

**FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS  
SPECIAL BOARD MEETING / PUBLIC HEARING**

**MINUTES**

THURSDAY, JULY 14, 2016  
4:00 P.M.

FALLBROOK PUBLIC UTILITY DISTRICT  
990 E. MISSION RD., FALLBROOK, CA 92028  
PHONE: (760) 728-1125

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**I. PRELIMINARY FUNCTIONS**

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President Davies called the Special Board Meeting / Public Hearing of the Board of Directors of the Fallbrook Public Utility District (FPUD) to order at 4:01 p.m. A quorum was established with the following members present:

Board of Directors

Present: Bob Anderson, Member  
Milt Davies, Member / President  
Al Gebhart, Member  
Don McDougal, Member  
Charley Wolk, Member / Vice President

Absent: None

District Staff

Present: Robert James, General Counsel  
Brian J. Brady, General Manager  
Jack Bebee, Assistant General Manager  
Marcie Eilers, Administrative Services Manager / Treasurer  
Kelly McLaughlin, Acting Secretary

Also present were others, including, but not limited to: Gregg Opgenorth and Tracy West.

PLEDGE OF ALLEGIANCE

President Davies led the Pledge of Allegiance.

APPROVAL OF AGENDA

MOTION: Director McDougal moved to approve the agenda as submitted; Director Gebhart seconded. Motion carried; VOTE:

AYES: Directors Anderson, Davies, Gebhart, McDougal, and Wolk  
NOES: None  
ABSTAIN: None  
ABSENT: None

President Davies opened the Public Hearing at 4:02 p.m.

**II. PUBLIC HEARING / ACTION CALENDAR----- (ITEMS A - B)**

*Opportunity for the public to comment on the final budget, rates, and charges for fiscal year 2016-17 and final water rates for calendar year 2017.*

- A. CONSIDER AMENDING THE ADMINISTRATIVE CODE – ARTICLE 19, WATER SERVICE CONNECTIONS AND RULES FOR DELIVERY OF WATER; ARTICLE 20, SEWER SERVICE CONNECTIONS AND CONSTRUCTION PERMITS AND FEES; ARTICLE 21, WATER AND SEWER RATES AND SERVICE CHARGES AND ADOPTING THE FINAL BUDGET FOR FISCAL YEAR 2016-17

*Recommendation: The Board adopt Resolution No. 4886 amending Articles 19, 20, and 21 of the Administrative Code and Resolution No. 4887 adopting the final budget for fiscal year 2016-17.*

Dr. Brady presented a slide show of the 2016-17 final budget, to include funding for operations and maintenance, capital projects, and debt service.

Dr. Brady began his presentation with discussion of staffing and stated a sinking fund was included in the 2016-17 budget with proposed funding of \$100,000 in order to mitigate future CalPERS rate spikes. Dr. Brady followed with an overview of the water operating budget stating that water commodity rates would adjust on January 1, 2017, and all other rates and charges would adjust following approval. Dr. Brady noted that Water Shortage Level 1 has been declared, the three-tiered rate structure has been resumed, and agricultural rates will no longer include penalties for exceeding allocations. Dr. Brady added that the San Diego County Water Authority (SDCWA) and the Metropolitan Water District of Southern California's (MWD) rates and charges have been passed through and included in the proposals. Dr. Brady provided a brief summary of the proposed adjustments to the rates and charges and the revenues and expenses projected for the water department.

Dr. Brady continued the slide show presentation with an overview of the wastewater department operating budget and noted a new methodology for sewer rates began in FY 2009-10 that assumes 90% of water used by a customer is returned to the sewer. Dr. Brady discussed sewer rates for individual user classes and also discussed charges other than rates that are included in sewer bills. Dr. Brady provided a brief summary of the proposed adjustments to the rates and charges and the revenues and expenses projected for the wastewater department.



Moving on to an overview of the recycled water department, Dr. Brady pointed out that the budget projects that recycled water sales will increase due to the completion of the East Line Extension Project. Dr. Brady provided a brief summary of the proposed adjustments to the rates and charges and the revenues and expenses projected for the recycled water department.

Dr. Brady continued his presentation with an overview of the capital budget. Dr. Brady reviewed the various capital projects for the water department that are planned and noted \$4 million has been budgeted for those projects. Dr. Brady added that several other projects will be funded by the capital improvement charge. Dr. Brady stated that \$1 million has been budgeted for funding of wastewater department and recycled department projects and \$350,000 has been budgeted for administrative department projects.

Dr. Brady concluded with an overview of debt service and funding sources

**MOTION:** Director Gebhart moved to approve staff's recommendation and adopt Resolution Nos. 4886 and 4887, to include staff returning to the Fiscal Policy & Insurance Committee in 30 days with four-to-five examples of budget formats and again in 90 days with the closed budget and also for staff to prepare a 5-year business plan; Director Anderson seconded.

President Davies inquired if there were any comments from members of the public.

Gregg Opgenorth stepped to the podium and stated he was a farmer and resident of Fallbrook. Mr. Opgenorth suggested the District reduce expenses in order to lower water rates.

Tracy West stepped to the podium to express his opposition to monies budgeted for pay raises stating he had not had a pay raise in four years.

President Davies stated there was a motion on the floor and called for the vote.  
Motion carried; VOTE:

**AYES:** Directors Anderson, Davies, Gebhart, McDougal, and Wolk  
**NOES:** None  
**ABSTAIN:** None  
**ABSENT:** None

**MOTION:** Director Wolk moved to make a formal request to the County of San Diego for a written explanation of how property taxes are allocated to the District; furthermore, that property tax revenue received is not allocated until the written response is received from the County; Director Gebhart seconded.  
Motion carried; VOTE:

AYES: Directors Anderson, Davies, Gebhart, McDougal, and Wolk  
NOES: None  
ABSTAIN: None  
ABSENT: None

**B. PUBLIC HEARING COMMENTS**

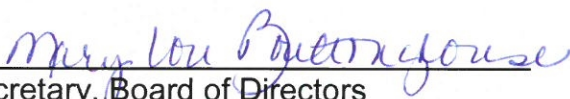
President Davies announced that the Public Hearing was closed at 4:47 p.m.

**III. ADJOURNMENT OF MEETING**

There being no further business to discuss, President Davies adjourned the Special Board Meeting / Public Hearing of the Board of Directors of the Fallbrook Public Utility District at 4:48 p.m.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors