

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT

MEETING DATE: JUNE 20, 2012

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
Director Glenn Acosta
Director Mike Safranski
Director Jim Haselton

STAFF PRESENT

General Manager	Don Chadd
District Secretary	Teresa Teichman
District Engineer	Hector Ruiz
Special Projects Manager	Michael Perea
Accounting Supervisor	Karen Warner

District Consultants Present:

District General Legal Counsel	Robert E. Anslow (Bowie, Arneson, Wiles & Giannone)
District Treasurer	Cindy Navaroli
District Consultant	Lisa Ohlund (Ohlund Management & Technical Services)

PUBLIC PRESENT

There were several members of the public present

PLEDGE OF ALLEGIANCE

President Mandich requested a member of the public, Mr. Stephen Dopudja, to lead in the Pledge of Allegiance.

VISITOR COMMENTS

There were no visitor comments

ORAL COMMUNICATION

There was no oral communication

DIRECTOR'S COMMENTS

Director Haselton commented on the Independent Special Districts of Orange County ("ISDOC") meeting held on May 31, 2012.

Director Safranski indicated that he had had breakfast with representatives of Southern California Edison (SCE) and provided comments relative to the potential outlook for electrical power availability during Summer, 2012.

Directors Mandich and Acosta provided no Directors' Comments.

REPORT FROM THE GENERAL MANAGER

The General Manager commented on the Municipal Water District of Orange County ("MWDOC") policy forum to be held on July 25, 2012, regarding San Diego water matters. He indicated that Directors may wish to consider attending this forum.

The General Manager noted the imminent retirement of Santa Margarita Water District ("SMWD") General Manager John Schatz, and indicated that he would be providing a signature for recognition events for Mr. Schatz upon his retirement.

The General Manager also indicated that the District has received a records subpoena relating to records concerning a portion of Dove Canyon development relating to litigation in which the District is not a party but which involves an individual homeowner against the Dove Canyon Homeowners' Association. He indicated he would refer the subpoena to District General Legal Counsel for further action.

ITEMS TOO LATE TO BE AGENDIZED

There were no items too late to be agendized.

CONSENT CALENDAR

ACTION 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. No items were requested to be removed from the Consent Calendar.

Motion: A motion was made by Director Acosta and seconded by Director Safranski to approve the Consent Calendar as presented. There was no further discussion by the Board and the Motion was carried 4-0.

ADMINISTRATIVE MATTERS

ITEM NO. 1E : APPOINTMENT TO FILL BOARD OF DIRECTORS POSITION

District General Manager Mr. Chadd commented on the prior resignation of Director Disston and briefly commented on the Board's prior action to solicit applications, the application process and noted that the ad hoc committee to the Board had recommended the appointment of Mr. Stephen Dopudja to fill the vacant Director position through the election and appointment process in November/December, 2012. The matter was briefly discussed by the Board.

Motion: A motion was made by Director Mandich, and seconded by Director Acosta, to appoint Mr. Stephen Dopudja to fill the vacant position of Director on the Board of Directors of Trabuco Canyon Water District, which appointment would be effective as of July 1, 2012. There was not further discussion by the Board, and the Motion was passed by a vote of 4-0.

Following the approval of the appointment, the District Secretary, Ms. Teresa Teichman, administered the verbal oath of office to Mr. Stephen Dopudja.

ITEM NO. 1F : DISCUSSION AND POSSIBLE ACTION RELATING TO THE APRIL 20, 2012, ORANGE COUNTY GRAND JURY REPORT AND REQUIRED RESPONSES

General Manager Chadd discussed the Orange County Grand Jury Report relating to Orange County Special Districts and discussed the required responses to the recommendations and findings set forth in the Grand Jury Report. Mr. Chadd distributed draft version of such responses, indicating that the drafts would be reviewed by District staff, consultants and requesting that comments on the proposed responses be sent directly to the General Manager (noting that the Board members should not discuss this matter among themselves outside of an open meeting forum). The General Manager also indicated that he had undertaken a review of responses being prepared by other public agencies in Orange County. There was brief Board discussion concerning the matter with Board concurrence to agendize the proposed response to the Orange County Grand Jury Report at the Regular District Board meeting of July 18, 2012.

ITEM NO. 1G: STATUS UPDATE AND POSSIBLE ACTION RELATING TO ORGANIZATIONAL ANALYSIS OF TCWD

General Manager Chadd introduced Ms. Lisa Ohlund of Ohlund Management & Technical Services, who had prepared the Trabuco Canyon Water District organization assessment. The General Manager indicated that the organization assessment had been done in order to identify organization, efficiency and management opportunities and costs savings efficiencies, and to prepare the report as a tool for both the General Manager and the Board of Directors in assessing the District's current capacities, needs and organizational opportunities.

Ms. Lisa Ohlund indicated that the organizational assessment had been prepared and submitted to the District and to the Board. Ms. Ohlund presented a powerpoint summary of the organizational analysis on a department by department basis, emphasizing a Strengths, Weaknesses, Opportunity and Threat (SWOT) summary format to the Board. Key points in the presentation were that the District generally runs “lean” on management and employment, that there were various challenges and potential changes that could be made in the organization, and some opportunities for cost saving changes in District management and organizational structure. Ms. Ohlund also discussed her analysis process, her interview process with District employees and her “top to bottom” approach in reviewing District management and organization.

During and following Ms. Ohlund’s presentation, various questions were presented and responded to by staff, Ms. Ohlund and there was discussion by members of the Board.

Following completion of the presentation, the General Manager provided a recommendation as set forth in the Agenda.

Motion: A motion was made by Director Acosta, and seconded by Director Safranski, that the General Manager be authorized to implement the recommendation set forth in the Trabuco Canyon Water District – Organizational Assessment (June, 2012) as presented by Ohlund Management & Technical Services as deemed appropriate by the District’s General Manager. There was no further Board discussion and the motion was approved by a vote of 4-0.

FINANCIAL MATTERS

ITEM NO. 1H: CONSIDERATION AND POSSIBLE ADOPTION OF RESOLUTION NO. 2012-1167 ESTABLISHING APPROPRIATIONS LIMIT FOR FISCAL YEAR 2012/2013.

The General Manager introduced the item and provided the Staff Report concerning the calculation of the updated District Appropriations Limit for Fiscal Year 2012/2013.

Resolution No. 2012-1167:

A motion was made by Director Safranski, and seconded by Director Acosta, to adopt Resolution No. 2012-1167 establishing the District's Appropriations Limit for Fiscal Year 2012/2013. There was no further discussion by the Board and the Resolution was adopted on a roll-call vote of 4-0.

ITEM NO. 1I: DISCUSSION AND POSSIBLE ACTION REGARDING AUTHORIZATION ON INCUMBENCY & CERTIFICATES RELATING TO BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

The General Manager introduced this item, indicating that a request had been received by the District Secretary to reapprove various signatures for the District with Bank of New York Mellon Trust Company, N.A. for various financial and financing authorizations and approvals.

Motion: A motion was made by Director Mandich and seconded by Director Acosta to approve signatures for the District's General Manager (Mr. Don Chadd), the District President (Mr. Ed Mandich), the District Vice-President (Mr. Jim Haselton) and District Engineer (Mr. Hector Ruiz) to provide necessary signatures and signature forms for Bank of New York Mellon Trust Company, N.A.. There was no further Board discussion and the motion was approved by a vote of 4-0.

ITEM NO. 1J: CONSIDERATION AND POSSIBLE ADOPTION OF RESOLUTION NO. 2012-1168 APPROVING FISCAL YEAR 2012/2013 GENERAL FUND BUDGET

The General Manager presented the budget summary based upon the prior Board workshop and taking into account the parameters and necessary debt service requirements of the District, and the Community Facilities Districts formed by Trabuco Canyon Water District. Two versions of the budget summary were presented, one with and one without a two percent (2%) merit salary adjustment. The General Manager discussed the potential impact to District reserves based on the two budget scenarios presented. The District General Manager discussed the background information for the budget. Following the General Manager's presentation there

was a discussion by the Board as to the impact of adopting either of the two budget scenarios presented, and potential offset revenue sources. The General Manager indicated that some organizational changes (as referenced and discussed in the organizational analysis previously approved by the Board) might help to offset the budget requirements of adopting a budget with the two percent (2%) salary merit changes.

Resolution No. 2012-1168:

A motion was made by Director Safranski, and seconded by Director Mandich, to adopt Resolution No. 2012-1168 with the figures in that Resolution to be modified based on the presented two percent merit salary increase adjustment for District employees as presented to the Board. There was no further discussion by the Board and the Resolution was adopted on a roll-call vote of 4-0.

Motion:

A motion was made by Director Mandich, and seconded by Director Safranski, to authorize staff to make adjustments to the Fiscal Year 2012/2013 Budget (with updates to be returned to the Board) based on the General Manager's implementation of the recommendation in the Organizational Analysis previously approved by the Board. There was no further discussion of this matter by the Board and the motion was approved by a vote of 4-0.

ITEM NO. 1K: CONSIDERATION AND POSSIBLE ADOPTION OF RESOLUTION NO. 2012-1169 APPROVING FISCAL YEAR 2012/2013 CAPITAL IMPROVEMENT PROGRAM BUDGET

The General Manager discussed the components and items contained in the District's proposed Capital Improvement Program Budget. This matter had previously been discussed with the Board at their budgeting workshop. There was a brief discussion between the Board concerning salient items in the proposed budget.

Resolution No. 2012-1169:

A motion was made by Director Haselton, and seconded by Director Safranski, to adopt Resolution No. 2012-1169 approving the Fiscal Year 2012/2013 Capital Improvement Program Budget. There was no further discussion on this matter by the Board and the Resolution was adopted on a roll-call vote of 4-0.

ITEM NO. 1L: CONSIDERATION AND POSSIBLE ADOPTION OF RESOLUTIONS APPROVING FISCAL YEAR 2012/2013 DEBT SERVICE BUDGET (EACH RESOLUTION ADOPTED AS THE LEGISLATIVE BODY OF THE CORRESPONDING COMMUNITY FACILITIES DISTRICT) (RESOLUTIONS NOS. 2012-1170 THROUGH 2012-1174, INCLUSIVE: LISTED RESOLUTIONS AND CORRESPONDING COMMUNITY FACILITIES DISTRICTS LISTED BELOW.

1. Resolution No. 2012-1170, Community Facilities District No. 2 (Portola Hills).
2. Resolution No. 2012-1171, Community Facilities District No. 5, County Roads (Robinson Ranch/Trabuco Highlands).
3. Resolution No. 2012-1172, Community Facilities District No. 5, Sewer Facilities (Robinson Ranch/Trabuco Highlands).
4. Resolution No. 2012-1173, Community Facilities District No. 7 (Dove Canyon).
5. Resolution No. 2012-1174, Community Facilities District No. 8 (Rancho Cielo).

The General Manager provided a brief background regarding the indicated Community Facilities Districts (CFD), the proposed budgeting amounts (as set forth under the debt service requirements for each CFD) and related matters.

Resolution Nos. 2012-1170, 2012-1171, 2012-1172, 2012-1173 and 2012-1174:

A motion was made by Director Acosta, and seconded by Director Safranski, to adopt Resolution Nos. 2012-1170, 2012-1171, 2012-1172, 2012-1173 and 2012-1174, in each case acting as the Legislative Body of the corresponding Community Facilities District. There was brief discussion by the Board relative to clarification of how the matters would appear on the County tax roll and related clarification questions. Following satisfaction of the Board's questions in this matter, the Resolutions were each adopted by a roll-call vote of 4-0.

ITEM NO. 1M: STATUS UPDATE AND POSSIBLE ACTION REGARDING COLLECTION ACCOUNTS

The General Manager briefly discussed the need for write-offs for uncollectible accounts and billings for the District's Fiscal Year 2010/2011 for accounting purposes. He noted that the bills may be written off but would not necessarily be forgiven and could be collected at a later point in time. It was noted that the uncollectible write-offs for the Fiscal Year were an extremely low figure for an entity of the District's size.

Motion: A motion was made by Director Acosta, and seconded by Director Safranski, to authorize to authorize the General Manager or District Treasurer to write off the sixteen indicated, uncollected, unpaid bills in the total amount of \$3,340.54 for District Fiscal Year

2010/2011. There was no further discussion and the motion was passed of a vote of 4-0.

ENGINEERING MATTERS

ITEM NO. 1N: STATUS UPDATE RELATING TO BAKER REGIONAL WATER TREATMENT FACILITY

The District Engineer presented a discussion concerning the status and scheduling for the Baker Regional Water Treatment Facility (“Facility”) and current changes to the Facility project. The District Engineer discussed the fiscal impacts and proposed project changes with the Board. There was discussion by the Board with concerns over the amount of the Facility project continuing to escalate as time progressed.

Motion: A motion was made by Director Acosta, and seconded by Director Mandich, to approve the District’s percentage share of Variance 16 (Facility Project Costs) in the amount of \$3,357, and Variance 7 in the amount of \$32,646. Following the motion Board members again indicated that they were concerned with the escalating costs for the project. Following brief Board discussion, the motion was adopted by a vote of 4-0.

ITEM NO. 1O: STATUS UPDATE RELATING TO THE ALTERNATIVE RAW WATER TRANSMISSION LINE (ARWTL) (16 INCH RAW WATER TRANSMISSION LINE – SERRANO CREEK CROSSING ALTERNATE ROUTE – PW79)

The District Engineer presented a status update on the appeal filed by the District to the prior Federal Emergency Management Agency (FEMA) denial of the District’s request in respond to the FEMA request for more information. The District Engineer noted that the District was currently awaiting a formal reply and was continuing to work on the alternative route planning, both internally and with District consultants.

ITEM NO. 1P: STATUS REPORT AND POSSIBLE ACTION RELATING TO DOVE RESERVOIR/TRABUCO RESERVOIR INTER-TIE AND TRABUCO HIGHLANDS PRESSURE REDUCING STATIONS PROJECT

The District Engineer briefly discussed the completed project, noting that the system additions are working as intended and that there were no complaints either now or during the construction process. The District Engineer briefly reviewed Contract Change Order No. 1, noting that it accounted for less than ½ of 1 percent of the total value of the contract price and was offset by a reduction in the number of fire hydrants installed as part of the project. The District Engineer briefly reviewed the proposed Change Order and recommended action by the Board.

Motion: A motion was made by Director Acosta, and seconded by Director Safranski, to include the following:

1. Ratify Contract Change Order No. 1 as submitted for the amount of 1,572;
2. Accept the construction work completed by L&S Construction for the construction of the Dove Reservoir-Trabuco Reservoir Inter-tie and Trabuco Highlands Pressure Reducing Stations; and
3. Direct and authorize staff to file a notice of completion with the County of Orange for the Dove Reservoir-Trabuco Reservoir Inter-tie and Trabuco Highlands Pressure Reducing Stations.

There was no further discussion on the motion by the Board and the motion was approved by a vote of 4-0.

ITEM NO. 1Q: STATUS UPDATE AND POSSIBLE ACTION RELATING TO THE SHADOW ROCK DETENTION BASIN FACILITY PROJECT (SRDBFP).

The District Engineer noted that there was very little new information on this matter. The agreements for grant funding with the County and State of California are currently pending and awaiting signature with the other agencies. The District Engineer noted that the General Manager had made significant on obtaining the necessary easements for this project. No action was taken.

LEGISLATIVE MATTERS

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

The General Manager indicated that there was no information or action items for this Agenda items.

END ACTION CALENDAR

OTHER MATTERS

None

ADDITIONAL DIRECTORS' COMMENTS

There were no additional Directors' comments provided.

ADDITIONAL GENERAL MANAGER COMMENTS

No additional General Manager comments were provided.

ADJOURNMENT

President Mandich adjourned the June 20, 2012, Regular Board meeting at 8:43 P.M.

Respectfully Submitted,

Michael Perea, District Secretary

M:\BOARD Minutes\2012 MINUTES\ Regular Board Minutes June 20, 2012 **PENDING**