

**MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
MAY 21, 2014**

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by Vice President Edward Mandich 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

Vice President Edward Mandich
Director Glenn Acosta
Director James Haselton
Director Stephen Dopudja

DIRECTORS ABSENT

President Michael Safranski

STAFF PRESENT

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

DISTRICT CONSULTANTS PRESENT:

District General Legal Counsel – Rob Anslow (Bowie, Arneson, Wiles & Giannone)
District Treasurer – Cindy Byerrum (Platinum Consulting Group)

PUBLIC PRESENT

There were members of the public present

PLEDGE OF ALLEGIANCE

Mr. Haselton led the Board and District staff in the pledge of allegiance.

VISITOR PARTICIPATION

Ms. Sandra Jacobs, Santa Margarita Water District (SMWD) Board President, introduced fellow Directors Ms. Betty Olson and Mr. Chuck Gibson to the Board, and commented that Ms. Olson has been nominated for the Metropolitan Water District of Southern California (MET) Open Director Position. Ms. Jacobs provided a packet with Ms. Olson's candidate statement and resume for the MET Open Director Position to each member of the Board and the General Manager.

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Ms. Betty Olson addressed the Board concerning her candidate statement and spoke to her resume and experience in the water industry. Ms. Olson asked the Board for their support for the MET Director Position. Ms. Olson highlighted her qualifications for the position, the main goals of the Directorship, and reviewed the importance of collaborative projects at the local agency level.

Mr. Chuck Gibson addressed the Board and provided the official ballot nomination forms on behalf of Ms. Olson. Mr. Gibson recommended Ms. Olson for the MET Director Position, and highlighted her high level of knowledge concerning water science, chemistry, and the water industry.

Discussion occurred concerning collaborative efforts and projects between SMWD and TCWD, and the office incompatibility requirement of the MET Director Position, as described in the settlement agreement between the Municipal Water District of Orange County (MWDOC) and the South County Water Agencies.

ORAL COMMUNICATION

No oral communication was received.

DIRECTOR'S COMMENTS

Mr. Acosta thanked Ms. Jacobs, Ms. Olson, and Mr. Gibson for their attendance, and expressed appreciation for the continued partnership between SMWD and TCWD.

Mr. Haselton expressed his appreciation for the positive fellowship between the two agencies.

Mr. Dopudja commented that he echoed the comments made by his fellow Directors.

Mr. Mandich commented that he echoed the comments made by his fellow Directors. Mr. Mandich mentioned that he attended the recent City of Rancho Santa Margarita City Council Meeting to receive a Proclamation for the District's efforts during Water Awareness Month.

REPORT FROM THE GENERAL MANAGER

Mr. Ruiz mentioned that Mr. Safranski was out of town on business and would not be able to participate in the Board Meeting.

ITEMS TOO LATE TO BE AGENDIZED

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

CONSENT CALENDAR

Vice President Mandich led the meeting and 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.

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Action: A motion was made by Director Acosta and seconded by Director Dopudja to approve the Consent Calendar, Item Nos. 1 through 4.
The motion carried 4 – 0, with President Safranski absent.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 5: DISTRICT WEBSITE UPGRADE PROJECT

Mr. Ruiz provided a status update on this project, and commented that District staff has completed the Content Management System (CMS) Training for the website. Mr. Ruiz added that District staff will be conducting Data Migration quality control and updating the website's content over the next few weeks. Discussion occurred concerning the training quality and District staff's efforts to date. Mr. Ruiz mentioned that the new website will be presented at the next Regular Board Meeting for Board review. Discussion occurred concerning District employee and Director Biographies and posted information.

Action: Received status update. No action taken.

ITEM 6: TCWD NETWORK INFRASTRUCTURE AND DESKTOP SYSTEM UPGRADES

Mr. Ruiz provided a status update on this project, and commented that District staff has coordinated with Synoptek, Inc. (the District Information Technology Consultant) for the purchase of the hardware and software for the project. Mr. Perea highlighted the differences and benefits of the planned new workstations, and presented a sample of the Thin Client workstation to the Board. Discussion occurred concerning project timeline for completion; Mr. Ruiz mentioned that project completion is scheduled for mid- to late-June.

Action: Received status update. No action taken.

ITEM 7: ACTIVITIES FOR WATER AWARENESS MONTH

Mr. Ruiz provided a status update on the planned activities for Water Awareness Month, and commented that District staff has installed the new advertising banners for the event at District facilities in the service area, including the Administration Facility. Mr. Ruiz added that District staff has confirmed the vendors that are scheduled for the event, which includes shaved ice vendor, face painting for children, and Gold's Gym which is located in the Dove Center. Mr. Ruiz mentioned that District staff has inspected the interactive displays to ensure their operation, and have set up a Water Use Efficiency (WUE) booth with information and applications for WUE rebates.

Action: Received status update. No action taken.

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ITEM 8: FISCAL YEAR 2014/2015 UNDEVELOPED LAND/WATER STANDBY ASSESSMENT AND PUBLIC HEARING

Mr. Ruiz presented this matter for Board review, and commented that this is an annual assessment of \$15 per acre or a portion thereof for undeveloped land owners within the District's boundaries to cover the fixed costs of the existing system to make water available when requested. Mr. Ruiz added that the assessment is not scheduled for a cost increase, and is not subject to the Proposition 218 process. Mr. Ruiz added that District staff has included a DRAFT Public Notice which will be mailed to the respective landowners for Board review and published in the Orange County Register. Discussion occurred concerning parcels within the District's boundaries which are used for mitigation purposes only, and the opportunity for the provision of an exemption form the assessment for those parcel owners; Mr. Ruiz commented that he will work with the District Treasurer and District General Legal Counsel concerning the matter of mitigation property parcel owners.

Action: A motion was made by Director Haselton and seconded by Director Acosta to direct staff to proceed with the implementation of procedures to set the Fiscal Year 2014/2015 Water Standby Assessments at \$15.00 per acre or portion thereof, and agendize and provide Notice for a Public Hearing for the July 16, 2014, Regular Board Meeting.
The motion carried 4 – 0, with President Safranski absent.

FINANCIAL MATTERS

ITEM 9: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) FISCAL YEAR 2014/2015 BUDGET

Mr. Ruiz presented a status update on this matter, and commented that the MWDOC Fiscal Year 2014/2015 Budget had been presented to the Finance/Audit and Engineering/Operational Committees. Mr. Ruiz reviewed the DRAFT TCWD MWDOC Rates and Charges for Fiscal Year 2014/2015, which included the MET volumetric rates for Treated and Untreated Tier One Rates and the fixed charges, MWDOC volumetric rates, and the District participation in CHOICE Programs. Mr. Ruiz reviewed the District's participation in the Huntington Beach Desal Program, the Value of Water Outreach Program, the Water Education School Program, the Water Use Efficiency Program, and the AMP Sale Agreement Legal costs. Discussion occurred concerning the purpose of the Value of Water Outreach Program; Mr. Ruiz mentioned that is a new Program that is not clearly defined, but that he recommends that the District budget to participate in the Program. Mr. Perea delivered a Powerpoint presentation which reviewed the District's participation in the Water Use Efficiency (WUE) Rebate Programs and highlighted the individual rebate devices and their respective rebate levels. Mr. Perea added that District staff proposes to enhance certain WUE Rebates with additional funding as a result of the impacts of the Statewide Drought

Action: A motion was made by Director Acosta and seconded by Director Haselton to direct District staff to enhance the WUE Budget with additional rebate amounts of \$9,900; participate in the MWDOC CHOICE Programs for Huntington Beach

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Desal, Water Education School Program, and AMP Sale Agreement; and budget for participation in the Value of Water Outreach Program, and return to the Board for approval to participate in the Program.
The motion carried 4 – 0, with President Safranski absent.

ITEM 10: DISCUSSION AND POSSIBLE ACTION CONCERNING TCWD FISCAL YEAR 2014/2015 GENERAL AND CAPITAL IMPROVEMENT BUDGETS

Mr. Ruiz presented this matter for review, and delivered a Powerpoint presentation to review the proposed Fiscal Year 2014/2015 General Fund Budget Factors and Assumptions. The presentation included the following highlights:

- Historical and Projected Annual Water Demands;
- Projected Water Demands and Costs for Treated and Untreated Tier One Water, and a projected Total Water Budget of 3,000 Acre Feet;
- Major Budgetary Assumptions:
 - SCE Electrical Costs Increase
 - Health Care Benefits Increase
 - Fuel Cost Increase
 - Election Costs
 - MET/MWDOC Rates and Charges
 - SAC Surcharge Increase
 - SAC Fixed and Capital Costs
 - District Operator Standby Pay Increase from \$300 to \$500 for seven-day period
 - Salary increases per the District’s Personnel and Salary Policy

Discussion occurred concerning Operator Standby Pay and the definition of a Standby Period. Mr. Ruiz presented the proposed Fiscal Year 2014/2015 Capital Improvement Project Budget for Board review. Discussion occurred concerning the methodology for Project classification and justification. Mr. Ruiz explained that project classified as “A” Projects are high priority projects and are scheduled for completion during the Fiscal Year, and that Projects classified as “B” or “C” decrease in priority, respectively. Mr. Ruiz reviewed the Major Repairs and Expenses scheduled for Fiscal Year 2014/2015. Discussion occurred concerning the Urban Water Management Plan for 2015, and the SCADA System Study. Mr. Ruiz added that more information will be provided at the Special Board Meeting Budget Workshop.

Action: Received status update. No action taken.

ENGINEERING MATTERS

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ITEM 11: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

Mr. Ruiz provided a status update on this project, and reviewed the major project tasks remaining which included the following:

- Southern California Edison (SCE) Easement Procurement – Mr. Ruiz reviewed the letter to SCE concerning the project and easement procurement, and added that District staff has not received formal response concerning the matter to date. Mr. Ruiz mentioned that he had been informally notified that the District will receive a response in the coming weeks.
- County of Orange Flood, Parks and Trails – Mr. Ruiz commented that Director Mandich had offered his assistance to District staff on this matter, and that a meeting with County Flood Control was scheduled for the following day.
- Private Property Easement Procurement – Mr. Ruiz mentioned that this was the next major hurdle for the project, and that District staff will work with Tetra Tech to secure the necessary easements.

Discussion occurred concerning project timeline for completion and coordination with the Federal Emergency Management Agency.

Action: Received status update. No action taken.

ITEM 12: BAKER REGIONAL WATER TREATMENT PLANT

Mr. Ruiz provided a status update on this project, and reviewed Irvine Ranch Water District (IRWD) Baker Water Treatment Plant and Raw Water Conveyance Facilities Project Report for May, 2014, with the Board. Mr. Ruiz highlighted the related construction activities which included the planned shut-down and dewatering of a section of the District's 16-inch raw water transmission line, and the modification of the line according to the design requirements. Ms. Lausten provided a recap of the planned 24-hour shut-down event, and presented photos of the shut-down and a removed cross-section of the pipeline for Board review. Discussion occurred concerning the internal and external quality of the pipeline, and the impacts of the planned shut-down on the District's infrastructure and facilities.

Action: Received status update. No action taken.

ITEM 13: SHADOW ROCK DETENTION BASIN FACILITY

Mr. Ruiz provided a status update on this project, and commented that District staff has requested that URS (Consultant) complete additional work required by the Army Corps of Engineers, which includes the preparation of a Habitat Maintenance and Monitoring Plan, Nesting Bird Clearance Surveys, and additional expenses related to extra plan sheet and report reproduction costs for a not to exceed amount of \$4,820. Discussion occurred concerning the additional required work and the possibility of additional reporting or monitoring. Mr. Ruiz added that District staff has received a revised Easement Agreement for onsite electrical power as provided by SCE from the adjacent property owner which incorporates the District's comments, and that it is included for Board review and comment. Mr.

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Dopudja asked if Board action on this agreement is needed on this time sensitive matter; Mr. Anslow replied that the matter could be agendized for action at the Special Board Meeting the following week. Mr. Ruiz added that agendizing the matter for the Special Board Meeting would allow for Mr. Safranski to provide comments and/or input on the easement agreement. Discussion occurred concerning project timeline for completion and the remaining project tasks.

Action: A motion was made by Director Acosta and seconded by Director Dopudja to ratify the additional tasks performed by URS related to preparation of a Habitat Maintenance and Monitoring Plan, Nesting Bird Clearance Surveys, and expenses related to extra plan sheet and report reproduction costs for an amount not to exceed \$4,820.
The motion carried 4 – 0, with President Safranski absent.

LEGISLATIVE MATTERS

ITEM 14: DISCUSSION AND POSSIBLE ACTION CONCERNING STATEWIDE DROUGHT CONDITIONS

Mr. Ruiz provided a status update concerning this matter, and mentioned that District staff had prepared a Powerpoint presentation concerning updates on the statewide drought. Mr. Perea delivered the Statewide Drought Conditions Update Presentation which included the following highlights:

- Review of the 2014 Statewide Drought Declaration
- Methods which the District encourages water use efficiency include the Conservation Encouragement Rate Program, Rebate Programs, and other incentives
- Review of Governor Brown’s Proclamation of a Continued State of Emergency on April 25, 2014, which includes the prevention of Homeowner Associations from assessing fines to residents that stop watering their lawn and take other conservation measures.

Discussion occurred concerning water use efficiency rebate programs and methods of public outreach.

Action: Received status update. No action taken.

ITEM 15: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING METROPOLITAN WATER DISTRICT (MET) DIRECTOR NOMINATING COMMITTEE

Mr. Ruiz presented this matter for discussion, and reviewed the MET Representative Selection Process for South County Agencies and selection timeline. Discussion occurred concerning the Nominating Committee selection process and organization. Mr. Ruiz added that President Safranski has expressed interest in participating in the Committee. Mr. Mandich expressed his support for Mr. Safranski, and Mr. Dopudja added that Mr. Safranski is best suited for the Committee as he is the current South County Agencies Representative. Mr. Acosta expressed support for Mr. Safranski, and echoed Mr. Dopudja’s comments. Mr. Haselton expressed support for Mr. Safranski to participate in the

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Committee. Discussion occurred concerning the current candidates for the Open MET Director Position and the Committee member selection timeline. Mr. Ruiz commented that the Committee member must be selected by the end of the month. Mr. Anslow commented that the Board could appoint Mr. Safranski to the South County Agencies MET Director Nominating Committee and agendize the matter for the Special Board Meeting which would allow for Mr. Safranski to provide comments and/or input on the matter.

Action: A motion was made by Vice President Mandich and seconded by Director Haselton to appoint President Safranski to the South County Agencies MET Director Nominating Committee and agendize the matter for discussion at the Special Board Meeting.
The motion carried 4 – 0, with President Safranski absent.

ITEM 16: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION (OCLAFCO) ELECTION FOR SPECIAL DISTRICT ALTERNATE SEAT

Mr. Ruiz presented this matter for discussion, and commented that Mr. James Fisler, Mesa Water District Board President, addressed and requested support from the Board at the April 16, 2014, Regular Board Meeting. Mr. Ruiz added that the Board must take formal action concerning the matter of the election of the Alternate Special District Member of OCLAFCO. Discussion occurred concerning the selection of a primary and alternate voting member, and a review of the OCLAFCO election process.

Action: A motion was made by Vice President Mandich and seconded by Director Haselton to appoint President Safranski as the Primary Voting Member and Director Haselton as the Alternate Voting Member for the OCLAFCO Election for the Special District Alternate Seat, and agendize the matter for discussion at the Special Board Meeting.
The motion carried 4 – 0, with President Safranski absent.

ITEM 17: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) PROPOSED BYLAWS UPDATES

Mr. Ruiz presented this matter for discussion, and commented that District staff has reviewed the proposed changes to CSDA's Bylaws, which are primarily general clarification of bylaw language and clean-up to reflect updates and organizational changes over the prior three years. Discussion occurred concerning the proposed changes to the Bylaws.

Action: A motion was made by Director Dopudja and seconded by Director Haselton to recommend that Director Acosta represent and vote on behalf of the District concerning the CSDA Proposed Bylaws Updates.
The motion carried 4 – 0, with President Safranski absent.

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ITEM 18: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

Mr. Ruiz had no local governmental or legislative informational matters comments.

Action: There was no action taken.

OTHER MATTERS

Mr. Ruiz commented that the District had received approximately 250 applications for the two open employment positions.

ADDITIONAL DIRECTORS' COMMENTS

Mr. Acosta congratulated Ms. Sandra Jacobs on SMWD's Cadiz Project.

ADDITIONAL GENERAL MANAGER COMMENTS

Mr. Ruiz had no additional comments.

END ACTION CALENDAR

ADJOURNMENT

Vice President Mandich adjourned the May 21, 2014, Regular Board meeting at 8:41 PM