

**FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS  
COMBINED NOVEMBER/DECEMBER REGULAR BOARD MEETING**

**MINUTES**

**MONDAY, DECEMBER 9, 2019  
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**

Vice-President DeMeo called the Combined November/December 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: Dave Baxter, Member  
Jennifer DeMeo, Member  
Ken Endter, Member  
Charley Wolk, Member

Absent: Don McDougal, Member

General Counsel/District Staff

Present: Paula de Sousa, General Counsel  
Jack Bebee, General Manager  
David Shank, Assistant General Manager/Chief Financial Officer  
Mavis Canpinar, Customer Service Specialist  
Jason Cavender, Operations Manager  
Aaron Cook, Senior Engineer  
Mick Cothran, Engineering Technician  
Noelle Denke, Public Affairs Specialist  
Kelly Laughlin, Administrative Office Specialist  
Jeff Marchand, Engineering Supervisor  
Lisa Chaffin, Human Resources Manager  
Steve Stone, Field Services Manager  
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Claire Collins, Phil Murray, Lea Keenantacker, Mrs. Mcphee, Jason Newmann, Ken and Susan Bandy, Nick Krnich, Matthew Bellafaire, Brian Suchoski, and David Forman

## PLEDGE OF ALLEGIANCE

Vice-President DeMeo led the Pledge of Allegiance.

## ADDITIONS TO AGENDA PER GC § 54954.2(b)

There were no additions to the agenda.

## APPROVAL OF AGENDA

MOTION: Director Wolk moved to approve the agenda as submitted; Director Endter seconded. Motion passed; 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.*

Phil Murray stepped to the podium to address the Board regarding the cost of water in Fallbrook and his opposition to the San Diego County Water Authority.

General Manager Bebee requested that any member of the public, wishing to speak on an agenda item, postpone their comments until that item is discussed.

### A. RECOGNITION AND COMMENDATION OF STUDENT ARTWORK

The top 14 fourth grade student artists who submitted artwork for the 2020 Be Water Smart calendar contest were honored and presented with gifts and prizes for their outstanding artwork featured in the calendar.

At 4:24 p.m., Vice-President DeMeo announced the Board would take a brief recess.

At 4:28 p.m., the Board returned from recess and reconvened to Open Session.

### B. ELECTION OF OFFICERS TO THE BOARD OF DIRECTORS

1. President

2. Vice-President

Vice-President DeMeo turned the gavel over to General Manager Bebee to conduct the Election of Officers. General Manager Bebee requested a motion for President and Vice-President.

MOTION: Director Wolk moved to nominate Director Endter as President and Director DeMeo as Vice-President; Director Baxter seconded. Motion carried;  
VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

The Election of Officers was closed, and General Manager Bebee turned the gavel over to newly-elected President Endter to preside over the remainder of the meeting.

C. APPOINTMENTS TO BOARD STANDING COMMITTEES

1. Fiscal Policy & Insurance
2. Engineering & Operations
3. Personnel

President Endter made the following appointments to the Board Standing Committees:

1. Fiscal Policy & Insurance: *Directors Wolk (chair) and McDougal (member)*
2. Engineering & Operations: *Directors Baxter (chair) and Endter (member)*
3. Personnel: *Directors DeMeo (chair) and McDougal (member)*

D. INTRODUCTION OF NEW EXECUTIVE ASSISTANT/BOARD SECRETARY, LAUREN ECKERT

General Manager Bebee introduced Lauren Eckert as the new Executive Assistant/Board Secretary.

E. EMPLOYEE OF THE QUARTER FOR NOVEMBER 2019

1. Kelly Laughlin

General Manager Bebee commended Kelly Laughlin for being chosen Employee of the Quarter for November 2019.

II. **CONSENT CALENDAR**-----**(ITEMS F – J)**

*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.*

F. CONSIDER APPROVING MINUTES

1. October 28, 2018 Regular Board Meeting
2. November 8, 2019 Special Board Meeting and Public Hearing

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

G. CONSIDER 2020 BOARD OF DIRECTORS REGULAR MEETING SCHEDULE

Recommendation: *The Board establish the 2020 Board of Directors' regular meeting schedule, to include postponing the May regular meeting by two days to Wednesday, May 27, 2020, at 4 p.m. and combining the November and December regular Board meetings to Monday, December 7, 2020, at 4 p.m.*

H. CONSIDER UPDATED LAND LEASE FOR SILVERTHORN NURSERY

Recommendation: *Staff supports the Board's direction.*

I. CONSIDER RESOLUTION 4984 ADOPTING THE 2019 SAN DIEGO INTEGRATED REGIONAL WATER MANAGEMENT PLAN

Recommendation: *That the Board approve Resolution 4984 adopting the 2019 San Diego IRWM Plan.*

J. CONSIDER CLAIM FOR SUBROGATION DUE TO INUNDATION OF WATER ONTO REAL PROPERTY

Recommendation: *The claim will exceed the District retrospective allocation point (amount District can approve prior to any JPIA approval) of \$10,000 per occurrence; therefore, in order to be reimbursable through insurance it needs to be forwarded to JPIA as required. Staff recommends rejection of the claim and to forward claim to ACWA/JPIA for resolution.*

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

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

III. ACTION / DISCUSSION CALENDAR ----- (ITEMS K – U)

- K. CONSIDER ADOPTION OF A RESOLUTION OF APPLICATION REQUESTING THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION TO COMMENCE PROCEEDINGS FOR THE DETACHMENT/EXCLUSION OF FPUD FROM THE SAN DIEGO COUNTY WATER AUTHORITY AND ANNEXATION INTO THE EASTERN MUNICIPAL WATER DISTRICT AND FINDING THAT THE ACTION IS EXEMPT FROM CEQA

*Recommendation:* Staff supports Board direction.

Claire Collins, on behalf of the San Diego County Water Authority, stepped to the podium to address the Board about the main concerns regarding the potential detachment of FPUD and RMWD from the SDCWA.

Several members of the public stepped to the podium to address the Board and express their support for the potential detachment/exclusion of FPUD from the San Diego County Water Authority and annexation into the Eastern Municipal Water District.

General Manager Bebee presented a slideshow which outlined the work that has gone on in the past, as well as what drives rates in San Diego County. General Manager Bebee reiterated by detaching from the San Diego County Water Authority, there would be no infrastructure changes for FPUD.

MOTION: Director Wolk moved to approve the adoption of Resolution No. 4985, a resolution of application requesting the San Diego Local Agency Formation Commission to commence proceedings for the detachment/exclusion of FPUD from the San Diego County Water Authority and Annexation into the Eastern Municipal Water District and finding that the action is exempt from CEQA; Director Baxter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

At 5:24 p.m., President Endter announced the Board would take a brief recess.

At 5:34 p.m., the Board returned from recess and reconvened to Open Session.

- L. CONSIDER ADOPTING RESOLUTION NO. 4986 APPROVING THE INCREASED RATES FOR WATER AND RECYCLED WATER SERVICE CHARGES AND RATES FOR WASTEWATER SERVICE CHARGES AND TAKING OTHER RELATED ACTIONS

*Recommendation:* The Board adopt Resolution No. 4986 adopting calendar year 2020 rates and charges for water, recycled water and wastewater services.

Assistant General Manager/CFO, Dave Shank summarized the process of the rate study that occurred in the past and provided an overview of the proposed increases to rates and charges for water, recycled water, and wastewater for CY 2020.

MOTION: Vice-President DeMeo moved to adopt Resolution No. 4986 adopting calendar year 2020 rates and charges for water, recycled water and wastewater services; Director Wolk seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

M. CONSIDER APPROVING THE DRAFT COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FY ENDING JUNE 30, 2019

*Recommendation:* The Committee recommends that the Board approve the Draft CAFR for Fiscal Year Ending June 30, 2019.

David Forman of White Nelson Diehl Evans LLP stepped to the podium and showed a presentation outlining the audit process and what is detailed in the draft Comprehensive Annual Financial Report (CAFR) for fiscal year ending June 30, 2019.

Director Wolk requested the naming convention outlined in the CAFR be consistent.

MOTION: Director Baxter moved to approve the Draft Comprehensive Annual Financial Report (CAFR) for Fiscal Year ending June 30, 2019; Director Wolk seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

N. CONSIDER MEMORANDUM OF UNDERSTANDING WITH RAINBOW MUNICIPAL WATER DISTRICT FOR WATER RESOURCE DEVELOPMENT AND EMERGENCY WATER SUPPLY

*Recommendation:* That the Board authorize the General Manager to execute the attached memorandum of understanding with Rainbow Municipal Water District (RMWD) for Water Resource Development and Emergency Water Supply.

General Manager Bebee announced the District has been looking at opportunities to work together with RMWD on various items, including improving our interconnect and

facilities. Mr. Bebee explained this MOU is primarily for emergency water supplies, but also working with Rainbow on water resource development within our service areas.

MOTION: Vice-President DeMeo moved to approve the authorization of the General Manager to execute a Memorandum of Understanding with Rainbow Municipal Water District (RMWD) for Water Resource Development and Emergency Water Supply; Director Wolk seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

O. CONSIDER PROFESSIONAL SERVICES AGREEMENT WITH ALCHEMY CONSULTING GROUP

*Recommendation:* That the Board approve for the General Manager to enter into the attached professional services agreement with Alchemy Consulting Group for a retainer fee of \$7,500 per month to provide support to the District in educating key stakeholders about the potential application to SDLAFCO for detachment/exclusion from the SDCWA and annexation to EMWD.

General Manager Bebee explained Alchemy Consulting will assist in providing education and information to public officials and others regarding the reasons the District is trying to detach from SDCWA. Alchemy Consulting will convey the message the District hears from its ratepayers to those involved in the decision making process on a County-wide level.

MOTION: Director Wolk moved to approve the General Manager to enter into a professional services agreement with Alchemy Consulting Group for a retainer fee of \$7,500 per month to provide support to the District in educating key stakeholders about the potential application to SDLAFCO for detachment/exclusion from the SDCWA and annexation to EMWD; Vice-President DeMeo seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

P. CONSIDER AWARD OF WINTER HAVEN ROAD PIPELINE REPLACEMENT PROJECT (JOB 3101)

Recommendation: That the Board authorize award of the Winter Haven Road Pipeline Replacement Project to the lowest responsible bidder, Kirtley Construction, Inc. dba TK Construction, for \$750,400.

Senior Engineer, Aaron Cook stated this project was part of the water capital projects and would replace 1,950 linear feet of 12 inch water main and 620 linear feet of six inch PVC. He explained that the existing pipeline goes through an easement, and this would move the water main into the street on Winter Haven and extend a six inch PVC line, in a high groundwater area, in order to service the existing customers. He stated the budget for this project was \$860,000. Vice-President DeMeo asked if we have worked with TK Construction in the past. Senior Engineer Cook responded that TK Construction has replaced valves for us in the past.

MOTION: Director Wolk moved to authorize award of the Winter Haven Road Pipeline Replacement Project to the lowest responsible bidder, Kirtley Construction, Inc. dba TK Construction, for \$750,400; Vice-President DeMeo seconded. Motion carried; VOTE:

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

Q. CONSIDER AWARD OF OVERLAND TRAIL LIFT STATION REHABILITATION PROJECT (JOB 3057)

Recommendation: That the Board authorize award of the Overland Trail Lift Station Rehabilitation Project to the lowest responsible bidder, Pacific Hydrotech Corporation, for \$2,490,150.

Senior Engineer, Aaron Cook explained the Overland Trail Lift Station is a former treatment plant that is now used as a lift station. This project will be diverting flows currently going to Anthony's Corner to Overland Trail, so the District is able to do away with Anthony's Corner and consolidate the two lift stations into one.

General Manager Bebee reiterated the District does not have capacity issues, but it is more cost effective to move all of the flow to one place, consolidate rehabilitation projects, and get rid of Anthony's Corner compared to replacing both lift stations.

Director Wolk asked for clarification on the fiscal years this project was budgeted into. General Manager Bebee responded that this project will fall into two fiscal years. Senior Engineer Cook reiterated the project will begin in February or March and will take through the end of the current fiscal year into the next.



MOTION: Director Wolk moved to authorize award of the Overland Trail Lift Station Rehabilitation Project to the lowest responsible bidder, Pacific Hydrotech Corporation, for \$2,490,150; Director Baxter seconded. Motion carried; VOTE:

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

R. CONSIDER THE ELECTION TO SPECIAL DISTRICTS ADVISORY COMMITTEE FOR THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

*Recommendation: The Board consider the nominations for the LAFCO Special Districts Advisory Committee and authorize the President to cast its votes on the ballots provided.*

President Endter proposed to vote for the five incumbent members, Jack Bebee (Fallbrook Public Utility District), Robert Thomas (Pomerado Cemetery District), Thomas (Tom) Kennedy (Rainbow Municipal Water District), Kimberly A. Thorner (Olivenhain Municipal Water District), and Mark Robak (Otay Water District) and add a vote for James E. Gordon (Deer Springs Fire Protection District), Albert C. Lau (Santa Fe Irrigation District), and Courtney G. Provo (Mission Resources Conservation District).

MOTION: President Endter moved to authorize the vote for the five incumbent members and add James E. Gordon, Albert C. Lau, and Courtney G. Provo; Vice-President DeMeo seconded. Motion carried; VOTE:

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

S. CONSIDER AWARD OF A BACKHOE TO JOHN DEERE

*Recommendation: The Board approve a purchase of one backhoe from John Deere (RDO Equipment) for the price of \$103,748.70.*

Field Services Manager, Steve Stone explained the purchase of the backhoe from John Deere would replace the current 2001 backhoe as well as meet our Air Quality Board compliance requirements. President Endter confirmed the bid was \$26,000 less than budgeted and that we only received a single bid. Field Services Manager Stone explained this was the only backhoe that met the necessary lifting capacity.

MOTION: Director Wolk moved to approve the purchase of one backhoe from John Deere (RDO Equipment) for the price of \$103,748.70; Director Baxter seconded. Motion carried; VOTE:

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

#### T. CONSIDER AWARD OF A HYDRO EXCAVATOR TO VERMEER

Recommendation: *The Board approve a purchase of one hydro excavator from Vermeer (RDO Equipment) for the price of \$74,631.42.*

Field Services Manager, Steve Stone stated the original intent was to purchase a street sweeper during this fiscal year. However, excessive wear on the sewer vector trucks has been recognized. It has also been identified that the vector trucks have been used outside their scope of work.

General Manager Bebee mentioned the District is looking at ways to cut back on paving costs, as they are hard to control. The hydro excavator would have a two to three year payback on its investment in terms of reducing paving costs along with excessive wear on the vector.

MOTION: Vice-President DeMeo moved to approve the purchase of one hydro excavator from Vermeer (RDO Equipment) for the price of \$74,631.42; Director Wolk seconded. Motion carried; VOTE:

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

#### U. CONSIDER APPROVAL OF INTERIM FINANCING FOR THE SANTA MARGARITA CONJUNCTIVE USE FACILITIES

Recommendation: *The Board approve the withdrawal of \$3,960,268.13 from the District's Long-term Investment Portfolio and deposit this amount back into the portfolio once the SRF loan funds are available.*

A revised Board Memo was distributed to the Board, which showed an increase in the withdrawal amount to \$4,168,703.29. Assistant General Manager Shank explained the original amount of \$3,960,268.13 did not include retention funds going to the Contractor. Mr. Shank noted the District has been waiting for funds to be received from the loan that was approved by the state. Now, it is being proposed that we liquidate long-

term reserves in an amount equal to the funding requirements as this project goes forward.

General Manager Bebee reported that the Contractor has been somewhat patient, but if they do not receive payment, they will not keep working, which has a cost associated with that as well. Mr. Bebee stated this will get us through the two invoices we need to pay, and if we do not have the funding back in January, this will be revisited.

Director Wolk noted the funds should be replaced the same day as the SRF loan funds are received.

MOTION: Director Wolk moved to approve the withdrawal of \$4,168,703.29 from the District's Long-term Investment Portfolio and deposit this amount back into the portfolio the same day the SRF loan funds are available; Vice-President DeMeo seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director McDougal

#### **IV. ORAL/WRITTEN REPORTS----- (ITEMS 1-9)**

1. General Counsel
2. SDCWA Representative Report
3. General Manager
  - General Manager Bebee explained the permit for the Water Acclimation Plant is up for renewal, and he has an in-person meeting to address the renewal.
4. Assistant General Manager/Chief Financial Officer
  - a. Treasurer's Report
  - b. Budget Status Report
  - c. Warrant List
    - Assistant General Manager/Chief Financial Officer Shank provided an overview of the written reports included in the board packet.
5. Operations Manager/Senior Engineer
  - a. Engineering and Operations Report
6. Public Affairs Specialist
7. Notice of Approval of Per Diem for Meetings Attended
  - President Endter provided notification to the Board that former President McDougal approved Directors' attendance to the Legislative Roundtable with Congressman Mike Levin, 49<sup>th</sup> District, on Wednesday, November 6, 2019, at the San Diego County Water Authority.

- President Endter provided notification to the Board that former President McDougal approved Vice-President DeMeo's attendance to a meeting with himself on November 26, 2019 to discuss District items.
8. Director Comments/Reports on Meetings Attended
- President Endter provided a brief summary of meetings attended, as more fully described in the written reports included in the board packet.
  - Vice-President DeMeo provided a brief summary of her attendance at ACWA Conference.
  - Director Baxter provided a brief summary of his attendance at ACWA Conference, including several courses he attended. He also reported he completed his Ethics and Sexual Harassment training, as required.
9. Miscellaneous

#### ADJOURN TO CLOSED SESSION

The Board of Directors adjourned to Closed Session at 6:59 p.m. following an oral announcement by President Endter of Closed Session Item V.1.

#### **V. CLOSED SESSION**

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

*Two (2) Potential Cases*

#### RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 7:25 p.m.

#### REPORT FROM CLOSED SESSION (*As Necessary*)

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

#### **VI. ADJOURNMENT OF MEETING**

There being no further business to discuss, President Endter adjourned the Combined Nov./Dec. Regular Meeting of the Board of Directors of the Fallbrook Public Utility District at 7:26 p.m.



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President, Board of Directors

ATTEST:

  
Secretary, Board of Directors