

**MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
OCTOBER 16, 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 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

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

Laurie Lausten, Engineer

Karen Warner, Accounting Supervisor

DISTRICT CONSULTANTS PRESENT:

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

PUBLIC PRESENT

There were members of the public present

PLEDGE OF ALLEGIANCE

Vice President Jim Haselton 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 Dopudja had no comments.

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Director Safranski commented on the impacts of the partial shutdown of the Federal Government. Director Safranski commented on the South County Agencies Meeting, and the discussion concerning the possible consolidation of the Orange County Water District (OCWD) and the Municipal Water District of Orange County (MWDOC). Director Safranski added that the information shared at the meeting highlighted the goals of merging the two agencies which included water reliability and increased South Orange County Agency representation at the Metropolitan Water District of Southern California. Director Safranski provided an update on the South Coast Water District's Doheny Ocean Desalination Project and the Poseidon Desalination Project in Huntington Beach as examples of other water reliability projects in South Orange County.

Vice President Haselton had no comments.

Director Acosta had no comments.

President Mandich commented on the recent Southern California Edison power outages in Dove Canyon, and discussed staff's response in the maintenance of water and sewer services during the power outages.

REPORT FROM THE GENERAL MANAGER

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

1. Mr. Ruiz reported that the District was impacted by the Southern California Edison planned outages on September 27, 2013, at the Administration Facility and three sewer lift stations. Mr. Ruiz commented that power was restored to two of the three sewer lift stations and the Administration Facility by noon that day, with power to the Via Allegre sewer lift station restored the following day at approximately 10:00 AM. Mr. Ruiz added that District Wastewater Operators worked through late hours to ensure that the remaining sewer lift station was properly fueled and operated by the onsite power generator through the night. Mr. Ruiz mentioned that the District was contacted by the RSM Patch for information concerning the power outage.
2. Mr. Ruiz reported that District Wastewater Operations repaired an emergency line break on a sewer force main at the Barneburg sewer lift station on October 15, 2013, and that the successful containment avoided the spill of sewage. Mr. Ruiz added that the event was reported to the State Water Resources Control Board, but will likely not result in any fines to the District due to the containment of the spill. Discussion occurred concerning any correlation between the line break and the recent electrical outages. Mr. Ruiz commented that the line break was a result of pipe failure.
3. Mr. Ruiz reported that the Municipal Water District of Orange County (MWDOC) Water Policy Forum and Dinner is scheduled for October 23, 2013, at 5:30 PM.

ITEMS TOO LATE TO BE AGENDIZED

The General Manager, Mr. Hector Ruiz, commented that there were no items too late to be agendized.

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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. President Mandich requested the removal of Item No. 4, Ratification of Directors' Fees and Expenses, and Tentative Future Meetings/Attendance Items due to errors in the schedule, and to correct the errors and bring to the Board at the next Regular Board Meeting.

Action: A motion was made by Director Acosta and seconded by Vice President Haselton to approve the Consent Calendar, Item Nos. 1 through 3.
The motion carried 5 – 0.

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 5: DISTRICT WEBSITE UPGRADE PROJECT

The General Manager, Mr. Hector Ruiz, provided a status update on this matter and commented that the project kickoff meeting was held with the Vision Internet Project Manager via conference call. Mr. Ruiz added that staff have received survey documents for completion to assist Vision Internet with the creation of the new District website, and that a sample website design may be ready for Board review at the December, 2013, Regular Board Meeting.

Action: Received status update. No action taken.

ITEM 6: GRANT DEED FOR REAL PROPERTY FROM BEAZER HOMES HOLDING CORPORATION

The General Manager, Mr. Hector Ruiz, commented that staff has been notified by Beazer Homes Holding Corporation (Beazer) that the parcel of land for the District's Topanga Booster Pump Station had never been transferred to the District, and that Beazer has paid the taxes on the property to the County of Orange to date. Mr. Ruiz added that staff has coordinated with Beazer for the transfer of the grant deed to the District, and has hired Cornerstone (Consultant) to complete the due diligence research into the matter. Discussion occurred concerning the grant deed transfer process and the need for a land survey. Mr. Ruiz commented that the title documents show the utility and other easements for the parcel, and that these check well with the existing pump station and infrastructure. Mr. Ruiz mentioned that the facility and the utilities have been in operation for approximately fifteen years and there have not been any issues with the facility and utility easements, and staff recommends the acceptance of the real property.

Action: A motion was made by Director Acosta and seconded by President Mandich accept the Grand Deed from Beazer Homes Holding Corporation, and authorize the District Secretary to execute the Grant Deed Certificate of Acceptance,

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pending the payment of any tax obligations by Beazer Homes Holding Corporation.
The motion carried 5 – 0.

ENGINEERING MATTERS

ITEM 7: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

The General Manager, Mr. Hector Ruiz, commented that there was nothing new to report on this project, but that staff has received a letter from the Federal Emergency Management Agency (FEMA) concerning disaster assistance during the lapse in appropriations due to the partial shutdown of the Federal Government. Mr. Ruiz added that this new development has placed the environmental permitting process on hold. Discussion occurred concerning the FEMA letter.

Action: Received status update. No action taken.

ITEM 8: BAKER REGIONAL WATER TREATMENT PLANT

The General Manager, Mr. Hector Ruiz, provided a status update on this project and presented the project schedule for Board review in the event that there was a need for a Special Board Meeting Workshop to discuss the District's participation in the Irvine Ranch Water District (IRWD) Baker Water Treatment Plant (BWTP). Mr. Ruiz reviewed the District's Mission Statement and highlighted the importance of the provision of water reliability for District customers. Mr. Ruiz delivered a powerpoint presentation on the BWTP and stated that the project is a South Orange County Water Reliability Project. Mr. Ruiz discussed the following project-related matters in the presentation:

- BWTP Project Bid Summary Review
 - Discussion occurred concerning Integration costs of \$2,000,000. Mr. Ruiz commented the Integration portion of the project included the full integration of the software and hardware for the BWTP, and that this involves a significant amount of labor and discipline. Mr. Ruiz added that the BWTP is within existing IRWD land. Director Dopudja commented on contingency costs. Vice President Haselton commented on the Engineer's Estimate Costs. Discussion occurred concerning the Project Bid Summary Review Table totals.
- BWTP Project Cost Analysis
 - Discussion occurred concerning annual treatment costs for the District. Director Acosta commented on the Operations and Maintenance costs for the BWTP and the impact of energy cost increases, and asked about the membrane replacement frequency. Mr. Ruiz commented that the membrane design meets the standard specification, and that membrane replacement and cleaning costs are included in the cost analysis. President Mandich commented on the possibility of water sales from participating agencies to other agencies to assist with offsetting capital costs.

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- The District's Water Reliability and Emergency Storage (WRES) Fund
 - Mr. Ruiz commended the Board for their work throughout the project development and the implementation of the WRES Fund. Discussion occurred concerning the WRES budget and the utilization of WRES funds for the BWTP project as a result of the increased costs. Mr. Rob Anslow, District General Legal Counsel commented that the Board adopted WRES Original Budget was designed as a total budget of \$11.93 Million and that the individual project budgets allow for flexibility within the fund. Mr. Ruiz presented the WRES Revised Budget which demonstrated the actual costs for the Trabuco Creek Wells Facility and Distribution Improvements, and the subsequent adjustment in the BWTP Project budget as a result of the increased costs. Mr. Ruiz added that the increased BWTP Project budget is still within the WRES total budget and will not impact or change the existing WRES fees. Discussion occurred concerning the collection of WRES Fees from District customers; Director Safranski requested a computation of the total amount of WRES Fees collected by the District to date. Mr. Ruiz commented that this information is reported monthly at the Finance/Audit Committee. Discussion occurred concerning project funding options, the methodology of utilizing WRES funds for the District's participation in the BWTP and the impact on the remaining Reservoir project funded by the WRES. Staff was directed to evaluate funding for the BWTP Project using the WRES funds and to present the results to the Finance/Audit Committee.

- IRWD Cost of Water Projections
 - Mr. Ruiz presented IRWD's Cost of Water Projections for Board review. Discussion occurred concerning the use of the Metropolitan Water District of Southern California (MET) historical thirty-year average treated water rate increase of 6.6%, as opposed to a higher average rate reflective of the past few years.

- BWTP Participating Agency Capacity Review
 - Discussion occurred concerning third-party agency interest in participating in the project. Mr. Ruiz commented that members of the BWTP Project Committee requested that the participating agencies determine their participation before the possible inclusion of other agencies to gain capacity rights in the BWTP project. Mr. Ruiz mentioned that the next step in the Project is to "Go" or "No Go" with the Project.

- TCWD System Capacity Review
 - Mr. Ruiz presented the District System Capacity Review for the Board and discussed the methodology and determination of the District's Capacity Right of 2 CFS in the BWTP. Mr. Ruiz commented that the current level of participation was designed to provide the District with a domestic water system redundancy of 6 CFS through the South County System and the Baker Pipeline each in order to meet current and future demands. Discussion occurred concerning the District's use of Irvine Lake water as emergency storage, and how access to Irvine Lake has helped the District during Metropolitan Water District of Southern California (MET) emergency outages in the past.

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- South County System Capacity Ownership
 - Mr. Ruiz presented an overview of the South County System Capacity Ownership by agency. Discussion occurred concerning the potential for third-party agencies to participate in the BWTP at a later date.

- South County System Participating Agency Pipeline Capacity Review
 - Mr. Ruiz discussed the South County System Capacity Allocations and reviewed the seasonal impacts on the System. Mr. Ruiz added that the BWTP production will meet the System's winter month demands on its own, and will allow for the participating agencies to meet their respective summer month demands. Discussion occurred concerning the impact of future developments on the System's allocations, and the current demand for imported water in South Orange County.

- BWTP Agreements
 - Mr. Ruiz discussed IRWD's timeline for execution of agreements by participating agencies. Discussion occurred concerning agreement review by Special Legal Counsel for the District. Mr. Ruiz commented that staff submitted a Request for Proposal for Special Legal Counsel Service to three legal firms based on the recommendation of General Legal Counsel, and that staff has selected Rutan and Tucker for the agreement review. Discussion occurred concerning the importance of an independent legal review of the agreements. Mr. Ruiz commented that IRWD has requested that participating agencies execute the BWTP agreement by November, 2013, in order to inform the IRWD Board of Directors of the participation status at their December, 2013, Regular Board Meeting.

- Special Board Meeting/Project Workshop
 - Mr. Ruiz discussed the necessity of a Special Board Meeting in order hold a Project Workshop on the BWTP Project. Discussion occurred among the Board concerning the need for a Special Board Meeting. Director Safranski suggested that the District's Finance/Audit Committee and Engineering/Operational Committees review the respective aspects of the District's participation in the BWTP Project, instead of holding a Special Board Meeting for a Project Workshop. President Mandich commended the General Manager and staff on the information presented concerning the District's participation in the BWTP Project, and stated that based on the current and past information, the Board's understanding of the Project, and the opinions expressed by his fellow Directors, a Project Workshop was not necessary. Discussion occurred concerning the importance of the District's participation in the BWTP Project, and the need for the Project in providing water reliability to the District's customers.

Action: A motion was made by Director Acosta and seconded by Director Safranski to authorize the General Manager to execute an Agreement for Consultant Services to Rutan and Tucker, LLP, for Special Legal Counsel Services to review the Baker Water Treatment Plant and Pipeline Capacity Agreements.
The motion carried 5 – 0.

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ITEM 9: SHADOW ROCK DETENTION BASIN FACILITY

The General Manager, Mr. Hector Ruiz, provided a status update on the project, and commented on the project presentation which was delivered to the Trabuco Highlands Community Association (THCA) at their monthly Board Meeting on October 10, 2013. Mr. Ruiz commented that the Orange County Vector Control District is considered a project partner, is involved in the project design, and submitted a letter of support for the project. Mr. Ruiz added that the State Department of Fish and Wildlife has notified staff via letter the project site does not require an ongoing monitoring plan. Director Safranski commented on his attendance at the THCA meeting and that the project goals were communicated well and well received. Mr. Ruiz added that THCA Board President Mr. Don Chadd commented at the THCA meeting that the site was considered to be ground zero for mosquitos in the local area by the Orange County Vector Control District in years past, but that has been remediated by the District's maintenance work at the site and will be further improved by the proposed project. Discussion occurred concerning project design and completion timeline.

Action: Received status update. No action taken.

LEGISLATIVE MATTERS

ITEM 10: INDEPENDENT SPECIAL DISTRICTS OF ORANGE COUNTY (ISDOC) BYLAWS UPDATE

The General Manager, Mr. Hector Ruiz, provided a status update on this matter, and commented that Director Dopudja had attended the October 1, 2013, Independent Special Districts of Orange County (ISDOC) Executive Committee Meeting. Director Dopudja commented on his attendance at the meeting and updated the Board on the Proposed Bylaw Amendments review process and discussion. Mr. Ruiz commented that all future correspondence and communication received from ISDOC on this matter will be forwarded to President Mandich and Director Dopudja, the ISDOC Representative. Discussion occurred concerning the ISDOC Executive Committee's Proposed Bylaw Amendment development and review process and consideration of staff for General Legal Counsel review of the Proposed Bylaw Amendments.

Action: There was no action taken.

ITEM 11: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

The General Manager, Mr. Hector Ruiz, had no comment or updates on this matter.

Mr. Rob Anslow, District General Legal Counsel, commented that a Legislative Update will be prepared for Board review at the December Regular Board Meeting. Discussion occurred concerning pending legislative matters for 2014.

Action: There was no action taken.

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OTHER MATTERS

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

Action: There was no action taken.

ADDITIONAL DIRECTORS' COMMENTS

There were no additional Director comments received.

ADDITIONAL GENERAL MANAGER COMMENTS

Mr. Ruiz had no additional comments.

END ACTION CALENDAR

ADJOURNMENT

President Mandich adjourned the October 16, 2013, Regular Board meeting at 8:27 PM