



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING AND DISTRICT BUDGET MEETING

MINUTES

MONDAY, JUNE 22, 2020
4:00 P.M.

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

If you have a disability and need an accommodation to participate in the meeting, please call the Secretary at (760) 999-2704 for assistance so the necessary arrangements can be made.

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President Endter called the June Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:01 p.m.

President Endter announced, for the record, that this meeting was conducted by teleconference using the call-in and web link on the agenda, pursuant to the Brown Act waivers to certain provisions under the Governor's Executive Order in response to the COVID-19 State of Emergency.

President Endter also announced the agenda provided notice that members of the public were encouraged to participate in the Board meeting via teleconference using the call-in and web link information, and that members of the public could have also emailed public comments and comments on agenda items in advance of the meeting by mailing them to the District, dropping them in the District's payment drop box, or emailing them to the Board Secretary. Any such written comments would be read on to the record at the appropriate portion of the meeting – up to a limit of three (3) minutes per comment. These instructions supersede the District's normal public comment procedures.

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: None

General Counsel/District Staff

Present: Jack Bebee, General Manager
Paul de Sousa, General Counsel
Dave Shank, Assistant General Manager/CFO
Aaron Cook, Senior Engineer
Noelle Denke, Public Affairs Specialist
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Risa Baron, Lisa Druary, Kelly Hansen, Ruth and Billy Allen.

PLEDGE OF ALLEGIANCE

President Endter led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

President Endter announced that he would call on staff to make a presentation of each agenda item. After the presentation was made, to avoid everyone speaking at once, President Endter reported he would then call on each Director to see if there were questions for staff regarding their presentation. President Endter stated after the round of questions, he would then ask for a motion and request that each Director identify themselves when making a motion or seconding a motion. Next, President Endter would call on each Director to see if there were any comments. He announced all votes would be done by roll call.

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. CONSIDER APPROVAL OF MINUTES

1. May 27, 2020 Special Board Meeting
2. May 27, 2020 Regular Board Meeting
3. May 29, 2020 Special Board Meeting and Facilities Tour

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

- B. CONSIDER ADOPTION OF RESOLUTION NO. 4997 PLACING FIXED CHARGE SPECIAL ASSESSMENTS TO ADD DELINQUENT AND UNPAID CHARGES ON THE TAX ROLL

Recommendation: That the Board adopt Resolution No. 4997 placing fixed charge special assessments to add delinquent and unpaid charges on the annual tax roll for 2020-21 by the San Diego County Treasurer-Tax Collector.

- C. CONSIDER ADOPTION OF ORDINANCE NO. 347 FIXING WATER STANDBY OR AVAILABILITY CHARGES FOR 2020-21

Recommendation: The Board adopt Ordinance No. 347 as prepared and authorize the Secretary of the Board of Directors to send a certified copy to the Board of Supervisors of the County of San Diego and Auditor and Controller of the County of San Diego.

MOTION: Director McDougal moved to approve the Consent Calendar as presented; Vice-President DeMeo seconded. Motion passed;
VOTE:

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

III. PROPOSED FISCAL YEAR 2020-21 BUDGET -----(ITEM D)

- D. REVIEW OF PROPOSED BUDGET AND CONSIDER ADOPTION OF RESOLUTION NO. 4998 ADOPTING THE DISTRICT FISCAL YEAR 2020-21 RECOMMENDED ANNUAL BUDGET AND ADOPTION OF RESOLUTION NO. 4999 AMENDING ARTICLE 21 OF THE ADMINISTRATIVE CODE

Recommendation: That the Board adopt Resolution No. 4998 adopting the final budget for Fiscal Year 2020-21 and adopt Resolution No. 4999 amending the Administrative Code to reflect the new RTS charge.

Assistant General Manager/CFO Shank reviewed the proposed Fiscal Year 2020-21 Recommended Annual Budget.

AGM/CFO Shank and General Manager Bebee presented a slide show with an overview of the summary of sources and uses of funds, the operating budget

detail, capital budget summary, projected fund balances, and next steps in relation to the fiscal year 2020-21 budget.

AGM/CFO Shank reported this is the second year that the Budget has received the Award of Excellence from GFOA as well as CSMFO.

Director Baxter announced that on page 81 of the Board packet, the water supply costs page shows an additional IAC cost that has increased 37.4% over the last 24 months. He reiterated that these costs are passed through from SDCWA and equates to roughly \$2.798M. Director Baxter stated these are costs that are imposed by SDCWA to the rate base of Fallbrook that FPUD has no control over. Director Baxter asked the FPUD ratepayers to reach out to their Directors and to educate themselves on projects such as the Conjunctive Use Project and the De-annexation project that can be done to help mitigate these costs.

Director Baxter asked what the estimated savings were per acre foot if the de-annexation were to be successful. He noted the budget has an estimate of \$1,730 per acre foot. AGM/CFO Shank responded that the price per acre foot would be \$1,104, if the de-annexation was successful. Director Baxter reiterated that is a savings of over \$500 per acre foot and would not sacrifice reliability or water quality.

Director McDougal added that the almost \$2.8M increase imposed by SDCWA would have no benefit to FPUD ratepayers, as that water would never reach Fallbrook.

AGM/CFO Shank noted the approved Budget would go back to the Board in July for confirmation and that rates and charges for calendar year 2021 would be set in December.

Director Wolk remarked that staff and Directors need to keep pushing the State for reimbursement for the loan, or the District will eventually run out of funds. He reported, to date, the District has spent \$4M out of its reserves and are still waiting on another \$4M from the State. General Manager Bebee agreed that this is an ongoing effort, and Staff is communicating with Senator Brian Jones's office monthly to keep the reimbursement process moving in a timely manner.

MOTION: Director Wolk moved to adopt Resolution No. 4998, adopting the final budget for Fiscal Year 2020-21 and to adopt Resolution No. 4999, amending the Administrative Code to reflect the new RTS charge; Director McDougal seconded. Motion passed; VOTE:

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

ABSENT: None

IV. ACTION / DISCUSSION CALENDAR -----(ITEM E)

E. CONSIDER CONCERNS BY NEIGHBORS OVER REPLACEMENT OF THE MARTIN TANK

Recommendation: Staff supports Board direction.

Three residents joined the meeting to voice their concerns over the impacts of the new Martin water tank and to request landscaping and painting of the tank be considered to mitigate the impact of the new tank.

Mr. and Mrs. Allen asked if the EIR for the project outlined the impacts of the new tank. General Manager Bebee stated that the environmental impacts of the entire project were included in the study.

Director McDougal stated he thought it was the responsibility of the realtors to disclose this project to potential homebuyers.

General Manager Bebee provided background on this project, stating this is a significant project that has been underway for some time. He did note that, fortunately, most of this project is underground, and the majority of the impact is temporary, except for the impact associated with the tank. General Manager Bebee reported that the requests from the residents on this issue were above his authority, and he needed Board direction on how to move forward. He did note, if it is not possible for the Board and the residents to work together on an approach to mitigate this, the residents are able to file a claim, which would go through FPUD's insurance and would then fall out of the Board's hands.

Director Baxter thanked the residents for their letters and time spent with the Directors. He reported that some of the items requested from the residents were outside the Board's approval, as it relates to ratepayers funding.

Director Baxter moved to consider the planting of trees on FPUD property, along the residents' fence line, not to exceed \$20,000, along with painting the water tank in one common color that the residents agree on. Director McDougal seconded the motion.

Director Wolk asked for clarification on the replacement fencing mentioned in the Board packet. General Manager Bebee stated this was a request from the Allens, but was unsure if this was a District-installed fence. Mr. Allen reported there is a razor wire on the fence with FPUD signs, which is falling apart. Mr. Allen also reported his water meter falls on the FPUD side of the fence, and he has no way

to get to it without going onto FPUD property. General Manager Bebee stated he would go back and look at the fence.

Director Wolk asked for clarification on the amount Director Baxter included in his motion for landscaping. Director Baxter stated he was unsure the cost of mature trees. Director Baxter noted it was prudent to have staff explore how many trees would be required and that his estimate was based on what trees may or may not cost. Director Wolk asked if staff would hire an architect and noted that based on what plant material is chosen, there does not have to be a solid wall to screen the tank.

President Endter suggested the motion be tabled until the Board has more solid figures for costs involved.

General Manager Bebee reiterated the landscaping would need to be done on the FPUD property, to avoid a potential gift of public funds problem.

Director McDougal agreed that landscape screening was needed and recommended 60 inch boxed trees be used on District property to protect the residents' views. He invited the residents and staff to his property to view examples of the landscape screening. Director McDougal also recommended that the tank be painted one color that all residents agree on. Director McDougal reported that he spoke with the contractor regarding the driveway, and the contractor agreed to pave 12 feet in width instead of six feet, using two inches of asphalt instead of four, which should give a complete driveway width.

Director Wolk stated he was uncomfortable having the tank painted in two colors.

Director Baxter requested that staff come up with a landscaping plan that included costs. He also requested the residents come together to select one color for the tank to be painted.

General Manager Bebee reported staff will work on developing a landscaping plan, and then that plan will be brought back to the Board at the next Regular Board Meeting. He also stated he would look at the fence near the Allen residence on FPUD property.

Vice-President DeMeo confirmed this item would tentatively be placed on the next Board Meeting agenda.

Director Baxter withdrew his original motion, and Director McDougal withdrew his second.

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

1. General Counsel
 - General Counsel de Sousa reported she is continuing to review an inordinate number of health orders.
 - General Counsel de Sousa announced there is now an approved budget by Assembly and State Senate.
2. SDCWA Representative Report
3. General Manager
 - a. Engineering and Operations Report
4. Assistant General Manager/Chief Financial Officer
 - a. Financial Summary Report
 - b. Treasurer's Report
 - c. Budget Status Report
 - d. Warrant List
 - Assistant General Manager/CFO Shank provided an overview of the written reports included in the board packet.
 - AGM/CFO Shank did make note that one of the State reimbursements was inadvertently labeled as operating funds, when it should have been labeled as LAIF. While this was caught, it was not caught until the end of the month. The liquidity portfolio therefore showed \$1.38M out of the \$5.1M shown as incorrectly classified as operating funds. Since this has been corrected, there have been additional steps taken to make sure tracking is better, and going forward he did not anticipate this happening again in the future.
5. Public Affairs Specialist
 - Public Affairs Specialist Denke reported there have been efforts made on keeping ratepayers informed and educating them on what detachment is. There will be a bill stuffer included in the next round of bills that explains what detachment is. She noted there is also a video being creating, which will be put on social media. Press releases on various forms of ratepayer assistances are also being released.
6. Notice of Approval of Per Diem for Meetings Attended
7. Director Comments/Reports on Meetings Attended
8. Miscellaneous

ADJOURN TO CLOSED SESSION

General Counsel de Sousa announced that members of the public were welcome to continue to stay on the teleconference line while the Board was in Closed session, however they would only hear silence. Following Closed Session and prior to adjournment, an oral announcement of reportable action, should there be any, would be made to the public on the teleconference line.

The Board of Directors adjourned to Closed Session at 6:03 p.m. following an oral announcement by General Counsel de Sousa of Closed Session Items VI.1 through VI.3.

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

1. PERFORMANCE EVALUATION FOR THE GENERAL MANAGER
2. CONFERENCE WITH LABOR NEGOTIATORS PER GC § 54957.6

Unrepresented Employee: General Manager

3. PERFORMANCE EVALUATION FOR THE GENERAL COUNSEL

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:36 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

General Counsel de Sousa announced there was no reportable action taken in Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President Endter adjourned the June Regular Meeting of the Fallbrook Public Utility District at 6:37 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors