

MINUTES

SANTA MARGARITA WATER DISTRICT

BOARD OF DIRECTORS

REGULAR MEETING

DECEMBER 7, 2022 5:30 PM

26111 ANTONIO PARKWAY, RANCHO SANTA MARGARITA, CA 92688

Members of the public may join the meeting online at Microsoft Teams or Telephone Audio:

Telephone Audio: +1 323-553-2644 fees may apply

Telephone Audio ID: 383 506 164#

<https://tinyurl.com/487ry4ev>

ATTENDEES

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| Frank Ury | President |
| Sandra F. Jacobs | Vice President |
| Betty H. Olson | Director |
| Charles T. Gibson | Director |
| Laura Freese | Director |
| Daniel R. Ferons | General Manager |
| Justin McCusker | Former Board President |
| Don Bunts | Deputy General Manager |
| Chip Monaco | Chief Administrative Officer |
| Erica Castillo | Chief Financial Officer |
| Tricia Butler | Chief Engineer |
| Christine McIlrevey | Controller |
| Paul Pender | Director of Financial Planning & Analytics |
| Kelly Radvansky | Secretary to the Board of Directors |
| Stacey Bruno | Executive Assistant |
| Jennifer Wilt | Executive Assistant |
| Jim Leach | Director of External Affairs |
| Nicole Stanfield | Public Information Manager |
| Brett Robbins | IT Specialist |
| Scott Smith | Best Best & Krieger |
| Deborah Diep | Center for the Demographic Research at Cal State Fullerton |
| Mark Howlett | |
| Peter Whittingham | Whittingham Public Affairs |
| Mike Balsamo | Rancho Mission Viejo |
| Marnie Bloom | Rancho Mission Viejo |

1. CALL TO ORDER

The meeting was called to order at 5:30 p.m. by Former President Justin McCusker.

2. PLEDGE OF ALLEGIANCE

Director Laura Freese led the Pledge of Allegiance.

3. ADMINISTRATION OF OATH OF OFFICE

Former President McCusker administered the Oath of Office for Director Jacobs and Mr. Mark Howlett administered the Oath of Office for Director Freese.

Former President McCusker passed the gavel on to Vice President Ury.

4. PUBLIC FORUM

Mike Balsamo, Rancho Mission Viejo, congratulated the Board and Directors Jacobs and Freese on behalf of Rancho Mission Viejo, Tony Moiso and the Moiso family.

5. CONSENT CALENDAR

5.1 Consideration and Action on the Board Meeting Minutes – November 18, 2022

Recommendation: Approve the Minutes – November 18, 2022

Motion: Approve items 5.1 and 5.2 together as recommended.

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| RESULT: | APPROVED [4 TO 0] |
| MOVER: | Betty H. Olson, Director |
| SECONDER: | Saundra F. Jacobs, Vice President |
| AYES: | Frank Ury, Saundra F. Jacobs, Betty H. Olson, Charles T. Gibson |
| ABSTAIN: | Laura Freese |

5.2 Consideration and Action on the Findings under Assembly Bill 361 and Extending Resolution No. 2021-10-02 for the Continuation of Virtual and Hybrid Meetings

Recommendation: Reaffirm the findings and determinations under Assembly Bill 361 and extend Resolution No. 2021-10-02 for the continuation of virtual and hybrid meetings for the next 30 days.

Motion: Approve items 5.1 and 5.2 together as recommended.

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| RESULT: | APPROVED [UNANIMOUS] |
| MOVER: | Betty H. Olson, Director |
| SECONDER: | Saundra F. Jacobs, Vice President |
| AYES: | Ury, Jacobs, Olson, Gibson, Freese |

6. ACTION ITEMS RECOMMENDED BY COMMITTEE

6.1 Consideration and Action on Finalization of the District's Fiscal Year 2021-2022 Annual Comprehensive Financial Report

Recommendation: Approve the finalization of the Annual Comprehensive Financial Report for the year ended June 30, 2022, and submission to the County Auditor-Controller's office by December 31, 2022.

Erica Castillo, Chief Financial Officer, thanked Christine McIlrevey, Controller, and the Finance Team for their work on the 2021-2022 Audit.

Ms. McIlrevey noted the key changes for FY 2022 are the District's net position increased \$82 million, annexed operations, and GASB 87 leases.

Linda Hurley, MGO, presented the FY 2022 audit results.

Motion: Approve as recommended.

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| RESULT: | APPROVED [UNANIMOUS] |
| MOVER: | Charles T. Gibson, Director |
| SECONDER: | Betty H. Olson, Director |
| AYES: | Ury, Jacobs, Olson, Gibson, Freese |

7. PUBLIC HEARING

- 7.1 Public Hearing to Present the District's 2022 Existing Conditions Report and Public Participation Kit; Open the Map Submission Period; and Public to Provide Input Regarding the Composition of the Divisions and to Consider Division Boundaries for the Transition from At-Large to By-Division Elections

Recommendation:

- 1) Receive presentation on the District's Existing Conditions Report and Public Participation Kit.
- 2) Open the map submission period through January 13, 2023 at 5 p.m.
- 3) Conduct the second of four required public hearings to receive input from the public regarding the transition from at-large to by-division elections.

Vice President Ury opened the Public Hearing at 5:51 p.m.

Deborah Diep, Director of Center for the Demographic Research at Cal State Fullerton, presented the Districting process.

Scott Smith, Best Best & Krieger, noted the District and public will be asked to pay particular attention to the demographic data and communities of interest and stated that political and partisan ramifications, and where incumbents live should not be in the record and not be considered.

Vice President Ury closed the Public Hearing at 6:15 p.m. with no comments from the public.

Motion: Approve as recommended.

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| RESULT: | APPROVED [UNANIMOUS] |
| MOVER: | Saundra F. Jacobs, Vice President |
| SECONDER: | Laura Freese, Director |
| AYES: | Ury, Jacobs, Olson, Gibson, Freese |

8. ACTION ITEMS

8.1 Consideration and Action on the Rotation of the District's Board Officers

Recommendation: Consider selection of the Board of Directors' President and Vice President positions.

Motion: Nominate current Vice President Ury as President and current Director Jacobs as Vice President of the Santa Margarita Water District Board of Directors.

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| RESULT: | APPROVED [UNANIMOUS] |
| MOVER: | Saundra F. Jacobs, Vice President |
| SECONDER: | Charles T. Gibson, Director |
| AYES: | Ury, Jacobs, Olson, Gibson, Freese |

8.2 Consideration and Action on Review of Current Ad Hoc Committees; Appointments to District Standing Committees, Joint Powers Authorities, and Representation at Outside Industry Related Organizations

Recommendation:

- 1) Review current standing committees.
- 2) Board President to appoint a chair, a member, and an alternate to the District's committees, and full Board to ratify the appointments with any changes taking effect January 1, 2023.
- 3) Board to provide direction regarding appointments to the various Joint Powers Agencies and organizations and direct the Secretary to the Board of Directors to return with the appropriate resolutions, if required.

General Manager Ferons noted that with the motion, staff will bring a resolution to the next Board meeting for the revised alternate Directors being added to the Fenner Valley Water Authority.

Mr. Ferons stated SOCWA, historically, has not been a Board assignment but if the Board would like to consider this in the future, staff can bring back to a future Board meeting.

Motion: Approve the following committee, joint power authority, and outside organization assignments to take effect January 1, 2023:

Finance and Administration Committee – Director Gibson (Chair) and President Ury (Member) and Vice President Jacobs (Alternate)

Water Quality and Treatment – Vice President Jacobs (Chair) and Director Olson (Member) and Director Gibson (Alternate)

Engineering and Operations Committee - Director Olson (Chair) and Director Freese (Member) and Vice President Jacobs (Alternate)

External and Legislative Affairs Committee - President Ury (Chair) and Director Freese (Member) and Director Gibson (Alternate)

South Orange County Group - Directors Gibson and Olson, and Vice President Jacobs (Alternate)

San Juan Basin Authority - Director Olson and Vice President Jacobs (Alternate)

SOCWMA – Vice President Jacobs and Director Gibson (Alternate)

Santiago Aqueduct Commission – Vice President Jacobs (1st Alternate) and Director Gibson (2nd Alternate)

Fenner Valley Water Authority – President Ury and Vice President Jacobs and Directors Gibson and Freese (Alternates)

Santa Margarita/Dana Point Authority - Director Gibson and Vice President Jacobs and Director Olson (Alternate)

ACWA - Directors Gibson and Olson and Vice President Jacobs

ACWA JPIA – Vice President Jacobs and Director Freese (Alternate)

ISDOC- Vice President Jacobs

CSRMA – Vice President Jacobs and President Ury (Alternate)

MWDOC/MET Representatives- Director Gibson and Vice President Jacobs

LAFCO Representatives -Director Gibson and Vice President Jacobs

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| RESULT: | APPROVED [UNANIMOUS] |
| MOVER: | Frank Ury, President |
| SECONDER: | Laura Freese, Director |
| AYES: | Ury, Jacobs, Olson, Gibson, Freese |

8.3 Consideration and Action on Adopting Resolution No. 2022-12-01 Establishing a Meeting Schedule; and Approving the Regular Board and Committee Meeting Times and Dates for 2023

Recommendation:

1) Adopt Resolution No. 2022-12-01.

2) Approve the Regular Board meeting and Committee meeting dates for 2023.

Vice President Jacobs requested the second Board meeting in each month have a start time of 8:30 a.m.

Motion: Revise the start time of the second Board meeting of each month from 7:30 a.m. to 8:30 a.m. and adopt the resolution

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| RESULT: | APPROVED [UNANIMOUS] |
| MOVER: | Sandra F. Jacobs, Vice President |
| SECONDER: | Frank Ury, President |
| AYES: | Ury, Jacobs, Olson, Gibson, Freese |

8.4 Consideration and Action on Implementation of Assembly Bill 2449 Post-COVID-19 Virtual Attendance Opportunities for Board of Director Meetings

Recommendation: Authorize implementation of new protocols for teleconferencing and virtual meeting attendance at Board meetings beginning on January 1, 2023.

Motion: Approve items 8.4 and 8.5 together as recommended.

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| RESULT: | APPROVED [UNANIMOUS] |
| MOVER: | Saundra F. Jacobs, Vice President |
| SECONDER: | Frank Ury, President |
| AYES: | Ury, Jacobs, Olson, Gibson, Freese |

8.5 Consideration and Action on Purchase of Pumping Equipment for the Horno LS, Contract C-1711C

Recommendation:

1) Approve the issuance of a purchase order to Tekdraulics in the total amount of \$180,518.71 for one sewage pump and spare rotating assembly for Horno Lift Station, C-1711C.

2) Establish a budget of \$500,000 for the second Phase of the Horno Lift Station Pump Upgrade.

Motion: Approve items 8.4 and 8.5 together as recommended.

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| RESULT: | APPROVED [UNANIMOUS] |
| MOVER: | Saundra F. Jacobs, Vice President |
| SECONDER: | Frank Ury, President |
| AYES: | Ury, Jacobs, Olson, Gibson, Freese |

8.6 Consideration and Action on Scheduling Future Agenda Items

Recommendation: Approve items for inclusion on future Board and Committee agendas of the District.

Director Olson requested a Regional Board member to present on harmful algal blooms at a future Water Quality and Treatment Committee meeting.

Vice President Jacobs requested the RSM Conversion Project update scheduled for the next Board meeting be as comprehensive as possible.

President Ury stated that San Juan Capistrano rate outreach be ramped up and would like to discuss at the next External and Legislative Affairs Committee.

Chip Monaco, Chief Administrative Officer, noted today's date to honor veterans who died defending our country at Pearl Harbor.

Vice President Jacobs stated the MWDOC Board will be selecting a new MWDOC/MET Director and requested an item be added to the next Board meeting. General Manager Ferons suggested inviting the three MWDOC Directors interested in the MET seat to the meeting. President Ury stated if the MWDOC Directors are unable to attend the meeting on December 16, 2022 a Special meeting should be scheduled.

Mr. Ferons noted with Former President McCusker's departure, the External and Legislative Affairs Committee scheduled on December 14, 2022 will need an alternate. Vice President Ury suggested Director Freese attend the meeting as the new incoming Committee member.

9. GENERAL COUNSEL REPORT

Scott Smith, Best Best & Krieger, stated Andre Monet and Ana Schwab are ready to bring a water update briefing from the Capital and will schedule.

Mr. Smith also noted a bulletin that was sent regarding the Court of Appeals against the City of Thousand Oaks on Notices of Exemption.

10. INFORMATION ITEMS

10.1 Update on Improvement Districts 1-8 Rates

General Manager Ferons reminded the Board of the rate increase that will go into effect on January 1, 2023.

Director Gibson requested additional outreach be sent to District customers regarding future rate increases and the future of our water supply.

11. DIRECTORS REPORTS OF OUTSIDE MEETINGS AND EVENTS

Director Gibson encouraged attendance by Board Members to the ACWA DC Water Conference.

Vice President Jacobs discussed the Rancho Mission Viejo messaging to new homeowners regarding water supply, ACWA voting structure changes, the Ranch Water Groundbreaking event, and a tour of Chiquita WRP.

Director Freese reported on the ACWA Fall Conference.

President Ury reported on the ACWA Fall Conference and the Cadiz Reception

12. ADJOURNMENT

The meeting closed at 7:08 p.m.

The next Regular Board of Directors' meeting is scheduled for December 16, 2022 at 7:30 a.m.