

**MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
JUNE 19, 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., 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 Mike Safranski
Director Stephen Dopudja

DIRECTORS ABSENT

Director Glenn Acosta

STAFF PRESENT

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

DISTRICT CONSULTANTS PRESENT:

District General Legal Counsel – Rob Anslow (Bowie, Arneson, Wiles & Giannone)
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

A speaker card was presented to the Board of Directors by the following individual(s):

Mr. Bill Nelson, California Special District Association (CSDA) Region 6 Director, addressed the Board of Directors and requested their support in his re-election in the upcoming 2013 CSDA Board Elections. Discussion occurred concerning Mr. Nelson's resume and experiences as the incumbent Region 6 Director.

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ORAL COMMUNICATION

No oral communication was received.

DIRECTOR'S COMMENTS

Vice President Haselton welcomed Mr. Bill Nelson, CSDA Region 6 Director, and asked him to address the Board.

Director Dopudja had no comments.

Director Safranski commented that he had attended the May 29, 2013, South County Agencies Meeting which reviewed the Metropolitan Water District (MET) Board of Director Member selection process. Director Safranski added that there was discussion concerning the possible incompatibility of holding similar offices of both MET and the Municipal Water District of Orange County (MWDOC). District General Legal Counsel, Mr. Rob Anslow, commented on the matter. Director Safranski added that he had attended a Southern California Edison (SCE) meeting which reviewed the impact of the San Onofre Nuclear Generating Station (SONGS) decommission on energy rates for the summer season. Discussion occurred concerning energy costs for water utilities, and the necessity for energy conservation.

President Mandich had no comments.

REPORT FROM THE GENERAL MANAGER

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

1. Mr. Ruiz commented that a 6-inch potable water transmission line break had occurred on Rose Canyon Road on Monday, June 17, 2013. Mr. Ruiz added that Water Operations Staff had coordinated the emergency repair with Doty Brothers, a pipeline contractor. Mr. Ruiz mentioned that the water main serves the County of Orange Joplin Youth Center, but that no customers were impacted by the disruption of service.
2. Mr. Ruiz commented that Director Dopudja had prepared a video presentation of the 2013 Water Awareness Month Open House Event, which was held at the District Administrative Facility on May 18, 2013. Mr. Ruiz presented the video for the Board.

ITEMS TOO LATE TO BE AGENDIZED

The General Manager, Hector Ruiz, commented that 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 Director schedule(s) on Item 4: Ratification of Directors' Fees

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and Expenses, and Tentative Future Meetings/Attendance Items. Director Safranski requested that the matter be moved from the Consent Calendar to the Action Calendar for discussion and action.

Action: A motion was made by Director Safranski and seconded by Director Haselton to approve the Consent Calendar, Item Nos. 1 through 3. The motion carried 4 – 0.

ACTION CALENDAR
ADMINISTRATIVE MATTERS

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

The General Manager, Hector Ruiz, presented the Directors' Fees and Expenses schedule for review and correction, if necessary. Discussion occurred concerning a typographical error on one of the meetings on Director Safranski's schedule, to which he requested the appropriate changes.

Action: A motion was made by Director Mandich and seconded by Director Dopudja to approve Item 4, as corrected. The motion carried 4 – 0.

ITEM 5: DISTRICT WEBSITE UPGRADE PROJECT

The General Manager, Hector Ruiz, commented that staff has interviewed two of the three shortlisted vendors for this project, and that staff is scheduled to interview the final vendor this week. Mr. Ruiz added that one vendor stands out based upon the submitted proposal, and the information presented during the interview process. Mr. Ruiz commented that staff will bring more information concerning the shortlisted vendor interviews to the July 17, 2013, Regular Board Meeting for the final selection. Discussion occurred concerning potential project costs and projected timelines for completion.

Action: Received status update. No action taken.

ITEM 6: FISCAL YEAR 2013/2014 UNDEVELOPED LAND WATER STANDBY ASSESSMENT AND PUBLIC HEARING

The General Manager, Hector Ruiz provided a status update on this matter, and reported that the Public Notices have been mailed to parcel owners on the Standby List. Mr. Ruiz added that the Public Notice is scheduled to be published by the Orange County Register on two successive Fridays, June 21, and June 28, 2013. Mr. Ruiz commented that the Public Hearing for this matter is scheduled for the July 17, 2013, Regular Board Meeting. Discussion occurred concerning compliance costs for this matter.

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Action: Received status update. No action taken.

ITEM 7: COUNTY OF ORANGE ALERT OC MASS NOTIFICATION SYSTEM MEMORANDUM OF UNDERSTANDING RENEWAL

The General Manager, Mr. Hector Ruiz commented that this matter was a new item for Board consideration. Mr. Ruiz added that the District originally approved and signed this Agreement in 2009, and this matter concerns the renewal of the Memorandum of Understanding (MOU). Mr. Ruiz explained that Alert OC is a mass notification system which has been grant funded and managed by the County of Orange. Discussion occurred concerning General Legal Counsel's review of the Agreement; Mr. Rob Anslow, District General Legal Counsel, commented that he had not reviewed this MOU, but that he did review the original and past Agreements concerning Alert OC. Discussion occurred concerning reverse 911 emergency calls and mass notification in the event of a disaster.

Action: A Motion was made by Vice President Haselton and seconded by Director Safranski to approve the Memorandum of Understanding between the County of Orange and Participants for use of Countywide Mass Notification System, and Authorize the General Manager to execute the Memorandum of Understanding between the County of Orange and Participants for use of Countywide Mass Notification System.
The Motion carried 4 – 0.

ITEM 8: FISCAL YEAR 2013/2014 GENERAL FUND BUDGET

The General Manager, Mr. Hector Ruiz presented a Powerpoint presentation concerning this matter, and reviewed updated information on the Fiscal Year 2013/2014 General Fund Budget (Budget). Mr. Ruiz noted that the Budget includes Operational and Maintenance expenses of \$7,564,324, excluding depreciation expenses. Discussion occurred concerning current staff levels and the District Organization Chart. Mr. Ruiz presented and reviewed a handout of the Metropolitan Water District of Southern California (MET) and Municipal Water District of Orange County (MWDOC) Fiscal Year 2013/2014 Imported Water Rates and Cost Estimates, and discussed the potential impact the costs will have on the District's Budget. Mr. Ruiz added that the District's projected energy costs were increased from six percent to eight percent as a result of updated information from Southern California Edison's (SCE). Discussion occurred concerning potential scenarios for loss of energy service during the summer months, and the District's current practice of "time of use", or limited energy use, in order to reduce costs and impact on the local energy supply. Mr. Ruiz recommended a static salary model for the Budget, except for the few salary step increases, as defined by District Policy. Discussion occurred concerning Cost of Living Adjustments (COLA) for District staff; Mr. Ruiz commented that staff received a COLA of two percent in Fiscal Year 2012/2013. No COLA or merit increases were recommended, and Mr. Ruiz noted pending unknown costs for health care. Mr. Ruiz suggested a mid-year Budget

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review in December or January to present the impact of unknown costs, such as medical benefit increases, and energy and fuel costs.

Action: A Motion was made by Director Safranski and seconded by President Mandich to adopt Resolution No. 2013-1185, Resolution of the Board of Directors of the Trabuco Canyon Water District Approving the General Fund District Budget for Fiscal Year 2013/2014.
The Motion carried 4 – 0.

ITEM 9: FISCAL YEAR 2013/2014 CAPITAL IMPROVEMENT PROGRAM BUDGET

The General Manager, Mr. Hector Ruiz, presented and reviewed a handout which detailed the Capital Improvement Program Budget (CIP) with the Board. Discussion occurred concerning the addition of the Alternative Raw Water Transmission Line – PW79 Project and the District’s involvement in the Baker Water Treatment Plant Project to the CIP. Discussion occurred concerning available funds from the Federal Emergency Management Agency (FEMA) and the District’s Water Reliability and Emergency Storage Fund (WRESF) for the Projects. Discussion occurred concerning the need for Emergency Power Generators at District facilities due to the uncertainty of energy supplies in the near future. Mr. Ruiz added that Emergency Power Generators are listed on the CIP as “Class B” Projects. Discussion occurred concerning the Air Quality Management District’s permitting process. Discussion occurred concerning the impact of the San Onofre Nuclear Generating Station (SONGS) decommission on local energy supplies and management of District facilities. Director Safranski commented on the impacts of energy deregulation and the western regional outage scenarios.

Action: A Motion was made by Director Safranski and seconded by President Mandich to adopt Resolution No. 2013-1186, Resolution of the Board of Directors of the Trabuco Canyon Water District Approving the Capital Improvement Program Budget for Fiscal Year 2013/2014.
The Motion carried 4 – 0.

ITEM 10: FISCAL YEAR 2013/2014 DEBT SERVICE BUDGETS (ACTING AS THE LEGISLATIVE BODY OF THE INDICATED COMMUNITY FACILITIES DISTRICTS)

The General Manager, Hector Ruiz, commented on the history of the Community Facilities Districts (CFD’s) in the District’s service area, and that only the Portola Hills and Rancho Cielo CFD’s remain on the Debt Service Budgets. Discussion occurred concerning public notification of the closure of certain CFD’s through the Districts’ On Tap Newsletter or the planned new District website. Director Dopudja recommended that the On Tap Newsletter be used to disseminate this information. Discussion occurred concerning the history and impact of Mello Roos assessments, and the need to convey the message to the District’s customers.

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Action: A Motion was made by Vice President Haselton and seconded by Director Safranski to adopt Resolution Nos. 2013-1187 and 2013-1188 inclusive (acting as the Legislative Body of the indicated Community Facilities Districts):
Resolution No. 2013-1187, Community Facilities District No.2 (Portola Hills)
Resolution No. 2013-1188, Community Facilities District No. 8 (Rancho Cielo)
The Motion carried 4 – 0.

ITEM 11: FISCAL YEAR 2013/2014 APPROPRIATIONS LIMIT

The General Manager, Hector Ruiz commented that this matter is determined on an annual basis, and that District staff work with District General Legal Counsel to prepare this information. District General Legal Counsel, Mr. Rob Anslow commented that this information has become more readily available online than in the past, and the State of California calculates the per capita change annually in the County of Orange to determine the District's annual Appropriations Limit for the Fiscal Year.

Action: A Motion was made by Director Safranski and seconded by President Mandich to approve Resolution No. 2013-1189, Resolution of the Board of Directors of Trabuco Canyon Water District Establishing Appropriations Limit for Fiscal Year 2013/2014, Pursuant to Article XIIB of the California Constitution.
The Motion carried 4 – 0.

ITEM 12: PREFUND OF DISTRICT OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATION

The General Manager, Hector Ruiz commented that this matter has been budgeted for current Fiscal Year (2012/2013), and staff has contacted and reviewed different options which are available to the District. Mr. Ruiz commented that staff recommends prefunding the District's Other Post-Employment Benefit Obligations through the California Employers' Retiree Benefit Trust (CERBT), which was established by the California Public Employees Retirement System (CalPERS) in 2007. Mr. Ruiz added that the District plans on prefunding the amount in full to reduce the financial liability on the District. Discussion occurred concerning clarification of OPEB obligations and CalPERS historical quality of service concerning this type of benefit. The District Treasurer, Ms. Cindy Navoroli-Byerrum commented that the funds would be placed in an irrevocable trust which is designed to secure the District's obligation to its employees and reduce the District's financial exposure. Discussion occurred concerning contacting CalPERS to determine the total amount for the prefunding.

Action: A Motion was made by Director Dopudja and seconded by Director Safranski to approve the California Employers' Retiree Benefit Trust

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(CERBT) Agreement and Election to Prefund Other Post-Employee Benefits through CalPERS, as presented for the prefunding of the District's OPEB obligation.
The Motion carried 4 – 0.

ENGINEERING MATTERS

ITEM 13: BAKER REGIONAL WATER TREATMENT FACILITY

The General Manager, Mr. Hector Ruiz, provided a status update on the project, and commented that Irvine Ranch Water District (IRWD) is preparing a Capacity and Transfer Agreement for participating agencies, and that a DRAFT Agreement will likely be presented at the next Regular Board Meeting. Mr. Ruiz added that IRWD plans on requesting bids for the project work in July, 2013, and that the District's final opportunity to opt out of the project will be in August, 2013. Mr. Ruiz recommended that a Special Board Meeting/Workshop be scheduled to review the project after bids have been received and prior to the District's last opportunity to opt out. Discussion occurred concerning coordinating with a IRWD Representative to provide an project update at the Special Board Meeting/Workshop. Discussion occurred concerning project costs, schedule, and construction management of the project.

Action: Received status update. No action taken.

ITEM 14: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

The General Manager, Mr. Hector Ruiz, provided a status update on the project, and commented that Tetrattech (Consultant) is coordinating with the California Emergency Management Agency (CalEMA) and Federal Emergency Management Agency (FEMA) on Environmental Documentation which includes the preparation of a required Cultural Services Report. Mr. Ruiz commented that he visited the site with Ms. Lorrie Lausten, Engineer, in order to familiarize her with the project. Discussion occurred concerning project timeline, history, and emergency repair scenarios in the event of a catastrophic failure.

Action: Received status update. No action taken.

ITEM 15: SHADOW ROCK DETENTION BASIN FACILITY

The General Manager, Mr. Hector Ruiz, provided a status update on the project, and commented that URS (Consultant) is preparing a Tree Survey for the Army Corps of Engineers permit application, and coordinating with the United States Fish and Wildlife Service for permit application requirements. Mr. Ruiz reviewed the completed project tasks as presented in the staff report, and commented that the Consultant is coordinating a Cultural Resources Study for the project. Discussion occurred concerning the potential increase in irrigation runoff capture at

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this project, Mr. Ruiz commented that the facility is planned to capture up to 77 acre feet of runoff per year. Discussion occurred concerning project timeline and the impact of the dry weather on District water supplies this year.

Action: Received status update. No action taken.

LEGISLATIVE MATTERS

ITEM 16: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

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

1. Mr. Ruiz commented on the California Special Districts Association (CSDA) 2013 Board Elections and the visit earlier in the evening from Region Six Candidate Mr. Bill Nelson. Mr. Ruiz presented the information from CSDA concerning the candidates' background information, and that Director Acosta is the designated District Representative for CSDA. Mr. Ruiz requested direction from the Board concerning this matter, specifically, if the Board wanted this matter agendized for action at a later date. Discussion occurred concerning this matter, and the information presented in Candidate Mr. Bill Nelson's comments at the beginning of the meeting.

Action: President Mandich directed staff to agendize this matter for the July 17, 2013, Regular Board Meeting (Action Calendar).

2. Mr. Ruiz presented information concerning the Independent Special Districts of Orange County's (ISDOC) proposed Amendments to Bylaws. Mr. Ruiz commented that the nine South Orange County Agencies have coordinated a response letter to ISDOC. Director Dopudja commented that the South County Agencies Executive Committee identified many of the same issues with the proposed bylaw amendments, and will coordinate another review of the subsequent response from ISDOC. Discussion occurred concerning the timeline for a response to the proposed bylaw amendments.

Action: No action taken.

3. Mr. Ruiz commented that staff has been notified by the Association of California Water Agencies (ACWA) concerning a call for Candidate Nominations for President and Vice President Board of Directors for presentation at the ACWA Fall Conference. Mr. Ruiz commented that nominations are due by Tuesday, September 3, 2013, and that Director Safranski is the designated District Representative for ACWA.

Action: No action taken.

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OTHER MATTERS

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

Action: None.

ADDITIONAL DIRECTORS' COMMENTS

Director Dopudja welcomed Ms. Lorrie Lausten, newly-hired Engineer for the District.

Discussion occurred concerning the May 18, 2013, Water Awareness Month Open House Event and the video presentation of the event prepared by Director Dopudja.

ADDITIONAL GENERAL MANAGER COMMENTS

There were no additional General Manager comments.

END ACTION CALENDAR

ADJOURNMENT

President Mandich adjourned the June 19, 2013, Regular Board meeting at 8:32 P.M.

M:\BOARD Minutes\2013 MINUTES\Regular Board Minutes June 19, 2013 **APPROVED**