

**MINUTES OF THE SPECIAL MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
JUNE 4, 2013**

The Special Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Mandich at 6:02 P.M., 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 Ed Mandich
Vice President Jim Haselton
Director Glenn Acosta
Director Stephen Dopudja
Director Mike Safranski

STAFF PRESENT

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

DISTRICT CONSULTANTS PRESENT:

Cindy Navaroli - Byerrum, District Treasurer

PUBLIC PRESENT

There were members of the public present

PLEDGE OF ALLEGIANCE

President Mandich led the Board and staff in the pledge of allegiance

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

DIRECTOR'S COMMENTS

Director Acosta had no comments.

Director Safranski had no comments

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President Mandich asked Director Dopudja if he was available to fill in for him at the June 20, 2013, South Orange County Wastewater Agency (SOCWA) Meeting.

Vice President Haselton had no comments.

Director Dopudja had no comments.

REPORT FROM THE GENERAL MANAGER

The General Manager, Hector Ruiz, had no comments.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 1: REVIEW OF PROPOSED FISCAL YEAR 2013/2014 GENERAL FUND BUDGET

The General Manager, Hector Ruiz, presented a slideshow which detailed the proposed Fiscal Year 2013/2014 General Fund Budget. Mr. Ruiz presented a District Organizational and Staffing Review which demonstrated that the District is currently completing more work with fewer staff members. Mr. Ruiz presented the current organization makeup, and a trend analysis which demonstrated the consistent reduction in staff since Fiscal Year 2006/2007. Mr. Ruiz added that the District has utilized contract services in an on-going and as needed basis for specific matters; implemented new equipment, vehicles, tools and software to complete work in a more efficient manner; transitioned to a new bank for banking services, an updated budget and accounting format, and purchased a new financial software system, as approved by the Board of Directors; and has continued to follow the recommendations made in the 2012 District Organizational Assessment.

Mr. Ruiz presented a handout of Municipal Water District of Orange County's (MWDOC) proposed rates and discussed the factors and assumptions used in the development of the proposed Fiscal Year 2013/2014 Budgets. Mr. Ruiz explained that an increase in imported water costs from Metropolitan Water District (MET) and MWDOC to the District has been assumed, and demonstrated a trend analysis of the rate increases since January 1, 2012, through to the predicted rates for January 1, 2015, for both agencies. Mr. Ruiz added that the District's revenue is weather dependent, and the proposed budget assumes that there will be no groundwater available from the District's wells to offset the District's imported water purchases. Mr. Ruiz commented that other factors considered in the development of the budget included the unknown increases in energy, fuel, and health care benefits costs, but that staff has made assumptions based upon trend analyses and the most recent information available. Mr. Ruiz added that four employees will receive step movement salary increases based on the District's Personnel and Salary Policy, but there is no recommendation for Cost of Living Adjustments (COLA) or merit increases, at this time. Mr. Ruiz recommended a six-month budget review mid-fiscal year, as provided in the District's Rules and Regulations.

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Director Safranski commented on the current organizational composition, as presented. Discussion occurred concerning the potential for future retirees and possible succession planning. Mr. Ruiz commented that 2012 District Organizational Assessment recommended the development of a succession plan for the next few years. Discussion occurred concerning possible organizational scenarios and staffing options available to the District. Director Safranski directed staff to review how current benefits compare with neighboring south Orange County water agencies.

Mr. Ruiz reviewed the projection of MET and MWDOC charges and the trend of increased fixed retail meter charges and reduced incremental water costs. Discussion occurred concerning the current level of the District's capacity charges, readiness to serve charges, and the impact of MWDOC's Choice Programs in the District's service area. Discussion occurred concerning the impact of water usage by the nurseries in the District's service area.

Action: No action was taken.

ITEM 2: REVIEW OF PROPOSED FISCAL YEAR 2013/2014 CAPITAL IMPROVEMENT PROGRAM BUDGET

The General Manager, Hector Ruiz, presented the proposed Fiscal Year 2013/2014 Capital Improvement Program Budget (CIP), and presented supplementary documentation related to the budget. Director Safranski requested the addition of the Alternate Raw Water Transmission Line Project (PW79) and the District's involvement in Irvine Ranch Water District's Baker Regional Water Treatment Facility Project to the CIP Budget; Mr. Ruiz commented that the CIP Budget would be revised to reflect the request. Discussion occurred concerning the Wastewater Department Project Golf Club Sewer Lift Station Surge Tank Control System Replacement Project; Mr. Ruiz presented photographs of the facility to the Board for review and discussion. Discussion occurred concerning the Trabuco Dam V-Ditch Replacement Project, primarily concerning the possible influences to the current state of the V-Ditch, as well as possible replacement options.

The District Treasurer, Ms. Cindy Navaroli-Byerrum presented and reviewed the Fiscal Year 2013/2014 General Fund and CIP Budgets in detail with the Board. Discussion occurred concerning the projected District Operating and Non-Operating Revenues/Expenses, the potential impact on District water rates for calendar year 2014, and the possibility for new residential developments in the District's service area. Discussion occurred concerning the potential impact of health benefit costs on the projected District Expenses; Mr. Ruiz commented that CalPERS has not made this information available at this time, but it will be presented to the Board when it accessible.

President Mandich requested that Staff forward digital copies of the Fiscal Year 2013/2014 Budget documents and supplementary information to each Director for further review prior to the Regular Board Meeting schedule for June 19, 2013.

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Action: No action was taken.

END ACTION CALENDAR

ADJOURNMENT

President Mandich adjourned the June 4, 2013, Special Board Meeting at 7:47 P.M.

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