

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

MEETING DATE: SEPTEMBER 19, 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
Vice President Jim Haselton
Director Glenn Acosta
Director Mike Safranski

STAFF PRESENT

Don Chadd, General Manager
Hector Ruiz, Assistant General Manager/District Engineer
Michael Perea, District Secretary
Karen Warner, Accounting Supervisor

District Consultants Present:

District General Legal Counsel Robert E. Anslow (Bowie, Arneson, Wiles & Giannone)

PUBLIC PRESENT

There were no members of the public present

PLEDGE OF ALLEGIANCE

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

VISITOR COMMENTS

There were no visitor comments

ORAL COMMUNICATION

There was no oral communication

DIRECTOR'S COMMENTS

Director Haselton had no comments. Director Acosta dedicated the meeting to the memory of the victims of 9/11 and their families, and congratulated both Directors Haselton and Dopudja on their successful campaigns for re-election to the Board. Director Safranski commented on local energy issues discussed at a recent Southern California Edison meeting. Director Mandich provided an update on the information discussed at the recent SOCWA meeting, including the Regional Water Quality Control Board requirement that SOCWA prepare a Salt and Nutrient Management Plan.

REPORT FROM THE GENERAL MANAGER

The General Manager, Mr. Chadd commented that Director Dopudja was out of town and unable to attend the Regular Board Meeting.

The General Manager commented on the following items:

- The District received a Public Records Request concerning the impact of chloramines on copper pipes; the General Manager commented that the District does not use chloramines for disinfection purposes.
- Annual California Special Districts Association (CSDA) Conference scheduled for the following week.
- Director AB 1234 Ethics Training
- Rancho Santa Margarita Chamber of Commerce City Council Candidate Forum scheduled for October 1, 2012
- Communities of Rancho (CAR) City Council Candidate Forum scheduled for October 2, 2012
- Rancho Santa Margarita Chamber of Commerce *State of the City Breakfast* scheduled for October 11, 2012

ITEMS TOO LATE TO BE AGENDIZED

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

Action: Director Mandich asked to remove Item D from the Consent Calendar to make a correction to the Directors' Fees and Expenses schedule.

Action: A motion was made by Director Acosta and seconded by Director Safranski to approve the Consent Calendar, Item Nos. A through E, minus Item D. The motion carried 4 - 0.

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

Director Mandich commented that he attended the monthly South Orange County Wastewater Authority (SOCWA) meeting, but it was not referenced on the Directors' Fees and Expenses schedule. The District Secretary, Mr. Perea commented that the correction will be made to the schedule.

Action: A motion was made by Director Acosta and seconded by Director Mandich to approve the Directors' Fees and Expenses schedule as corrected. The motion carried 4 - 0.

ACTION CALENDAR
ADMINISTRATIVE MATTERS

ITEM NO. F: DISCUSSION AND POSSIBLE ACTION REGARDING COMMITTEE ASSIGNMENTS

The General Manager, Mr. Chadd commented that this matter primarily concerns the Finance/Audit Committee appointments as Director Acosta's schedule has not allowed him to attend the recent Committee meetings. Mr. Chadd commented that staff recommends the continuation of the second check signing meeting for the Finance/Audit Committee on the third Tuesday of every month. Mr. Chadd commented that Director Dopudja is willing to replace Director Acosta as the primary Committee member on the Finance/Audit Committee, and Director Acosta can serve as the alternate Committee member. Discussion occurred concerning additional committee assignments and availability.

Action: A motion was made by Director Mandich and seconded by Director Safranski to appoint Director Dopudja as the primary Committee member, and Director Acosta as the alternate Committee member of the Finance/Audit Committee. The motion carried 4 - 0.

ITEM NO. G: DISCUSSION AND POSSIBLE ACTION RELATING TO MET/MWDOC RATE INCREASE

The General Manager, Mr. Chadd commented on the projected water rate increases for 2013 by MET and MWDOC, based on the attached exhibits. Mr. Chadd commented that the projected increase cost to the District is approximately six percent to cover the costs of Tier One and Untreated water rates. Discussion occurred concerning the method of notification to District customers, and the value of including the attached exhibits.

Action: A motion was made by Director Acosta and seconded by Director Safranski to authorize District staff to proceed with the provision of required notices, and to take other necessary actions, to implement a pass-through of the pending MET/MWDOC rate increases under the directives previously approved by the Board. The motion carried 4 - 0.

ITEM NO. H: DISCUSSION AND POSSIBLE ACTION RELATING TO JUNE 7, 2012, ORANGE COUNTY GRAND JURY REPORT AND REQUIRED RESPONSE

The General Manager, Mr. Chadd commented that the required response letter was prepared by District staff, reviewed by District Legal Counsel, and was attached as an exhibit for Board review. Mr. Chadd commented that the focus of the Report was website accessibility and pension transparency, and it is the District's goal to develop a revised and contemporary website by January 2013. Mr. Chadd commented that the State Controllers' compensation

report for District employees will be accessible from the updated website at that time. Discussion occurred concerning the method of development of the updated website.

Action: A motion was made by Director Haselton and seconded by Director Mandich to approve the completed draft responses to the Orange County Grand Jury Report and cover letter, as presented. The motion carried 4 – 0.

ITEM NO. I: DISCUSSION AND POSSIBLE ACTION REGARDING DISTRICT SURPLUS EQUIPMENT

The General Manager, Mr. Chadd commented that this matter had been reviewed by the Finance/Audit and Engineering/Operations Committees. Discussion occurred concerning the District vehicle fleet quality, limitations, and restrictions as a result of agency regulations. Mr. Chadd commented that there may be future requests for the purchase of replacement vehicles as a result the disposal of some of this surplus equipment.

Action: A motion was made by Director Acosta and seconded by Director Safranski to authorize the General Manager to dispose of District surplus equipment in accordance with the Board-approved Policy. The motion passed 4 - 0.

FINANCIAL MATTERS

ITEM NO. J: DISCUSSION AND POSSIBLE ACTION REGARDING FIXING THE EMPLOYERS' CONTRIBUTION UNDER THE PUBLIC EMPLOYEES MEDICAL AND HOSPITAL CARE ACT

The General Manager, Mr. Chadd commented that this matter is a recurring annual item concerning the District levels of contribution for medical insurance coverage for employees and Board Members. Discussion occurred concerning the value of medical benefits for District Board Members. Discussion occurred concerning CalPERS medical rate negotiations and levels of coverage.

Action: A motion was made by Director Mandich and seconded by Director Safranski to approve and adopt Resolution No. 2012-1178 and No. 2012-1179 fixing the Employers' Contribution Under the Public Employee's Medical and Hospital Care Act. The motion passed 3 - 0, with an abstention by Director Acosta.

ITEM NO. K: DISCUSSION AND POSSIBLE ACTION REGARDING REPLACEMENT OF FINANCIAL SOFTWARE SYSTEM

The General Manager, Mr. Chadd commented that the proposed financial software system is recommended by District Treasurer, Ms. Cindy Navaroli based upon her user experience with the system, and her work experience at other water agencies. Mr. Chadd commented that the software system is designed with a compatible interface with the District’s existing network infrastructure and is easy to use. Discussion occurred concerning contract language with a not to exceed purchase amount for the financial software system.

Action: A motion was made by Director Acosta and seconded by Director Mandich to authorize the General Manager to purchase the Financial Software Solution from Beyond Software Solutions as presented. The motion passed 4 - 0.

ENGINEERING MATTERS

ITEM NO. L: STATUS UPDATE RELATING TO THE BAKER REGIONAL WATER TREATMENT FACILITY

The District Engineer, Mr. Ruiz delivered a status update on this matter. Discussion occurred concerning the attached exhibit from Irvine Ranch Water District regarding solids management at the facility. Discussion occurred concerning the project’s budget and timeline.

Action: None

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

The District Engineer, Mr. Ruiz delivered a status update on this matter. Mr. Ruiz commented that the District has received correspondence from the Federal Emergency Management Agency (FEMA) dated September 4, 2012, which stated the project was “eligible for funding”. Discussion occurred concerning possible scenarios and alternative solutions to the current situation. Mr. Ruiz commented that staff were scheduled to meet with TetraTech consultants the following day to review the project status, preliminary design work for the alternate routes for the project. Discussion occurred concerning the project timeline.

Action: None

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

The General Manager commented on the following matters:

1. Letter from John M. W. Moorlach, Orange County Board of Supervisors concerning 2013 Legislative Platform.

Action: None

END ACTION CALENDAR

OTHER MATTERS

None

ADDITIONAL DIRECTORS' COMMENTS

Director Acosta commented on the General Manager Don Chadd's retirement letter submitted to the Board, and congratulated the Assistant General Manager Hector Ruiz on the opportunity to be District General Manager. Director Safranski commented that there is a need to develop a transition plan for the organization. Director Mandich commented that a transition plan is a matter which should be agendaized for the next regularly scheduled Board Meeting. Director Haselton concurred the need for a transition plan for the organization, but expressed his confidence in Mr. Ruiz and staff, as a whole.

ADDITIONAL GENERAL MANAGER COMMENTS

No additional General Manager comments were provided.

ADJOURNMENT

President Mandich adjourned the September 19, 2012, Regular Board meeting at 8:00 P.M.

Respectfully Submitted,

Michael Perea, District Secretary

M:\BOARD Minutes\2012 MINUTES\Regular Board Minutes September 19, 2012 **APPROVED**