

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP
JANUARY 8, 2014**

DIRECTORS PRESENT

Committee Chair Stephen Dopudja
Committee Member James Haselton

STAFF PRESENT

Hector Ruiz, General Manager
Michael Perea, District Secretary
Lorrie Lausten, Engineer
Karen Warner, Accounting Supervisor

PUBLIC PRESENT

There were no members of the public present

CALL MEETING TO ORDER

Committee Chair Dopudja called the January 8, 2014, Finance/Audit Committee Meeting to order at 7:01 A.M.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

Committee Member Haselton commented on the recent Orange County Register articles which reported local Special District employee compensation and benefit levels.

Committee Chair Dopudja commented on the Orange County Register articles, as well.

REPORT FROM THE GENERAL MANAGER

The General Manager, Mr. Hector Ruiz, commented that Metropolitan Water District of Southern California (MET) Allen-McColloch Pipeline is scheduled for shut-down for maintenance and repair beginning January 13th through the 23rd. Mr. Ruiz added that District staff does not anticipate the shut-down to impact the District's water supply or the need to advertise for water conservation. Discussion occurred concerning water conservation, and inter-agency cooperation during the shut-down period; Mr. Ruiz mentioned that the District's inter-tie system with Santa Margarita Water District would allow water transfer, if necessary. Discussion occurred concerning water quality, treatment methods, and compatibility of disinfection methods.

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ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP

The November 6, 2013, Finance/Audit Committee Meeting Recap was presented to the Committee.

RECOMMENDED ACTION:

The Committee approved and recommended that the November 6, 2013, Finance/Audit Committee Meeting Recap be received and filed by the Board (Consent Calendar).

**ITEM 2: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, TENTATIVE FUTURE MEETINGS/
ATTENDANCE ITEMS**

The Committee reviewed the information presented, and had no comments.

RECOMMENDED ACTION:

The Committee recommended that the Directors' expenses and fees for December, 2013, and the tentative future meetings be forwarded to the Board for ratification (Consent Calendar).

ITEM 3: DISTRICT TREASURER ANNUAL STATEMENT OF INVESTMENT POLICY

Mr. Ruiz presented this matter as annual requirement of the District's General Policy and Rules and Regulations, and commented that the matter typically was presented directly to the Board of Directors. Mr. Ruiz added that the matter required the adoption of Resolution No. 2014-1195 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting Treasurer's Annual Statement of Investment Policy, and was comprised of standard language which complies with the District's General Policy and Rules and Regulations, and meets the following three objectives: safety of investment, liquidity and return of investment. Mr. Ruiz reviewed the Resolution with the Committee.

RECOMMENDED ACTION:

The Committee recommended that the Board adopt Resolution No. 2014-1195 – Resolution of the Board of Directors of Trabuco Canyon Water District Adopting Treasurer's Annual Statement of Investment Policy (Action Calendar).

ITEM 4: CUSTOMER SERVICE ADMINISTRATIVE POLICIES AND UTILITY BILLING PRACTICES

Mr. Ruiz presented this matter to the Committee, and commented that staff has streamlined multiple Customer Service processes and procedures to improve overall efficiency and effectiveness. Mr. Michael Perea, Administrative Services Manager, commented that the staff report was comprised of two separate, but related, Customer Service matters. Mr. Perea commented that staff had reviewed the matter with District General Legal Counsel after the completion of the Committee packet, and presented a revised staff report handout to the Committee. Mr. Perea presented and reviewed the proposed District Customer Service Fees table for Committee review. Mr. Perea mentioned that the fees and charges were service-related charges, not property-related charges, and are not subject to the Proposition 218 process. Discussion occurred concerning the proposed processes for the District's New Service Administration Fee, Reconnection Fees, Returned Check Fees and Temporary Connection Fees.

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Mr. Perea reviewed the current and proposed District Lock-Off Policy and Procedures, as presented in the staff report. Mr. Perea added that staff had tested this new process in the months of November and December, 2013, and found that the number of accounts scheduled lock-off had decreased to nil. Discussion occurred concerning District cost recovery and the potential impact to the District's budget; Mr. Perea commented that the fees and charges are considered to be unanticipated revenue, and have a negligible overall impact on the District's budget. Discussion occurred concerning opportunities for customer utility bill payment assistance, and the methods which the District would use to notify customers of the changes to the fees and charges; Mr. Ruiz commented that staff would notify customers through the District website and the monthly On Tap Newsletter.

RECOMMENDED ACTION:

The Committee recommended that the Board approve the proposed select Customer Service Fee reductions and Lock-Off policy modifications (Action Calendar).

ITEM 5: COMPUTERIZED MAINTENANCE MANAGEMENT SYSTEM (CMMS)

Mr. Ruiz commented that this was a new matter for Committee review. Mr. Ruiz added that the proposed CMMS is within the limits of the General Manager's signing authority, but that it is presented for transparency purposes. Mr. Ruiz reviewed the District's current Maintenance Management System with the Committee and explained that it is no longer supported by the software developer, is not server-based, data and reports cannot be backed up, and is antiquated. Mr. Ruiz mentioned that Ms. Lorrie Lausten, Engineer, and Mr. Bob Beck, Maintenance Superintendent, have solicited bids for a new CMMS solution. Ms. Lausten commented that staff has reviewed multiple CMMS solutions and received vendor demonstrations of the solutions. Ms. Lausten presented a table of the shortlisted CMMS solutions to the Committee, and provided a detailed review of each system. Discussion occurred concerning GIS licensing options, capability, and compatibility with the District's Network Infrastructure. Ms. Lausten added that staff recommends purchasing the proposed 'Manager Plus' CMMS Solution and additional tablet devices for Operations and Maintenance staff, and presented handouts of the work request report templates generated by the CMMS. Discussion occurred concerning the other vendor CMMS solutions, software licensing and hardware upgrades.

RECOMMENDED ACTION:

The Committee received the information concerning the staff recommended Computerized Maintenance Management System Upgrade Project.

ITEM 6: DISTRICT DIGITAL MAPPING SYSTEM UPGRADE

Mr. Ruiz presented this matter for Committee review, and provided background on the District's current Digital Mapping System Solution. Mr. Ruiz added that the current system was purchased in 2007, covers all of the District's service area, except for Portola Hills, and is used primarily for infrastructure location and identification purposes in the event of an emergency water line breaks. Mr. Ruiz added that the proposed District Mapping System Upgrade Project is within the limits of the General Manager's signing authority, but that it is presented for transparency purposes. Ms. Lausten

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added that staff has expressed a desire to expand the system to include sewer line cleaning, valve exercising, and hydrant flushing, as well as service area improvements since 2007. Ms. Lausten commented that Operations and Maintenance staff has met to review the benefits of the proposed upgraded system, which includes new software and hardware. Ms. Lausten added that System Upgrade will include the digitization of service area as-builts, software and hardware training, and the replacement of the current laptops with tablet devices to improve overall mobility and access in the event of an emergency and during routine maintenance of the District's infrastructure. Discussion occurred concerning software licensing, hardware type descriptions and benefits, and the possible need for in-vehicle accessories for the hardware. Mr. Ruiz added that the system upgrade would be capitalized in the mid-year budget.

RECOMMENDED ACTION:

The Committee received the information concerning the staff recommended Digital Mapping System Upgrade Project.

ITEM 7: OTHER MATTERS

Mr. Ruiz commented that there were no other matters for discussion.

RECOMMENDED ACTION:

No action taken.

ITEM 8: FINANCIAL REPORT

ITEM 8A: PRESENTATION OF NOVEMBER, 2013, UNAUDITED FINANCIAL STATEMENTS

Mr. Ruiz presented the District's November, 2013, Unaudited Financial Statements for Committee review, and mentioned that staff is currently working with the District Treasurer to prepare the Mid-Year Budget Review. Discussion occurred concerning the following matters:

- ***Operating Revenue, Irrigation Water:*** Mr. Ruiz commented that Year to Date Irrigation Sales has had a positive impact on the District's financial performance this year.
- ***Non-Operating Revenue, Sale of Fixed Asset:*** Mr. Ruiz commented that this Non-Operating Revenue is one-time revenue based on the auctioning of District Surplus Equipment, per District Policy.
- ***Operating Expenses, Water Related Expense:*** Mr. Ruiz commented that this line item is higher due to increase water purchases.

Discussion occurred concerning the impact of depreciation on the District's financials.

RECOMMENDED ACTION:

The Committee recommended that the Board receive and file the November, 2013, Unaudited Financial Statement, as presented (Consent Calendar).

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ITEM 8B: BILLS FOR CONSIDERATION

Mr. Ruiz presented the bills for consideration for January 8, 2014.

RECOMMENDED ACTION:

The Committee signed the bills for consideration and the warrant register, and recommended that the Board ratify payment of bills for consideration for January 8, 2014, as presented (Consent Calendar).

ADJOURNMENT

Committee Chair Dopudja adjourned the January 8, 2014, Finance/Audit Committee Meeting at 7:59 A.M.