITY PROJECT (SRDBFP)**

14 Mr. Ruiz provided background information on the project and reminded the Board
15 TCWD submitted this project to the County of Orange in December 2010 for consideration of
16 Proposition 84 Grant Funds. Mr. Ruiz explained the County's role in the process and advised if
17 the project is selected for Proposition 84 Grant Funding, TCWD will be required to pay 25-
18 percent of the project cost.

19 Mr. Anslow advised he has reviewed the attached Agreement on behalf of TCWD and
20 commented that the Agreement between the State and the County is non-negotiable.

21 Mr. Ruiz recommended that the Board approve the Implementation Agreements for the
22 South Orange County Integrated Regional Water Management Implementation Grant
23 (Agreements) and direct the General Manager to execute the Agreement pending the approval
24 from the County of Orange and State of California.

25 **MOTION:** A motion was made by Director Acosta and seconded by Director
26 Safranski to move Staff recommendation. The motion carried 4-0.
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LEGISLATIVE MATTERS

ITEM NO. 1P: DISCUSSION AND POSSIBLE ACTION RELATING TO LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Chadd advised that Ms. Teichman had prepared the required paperwork for the District to submit to LAFCO relating to the voting authorization for the 2012 Special District Seat Election. Mr. Chadd advised that LAFCO received one nomination for the Special District Seat, which was for Charles Wilson, current LAFCO Special District Representative. Per the Special District Selection Committee's Bylaws, Mr. Wilson has been officially selected to serve as a LAFCO Special District Representative for a four year term through 2016.

END ACTION CALENDAR

OTHER MATTERS

ADDITIONAL DIRECTORS' COMMENTS

Director Acosta expressed best wishes to Director Disston

ADDITIONAL GENERAL MANAGER COMMENTS

There were no additional General Manager comments

ADJOURNMENT

President Mandich adjourned the May 16 2012 Regular Board meeting at 8:33 p.m.

Respectfully Submitted,

Teresa Teichman
Secretary to the Board of Directors

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