



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING

MINUTES

MONDAY, OCTOBER 23, 2023
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 Wolk called the October 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: Charley Wolk, President
Jennifer DeMeo, Member/Vice President
Dave Baxter, Member
Ken Endter, Member

Absent: Don McDougal, Member

General Counsel/District Staff

Present: Jack Bebee, General Manager
Paula de Sousa, General Counsel
Dave Shank, Assistant General Manager/CFO
Jodi Brown, Management Analyst
Mickey Case, Information Systems Technician
Aaron Cook, Engineering Manager
Mick Cothran, Engineering Technician
Noelle Denke, Public Information Officer
Jose Lucca, Utility Worker I
John Marchetta, Human Resources Manager
Steve Stone, Field Services Manager
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Luther Ballou, Mark Mervich, Kurt Bantle, and Jacqueline Howells

PLEDGE OF ALLEGIANCE

President Wolk led the Pledge of Allegiance

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

MOTION: Director Endter moved to approve the agenda, as presented; Director DeMeo seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

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.

Mr. Luther Ballou stepped to the podium to comment on the itemization of the water service fee on his property tax bill. He also commented that he had seen a lot of negative chatter in regards to Measure A. He inquired about the representation of the District on Eastern Municipal Water District's Board.

General Manager Bebee reported he would be happy to provide a summary of what will happen with the property tax bill. He also responded with information in regards to rates and EMWD representation. General Manager Bebee offered to schedule a meeting with Mr. Ballou to further discuss his concerns.

A. NEW EMPLOYEE ANNOUNCEMENT

1. John Marchetta, HR Manager
2. Jose Lucca, Utility Worker I

There were no public comments on agenda item A.

The Board welcomed John Marchetta as the new Human Resources Manager and Jose Lucca as the new Utility Worker I.

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

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. CONSIDER APPROVAL OF MINUTES
1. September 25, 2023 Regular Meeting

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

- C. CONSIDER NOTICE OF COMPLETION FOR DAILY ROAD PIPELINE REPLACEMENT PROJECT

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

There were no public comments on Consent Calendar items.

MOTION: Director Endter moved to approve the Consent Calendar, as presented; Director Baxter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

III. INFORMATION----- (ITEMS D-E)

- D. CONSIDER RECYCLED SYSTEM MASTER PLAN UPDATE

Presented by: Aaron Cook, Engineering Manager

There were no public comments on agenda item D.

Engineering Manager Cook and Engineering Technician Cothran presented a slideshow to update the Board on the recycled system master plan. This update included identifying areas where the existing recycled distribution system could be expanded to serve additional customers. This was because it was determined the costs associated with treating and conveying recycled water to a potable level were too high to justify indirect potable reuse at this time.

General Manager Bebee commented on the future feasibility of direct potable reuse of recycled water, noting there are not currently facilities in California right now but that draft regulations are out for public review. He stated the way they are being written, it would likely not be economical for a small scale facility like the District's.

Director Baxter asked if our recycled water was available to Rainbow customers, if they had a need for it. General Manager Bebee reported we were still in the beginning steps of determining this and that there would likely be a need for

grant funding to make it economically feasible. Director Baxter acknowledged this was a regional effort and much bigger than FPUD and RMWD.

E. CALENDAR YEAR 2024 RATES AND CHARGES

Presented by: Dave Shank, Assistant General Manager/CFO

There were no public comments on agenda item E.

AGM/CFO Shank presented a slideshow to kick off discussions related to the calendar year 2024 rates and charges. This slideshow included several scenarios based on detaching from the San Diego County Water Authority (including how exit fees would be paid) and not detaching. AGM/CFO Shank also compared the fixed costs associated with SDCWA versus EMWD.

Director Baxter noted a decrease of 5.4%, with detachment, does not take into consideration the 6.5% increase if we were to not detach, making that actually a difference of 11%.

AGM/CFO Shank detailed the average agricultural customer's bill with detachment compared to their current monthly bill, noting that everyone would go to the SAWR rate, and those customers would also see a reduction in fixed costs.

Additionally, AGM/CFO Shank provided an overview of proposed rates for Wastewater and Recycled enterprises.

Director Endter inquired about the wastewater rates and why the cost was higher. General Manager Bebee responded that over time, we are transitioning to more fixed and less variable costs.

AGM/CFO Shank outlined the timeline moving forward, reporting the FP&I Committee will meet again in November and that the Board will adopt rates for calendar year 2024 at the December 4, 2023 meeting.

General Counsel de Sousa announced the election will be held on November 7th and briefly explained the process that happens after the election. She recommended the District should proceed anticipating it would be going through its normal rate setting process.

IV. ACTION / DISCUSSION CALENDAR -----(ITEMS F-K)

F. CONSIDER UPDATE OF EMERGENCY DECLARATION FOR PIPELINE REPLACEMENTS

Recommendation: *That the Board continue the emergency action to replace the failed pipelines.*

There were no public comments on agenda item F.

MOTION: Director Endter moved to continue the emergency action to replace the failed pipelines; Director DeMeo seconded. Motion carried;
VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

G. CONSIDER ONE-TIME PAVING SERVICES AT 26 SITES

Recommendation: *That the Board approve a contract with Peter's Paving in the amount of \$82,800.00 for one-time paving services at 26 sites.*

There were no public comments on agenda item G.

General Manager Bebee reported we have had a lot of leaks, and this paving project was related to those leaks.

President Wolk asked if the District had an inspection process. General Manager Bebee responded that we did.

MOTION: Director Baxter moved to approve a contract with Peter's Paving in the amount of \$82,800 for one-time paving services at 26 sites; Director Endter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

H. CONSIDER COMMUNICATIONS SITE LICENSE AGREEMENT AND LEASE

Recommendation: *That the Board authorize staff to execute the Communications Site License Agreement with Dish Wireless for the Rattlesnake Tank site.*

There were no public comments on agenda item H.

General Counsel de Sousa made clear for the record this is a license agreement and not a lease, which gives the District more latitude in regards to certain items compared to a lease. She noted if the Board were to approve this, it would also be approving revising the agreement to replace one instance of the word "lease" on page 3 with "license."

Mark Mervich stepped to the podium to clarify that Dish Wireless still had to go through the Planning Group before installation. General Manager Bebee thought this will go through the Planning Group when they get permits from the County. General Counsel de Sousa also announced there were still requirements the licensee would have to go through before installation.

Director Endter asked what the District's involvement was in this and where the revenue was reported. General Manager Bebee responded that we have no involvement in the Planning Group's approval of this. AGM/CFO Shank reported the revenue was reported under "facilities rents" within the water enterprise.

Director Baxter clarified the District had no involvement in the installation or maintenance of any equipment.

MOTION: Director DeMeo moved to authorize staff to execute the Communications Site License Agreement with Dish Wireless for the Rattlesnake Tank site, with modification made to the License Agreement to replace the word "lease" in the first paragraph of page three with "license," Director Endter seconded. Motion carried;
VOTE:

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

I. CONSIDER SANTA MARGARITA CONJUNCTIVE USE PROJECT IN KIND SERVICES

Recommendation: That the Board authorize the General Manager as the designee to approve in kind services for the SMRCUP when requested by Camp Pendleton.

There were no public comments on agenda item I.

General Manager Bebee announced this went through the Engineering and Operations Committee. He then provided an overview of this project, including that within the settlement agreement with Camp Pendleton, some of the money we pay them goes into an account they are allowed to use for in kind services. General

Manager Bebee explained this project was related to one of the levees for one of their ponds, which does present a risk for them not being able to capture all the water they can to sell us.

Director Endter clarified this was Camp Pendleton's money. General Manager Bebee confirmed it was their money and that they could take the money out whenever they wanted or they could use it to ask us to help get a project done.

Director Baxter asked if we have the resources to help with this. General Manager Bebee responded that we did, and it was already out to bid. Director Baxter confirmed we would not be sacrificing any FPUD-related projects by assisting with this. General Manager Bebee also noted we would be documenting our time spent on this as well.

MOTION: Director Endter moved to authorize the General Manager as the designee to approve in kind services for the Santa Margarita Conjunctive Use Project, when requested by Camp Pendleton; Director Baxter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

J. CONSIDER SYSTEMS TECHNICIAN POSITION

Recommendation: That the Board approve the new position and the updated salary table.

There were no public comments on agenda item J.

Director Baxter announced this item went through the Personnel Committee. He provided a brief background on the proposed position, including that we were roughly 17% under market for the salary range. He announced the recommendation was to increase the salary range to attract candidates. General Manager Bebee announced we had a Crew Leader vacancy. He reported we looked at various options on how to move forward with replacement versus reclassification, and there was a gap identified in Operations. Because of this reclassification, a change in salary was warranted.

General Counsel de Sousa noted PERS requires an updated salary table any time a position is added or a salary range changes.

MOTION: Director DeMeo moved to approve the creation of the Systems Technician position, with a reclassification from salary range 25 to

range 29 on the salary table and the resulting updated organizational chart; Director Baxter seconded. Motion carried; VOTE:

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

K. CONSIDER APPROVING A RESOLUTION DECLARING THE INTENT TO REIMBURSE QUALIFIED EXPENSE FROM DEBT PROCEEDS.

Recommendation: That the Board adopt Resolution No. 5063 establishing the District's intent to reimburse itself to certain capital expenditures.

Mr. Luther Ballou stepped to the podium to provide his interpretation of the agenda item K.

President Wolk commented doing it this way, current ratepayers don't have to pay for the benefit of future ratepayers. Everyone is paying for the value they are receiving. He thought that was important to note.

MOTION: Director Endter moved to adopt Resolution No. 5063 establishing the District's intent to reimburse itself to certain capital expenditures; Director DeMeo seconded. Motion carried; VOTE:

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

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

1. General Counsel
 - General Counsel de Sousa provided a legislation update, including a change in the Levine Act as part of the Political Reform Act.
2. SDCWA Representative Report
3. General Manager
 - a. Engineering and Operations Report
 - General Manager Bebee reported we have experienced a lot of leaks.
 - b. Federal Funding Update
4. Assistant General Manager/Chief Financial Officer
 - a. Financial Summary Report
 - b. Treasurer's Report
 - c. Budget Status Report
 - d. Warrant List

- AGM/CFO Shank provided an overview of the written reports included in the packet. He also reported we would doing a mid-year update in January.
5. Public Information Officer
 - PIO Denke reported on community events in which the District has participated and announced she has started preparing for the calendar contest.
 6. Notice of Approval of Per Diem for Meetings Attended
 7. Director Comments/Reports on Meetings Attended
 - Director Endter reported on his attendance at the October CoWU meeting.
 8. Miscellaneous

ADJOURN TO CLOSED SESSION

General Counsel de Sousa announced the Board would be going into Closed Session to discuss items VI.1 and 2. She announced members of the public participating via Zoom would only hear silence and see a blank screen while the Board was in Closed Session. She also announced there would be a report heard on the Zoom line once the Board came out of Closed Session and reconvened to Open Session.

The Board adjourned to Closed Session at 6:07 p.m.

VI. CLOSED SESSION-----**(ITEMS 1–2)**

1. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION INITIATION OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (d)(4):

One (1) potential case

2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (d)(1):

NAME OF CASE: *San Diego County Water Authority v. San Diego Local Agency Formation Commission, Fallbrook Public Utility District, et al. (37-2023-000036018-CU-TT-CTL)*

RECONVENE TO OPEN SESSION

The Board came out of Closed Session and reconvened to Open Session at 7:02 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

There was no reportable action taken in Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President Wolk adjourned the October regular meeting of the Board of Directors of the Fallbrook Public Utility District at 7:03 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors