

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

MINUTES

**MONDAY, JULY 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 4:01 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
Jeff Marchand, Engineering Supervisor
Noelle Denke, Public Affairs Specialist
Mick Cothran, Engineering Technician
Mary Lou West, Secretary

Also present were others, including, but not limited to: Aaron Andrews, Dave Baxter, John Duling, Donna Gebhart, Bert Hayden, Juanita Hayes, Jackie Heyneman, Jennifer Jeffries, Zach Kantor-Anaya, Kristi MacDougall, Paul Melzer, David Myers, Jerri Patchett, and Erin Wilkins.

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 Gebhart 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.

John Duling stepped to the podium requesting that oak trees grown as biofuel on his property be classified as an agricultural crop to qualify for agricultural water rates. The Board directed the Engineering & Operations Committee to review Mr. Duling's request and ask General Counsel for an opinion if oak trees grown as biofuel qualify as an agricultural crop.

II. CONSENT CALENDAR------(ITEMS A-D)

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.

A. CONSIDER APPROVAL OF MINUTES

1. June 17, 2019 Regular Board Meeting

Recommendation: The Board approve the minutes of the aforementioned meeting of the Board of Directors of the Fallbrook Public Utility District.

B. CONSIDER RESOLUTION NO. 4974 ADOPTING AN AMENDED CONFLICT OF INTEREST CODE PURSUANT TO THE POLITICAL REFORM ACT OF 1974

Recommendation: That the Board adopt Resolution No. 4974 adopting the Amended Conflict of Interest Code pursuant to the Political Reform Act of 1974.

C. CONSIDER NOTICE OF COMPLETION FOR HARRIS PUMP STATION

Recommendation: That the Board authorize staff to file the Notice of Completion with the San Diego County Recorder.

D. CONSIDER RESOLUTION NO. 4975 APPROVING QUITCLAIM TO PROPERTY OWNER DAVID E. FENN

Recommendation: That the Board adopt Resolution No. 4975 approving the quitclaim.

MOTION: Director Endter moved to approve the Consent Calendar as presented and adopt Resolution Nos. 4974 and 4975; Director Wolk seconded. Motion passed; VOTE:

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

III. **INFORMATION / ACTION**-----**(ITEM E)**

E. HEAR REPORT ON PRELIMINARY EVALUATION OF DETACHMENT FROM THE SAN DIEGO COUNTY WATER AUTHORITY AND ANNEXATION TO EASTERN MUNICIPAL WATER DISTRICT AND CONSIDER AUTHORIZING GENERAL MANAGER TO FINALIZE AND EXECUTE A MEMORANDUM OF UNDERSTANDING WITH EASTERN MUNICIPAL WATER DISTRICT REGARDING POTENTIAL ANNEXATION

Recommendation: That the Board authorize the General Manager to finalize and execute MOU regarding potential annexation to EMWD.

General Manager Bebee presented a slide show of the cost savings benefits of detachment from the San Diego County Water Authority and annexation to Eastern Municipal Water District. Mr. Bebee provided discussion on the process through the San Diego and Riverside Local Agency Formation Commissions that would be necessary to effect the change.

MOTION: Director Wolk moved to authorize the General Manager to finalize and execute MOU regarding potential annexation to EMWD; Director Endter seconded. Motion passed; VOTE:

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

IV. ACTION / DISCUSSION CALENDAR ----- (ITEMS F–P)

**F. CONSIDER REQUEST FROM COMMUNITY GROUPS FOR DISTRICT TO
ACTIVATE LATENT POWERS TO SUPPORT PUBLIC COMMUNITY FACILITIES**

Recommendation: Staff supports Board direction.

Jerri Patchett and Jennifer Jeffries stepped to the podium to express their support of the proposal and to request that the District submit an application to the San Diego County Local Agency Formation Commission (LAFCO) to expand its latent powers to help support community facilities as part of the upcoming Municipal Sphere Review process.

General Manager Bebee stated the Board previously authorized the General Manager to submit an application to LAFCO, and this request is to reaffirm the Board's previous action.

General Counsel de Sousa Mills noted that the Board would have to adopt a Resolution of Application to activate latent powers at a noticed public hearing.

MOTION: Director Endter moved to support the request from community groups for the District to activate latent powers to support public community facilities; Director Wolk seconded. Motion passed; **VOTE:**

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

**G. CONSIDER RESOLUTION NO. 4976 OF COMMENDATION AND
APPRECIATION TO AL GEBHART UPON HIS RETIREMENT FROM THE
BOARD OF DIRECTORS**

Recommendation: That the Board adopt Resolution No. 4976 of commendation and appreciation to Al Gebhart.

The Board commended Director Gebhart for his 12 years of service on the Board and wished him well in his retirement. Aaron Andrews on behalf of Senator Brian Jones, David Baxter, Donna Gebhart, Juanita Hayes on behalf of Supervisor Jim Desmond, Zach Kantor Anaya, Kristi McDougall on behalf of Assemblywoman Marie Waldron, Paul Melzer, and David Myers thanked Director Gebhart for his contributions to the community and citizens of Fallbrook.

MOTION: Director Wolk moved to adopt Resolution No. 4976 of commendation and appreciation to Al Gebhart; Director Endter seconded. Motion passed; **VOTE:**

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

H. CONSIDER LOCAL RESOURCES PROGRAM AGREEMENT WITH THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AND THE SAN DIEGO COUNTY WATER AUTHORITY

Recommendation: That the Board authorize the General Manger to execute the Local Resources Program agreement once the final incentive amounts are included with the Metropolitan Water District of Southern California and San Diego County Water Authority for the Santa Margarita River Conjunctive Use Project to help reduce water costs by providing a rebate on the cost of water produced from the project.

General Manager Bebee reported that the Local Resources Program Agreement will provide rebates from the Metropolitan Water District of Southern California and the San Diego County Water Authority to offset the cost of water produced from the Santa Margarita River Conjunctive Use Project.

MOTION: Director Wolk moved to authorize the General Manger to execute the Local Resources Program agreement once the final incentive amounts are included with the Metropolitan Water District of Southern California and San Diego County Water Authority for the Santa Margarita River Conjunctive Use Project to help reduce water costs by providing a rebate on the cost of water produced from the project; Director Endter seconded. Motion passed;
VOTE:

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

I. CONSIDER RESOLUTION NO. 4977 APPROVING A CONSTRUCTION INSTALLMENT SALE AGREEMENT WITH THE CALIFORNIA STATE WATER RESOURCES BOARD PERTAINING TO THE FINANCING OF THE SANTA MARGARITA RIVER CONJUNCTIVE USE PROJECT (STATE REVOLVING FUND LOAN AGREEMENT); AND CONSIDER AUTHORIZATION TO AWARD CONSTRUCTION CONTRACT FOR THE SANTA MARGARITA RIVER CONJUNCTIVE USE PROJECT

Recommendation: That the Board:

- a. *Adopt Resolution No. 4977 approving a Construction Installment Sale Agreement with the California State Water Resources Control Board pertaining to the financing of the Santa Margarita Conjunctive Use Project;*

MOTION: Director Wolk moved to adopt Resolution No. 4977 approving a Construction Installment Sale Agreement with the California State Water Resources Control Board pertaining to the financing of the Santa Margarita Conjunctive Use Project; Director Enter seconded. Motion passed; VOTE:

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

- b. *Consider authorization of award of the construction of the SMRCUP to the lowest responsible bidder, Filanc Alberici JV, at an amount of \$54,398,232.*

MOTION: Director Endter moved to authorize the award of construction of the SMRCUP to Filanc Alberici JV at an amount of \$54,398,232; Vice-President DeMeo seconded. Motion passed; VOTE:

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

J. CONSIDER RATIFICATION OF THE DISTRICT'S FISCAL YEAR 2019-20 ADOPTED ANNUAL BUDGET AND RESOLUTION NO. 4978 AMENDING ARTICLE 15 OF THE ADMINISTRATIVE CODE

Recommendation: *That the Board ratify the Budget and adopt Resolution No. 4978 amending Article 15 of the Administrative Code.*

Assistant General Manager/CFO Shank explained that the Administrative Code currently provides that the Board adopt the annual budget in July. The proposal is to change the Administrative Code to adopt the annual budget in June to provide adequate time to have funds appropriated for the new fiscal year.

MOTION: Vice-President DeMeo moved to ratify the District's FY 2019-20 Adopted Annual Budget and to adopt Resolution No. 4978 amending Article 15 of the Administrative Code; Director Gebhart seconded. Motion passed; VOTE:

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

ABSTAIN: None
ABSENT: None

- K. CONSIDER RESOLUTION NO. 4979 AMENDING ARTICLE 20 OF THE ADMINISTRATIVE CODE SETTING WASTEWATER CHARGES FOR ACCESSORY DWELLING UNITS (ADUs);

Recommendation: The Engineering and Operations Committee is recommending the Board adopt Resolution No. 4979 amending Article 20, Section 20.7.2 of the Administrative Code to add ADUs to Class 2 in the Schedule of Equivalent Dwelling Units and Class of Service, and set an Equivalent Dwelling Unit value specifically for Accessory Dwelling Units to 0.4.

Senior Engineering Cook stated the District's Administrative Code (Code) was silent on Accessory Dwelling Units (ADUs); and because of a relatively new state law, staff investigated options for incorporating a provision for ADUs in the Code. The Engineering & Operations Committee reviewed the proposal, and the Committee is recommending the Equivalent Dwelling Unit value be set at 0.4.

Erin Wilkins stepped to the podium to discuss the benefits of ADUs.

MOTION: Director Endter moved to adopt Resolution No. 4979 amending Article 20 of the Administrative Code; Director Wolk seconded. Motion passed; VOTE:

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

- L. CONSIDER ORDINANCE NO. 345 AMENDING ADMINISTRATIVE CODE ARTICLES 18, 19, AND 23 WITH CHANGES REGARDING PIPELINE EXTENSION REQUIREMENTS

Recommendation: Engineering & Operations Committee is recommending the Board adopt Ordinance No. 345 amending Articles 18, 19 and 23 with the proposed changes.

General Manager Bebee stated the proposal ensures that all residents in the District's service territory have the same requirements for pipeline extensions.

MOTION: Director Wolk moved to adopt Ordinance No. 345 amending Articles 18, 19 and 23 with changes regarding pipeline extension requirements; Director Endter seconded. Motion passed; ROLL CALL VOTE:

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

NOES: None
ABSTAIN: None
ABSENT: None

M. CONSIDER STEEL RESERVOIR COATING INSPECTION SERVICES

Recommendation: The Engineering and Operations Committee is recommending that the Board authorize a Professional Services Contract Amendment with MCS Inspection Group for an additional \$19,710.

General Manager Bebee stated the request is for additional funds for tank coating over the next couple of months.

MOTION: Vice-President DeMeo moved to authorize a Professional Services Contract Amendment with MCS Inspection Group for an additional \$19,710; Director Endter seconded. Motion passed; VOTE:

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

N. CONSIDER AS-NEEDED SCADA SUPPORT CONTRACT APPROVAL – SCADA INTEGRATIONS

Recommendation: That the Board award a three-year contract, with a fourth year option, to SCADA Integrations for instrumentation, controls, and SCADA support, in the not-to-exceed amount of \$37,500 per year.

General Manager Bebee stated the request is for as-needed SCADA support and the Engineering & Operations Committee has recommended the award.

MOTION: Vice-President DeMeo moved to award a three-year contract, with a fourth year option, to SCADA Integrations for instrumentation, controls, and SCADA support, in the not-to-exceed amount of \$37,500 per year; Director Wolk seconded. Motion passed; VOTE:

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

O. CONSIDER 2019 CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS ELECTION, (SEAT B), SOUTHERN NETWORK

Recommendation: That the Board select one candidate from the slate of candidates in the 2019 California Special Districts Association Board of Directors Election, (Seat B), Southern Network for the 2020-2022 term and authorize the District Secretary to cast its vote by electronic ballot.

MOTION: Director Gebhart moved to authorize the District Secretary to cast the Board's vote by electronic ballot for Michael Mack of Rainbow Municipal Water District; Director Endter seconded. Motion passed; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

P. CONSIDER AMENDMENT TO GENERAL MANAGER EMPLOYMENT AGREEMENT WITH JACK BEBEE

Recommendation: That the amendment to the Employment Agreement for General Manager Jack Bebee be approved effective July 1, 2019.

General Counsel de Sousa Mills made an oral announcement pursuant to Government Code section 54953(c)(3) by reading aloud the substantive amendments to the Employment Agreement between Fallbrook Public Utility District and Jack Bebee.

MOTION: Director Endter moved to approve the amendment to the Employment Agreement for General Manager Jack Bebee effective July 1, 2019; Vice-President DeMeo seconded. Motion passed; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

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

1. General Counsel

- General Counsel de Sousa Mills provided information on the preliminary State Spending Plan.

2. SDCWA Representative Report

- SDCWA Representative Bebee discussed the SDCWA's plans to address the Salton Sea, Lake Mead, and alternative conveyance.

3. General Manager

- a. Engineering and Operations Report
4. Assistant General Manager/Chief Financial Officer
 - a. Treasurer's Report
 - b. Budget Status Report
 - c. Warrant List
 - Assistant General Manager/CFO Shank reported the Treasurer's Reports were revised in accordance with modified reports received from PFM.
 - Mr. Shank highlighted areas of interest in the Budget Status Report.
5. Public Affairs Specialist
 - Public Affairs Specialist Denke provided an overview of community outreach activities.
6. Notice of Approval of Per Diem for Meetings Attended
 - President McDougal provided notice that he approved Board Members' attendance to (1) the Legislative Roundtable by Senator Brian Jones on Monday, July 15, 2019, at the San Diego County Water Authority and (2) the San Diego County Water Authority's Resilience Portfolio Presentation on Friday, July 19, 2019, at the Carlsbad Faraday Center.
7. Director Comments/Reports on Meetings Attended
 - Vice-President DeMeo reported she volunteered for the Council of Water Utilities Bylaws Committee.
8. Miscellaneous

VI. 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 6:39 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors