

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

MINUTES

MONDAY, DECEMBER 10, 2018
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 Gebhart called the Combined November/December 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: Jennifer DeMeo, Member
Ken Endter, Member
Al Gebhart, Member
Don McDougal, Member
Charley Wolk, Member

Absent: None

District Staff

Present: Paula de Sousa Mills, General Counsel
Jack Bebee, General Manager
David Shank, Assistant General Manager/Chief Financial Officer
Mavis Canpinar, Customer Service Specialist
Devin Casteel, System Operations Supervisor
Jason Cavender, Operations Manager
Aaron Cook, Senior Engineer
Mick Cothran, Engineering Technician
Noelle Denke, Public Affairs Specialist
Soleil Deville, Engineering Technician
Kelly Laughlin, Administrative Office Specialist
Jeff Marchand, Engineering Supervisor
Veronica Tamzil, Senior Accountant
Mary Lou West, Secretary

Also present were others, including, but not limited to: Ruth Allen; Milt Davies, Retired Board Member, Division 2; and Donna Gebhart, Fallbrook Trails Council.

PLEDGE OF ALLEGIANCE

President Gebhart 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 McDougal moved to approve the agenda as submitted; Director Wolk 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.

Ruth Allen stepped to the podium and expressed concern with the condition of the Martin tank, which is located near her home.

- A. SEATING OF DIRECTORS
 - 1. Kenneth Endter, Division No. 2
 - 2. Charley Wolk, Division No. 5

President Gebhart announced that Directors Endter and Wolk were elected to Divisions 2 and 5, respectively.

B. RECOGNITION AND COMMENDATION OF STUDENT ARTWORK

The top 14 fourth grade student artists who submitted artwork for the 2019 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., President Gebhart announced the Board would take a brief recess.

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

C. COMMEMORATE MILT DAVIES'S RETIREMENT FROM THE BOARD OF DIRECTORS

A commemoration ceremony was held in honor of Milt Davies' 37 years of service on the Board of Directors for both the Fallbrook Public Utility District and the Fallbrook Sanitary District.

D. EMPLOYEE OF THE QUARTER FOR NOVEMBER 2018

1. Mavis Canpinar

Mavis Canpinar was commended for being chosen Employee of the Quarter for November 2018 and was presented with a Certificate from Assemblywoman Marie Waldron's office.

At 4:57 p.m., President Gebhart announced the Board would take a brief recess.

At 5:05 p.m., the Board returned from recess and reconvened to Open Session.

E. ELECTION OF OFFICERS TO THE BOARD OF DIRECTORS

1. President
2. Vice-President

President Gebhart turned the gavel over to General Manager Bebee to conduct the Election of Officers.

MOTION: President Gebhart nominated Vice-President McDougal as President and Director DeMeo as Vice-President. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

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

F. APPOINTMENTS TO BOARD STANDING COMMITTEES

1. Fiscal Policy & Insurance
2. Personnel
3. Water Resources

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

1. Fiscal Policy & Insurance: *Directors Gebhart and Wolk*
2. Personnel: *Directors McDougal and DeMeo*
3. Water Resources: *Directors Wolk and Endter*

President McDougal directed staff to bring to the Board at the next regular meeting a proposal to revise the Administrative Code to change the Water Resources Committee to Engineering and Operations Committee.

II. CONSENT CALENDAR----- (ITEMS G – H)

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.

G. CONSIDER APPROVING MINUTES

1. October 22, 2018 Regular Board Meeting

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

H. CONSIDER 2019 BOARD OF DIRECTORS REGULAR MEETING SCHEDULE

Recommendation: The Board establish the 2019 Board of Directors' regular meeting schedule, to include postponing the May regular meeting by two days to Wednesday, May 29, 2019, at 4 p.m. and combining the November and December regular Board meetings to Monday, December 9, 2019, at 4 p.m.

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

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

NOES: None

ABSTAIN: None

ABSENT: None

III. INFORMATION----- (ITEMS I – J)

I. INTRODUCTION OF NEW SENIOR ACCOUNTANT, VERONICA TAMZIL

Presented by: Jack Bebee, General Manager

General Manager Bebee introduced Veronica Tamzil as the new Senior Accountant.

J. CITRIC ACID PILOT STUDY PRESENTATION

Presented by: Devin Casteel, System Operations Supervisor

System Operations Supervisor Casteel presented a slide show with an overview of the District's Citric Acid Pilot Study conducted at the Red Mountain Reservoir Ultraviolet Water Treatment Plant. The study demonstrated that a continuous citric acid feed reduced labor costs and energy consumption resulting in a \$15,900 annual savings.

IV. ACTION / DISCUSSION CALENDAR ----- (ITEMS K – N)

K. CONSIDER CLAIM FOR PROPERTY DAMAGE

Recommendation: Staff recommends denial of the Claim and forwarding to ACWA/JPIA for resolution.

For the benefit of newly elected Director Endter, President McDougal explained the Claim process and stated that in order for the District's insurance carrier to handle the Claim, it must be denied by the Board of Directors and then forwarded to the District's insurance carrier, the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), for resolution.

The Claimant was not present and there was no further discussion.

MOTION: Director Endter moved to deny the Claim filed by Randall Shepherd in the amount of \$24,495.95 and forward the Claim to the ACWA JPIA for resolution; Director Wolk seconded. Motion carried; VOTE:

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

L. DISCUSS COMMUNICATION PLAN AND CONSIDER AMENDING THE ADMINISTRATIVE CODE TO ADOPT ARTICLE 33, SOCIAL MEDIA POLICY; RESOLUTION NO. 4948

Recommendation: That the Board amend the Administrative Code to adopt Article 33, Social Media Policy, and adopt Resolution No. 4948.

General Manager Bebee stated that the Communication and Outreach Plan (Plan) was included in the board packet. He further stated that the Plan would be brought to the Board for review each year and the plan incorporates the use of social media.

General Manager Bebee briefly discussed implications of posts by Directors in relation to the Brown Act and the Public Records Act and suggested Directors refrain from posting to social media sites to avoid violations.

MOTION: Director Wolk moved to adopt Resolution No. 4948 amending the Administrative Code to add Article 33, Social Media Policy; Vice-President DeMeo seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

M. CONSIDER RESOLUTION NO. 4949 AUTHORIZING THE GENERAL MANAGER TO SIGN AND FILE FOR A FINANCIAL ASSISTANCE APPLICATION FOR A FINANCING AGREEMENT FROM THE STATE WATER RESOURCES CONTROL BOARD FOR THE PLANNING, DESIGN, AND CONSTRUCTION OF THE LSMR IPR PILOT PROJECT

Recommendation: That the Board adopt Resolution No. 4949 authorizing the General Manager to execute the financial assistance agreement should our pilot project application be approved by the Deputy Director of the State Water Resources Control Board.

General Manager Bebee reported that staff is working with Camp Pendleton to secure grant funding for water recycling pilot projects. Staff is pursuing additional grant funding through Proposition 1, and staff is utilizing Camp Pendleton's consultant to assist with the process. If the grant is secured, staff would return to the Board with approval to move forward with the project that would include an agreement with Camp Pendleton on cost allocation.

MOTION: Director Endter moved to adopt Resolution No. 4949 authorizing the General Manager to sign and file for a financial assistance application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the LSMR IPR Pilot Project; Director Wolk seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

N. CONSIDER MANAGEMENT OF THE PROCEEDS FROM THE SALE OF THE SANTA MARGARITA PROPERTY

Recommendation That the Board direct staff to establish separate accounts to hold the proceeds from the sale of the property to help offset long-term water costs. \$6.2 million will be set aside to fund the rate stabilization fund, to off-set debt payments in dry years for the Santa Margarita Conjunctive Use Project. The Balance will be set aside in another

account to help off-set long-term pension obligations and will be put into a pension obligation off-set fund.

That the Board authorize staff on the recommendation of the FP&I committee to later invest these funds from these accounts with PFM for the rate stabilization fund or PARS for the Pension Obligation Off-Set Fund.

Director Wolk stated the Fiscal Policy & Insurance Committee recommends the proposal, which supports the statutory requirements for reserves.

Assistant General Manager/Chief Financial Officer Shank noted that the Treasurer's Report will be modified to reflect these new accounts and no transactions will be made without Board approval.

President McDougal stated he would be calling a Special Board Meeting to discuss District finances and use of reserve funds.

MOTION: Director Wolk moved to direct staff to establish separate accounts to hold the proceeds from the sale of the property to help offset long-term water costs. \$6.2 million will be set aside to fund the rate stabilization fund, to off-set debt payments in dry years for the Santa Margarita Conjunctive Use Project. The balance will be set aside in another account to help off-set long-term pension obligations and will be put into a pension obligation off-set fund.

That the Board authorize staff, who will discuss with the Fiscal Policy & Insurance Committee, to later invest these funds from these accounts with PFM for the rate stabilization fund or PARS for the pension obligation off-set fund; Director Endter seconded. Motion carried; VOTE:

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

V. ORAL/WRITTEN REPORTS------(ITEMS 1-9)

1. General Counsel

- General Counsel de Sousa Mills provided the Board with an update of legislation affecting special districts, including a brief overview of SB 1124 that was vetoed last year but is expected to be reintroduced in the coming year. The bill would modify an employer's obligation for problems or errors when calculating CalPERS benefits.

2. SDCWA Representative Report

- General Manager Bebee/SDCWA Representative provided an overview of the written report included in the board packet.
3. General Manager
 - General Manager Bebee provided an overview of the written reports included in the board packet.
 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.
 - Mr. Shank stated a mid-year Budget Status Update would be provided to the Board in January.
 5. Operations Manager/Senior Engineer
 - a. Engineering and Operations Report
 6. Public Affairs Specialist
 7. Notice of Approval of Per Diem for Meetings Attended
 8. Director Comments/Reports on Meetings Attended
 - Vice-President DeMeo provided a brief summary of meetings attended, as more fully described in the written reports included in the board packet.
 9. Miscellaneous

ADJOURN TO CLOSED SESSION

The Board of Directors adjourned to Closed Session at 6:11 p.m. following an oral announcement by President McDougal of Closed Session Item VI. 1.

VI. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – SIGNIFICANT EXPOSURE TO LITIGATION PER GC § 54956.9 (d)(2):
 - NUMBER OF POTENTIAL CASES: ONE (1)

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:25 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

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

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President McDougal adjourned the Combined Nov./Dec. Regular Meeting of the Board of Directors of the Fallbrook Public Utility District at 6:26 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors