



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING

MINUTES

MONDAY, JANUARY 25, 2021
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

Vice President Baxter called the January Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:02 p.m.

Vice President Baxter 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.

Vice President Baxter 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

Vice President Baxter reported that President DeMeo was absent from the meeting.

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: Jennifer DeMeo, President

General Counsel/District Staff

Present: Jack Bebee, General Manager
Paul de Sousa, General Counsel
Dave Shank, Assistant General Manager/CFO
Jason Cavender, Operations Manager
Kevin Collins, Purchasing/Warehouse Supervisor
Aaron Cook, Engineering Manager
Noelle Denke, Public Affairs Specialist
Steve Stone, Field Services Manager
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Steven Gortler

PLEDGE OF ALLEGIANCE

Vice President Baxter led the Pledge of Allegiance.

APPROVAL OF AGENDA

MOTION: Director McDougal moved to approve the agenda as presented; Director Endter seconded. Motion passed; **VOTE:**

AYES: Directors Baxter, Endter, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director DeMeo

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. APPOINTMENTS TO BOARD STANDING COMMITTEES

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

The Board Standing Committee appointments remained unchanged as follows:

1. Fiscal Policy & Insurance: Directors Wolk and McDougal
2. Personnel: Directors DeMeo and McDougal
3. Engineering & Operations: Directors Baxter and Endter

- B. 2020 EMPLOYEE OF THE YEAR; RESOLUTION NO 5004
1. Chris Hamilton

The Board recognized and commended Chris Hamilton for being voted as Employee of the Year for 2020 by his peers.

MOTION: Director Wolk moved to approve Resolution No. 5004, recognizing and commending Chris Hamilton for being voted as Employee of the Year for 2020 by his peers; Director McDougal seconded. Motion carried; VOTE:

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

- C. YEARS OF SERVICE
1. Joye Johnson – 5 years

The Board recognized Joye Johnson for her five years of service to the District.

- II. **CONSENT CALENDAR**-----**(ITEM 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.

- D. CONSIDER APPROVAL OF MINUTES
1. December 7, 2020 Combined November/December Regular Board Meeting

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

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

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

ABSTAIN: None
ABSENT: Director DeMeo

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

E. DEBT REFUNDING RESULTS

Presented by: David Shank, Assistant General Manager/Chief Financial Officer

Registered Municipal Advisor, Steven Gortler presented a slideshow outlining the debt refunding results, including savings to the District.

Director McDougal noted the District initially thought the savings would be \$1,000,000, and the actual savings were closer to \$1,500,000. AGM/CFO Shank reported the cost of issuance was less than what was initially estimated.

Director Wolk questioned the SRF loan interest figures shown in the presentation. Registered Municipal Advisor Gortler reported that originally there was \$24.6M in unpaid principal and \$4.86M in interest that would have been paid over the life of the bond. After refinancing, there was only \$19.8M principal on the new bond instead of \$24.6M and \$6.1M in interest instead of \$4.86M. Therefore, the District was paying back a lot more interest and less principal than it would have by not refunding the loan. The bonds were structured this way to attract interested investors.

General Manager Bebee acknowledged the effort by the FP&I Committee and Finance Department to put the District in a situation where the refunding was possible.

F. MID-YEAR BUDGET UPDATE

Presented by: David Shank, Assistant General Manager/Chief Financial Officer

Assistant General Manager/CFO Shank presented a slide show that provided an overview and update of the mid-year budget.

Director Endter asked if the government would reimburse the District for employees out on leave because of COVID. AGM/CFO Shank responded that the District was not reimbursed.

General Manager Bebee acknowledged the amount of work the FP&I Committee had done to make the budget extremely accurate.

G. FY20-21 CAPITAL PROJECTS UPDATE

Presented by: Aaron Cook, Engineering Manager

Engineering Manager Cook presented a slide show that provided a mid-year capital improvement project update.

Vice President Baxter asked if the backflow replacement priority was due to regulatory requirements. General Manager Bebee reported that there was a realization that there were backflow devices in need of immediate attention.

Vice President Baxter asked how close we would get to the year-end goal for meter replacement. Field Services Manager Stone thought there would be another 400-500 completed by the end of the fiscal year, but it would be hard to say definitively.

Director Wolk asked if the 4,000 linear feet of pipeline for the SMRCUP project was included in the pipeline replacement goal. Engineering Manager Cook responded that the portion for the SMRCUP project was replacing an old line that would need replacement. Engineering Manager Cook confirmed the 4,000 feet that was part of the SMRCUP project was included in the 6,600 feet goal.

Director McDougal asked if the construction of the new assisted living facility had an impact on the District's new pump station on Mission Road. Engineering Manager Cook responded that it was just a coincidence that the construction was happening at the same time, and there was no impact.

Vice President Baxter asked for a more detailed explanation of the recycled reuse pilot program. General Manager Bebee suggested a detailed presentation could be presented at the next Board meeting to give a clearer picture.

H. SMRCUP GAC TREATMENT UPDATE

Presented by: Aaron Cook, Engineering Manager

Engineering Manager Cook provided an update to the SMRCUP GAC Treatment Project.

Engineering Manager Cook announced they have already requested an amendment to the state revolving loan to cover these GAC costs. General Manager Bebee reported the official amendment and change order would come back to the Board for action in the future.

IV. **ACTION / DISCUSSION CALENDAR** ----- (ITEMS I-K)

I. CONSIDER ANNUAL REVIEW OF DIRECTORS' PER DIEM COMPENSATION

Recommendation: Staff supports Board decision.

General Manager Bebee announced Directors' per diem was reviewed annual, and there was an option to increase the compensation by five percent.

General Counsel de Sousa reported the action item at this meeting was to direct staff to set a Public Hearing at the next meeting for increasing Director per diem compensation.

MOTION: Director McDougal moved to begin the process of increasing Director per diem compensation by 5%, which will require a noticed Public Hearing in February; Director Endter seconded. Motion passed; VOTE:

AYES: Directors Baxter, Endter, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director DeMeo

J. CONSIDER UPDATES TO RECYCLED WATER PROVISIONS (ARTICLE 28) AND RECYCLED WATER USER AGREEMENT

Recommendation: That the Board adopt Resolution No. 5005, amending Administrative Code Article 28 and adopt the proposed changes to the Recycled Water User Agreement

General Manager Bebee stated the changes to the Recycled Water Provisions and Recycled Water User Agreement were largely administrative, ensuring consistency with today's regulations.

MOTION: Director Endter moved to adopt Resolution No. 5005, amending Administrative Code Article 28 and to adopt the proposed changes to the Recycled Water User Agreement; Director McDougal seconded. Motion passed; VOTE:

AYES: Directors Baxter, Endter, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director DeMeo

K. CONSIDER REQUEST TO PURCHASE PLANNED REPLACEMENT FLEET VEHICLES FOR FY 2021

Recommendation: The Board approve a purchase of four vehicles from Courtesy Chevrolet in the total amount of \$112,860.13.

General Manager Bebee stated there was an overall fleet and vehicle replacement program that included a methodology that addressed fleet vehicles, ensuring a cost effective approach. Three vehicles were now scheduled for replacement, and one additional vehicle was budgeted for a new position.

Vice President Baxter noted there was a savings of over \$87,000 from budget.

Director Wolk thought it was important to revise the criteria of how the District replaced vehicles, as the vehicles were relatively low mileage, which should be more of a criteria than age. Director Wolk noted regular maintenance, including oil changes should not be included in the maintenance cost.

MOTION: Director Endter moved to approve a purchase of four vehicles from Courtesy Chevrolet in the total amount of \$112,860.13; Director McDougal seconded. Motion passed; VOTE:

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

IV. ORAL/WRITTEN REPORTS ----- (ITEMS 1–8)

1. General Counsel
 - General Counsel de Sousa noted SB 231, similar to SB 998, would potentially require the District to waive connection fees and not terminate water service for non-payment if there is a State or County declared emergency.
2. SDCWA Representative Report
 - General Manager Bebee noted there was a meeting Thursday to review the budget and the two-year budget going forward, and he will provide an update at the February Board meeting.
3. General Manager
 - a. Engineering and Operations Report
 - General Manager Bebee reported the written report was included in the agenda packet.
 - i. Director Wolk asked why there was a spike in unplanned disruptions in December. General Manager Bebee stated he will get back to Director Wolk on these events.

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 agenda packet.
5. Public Affairs Specialist
 - Public Affairs Specialist Denke announced the District had received a lot of positive feedback from the public, including positive comments about Christian Hernandez, Chris Hamilton, and Matt Lian. She also provided an update for the student calendar contest.
6. Notice of Approval of Per Diem for Meetings Attended
 - Notification of approval for Director's attendance to ACWA Leadership Listening Session, held virtually, on December 16, 2020.
 - i. Vice President Baxter provided notice to the Board that he approved President DeMeo's attendance to the ACWA Leadership Listening Session, held virtually, on December 16, 2020.
7. Director Comments/Reports on Meetings Attended
8. Miscellaneous

ADJOURN TO CLOSED SESSION

Vice President Baxter 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 5:47 p.m. following an oral announcement by General Counsel de Sousa of Closed Session Items V.1 through V.3.

VI. CLOSED SESSION ----- (ITEMS 1–3)

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (d)(2)

One (1) Potential Case

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

Name of Case: *Todd Lange v. Fallbrook Public Utility District, San Diego Co. Sup. Ct. (North County) Case No 37-2020-00046705-CU-PT-NC*

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

Name of Case: *Bonnie Kessner and Andrea McCartney-Page, et al. vs. City of Santa Clara et al., Santa Clara Co. Sup. Ct. Case Number 20CV364054*

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:14 p.m.

REPORT FROM CLOSED SESSION (*As necessary*)

There was no reportable action taken in Closed Session.

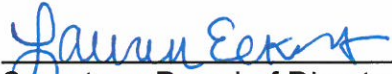
VII. ADJOURNMENT OF MEETING

There being no further business to discuss, the January Regular Meeting of the Fallbrook Public Utility District was adjourned at 6:14 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors