

**MINUTES OF THE REGULAR MEETING  
OF THE  
BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT  
NOVEMBER 20, 2013**

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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 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  
Director Glenn Acosta  
Director Stephen Dopudja  
Director Mike Safranski

**DIRECTORS ABSENT**

Vice President Jim Haselton

**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**

President Mandich led the Board and staff in the pledge of allegiance.

**FORMER EMPLOYEE RECOGNITION**

President Mandich called for a Moment of Silence in memory of Ms. Sharon Smith, former District Secretary and Treasurer.

**VISITOR PARTICIPATION**

No visitor participation was received.

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**ORAL COMMUNICATION**

No oral communication was received.

**DIRECTOR'S COMMENTS**

Director Acosta commented on his attendance at the Southern California Water Committee Annual Dinner on October 24, 2013, and reported that the event was attended by a wide variety of groups and representatives. Director Acosta reported that at the request of President Mandich, he spoke in support of the Poseidon Desalination Project, and commented on the importance of water reliability and recycling practices. Discussion occurred concerning comments made by other elected agency officials in attendance at the event.

Director Dopudja commented on his attendance at the South Orange County Wastewater Authority (SOCWA) Board Meeting on November 7, 2013, and reported that there was discussion concerning the long-term objectives for the organization.

Director Safranski commented on his attendance at the South County Agencies Meeting, and reported that there was discussion concerning the following matters:

1. Orange County Water District (OCWD) and Municipal Water District of Orange County (MWDOC) possible consolidation of the two agencies.
2. Metropolitan Water District of Southern California (MET) Representative Selection Process for South County Agencies (Process) has been approved by four member agencies to date, and is required to be approved by the remaining agencies by January, 2014. Director Safranski recommended that the Process be agendaized for discussion and review at an upcoming Regular Board Meeting.
3. WaterReuse Group update on potable water reuse applications in south Orange County.
4. Baker Water Treatment Plant – Irvine Ranch Water District (IRWD) General Manager Mr. Paul Cook commented on the increase in project costs in the recent received updates for the project.
5. South Coast Water District Pilot Plant
6. The upcoming renewal of the MWDOC Agreement with South County Agencies.
7. Association of California Water Agencies (ACWA) Fall Conference is scheduled for the first week of December, 2013, and that the vote for the ACWA Board for the 2014-15 Term is scheduled to be held from the floor at the event. Director Safranski commented that he is the Board Representative for ACWA, and that he is prepared to vote as appropriate from the floor and report to the Board, but requested input concerning the matter from the other Board Members. President Mandich commended Director Safranski for his work in keeping the Board updated on ACWA-related matters, and asked the Directors for their opinions. Directors Dopudja and Acosta commended Director Safranski for his work and commented that they deferred to his best judgment.

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President Mandich had no comments.

**REPORT FROM THE GENERAL MANAGER**

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

1. Mr. Ruiz reported that Director Haselton was not in attendance at the Meeting due to being ill.
2. Mr. Ruiz reported that he attended a State Water Resources Control Board (SWRCB) tour which was attended by Ms. Doreen D'Amato, SWRCB Board Member. Mr. Ruiz commented that the tour was very informational, concerned the subject of source water demands, and provided an opportunity for each agency to present an overview of its water demands, conservation and water reuse efforts, followed by site visits to the El Toro Water District Recycled Water Expansion Project, Santa Margarita Water District's Oso Barrier Urban Runoff and Recovery Facility, and Irvine Ranch Water District's San Joaquin Marsh.
3. Mr. Ruiz reported that staff received a Public Records Request from the Orange County Register in October concerning Director stipends, and added that staff provided the requested documents according to the Public Records Act.

**ITEMS TOO LATE TO BE AGENDIZED**

The General Manager, Mr. 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.

**Action:** A motion was made by Director Acosta and seconded by Director Safranski to approve the Consent Calendar, Item Nos. 1 through 5.  
The motion carried 4 – 0 - 1.

**ACTION CALENDAR**

**ADMINISTRATIVE MATTERS**

**ITEM 6: RECOGNITION OF MS. SHARON SMITH, FORMER DISTRICT SECRETARY AND TREASURER**

The General Manager, Mr. Hector Ruiz, commented that Ms. Sharon Smith, who worked for the District from 1988 through 2010 as District Secretary and Treasurer, passed away on October 25, 2013. Mr. Ruiz added that Ms. Smith was involved with the hiring of each District employee until the day she retired, and that she is missed. Mr. Ruiz asked the Board for input concerning honoring her memory through a monument or plaque at the Administration Facility. Mr. Don Chadd, former District General Manager, commented on Ms. Smith's contributions to the California-Friendly Garden at the District Administration Facility, and suggested that a monument or plaque could be placed in the garden.

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Discussion occurred concerning Ms. Smith's contributions to the District throughout her career, and the type of monument in her memory.

**Action:** President Mandich directed Mr. Hector Ruiz, General Manager, to work with staff to coordinate a garden monument in memory of Ms. Smith.

**ITEM 13: BAKER REGIONAL WATER TREATMENT PLANT**

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The General Manager, Mr. Hector Ruiz, introduced the Baker Water Treatment Plant (BWTP) project, costs, and the District's budget for Water Reliability and Emergency Storage (WRES) projects. Mr. Ruiz noted that the total WRES Budget and fee collection to date as shown remain unchanged. Mr. Ruiz presented the final version of the Amended and Restated Agreement for Construction, Operation, and Maintenance of BWTP (Agreement) with the most recent revisions highlighted for Board review. Mr. Ruiz advised the Board that Mr. Joel Kuperberg, Special Legal Counsel, would be available via teleconference to provide his review of the Agreements to the Board. Mr. Ruiz added that the District Treasurer, Ms. Cindy Byerrum was in attendance to review the financial options for the District concerning the BWTP. Ms. Byerrum presented and reviewed the third exhibit included with the staff report with the Board which discussed the funding mechanisms for financing the District's participation in the BWTP and Pipeline Capacity. Discussion occurred concerning the funding options presented by Ms. Byerrum and the timelines for total payment of the District's participation in the BWTP. Ms. Byerrum reviewed the District's Water Reliability Emergency Storage (WRES) Funds, financing options for the District's participation in the project through Irvine Ranch Water District (IRWD) versus self-fund through the WRES, and a recommended payment schedule. Mr. Ruiz introduced Mr. Joel Kuperberg, Special Legal Counsel, Rutan and Tucker, LLC, to the Board via teleconference. Mr. Kuperberg commented that he had been contracted to review the BWTP agreements and advised that he found no significant issues or flaws with the agreements, but that there were some minor issues with the BWTP agreement, as follows:

1. BWTP participating agencies' Product Water Capacity Ownership and the right of each participating agency to sell or deliver water as it wishes, is implicit;
2. Mr. Kuperberg commented that Issue No. 3 as identified in his report had been corrected by IRWD;
3. Mr. Kuperberg commented that the agreement does not address the consequences if a participating agency is delinquent in the payment of its allocation, however, the agreement does address dispute resolution.

Discussion occurred concerning the distinction between capacity ownership and ownership of water, and the potential impacts to capacity rights in the event of agency consolidation. Mr. Kuperberg thanked the Board for the opportunity to work on this matter, and ended the teleconference discussion. Discussion occurred concerning the revised Final BWTP Agreement presented for Board Review, and the impacts of any additional revisions to the agreements language once approved by participating agency Boards. Mr. Rob Anslow, District General Legal Counsel, recommended that should the Board approve the Agreements, that the decision be made subject to non-substantive changes in the forms of the Agreements.

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**Action:** A motion was made by President Mandich and seconded by Director Safranski to approve staff recommended action numbers two, three, and four, subject to non-substantive changes in the forms of the Agreements, subsequent to Trabuco Canyon Water District Board Approval.  
The motion carried 4 – 0 - 1.

**ITEM 7: 2014 BOARD MEMBER COMMITTEE APPOINTMENTS AND AGENCY REPRESENTATIVE ASSIGNMENTS**

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The General Manager, Mr. Hector Ruiz, commented that this matter is informational only and will be agendized for Board action at the December 18, 2013, Regular Board Meeting. Mr. Ruiz requested feedback from the individual Directors with any interest to serve on standing Committees or serve as District Representatives to other agencies, and that any interest will be reviewed at the Executive Committee Meeting on December 6, 2013. Discussion occurred concerning the addition of the Baker Water Treatment Plant Project Committee to the Agency Representative list; Mr. Ruiz commented that staff will make the addition to the list. Director Acosta expressed interest in continuing as an Alternate Member to the Committees which he serves. President Mandich recommended that individual Directors advise the General Manager of their interests, and that the matter can be reviewed at the Executive Committee level.

**Action:** There was no action taken.

**ITEM 8: DISTRICT WEBSITE UPGRADE PROJECT**

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The General Manager, Mr. Hector Ruiz, provided a status update on this matter and commented that staff has conducted three conference calls with the Vision Internet (Consultant) Project Manager, and that a preliminary homepage sample design will be prepared for Board review at the December 18, 2013, Regular Board Meeting. Discussion occurred concerning project timeline and the website's anticipated completion. Mr. Ruiz commented that staff anticipates the website to be completed by February or March, 2014.

**Action:** Received status update. No action taken.

**ITEM 9: SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA) BIOSOLIDS MANAGEMENT AGREEMENT WITH NURSERY PRODUCTS**

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The General Manager, Mr. Hector Ruiz, presented this matter for Board review, and commented that this agreement was approved by the South Orange County Wastewater Authority (SOCWA) Board of Directors at their November 7, 2013, Regular Board Meeting. Mr. Ruiz added that the District's participation in this agreement provides additional options for the disposal of the biosolids produced at the Robinson Ranch Wastewater Treatment Plant, and that there is no fiscal impact to the District,

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unless the District uses Nursery Products services for solids handling. Discussion occurred concerning the District's current biosolids handling solutions.

**Action:** A motion was made by President Mandich and seconded by Director Safranski to approve the Agreement for Biosolids Management Services – South Orange County Wastewater Authority and Nursery Products, Inc.  
The motion carried 4 – 0 - 1.

**FINANCIAL MATTERS**

**ITEM 10: DISTRICT OTHER POST EMPLOYMENT BENEFIT OBLIGATION TRUST**

The General Manager, Mr. Hector Ruiz, provided a status update on this matter, and commented that the Actuarial Valuation for the District's participation in the CalPERS California Employers' Retiree Benefit Trust (CERBT) Fund has been completed and is presented for Board review. Mr. Ruiz added that staff has completed the additional CalPERS-required forms, and that the District Treasurer, Ms. Cindy Byerrum was present to answer any questions concerning the funding of the District's Other Post Employment Benefit (OPEB) Obligation. Discussion occurred concerning the fiscal impact to the District. Ms. Byerrum commented that due to available rates of return with CERBT and reductions in the District's workforce, there is a fiscal savings to the District of approximately \$600,000 since the 2011 actuarial valuation was completed. Discussion occurred concerning the steps which other agencies have taken to fund OPEB obligations.

**Action:** A motion was made by Director Safranski and seconded by Director Acosta to receive and file the Actuarial Valuation Retiree Health Program as of June 30, 2013; approve the CalPERS CERBT "Delegation of Authority to Request Disbursements" form; and approve the CalPERS CERBT "Certification of OPEB Funding Policy & GASB 43/45 Reporting Compliance" form.  
The motion carried 4 – 0 - 1.

**ITEM 11: DISTRICT FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2012/13**

The General Manager, Mr. Hector Ruiz, provided a status update on this matter, and commented that the District Treasurer, Ms. Cindy Byerrum was in attendance to review the matter and answer questions from the Board. Ms. Byerrum commented that Charles Z. Fedak and Company (Fedak) has completed the Annual Financial Audit for Fiscal Year 2012/13 (Audit), and she commended Ms. Karen Warner, Accounting Supervisor, for her assistance during the process. Ms. Byerrum reviewed the following items in the audit:

- Independent Auditor's Report;
- Statement of Net Position, June 30, 2013 and 2012;
- Statement of Cash Flows for the Fiscal Year ended June 30, 2013 and 2012;
- Independent Auditor's Report on Internal Controls of Financial Reporting and on Compliance and

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Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards;

- Summary of Prior Year Observations, Comments and Recommendations – Ms. Byerrum commented that Fedak has recommended that staff should create and maintain an Accounting Manual to describe current District accounting procedures and policies.

Discussion occurred concerning the recent implementation of the District Financial Software System.

**Action:** A motion was made by Director Acosta and seconded by Director Safranski to receive and file the District’s Financial Audit Report for Fiscal Year 2012/13, as prepared by Charles Z. Fedak & Company.  
The motion carried 4 – 0 - 1.

**ENGINEERING MATTERS**

**ITEM 12: ALTERNATE RAW WATER TRANSMISSION LINE – PW79**

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The General Manager, Mr. Hector Ruiz, provided a status update on this project, and commented that the Federal Emergency Management Agency (FEMA) is reviewing Tetra Tech’s (Consultant) submitted environmental documentation, and has required that the District coordinate with the Army Corps of Engineers for a letter of permission for the project. Mr. Ruiz added that the partial shutdown of the Federal Government and recent nationwide disasters has had an impact on FEMA’s response to the project, as well as the project’s permitting process with the Army Corps of Engineers and the Water Quality Control Board. Mr. Ruiz presented Consultant’s Figure No. 2 – Alignment Alternative for Board review, and discussed staff’s planned coordination efforts with Irvine Ranch Water District, the County of Orange, Southern California Edison, and the property owners who will be impacted by the project. Discussion occurred concerning easement procurement and project completion timelines. Mr. Ruiz commented that additional information concerning this project will be presented at the December 18, 2013, Regular Board Meeting.

**Action:** Received status update. No action taken.

**ITEM 14: SHADOW ROCK DETENTION BASIN FACILITY**

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The General Manager, Mr. Hector Ruiz, provided a status update on the project, and reviewed the updated project schedule with the Board. Mr. Ruiz added that staff has not received the required environmental permits from the Army Corps of Engineers and the Water Quality Control Board, and that staff had recently met with staff from the City of Rancho Santa Margarita (City) concerning the project. Discussion occurred concerning the City’s involvement with the project. Mr. Ruiz commented that the City has notified the District that there is a Scenic Preservation Easement requirement for the project. Mr. Ruiz discussed the reimbursement process for the Proposition 84 project grant funds, and that staff will review the project milestones and reimbursements at the December 18, 2013, Regular Board Meeting. Discussion occurred concerning possible public outreach methods to notify customers

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about the project; Mr. Ruiz recommended soliciting a proposal from URS for presentation materials and graphics for use in advertising the project to the City and media sources. Discussion occurred concerning project completion timelines and milestones, and seasonal impacts on project construction.

**Action:** Received status update. No action taken.

**ITEM 15: GOLF CLUB SEWER LIFT STATION UPGRADES AND REHABILITATION**

The General Manager, Mr. Hector Ruiz, provided a status update on the project, and commented that the project is in its last phase converting from manual to automated operations. Ms. Lorrie Lausten, Engineer, commented that the District bid the project to the public, listed five plan holders but that no bids were received by the deadline. Ms. Lausten added that staff recommends to separate the electrical portion of the project from the mechanical work, and contract the electrical work with Hunter Electric Service (Contractor), who has previously worked with the District and was also a plan holder. Hunter Electric submitted a bid proposal at the request of the District for the electrical portion of the project, only. Mr. Ruiz added that staff can complete the mechanical work, which will result in a cost savings for the District. Mr. Ruiz commented that the public bid opening was attended by a local representative from the International Brotherhood of Electrical Workers. Discussion occurred concerning project budget and timelines.

**Action:** A motion was made by Director Safranski and seconded by President Mandich to authorize the General Manager to execute an Agreement for Contract Services with Hunter Electric Service for the Golf Club Sewer Lift Station Upgrades and Rehabilitation for a Not to Exceed amount of \$26,000.  
The motion carried 4 – 0 – 1.

**LEGISLATIVE MATTERS**

**ITEM 16: INDEPENDENT SPECIAL DISTRICTS OF ORANGE COUNTY (ISDOC) BYLAWS UPDATE**

The General Manager, Mr. Hector Ruiz, provided a status update on this matter. Director Dopudja commented on his review of the Independent Special Districts of Orange County (ISDOC) Proposed Bylaw Amendments, proposed for Amendment on December 10, 2013, which included the ISDOC organizational structure, their Executive Committee's role in the decision making process, and the necessity for a vote on the Amended ISDOC Bylaws. Discussion occurred concerning the ISDOC Executive Committee's Proposed Bylaw Amendment development and review process and the limited timeline for member agency approval. Director Safranski commended Director Dopudja for his analysis of the Proposed Bylaw Amendments, and supported his observations and recommendations. Discussion occurred concerning the proposed amendments ballot to approve or not approve the amended ISDOC Bylaws.



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**Action:** A motion was made by Director Safranski and seconded by Director Acosta to vote to not approve the amended ISDOC Bylaws, and direct staff to submit the ballot to ISDOC.  
The motion carried 4 – 0 – 1.

**ITEM 17: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)**

The General Manager, Mr. Hector Ruiz, discussed the City of Rancho Santa Margarita's (City) Notice of Intent to Adopt a Negative Declaration and Initial Study for the Upper Oso Habitat Restoration Plan (Plan), which was released on November 4, 2013, and that the City had requested public comments through December 3, 2013. Mr. Ruiz commented that staff will work with General Legal Counsel to prepare comments and respond accordingly. Mr. Ruiz added that a significant portion of the Plan was within the District's service area, and could require the District to provide water service for the restoration of the habitat. Discussion occurred concerning the Plan's location within the District's service area, any potential impacts to the District's water supplies, and the City's timeline for completion of the restoration. Discussion occurred concerning the potential requirement for future environmental impact studies, and the availability of the District's comments; Mr. Ruiz added that a copy of the comments will be forwarded to the Board.

**Action:** A motion was made by Director Safranski and seconded by President Mandich to authorize staff to provide the City of Rancho Santa Margarita with comments on the Upper Oso Habitat Restoration Plan by the deadline of December 3, 2013.  
The motion carried 4 – 0 -1.

**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.

**CLOSED SESSION**

The Board, through President Mandich, recessed the Open Session portion of the Meeting at 8:57 PM. The Board met in Closed Session as set forth in the Meeting Agenda.

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**CLOSED SESSION NO. 1**

The Board, through President Mandich reconvened the Open Session of the Meeting at 9:02 PM.

**ITEM 18: DISCUSSION AND POSSIBLE ACTION OR ANNOUNCEMENT CONCERNING CIVIL ACTION  
[SOUTHERN CALIFORNIA EDISON VS. TRABUCO CANYON WATER DISTRICT (2013)]**

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The Board of Directors met in Closed Session with the General Manager, District General Legal Counsel, and the District Secretary to discuss possible action concerning civil action [Southern California Edison vs. Trabuco Canyon Water District (2013)].

**Action:**            There was no announcement concerning this matter, and no action was taken.

**END ACTION CALENDAR**

**ADJOURNMENT**

President Mandich adjourned the October 16, 2013, Regular Board meeting at 9:03 PM