

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

MEETING DATE: OCTOBER 17, 2012

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD) was called to order by President Mandich at 7:01 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 Stephen Dopudja
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)
District Treasurer - Cindy Navaroli
Josh Byerrum, Platinum Consulting
Paul Kaymarc, Fedak and Associates

PUBLIC PRESENT

There were members of the public present

PLEDGE OF ALLEGIANCE

District Engineer Hector Ruiz led the Board and staff in the pledge of allegiance

VISITOR PARTICIPATION

No comments were received.

ORAL COMMUNICATION

No comments were received.

DIRECTOR'S COMMENTS

Director Dopudja had no comments.

Director Haselton had no comments.

Director Safranski commented on the City Council Candidate Forums held at the beginning of the month, and referenced Mr. Acosta's candidate statements at the Forums concerning the beginning of his role in the Dove Canyon community and his work with the District at that time. Director Safranski commented that Mr. Acosta's statement regarding Dove Lake Agreements between Dove Canyon Master Association and the District reminded him of the importance of the maintenance and preservation of executed Agreements. Director Safranski recommended the digitization of District Agreements on file.

Director Acosta commented on his City Council Candidate Statement and his desire to serve is based on his desire to make the community a better place to live. Director Acosta commented that he is thankful for the positive impact General Manager Don Chadd has had on the District, in light of his upcoming retirement. Director Acosta commented that he is thankful for the positive impact District Engineer Hector Ruiz has had on the District, as well.

Director Mandich had no comments.

REPORT FROM THE GENERAL MANAGER

The General Manager, Don Chadd commented on the following items:

1. The digitization of Board documents is currently being prepared, and the District's Agreements will be digitized as well.
2. Two weeks ago, District Operations and Maintenance staff completed the following repairs:
 - a. Potable Water Transmission Line break at Harris Grade and Live Oak Canyon Road
 - b. Sewer Force Main break on Robinson Ranch WWTP service road. During the subsequent repair of the pipeline, staff damaged the Southern California Edison buried power line; no staff were injured as a result. Risk Management staff conducted a safety tailgate meeting to review what had occurred and methods to prevent reoccurrence. The General Manager commented that upgrades to the service road and possible service level upgrades to the underground utilities, i.e. natural gas, electricity, and cable, should be considered by the Board in future Capital Improvement Plans.
3. Mr. Chadd introduced the following individuals to the Board: Ms. Cindy Navaroli, District Treasurer, and Ms. Dona Bozeman, Customer Service Representative (as a member of the public). Mr. Chadd asked Ms. Navaroli to introduce the District financial consultants in the audience: Mr. Josh Byerrum, Platinum Consulting, the District Auditor Mr. Paul Kaymarc, Fedak and Associates.

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.

Action: Director Acosta asked to remove Item No. 4 from the Consent Calendar to make a correction to the Directors' Fees and Expenses schedule.

Action: A motion was made by Director Haselton and seconded by Director Safranski to approve the Consent Calendar, Item Nos. 1 through 5, minus Item No. 4. The motion carried 5 - 0.

ITEM NO. 4: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/ATTENDANCE ITEMS

Director Acosta commented that his Attendance Schedule did not include his attendance at the CSDA Conference, and asked that the Schedule be amended as such.

Action: A motion was made by Director Safranski and seconded by Director Haselton to approve the Directors' Fees and Expenses schedule as corrected. The motion carried 5 - 0.

ACTION CALENDAR **ADMINISTRATIVE MATTERS**

ITEM NO. 6: DISCUSSION AND POSSIBLE ACTION RELATING TO MET/MWDOC RATE INCREASE

The General Manager commented that in 2010, the District held a Proposition 218 Public Hearing concerning the Pass-through of future MET/MWDOC water rate increases for five years. The General Manager commented that the proposed rate adjustment uses the same methodology as used in past years, and has been reviewed by District Legal Counsel and the District Treasurer. The General Manager reviewed the Item exhibits which covered the proposed MET/MWDOC rate adjustments through 2020, the methodology used for determining the proposed TCWD rate adjustment of 2.0% across the Conservation Encouragement Rate Tiered Billing Structure and the required Public Notice. The General Manager commented that passage of the attached Resolution is required to provide notice of the 2.0% increase in water rates to the District's customers.

Discussion occurred concerning TCWD's recycled water rate levels, the water rates for the Portola Zone, and the required language in the Public Notice.

Action: A motion was made by Director Acosta and seconded by Director Mandich to adopt Resolution No. 2012-1180 – Resolution of the Board of Directors of the Trabuco Canyon Water District Determining Compliance with Procedural Requirements, Making Certain Findings, Revising Potable Water Rates, Amending the

Rate Schedules of the Trabuco Canyon Water District, and Taking Related Actions. The motion carried 5 - 0.

FINANCIAL MATTERS

ITEM NO. 7: FISCAL YEAR 2011/2012 AUDIT OF DISTRICT FINANCIALS

The General Manager, Don Chadd introduced Ms. Cindy Navaroli, District Treasurer, to the Board and handed the item over to her for discussion. Ms. Navaroli complimented the staff involved with the preparation of the District financial audit. Ms. Navaroli commented on the District's statement of revenues, expenses and charges. Discussion occurred concerning the District's Net Assets, Operation Costs, and Project Costs. Mr. Paul Kaymarc, Fedak and Associates, presented the District's audit results and reviewed the audit process for the Board.

Action: A motion was made by Director Safranski and seconded by Director Haselton to receive and file the Fiscal Year 2011/2012 Audit of District Financials.

ENGINEERING MATTERS

ITEM NO. 8: BAKER REGIONAL WATER TREATMENT FACILITY

The District Engineer, Hector Ruiz provided a project status update, and commented that the design work is currently underway. Mr. Ruiz commented that Irvine Ranch Water District in the process of preparing an agreement for the transfer of excess or purchase capacity in the Baker pipeline. Mr. Ruiz commented that the Project Committee Meeting scheduled for October was cancelled, and the next meeting is scheduled for November 8th. Discussion occurred concerning the sale and purchase of capacity in the Baker pipeline to supply water to the Dimension and Baker Water Treatment plants. Discussion occurred concerning project costs, planned solids handling at the facility, and the bid process for the project.

Action: None

ITEM NO. 9: ALTERNATE RAW WATER TRANSMISSION LINE – PW79

The District Engineer, Hector Ruiz provided a project status update, and commented that the District has received notice from the Federal Emergency Management Agency (FEMA) that the project is eligible for funding. Mr. Ruiz commented that Tetra Tech is currently working on preliminary design work and site evaluations. Mr. Ruiz commented that a requirement of the FEMA funding is the completion of an Environment Assessment under the National Environmental Policy Act (NEPA), and that Tetra Tech had included this in the project scope of work. Mr. Ruiz recommended the Board authorize the General Manager to approve tasks six, seven, and eight in Tetra Tech's scope of work. Discussion occurred concerning project costs,

design, and task work specifics. Discussion occurred concerning alternate pipeline routes and possible emergency scenarios in the event of a storm.

Action: A motion was made by Director Acosta and seconded by Director Safranski to authorize the General Manager approve Tetra Tech’s Scope of Work Tasks 6 – Potholing, Task 7 – Geotechnical, and Task 8 - Environmental Assessment as required for completion of the Project, and for a total of \$86,483. The motion passed 5 - 0.

ITEM NO. 10: DIMENSION WATER TREATMENT PLANT REHABILITATION PROJECT

The District Engineer, Hector Ruiz commented on the history of the Dimension Water Treatment Plant (DWTP) and the rehabilitation of Filter No. 4 in 2005. Mr. Ruiz commented that Operations staff have performed limited rehabilitation work and maintenance, but it is necessary at this time for a complete rehabilitation of Filters 1, 2, and 3. Mr. Ruiz recommended the District contract with ERS Industrial Services, Inc. (ERS) for the project; ERS completed the rehabilitation of Filter 4, and has historically been the lowest bidder for the District and Metropolitan Water District.

Action: A motion was made by Director Safranski and seconded by Director Acosta to authorize the General Manager to contract with ERS for rehabilitation of Filters 1, 2, and 3 and for a not to exceed amount of \$103,100. The motion passed 5- 0.

LEGISLATIVE MATTERS

ITEM NO. 11: DISCUSSION AND POSSIBLE ACTION RELATING TO LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)

The General Manager, Don Chadd commented that Moulton Niguel Water District has recently hired Ms. Joone Lopez as their new General Manager. Discussion occurred concerning the South Orange County Water Agencies.

Action: None

CLOSED SESSION

Director Mandich closed Open Session and opened the following Closed Sessions at 8:12 P.M:

CLOSED SESSION #1

Public Employee Performance Evaluation – Government Code Section 54957

Title: General Manager

The Board will meet in closed session pursuant to Government Code Section 54957 to discuss the General Manager's year end evaluation.

CLOSED SESSION #2

Public Employee Performance Evaluation – Government Code Section 54957

Title: Assistant General Manager

The Board will meet in closed session pursuant to Government Code Section 54957 to discuss the Assistant General Manager's year end evaluation.

Director Mandich closed Closed Session and reconvened Open Session at 9:29 P.M.

ITEM NO. 12: DISCUSSION AND POSSIBLE ACTION REGARDING DISTRICT MANAGEMENT

District Legal Counsel, Mr. Rob Anslow provided the following information in the form of a motion on the part of the Board of Directors concerning District Management:

1. Effective November 1, 2012:
 - a. Mr. Hector Ruiz is Acting General Manager;
 - b. Mr. Don Chadd is Advisory General Manager, and;
 - c. Acting and Advisory General Managers are authorized to take actions needed to carry out the Board of Director's directives approved by this motion.
2. As part of the appointment of Acting General Manager, Mr. Hector Ruiz would receive a 10% temporary salary increase for the period of November 1, 2012 to December 31, 2012, inclusive, based on increased responsibilities.
3. Designation of the Executive Committee to act as Board Liason to negotiate with the Acting General Manager for a General Manager Services Agreement with the goal of having such agreement in place and approved not later than January 1, 2013.
 - a. The Executive Committee is authorized to utilize the services of Liebert, Cassidy, Whitmore (LCW) to assist in drafting such agreement (with the current General Manager Services Agreement as a template).
 - b. The General Manager Services agreement is to require an initial General Manager Performance Review not later than July 31, 2013, unless waived by the Board.
 - c. A draft General Manager Services Agreement is to be prepared for the Executive Committee not later that the end of November 2012.
4. Subject to successful negotiations, it is the intention of the Board to appoint Mr. Hector Ruiz as the General Manager of Trabuco Canyon Water District, effective January 1, 2013.

Action: A motion was made by Director Acosta and seconded by Director Mandich to take the following actions concerning District management as presented by District Legal Counsel. The motion passed 5 – 0.

END ACTION CALENDAR

OTHER MATTERS

None

ADDITIONAL DIRECTORS' COMMENTS

None

ADDITIONAL GENERAL MANAGER COMMENTS

No additional General Manager comments were provided.

ADJOURNMENT

President Mandich adjourned the October 17, 2012, Regular Board meeting at 9:32 P.M.

Respectfully Submitted,

Michael Perea, District Secretary

M:\BOARD Minutes\2012 MINUTES\Regular Board Minutes October 17, 2012 **APPROVED**