

**FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

MINUTES

MONDAY, APRIL 22, 2019
4:00 P.M.

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President McDougal called the regular meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m. A quorum was established, and attendance was as follows:

Board of Directors

Present: Don McDougal, Member/President
Jennifer DeMeo, Member/Vice-President
Ken Endter, Member
Al Gebhart, Member
Charley Wolk, Member

Absent: None

General Counsel/District Staff

Present: Paula de Sousa Mills, General Counsel
Jack Bebee, General Manager
David Shank, Assistant General Manager/CFO
Devin Casteel, System Operations Supervisor
Jason Cavender, Operations Manager
Aaron Cook, Senior Engineer
Mick Cothran, Engineering Technician
Noelle Denke, Public Affairs Specialist
Jeff Marchand, Engineering Supervisor
Steve Stone, Field Services Manager
Mary Lou West, Secretary

Also present were others, including, but not limited to: David Drake and Melody McDonald of the Association of California Water Agencies Joint Powers Insurance Authority and Patricia and Archie McPhee.

PLEDGE OF ALLEGIANCE

President McDougal led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

There were no additions to the agenda.

APPROVAL OF AGENDA

MOTION: Vice-President DeMeo moved to approve the agenda as presented; Director Wolk seconded. Motion passed; VOTE:

AYES: Directors DeMeo, Endter, Gebhart, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: None

PUBLIC COMMENT

Members of the public are invited to address the Board of Directors on any item that is within the subject matter jurisdiction of the legislative body. The Board President may limit comments to three (3) minutes.

There were no public comments.

A. MANAGER'S AWARD RECIPIENTS

1. Aaron Cook, Senior Engineer
2. Jeff Marchand, Engineering Supervisor
3. Steve Stone, Field Services Manager

Aaron Cook, Jeff Marchand, and Steve Stone were commended for receiving Manager's Awards for their exemplary customer service to ratepayers affected by the Santa Margarita Drive Pipeline Replacement Project.

II. **CONSENT CALENDAR**-----**(ITEMS B-G)**

All items appearing on the Consent Calendar may be disposed of by a single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors or the public requests removal prior to a vote on a motion to approve the items. Such items shall be considered separately for action by the Board.

B. APPROVAL OF MINUTES

1. February 25, 2019 Regular Board Meeting/Public Hearing
2. March 25, 2019 Regular Board Meeting

Recommendation: That the Board approve the minutes of the aforementioned meeting(s) of the Board of Directors of the Fallbrook Public Utility District.

C. CONSIDER NOTICE OF COMPLETION – SANTA MARGARITA PIPELINE REPLACEMENT PROJECT, JOB NO. 3063

Recommendation: That the Board authorize staff to record the Notice of Completion, as described in Attachment A to the staff memo, with the San Diego County Recorder.

D. CONSIDER LETTER OF SUPPORT ON ACA 1 (AGUIAR-CURRY) AND LETTER OF OPPOSITION ON AB 1486 (TING)

Recommendation: That the Board authorize the Board President to sign (1) a letter of support for ACA 1 (Aguiar-Curry)—55% Vote for Local Affordable Housing and Public Infrastructure and (2) a letter of opposition to AB 1486 (Ting)—Local Agencies; Surplus Land.

E. CONSIDER ADVANCE APPROVAL TO ATTEND MEETINGS

Recommendation: That the Board authorize and approve in advance Directors' attendance to the San Diego County Farm Bureau Graze at the Fields event, April 25, 5-8 p.m., at the Carlsbad Flower Fields.

F. CONSIDER REVISING THE 2019 BOARD OF DIRECTORS REGULAR MEETING SCHEDULE

Recommendation: That the Board approve the revised 2019 Board of Directors Regular Meeting Schedule to change the June regular board meeting date from Monday, June 24, 2019, to Monday, June 17, 2019.

G. CONSIDER RESOLUTION NO. 4964 ADOPTING AN AMENDED CONFLICT OF INTEREST CODE

Recommendation: That the Board adopt Resolution No. 4964 adopting the Amended Conflict of Interest Code pursuant to the Political Reform Act of 1974.

MOTION: Director Wolk moved to approve the Consent Calendar as presented; Director Endter seconded. Motion passed; VOTE:

AYES: Directors DeMeo, Endter, Gebhart, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

III. INFORMATION----- (ITEMS H-I)

H. PRESENTATION OF CHECK BY THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY (ACWA JPIA)

Presented by: David Drake, ACWA JPIA Executive Committee

David Drake and Melody McDonald of ACWA JPIA presented a check in the amount of \$90,007 resulting from the District's worker's compensation and liability insurance programs due to a low incident rate.

I. REVIEW OF DRAFT STRATEGIC PLAN FOR FISCAL YEAR 2019-20

Presented by: Jack Bebee, General Manager

General Manager Bebee provided an overview of the District's draft Strategic Plan for fiscal year 2019-20 and requested feedback from Directors.

IV. ACTION / DISCUSSION CALENDAR----- (ITEMS J-N)

J. CONSIDER PENSION AND OTHER POST EMPLOYMENT BENEFIT OBLIGATION LONG-TERM COST REDUCTION STRATEGY

Recommendation: The Fiscal Policy & Insurance Committee recommends using an approach to fund PARS and maintain a 90% funded status for both OPEB and Pension Obligations. Payments from PARS returns would be used once the fund has met the 90% funded target. The District has developed a policy, as described in Attachment A to the staff memo, that memorializes the OPEB and Pension funding strategies.

MOTION: Director Endter moved to adopt the Management of the District's Other Post-Employment Benefits and Pension Trusts policy; Vice-President DeMeo seconded. Motion passed; **VOTE:**

AYES: Directors DeMeo, Endter, Gebhart, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

K. CONSIDER POLICY FOR INTER FUND TRANSFERS

Recommendation: The Fiscal Policy & Insurance Committee recommends the Board approve the Inter Fund Transfer Policy in the form attached to the staff memo.

Directors Gebhart and Wolk expressed concern with the language of the proposed cost of service language in the Inter Fund Transfer Policy, and it was determined that the

Fiscal Policy & Insurance Committee would revise the Inter Fund Transfer Policy and return to the full Board with its recommendations.

President McDougal announced that Item K was postponed; no action was taken by the Board.

L. CONSIDER RESOLUTION NO. 4965 AMENDING ARTICLE 15.1.1 OF ADMINISTRATIVE CODE

Recommendation: The Fiscal Policy & Insurance Committee recommends adopting Resolution No. 4965 amending Article 15.1.1 of the District's Administrative Code and approving the District's Liquidity Fund Policy.

MOTION: Director Wolk moved to adopt Resolution No. 4965 amending Article 15.1.1 of the Administrative Code and to approve the District's Liquidity Fund Policy; Vice-President DeMeo seconded. Motion passed; VOTE:

AYES: Directors DeMeo, Endter, Gebhart, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: None

M. CONSIDER ACQUISITION, IMPLEMENTATION, AND SUPPORT FOR CITYWORKS ENTERPRISE ASSET MANAGEMENT SOFTWARE

Recommendation: That the Board approve the award of professional services to Black and Veatch for the amount of \$104,915 to implement a robust Enterprise Asset Management system to improve the efficiency of the District operations.

Operations Manager Cavender provided an overview of Cityworks Enterprise Asset Management system and efforts made by staff over the past year evaluating the benefits of the system to District operations. Efforts included discussion with other agencies that use Cityworks and how those agencies implemented and the operational efficiencies from the software.

Director Wolk reported that the Engineering & Operations Committee worked closely with staff in determining the most cost-effective means of implementation and is recommending the services of a consultant.

MOTION: Director Wolk moved to approve the award of professional services to Black and Veatch for the amount of \$104,915 to implement an Enterprise Asset Management system; staff to report back in six months demonstrating efficiencies of the system; Vice-President DeMeo seconded. Motion passed; VOTE:

AYES: Directors DeMeo, Endter, Gebhart, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

N. UPDATE ON OVERALL DEVELOPMENT OF PIPELINE AND VALVE REPLACEMENT PROGRAM

Recommendation: That the Board discuss with staff the preferred approach to update the assessment.

General Manager Bebee provided an overview of the Pipeline and Valve Replacement Program and discussed two options to potentially update current projections: (1) update the projection internally and make some improvements in the projections based on additional cost information or (2) develop a more detailed projection on replacement needs and impact on the level of the service using field data and outside consulting services.

Discussion ensued concerning the costs and benefits of a consultant. Mr. Bebee stated Senior Engineer Cook will provide an update on the District's Asset Management Plan and the consultant will provide an overview of their services.

The Board took no action.

V. **ORAL/WRITTEN REPORTS**-----**(ITEMS 1-8)**

1. General Counsel
 - General Counsel de Sousa Mills provided an update of legislation affecting special districts.
2. SDCWA Representative Report
 - The SDCWA has developed preliminary rates, and rates are expected to increase by 5 percent.
 - The SDCWA is moving forward with a study on alternative conveyance for water from the Colorado River to San Diego.
3. General Manager
 - a. Engineering and Operations Report
4. Assistant General Manager/Chief Financial Officer
 - b. Treasurer's Report
 - c. Budget Status Report
 - d. Warrant List
 - Mr. Shank distributed a revised Treasurer's Report and provided an explanation of both the revised Treasurer's Report and the Budget Status Report.
5. Public Affairs Specialist

- Public Affairs Specialist Denke reported work has begun on the high school intern job recruitment whose focus will concentrate on field operations.
 - Mrs. Denke also provided an update on recent outreach efforts to the community.
6. Notice of Approval of Per Diem for Meetings Attended
 7. Director Comments/Reports on Meetings Attended
 - Director Endter reported attending the Colorado River Tour sponsored by the Metropolitan Water District and hosted by the San Diego County Water Authority.
 - Vice-President DeMeo reported attending the Citizen's Water Academy alumni event in Escondido.
 8. Miscellaneous

ADJOURN TO CLOSED SESSION

General Counsel de Sousa Mills made an oral announcement of Items VI. 1, 2, and 3. Following the announcement, the Board adjourned to Closed Session at 5:48 p.m.

VI. CLOSED SESSION -----(ITEMS 1-3)

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
SIGNIFICANT EXPOSURE TO LITIGATION PER GC § 54956.9 (d)(2)

One (1) Potential Case

2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION PER GOVERNMENT
CODE SECTION 54957:

Discuss Performance Evaluation of General Manager

3. PUBLIC EMPLOYEE PERFORMANCE EVALUATION PER GOVERNMENT
CODE SECTION 54957:

Discuss Performance Evaluation of General Counsel

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:20 p.m.

REPORT FROM CLOSED SESSION (As Necessary)

President McDougal announced there was no reportable action taken in Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President McDougal adjourned the regular meeting of the Board of Directors of the Fallbrook Public Utility District at 6:23 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors