

**MINUTES**  
**SANTA MARGARITA WATER DISTRICT**  
**BOARD OF DIRECTORS**  
**REGULAR MEETING**  
**FEBRUARY 17, 2023 8:30 AM**  
**BOARDROOM, DISTRICT OFFICE**  
**26111 ANTONIO PARKWAY, RANCHO SANTA MARGARITA, CA 92688**

**To join the meeting online at Microsoft Teams or Telephone Audio:**

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

**Telephone Audio ID: 134 321 265#**

**<https://tinyurl.com/3ucspnwy>**

**ATTENDEES**

|                     |  |
|---------------------|--|
| Frank Ury           | President  |
| Saundra F. Jacobs   | Vice President   |
| Betty H. Olson      | Director   |
| Charles T. Gibson   | Director   |
| Laura Freese        | Director   |
| Daniel R. Feron     | General Manager  |
| Don Bunts           | Deputy General Manager                                 |
| Chip Monaco         | Chief Administrative Officer                           |
| Erica Castillo      | Chief Financial Officer                                |
| Kelly Radvansky     | Secretary to the Board of Directors                    |
| Stacey Bruno        | Executive Assistant                                    |
| Jim Leach           | Director of External Affairs                           |
| Kathleen Springer   | Human Resources Manager                                |
| Nate Adams          | Director of Water Resiliency - Customer Relations      |
| Christine McIlrevey | Controller   |
| Jennifer Wilt       | Executive Assistant                                    |
| Ying Li             | Financial Analyst                                      |
| Paul Pender         | Director of Financial Planning & Analytics             |
| Elena Wilson        | Customer Relations Supervisor                          |
| Trisha Cornish      | Engineering Technician                                 |
| Brett Robbins       | IT Specialist  |
| Scott Smith         | Best Best & Krieger                                    |
| Ana Schwab          | Best Best & Krieger                                    |
| Andre Monette       | Best Best & Krieger                                    |
| Charley Wilson      | Former Board Member and District's ACWA Representative |
| Richard Babbe       | PFM Asset Management LLC                               |
| Darren hodge        | PFM Financial Advisors LLC                             |
| Deborah Diep        | Center for Demographic Research – Cal State Fullerton  |
| Roger Butow         | Clean Water Now  |
| Peter Whittingham   | Whittingham Public Affairs                             |
| Dennis McGuire      | Piper Sandler & Co                                     |
| Renee Vancho        | Piper Sandler & Co                                     |

## 1. CALL TO ORDER

The meeting was called to order at 8:30 a.m. by President Frank Ury.

## 2. PLEDGE OF ALLEGIANCE

Charley Wilson, Former SMWD Board Member, led the Pledge of Allegiance.

President Ury announced there will be no closed session today.

## 3. PUBLIC FORUM

There were no requests to speak.

## 4. PUBLIC HEARING

- 4.1 Consideration and Action on Public Hearing No. 5 to Receive Public Comments on Transition to "By-Division" Electoral System under the California Voting Rights Act, Consider Draft Electoral Division Maps, and Adopt Resolution No. 2023-02-01 Adopting a Final Map

**Recommendation:** Receive presentation on the draft proposed maps; conduct the fifth of five required public hearings to receive input from the public regarding the transition from at-large to by-division elections; select final map; direct any changes to division numbering. Following the selection of the final map, the Board may adopt the draft resolution specifying map selection and division sequencing in 2024 and 2026 or instruct staff to bring back a resolution at its meeting on March 1, 2023.

Deborah Diep, Center for Demographic Research - Cal State Fullerton, presented the districting process and noted the variations of each districting plan.

Scott Smith, Best Best & Krieger stated with the passing of the resolution, the claim is negated, and the partitioner will have the ability to assemble and present his bills for analyzing and bringing forth the claim and cannot exceed \$30,000. Mr. Smith noted any map approval and division numbering cannot have the effect of extending any Directors term of office.

Board Members discussed pulling maps titled Santa Margarita Water District Districting Plan 1, 2, 3A, 3B, and 3C off the table and noted the map for Plan 3 meets all the requirements; however the numbering needs to be revised.

President Ury opened the public hearing 8:41 a.m. and closed the public hearing at 8:42 a.m. with no comments from the public.

Mr. Smith thanked the Board for the ease of the process and noted the public will know generally where the Board Members have expressed communities of interest but will not know where they live.

General Manager Ferons and the Board thanked Ms. Diep for her hard work on the Districting process.

**Motion:** 1) Adopt the map for Plan 3 and change the numbering to swap divisions 2 and 3, and 4 and 5 with 1 staying as is; and 2) Adopt Resolution specifying the map selected, division numbering and division sequencing in 2024 and 2026, with divisions 1, 3, 5 in 2024 and divisions 2 and 4 in 2026.

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

**5. PRESENTATION**

5.1 Status of Federal Regulations on “Waters of the United States”

Andre Monette and Ana Schwab, Best Best &Krieger, updated the Board on federal regulations.

Mr. Monette gave a brief summary on how the Waters of California are more restrictive, per Director Olson's request.

Roger Butow, Clean Water Now, discussed Basin Plan Objectives.

President Ury left the meeting at 9:45 a.m. and handed the gavel over to Vice President Jacobs. President Ury requested positions listed in item 7.1, Director of Communications, Digital Communications & Public Relations Manager, and Community Relations Manager, be directed to the External Affairs and Legislative Affairs Committee.

5.2 Update by Charley Wilson on Association of California Water Agencies Energy Committee and Southern California Water Coalition Activities

Charley Wilson, former SMWD Board Member and ACWA Representative, reported on a Metropolitan Water District Strategic Planning Session retreat, the ACWA Claimant Action Strategy, and the ACWA Energy Committee.

**6. CONSENT CALENDAR**

**Motion:** Approve items 6.1 through 6.6 together with the revisions to item 6.1 as noted below.

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|------------------|---|
| <b>RESULT:</b>   | <b>APPROVED [UNANIMOUS]</b>   |
| <b>MOVER:</b>    | Laura Freese, Director  |
| <b>SECONDER:</b> | Charles T. Gibson, Director   |
| <b>AYES:</b>     | Saundra F. Jacobs, Betty H. Olson, Charles T. Gibson,<br>Laura Freese |
| <b>ABSENT:</b>   | Frank Ury   |

6.1 Consideration and Action on the Board Meeting Minutes – February 1, 2023

**Recommendation:** Approve the Minutes – February 1, 2023

Kelly Radvansky, Secretary to the Board of Directors, noted two revisions that should be made under item 6.1 in the minutes:

Original: Director Jacobs suggested the maps be renumbered to be consistent with Ms. Diep’s recommendation.

Revised to: Director Jacobs suggested the divisions maps be renumbered to be consistent with Ms. Diep’s recommendation on syncing with the election sequencing.

Original: Ms. Diep noted that once the final map is approved it will be set for 10 years.

Revised to: Ms. Diep noted that once the final map is approved it will be set for about 10 years and the divisions will have to be reassessed after the next federal decennial census.

6.2 Consideration and Action on the District's December 2022 Board of Directors' Compensation and Business Expense Reimbursement Report

**Recommendation:** Approve the Board of Directors’ Compensation and Business Expense Report.

6.3 Consideration and Action on the General Manager's Approval Summaries for the Quarter Ended December 31, 2022

**Recommendation:** Receive and file the General Manager’s approval summaries.

6.4 Consideration and Action on Cellular Lease Termination Agreements

**Recommendation:**

1. Authorize the General Manager to execute the Lease Termination Agreement and General Release with Sprint PCS Assets, LLC for the Site Lease at Estado Reservoir.

2. Authorize the General Manager to execute the Lease Termination Agreement and General Release with Sprint PCS Assets, LLC for the Site Lease at Foothill Reservoir.

3. Authorize the General Manager to execute the Lease Termination Agreement and General Release with Sprint PCS Assets, LLC for the Site Lease at O’Neill Reservoir.

4. Authorize the General Manager to execute the Lease Termination Agreement and General Release with Sprint PCS Assets, LLC for the Site Lease at Tesoro Pump Station.

- 6.5 Consideration and Action on Project Acceptance for the Construction of the Coto de Caza Lift Station Emergency Storage Basin project, C-1322C

**Recommendation:** Accept the work performed by Pascal & Ludwig Constructors, Inc. for the Construction for the Coto de Caza Lift Station Emergency Storage Basin project, C-1322C. File Notice of Completion, and release retention no later than 60 days after the Notice of Completion has been filed, provided no claims have been filed with the District, and that the Punch List items have been completed.

- 6.6 Consideration and Action on Authorization for a Purchase Order for Rincon Truck Center, Inc.

**Recommendation:** Authorize an increased allowance of up to \$150,000 for vehicle repairs and supplies for Rincon Truck Center, Inc.

7. **ACTION ITEMS RECOMMENDED BY COMMITTEE**

- 7.1 Consideration and Approval for the Addition of Eight Positions and One Reclassification

**Recommendation:**

1. Authorize the addition of eight positions to the Division of the Chief Administrative Officer; and
2. Reclassify the Public Information Manager to the Director of Communications & Customer Engagement.

General Manager Ferons suggested the item be deferred to the External and Legislative Affairs Committee based on President Ury's request.

Director Gibson asked if any of the recommended positions were urgently needed. Chip Monaco, Chief Administrative Officer, stated a delay of a month or more won't disrupt the work.

Director Gibson requested a functional organizational chart be brought back when it comes before the Board for approval.

**Motion:** Table item to the March External and Legislative Affairs Committee meeting.

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| <b>RESULT:</b>   | <b>TABLED [UNANIMOUS]</b>  |
| <b>MOVER:</b>    | Laura Freese, Director   |
| <b>SECONDER:</b> | Charles T. Gibson, Director  |
| <b>AYES:</b>     | Sandra F. Jacobs, Betty H. Olson, Charles T. Gibson,<br>Laura Freese |
| <b>ABSENT:</b>   | Frank Ury  |

- 7.2 Consideration and Action on Change Orders 4 thru 7 for the Chiquita Water Reclamation Plant Construction of Aeration Basins 3 & 4, C-1241T.012F

**Recommendation:** Approve Change Orders No. 4 through 7 to Kingmen Construction, Inc. in the amount of \$554,536.08 for added improvements for the construction of the Chiquita Water Reclamation Plant Aeration Basins No. 3 & 4, Contract C-1241T.012F.

**Motion:** Approve items 7.2 and 7.3 together as recommended.

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|------------------|---|
| <b>RESULT:</b>   | <b>APPROVED [UNANIMOUS]</b>   |
| <b>MOVER:</b>    | Charles T. Gibson, Director   |
| <b>SECONDER:</b> | Laura Freese, Director  |
| <b>AYES:</b>     | Saundra F. Jacobs, Betty H. Olson, Charles T. Gibson,<br>Laura Freese |
| <b>ABSENT:</b>   | Frank Ury   |

- 7.3 Consideration and Action on Selection of Underwriter Services for the Refunding of Community Facilities District 2013-1 (Village of Sendero) Bonds

**Recommendation:** Approve and authorize the selection of Piper Sandler to act as Managing Underwriter for the District's refunding of Community Facilities District 2013-1 (Village of Sendero) bonds.

**Motion:** Approve items 7.2 and 7.3 together as recommended.

The meeting went into recess at 10:26 a.m. and reconvened at 10:32 a.m.

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| <b>RESULT:</b>   | <b>APPROVED [UNANIMOUS]</b>   |
| <b>MOVER:</b>    | Charles T. Gibson, Director   |
| <b>SECONDER:</b> | Laura Freese, Director  |
| <b>AYES:</b>     | Saundra F. Jacobs, Betty H. Olson, Charles T. Gibson,<br>Laura Freese |
| <b>ABSENT:</b>   | Frank Ury   |

## 8. TREASURER

- 8.1 District's Quarterly Investment Portfolio for the Period Ended December 31, 2022; and Presentation by PFM Asset Management LLC

Erica Castillo, Chief Financial Officer, noted the District's portfolio balance and year-to-date interest income.

Richard Babbe, PFM Asset Management, presented the District's second quarter investment update.

- 8.2 District's Quarterly Financial Statements for the Period Ended December 31, 2022

Ms. Castillo presented the District's quarterly financial statements highlighting the District has received over 50% of its revenue and spent just under 50% of its budgeted expenses.

**9. ACTION ITEMS**

- 9.1 Consideration and Action on the First Amendment to the Memorandum of Understanding between the Santa Margarita Water District Employees Association and the District dated July 1, 2021 - June 30, 2024

**Recommendation:** Authorize the General Manager to approve the First Amendment to the Memorandum of Understanding between the Santa Margarita Water District Employees Association and the Santa Margarita Water District dated July 1, 2021 – June 30, 2024.

Vice President Jacobs asked if an employee's salary changed mid-year at what rate they would be paid at the end of the year. Kathleen Springer, Human Resources Manager, stated the employee would be paid at the new rate.

Motion: Approve as recommended.

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| <b>RESULT:</b>   | <b>APPROVED [UNANIMOUS]</b>                                       |
| <b>MOVER:</b>    | Laura Freese, Director  |
| <b>SECONDER:</b> | Charles T. Gibson, Director                                       |
| <b>AYES:</b>     | Sandra F. Jacobs, Betty H. Olson, Charles T. Gibson, Laura Freese |
| <b>ABSENT:</b>   | Frank Ury   |

- 9.2 Discussion and Potential Action Items Concerning South Orange County Wastewater Authority

**Recommendation:** The District’s South Orange County Wastewater Authority Representatives to report on activity and request direction from the Board as appropriate.

There was no discussion on this item.

- 9.3 Consideration and Action on Scheduling Future Agenda Items

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

Director Jacobs recommended the District attend a LAFCO meeting to update them on District activities and projects.

Director Gibson requested the ACWA JPIA seat nomination be agendized.

**Motion:** Approve the ACWA JPIA seat nomination be agendized to the March 17, 2023 Board Meeting.

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|------------------|---|
| <b>RESULT:</b>   | <b>APPROVED [UNANIMOUS]</b>                                       |
| <b>MOVER:</b>    | Laura Freese, Director  |
| <b>SECONDER:</b> | Charles T. Gibson, Director                                       |
| <b>AYES:</b>     | Sandra F. Jacobs, Betty H. Olson, Charles T. Gibson, Laura Freese |
| <b>ABSENT:</b>   | Frank Ury   |

## **10. GENERAL COUNSEL REPORT**

Scott Smith, Best Best & Krieger (BBK), gave a quick bulletin regarding the Ramona Unified School District payment of \$875,000 in attorney fees for missing deadlines under the Voting Rights Act; and noted BBK will provide a future report on unfunded state mandates.

## **11. INFORMATION ITEMS**

### 11.1 General Manager's Report

### 11.2 Chief Administrative Officer Report

Director Olson requested verbiage on how she can respond to those asking about Southern California not achieving its water reduction levels. General Manager Ferons noted the savings have been accumulative since 2013 and we have gone through extraordinary efforts to achieve that.

Director Freese left the meeting at 11:41 a.m.

Director Jacobs requested to hear more on the MET workshop and the collaboration that was supposed to go on.

### 11.3 Engineering Dept Report for Period Ending 01-31-2023

Director Gibson commented on the high volume of activity and the workload staff is currently facing and suggested a recruitment discussion at a future Finance and Administration Committee (FAC) meeting. General Manager Ferons noted this will be discussed in conjunction with the budget at a future FAC meeting.

### 11.4 Operations Department Report

## **12. DIRECTORS REPORTS OF OUTSIDE MEETINGS AND EVENTS**

There was no discussion on this item.

## **13. CLOSED SESSION**

### 13.1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant exposure to litigation pursuant to Government Code section 548956.9(d)(2)

Number of potential cases: 1

There was no discussion on this item.

## **14. REPORT OF CLOSED SESSION**

## **15. ADJOURNMENT**

The meeting closed at 11:46 a.m.

The next Regular Board of Directors' meeting is scheduled for March 1, 2023 at 5:30 p.m.