

**FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS  
REGULAR BOARD MEETING**

**MINUTES**

MONDAY, JANUARY 22, 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 regular meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:04 p.m. A quorum was established with attendance as follows:

Board of Directors

Present: Milt Davies, Member  
Jennifer DeMeo, Member  
Al Gebhart, Member/President  
Don McDougal, Member/Vice-President  
Charley Wolk, Member

Absent: None

District Staff

Present: Paula de Sousa Mills, General Legal Counsel  
Jack Bebee, Acting General Manager  
David Shank, Assistant General Manager/Chief Financial Officer  
Jason Cavender, System Operations Manager  
Lisa Chaffin, Human Resources Manager  
Mick Cothran, Drought Management Coordinator  
Jamison Davis, Utility Worker II  
Noelle Denke, Public Affairs Specialist  
Kyle Drake, Collections Supervisor  
Jeff Marchand, Engineering Supervisor  
Todd Lange, System Service/Shop Supervisor  
Kelly Laughlin, Administrative Office Specialist  
Mary Lou West, Secretary

Also present were others, including, but not limited to: Sheila Barr and Richard Babbe of PFM Asset Management LLC.

## 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 Davies seconded. Motion carried; VOTE:

AYES: Directors Davies, DeMeo, 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.*

There were no members of the public who wished to speak during Public Comment concerning items not listed on the agenda.

### A. 2017 EMPLOYEE OF THE YEAR; RESOLUTION NO. 4922

1. Jamison Davis

MOTION: Vice-President McDougal moved to adopt Resolution No. 4922 of commendation and appreciation to Jamison Davis as the 2017 Employee of the Year; Director Wolk seconded. Motion carried; VOTE:

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

### B. RECOGNITION AND COMMENDATION OF STUDENT ARTWORK

*Presented by: Noelle Denke, Public Affairs Specialist*

The top 14 fourth grade student artists who submitted artwork for the 2018 "Be Water Smart" calendar were honored and presented with gifts and prizes for their outstanding artwork that is featured in the calendar.

At 4:25 p.m., President Gebhart announced the Board would take a short recess.

At 4:27 p.m., President Gebhart announced the Board returned from recess and reconvened to Open Session.

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

*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.*

**C. APPROVAL OF MINUTES**

1. Combined November/December Regular Board Meeting and Public Hearing of December 11, 2017

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

**D. CONSIDER AUTHORIZING STAFF TO FILE THE NOTICE OF COMPLETION FOR THE BRANDON/ALVARADO SEWER REPLACEMENT PROJECT WITH THE COUNTY OF SAN DIEGO, ASSESSOR/RECORDER/COUNTY CLERK**

*Recommendation: That the Board authorize staff to file the Notice of Completion with the County of San Diego, Assessor/Recorder/County Clerk.*

**E. CONSIDER WAREHOUSE SUPERVISOR TITLE AND JOB DESCRIPTION REVISIONS; RESOLUTION NO. 4923**

*Recommendation: Staff recommends approving the Warehouse Supervisor job title change to Purchasing/Warehouse Supervisor and the proposed changes to the job description.*

**F. CONSIDER CLAIM FOR PROPERTY DAMAGE**

*Recommendation: That the Board deny the Claim for Property Damage by Mrs. Barr for her driveway and forward the Claim to the Association of California Water Agencies Joint Powers Insurance Authority for resolution.*

President Gebhart requested that Item E and F be removed from the Consent Calendar for further discussion.

**MOTION:** Vice-President McDougal moved to approve the Consent Calendar as revised to exclude approval of Items E and F; Director Wolk seconded. Motion carried; **VOTE:**

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

President Gebhart requested that Item E be reviewed by the Personnel Committee and if no substantive changes are required to approve the Resolution No. 4923.

MOTION: Director Davies moved to approve staff's recommendation to adopt Resolution No. 4923 approving the Warehouse Supervisor job title change to Purchasing/Warehouse Supervisor, and the proposed changes to the job description, pending review and non-substantive changes by the Personnel Committee. If substantive changes are required, the item will be brought to the full Board at the next regularly-scheduled Board meeting; Vice-President McDougal seconded. Motion carried; VOTE:

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

President Gebhart invited Mrs. Sheila Barr to the podium to give an overview of the damage at her property. Director Davies asked about the cost to fix the damage.

MOTION: Director Davies moved to fix the damage to Mrs. Barr's property internally before sending to JPIA; Director DeMeo seconded.

Acting General Manager Bebee mentioned that claims over \$10,000 are typically sent to the Association of California Water Agencies Joint Power Insurance Authority to handle.

MOTION: Director Davies moved to fix the damage to Mrs. Barr's property internally before sending to JPIA; Director DeMeo seconded. Motion failed; VOTE:

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

MOTION: Director Davies moved that the Board deny the Claim for Property Damage by Mrs. Barr for her driveway and forward the Claim to the Association of California Water Agencies Joint Powers Insurance Authority for resolution; Vice-President McDougal seconded. Motion carried; VOTE:

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

**III. INFORMATION ----- (ITEMS G-I)**

**G. INTRODUCTION OF NEW HUMAN RESOURCES MANAGER, LISA CHAFFIN**

*Presented by: Jack Bebee, Acting General Manager*

Acting General Manager Bebee introduced Human Resources Manager Lisa Chaffin to the Board of Directors. Mr. Bebee invited the Directors to schedule a time to meet with Mrs. Chaffin through the Board Secretary.

**H. BUDGET STATUS REPORT PRESENTATION**

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

Assistant General Manager/Chief Financial Officer Shank presented the Board with a PowerPoint presentation providing a mid-year budget status report for Fiscal Year 2017-2018.

**I. PFM INVESTMENT PERFORMANCE**

*Presented by: Richard D. Babbe, Senior Managing Consultant*

Mr. Richard Babbe, Senior Managing Consultant for PFM Asset Management, LLC, provided a slide show titled, "Investment Performance Review for the Quarter Ended December 31, 2017," relative to the District's investment portfolio. Mr. Shank advised the Board that PFM would be giving a quarterly overview on the performance of the District's investments. Director Wolk requested an improved summary of performance. Assistant General Manager/ Chief Financial Officer Shank identified that he is working on the performance summary with PFM Asset Management, LLC and a revised version will be provided.

**IV. ACTION / DISCUSSION CALENDAR ----- (ITEMS J-P)**

**J. CONSIDER RESERVE FUND UPDATES TO ARTICLE 15 OF THE ADMINISTRATIVE CODE; RESOLUTION NO. 4924**

*Recommendation: That the Board adopt Resolution No. 4924 to revise Article 15 of the Administrative Code to incorporate the newly-adopted fund structure.*

Mr. Shank explained that the update to the administrative code was needed to provide clarification after the new rates passed. The Rate Study created a new fund structure which included new reserve funds as well as new target levels that needed to be added to the Administrative Code.

MOTION: Director Wolk moved to adopt Resolution No. 4924 to revise Article 15 of the Administrative Code to incorporate the newly-adopted fund structure; Vice-President McDougal seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

#### K. CONSIDER ACCOUNTING SYSTEM REVIEW AND OPTIMIZATION

*Recommendation: That the Board authorize staff to enter into a professional services agreement with Platinum Consulting Group at a not-to-exceed cost of \$60,000.*

Director Wolk summarized the findings from the accounting system review that the Fiscal Policy & Insurance Committee had requested. The recommended solution of bringing on a consultant is the most cost and time effective method. Vice-President McDougal had questions regarding the consultant that were answered by Director Wolk and Mr. Shank.

MOTION: Vice-President McDougal moved to approve staff's recommendation; Director DeMeo seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

#### L. CONSIDER AUTHORIZING AWARD OF THE HIGHWAY 395 24-INCH PIPELINE REPLACEMENT PROJECT TO WEKA, INC.

*Recommendation: That the Board authorize award of the Highway 395 24-inch Pipeline Replacement Project to the apparent lowest responsible bidder of Weka, Inc. at an amount of \$460,727 if they are able to meet all District requirements.*

Mr. Bebee explained that during a recent inspection, the Old Highway 395 24-inch pipeline was determined to have substandard structural supports. This particular pipeline is one of the main water supply pipelines for the District and reliable operation is critical. The project is intended to relocate the exposed portion to be buried under the road.

MOTION: Director Davies moved to approve staff's recommendation; Vice-President McDougal seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

M. CONSIDER AUTHORIZING AWARD OF DESIGN SERVICES FOR THE OVERLAND TRAIL LIFT STATION TO INFRASTRUCTURE ENGINEERING CORPORATION

*Recommendation:* That the Board award the planning and design of the rehabilitation of the Overland Trail Lift Station to Infrastructure Engineering Corporation for a total amount not to exceed \$252,842.

Acting General Manager Bebee explained that the Overland Trail Lift Station is in need of some improvements due to the increased wear on the station. Replacement parts are becoming more difficult to find and it was determined that structural and mechanical rehabilitation is required. This design service project is to determine what improvements should be completed and prepare the design for the project. This project is set to prioritize the improvements that are most vital. This is also to look at combining the two stations into one station.

MOTION: Director Davies moved to approve staff's recommendation; Vice-President McDougal seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

N. CONSIDER APPROVING AMENDED AND RESTATED AGREEMENT FOR THE OCEANSIDE OUTFALL

*Recommendation:* That the Board vote to approve the amended agreement to decrease District capital replacement obligations and reduce wastewater operations and maintenance costs.

Acting General Manager Bebee presented the Board with an amended and restated Agreement between the City of Oceanside and the District. This agreement is regarding the District's outfall and Oceanside's use of said outfall for their recycled water program. In exchange, the city of Oceanside would grant the District capacity in Oceanside's land outfall. This would allow the District to decrease capital replacement obligations and reduce wastewater operations and maintenance costs.

MOTION: Vice-President McDougal moved to accept staff's recommendation; Director Wolk seconded. Motion carried; VOTE:

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

O. CONSIDER REPLACEMENT OF 5<sup>TH</sup> WHEEL 3-AXLE TRACTOR

*Recommendation: That the Board approve the purchase of one 5<sup>th</sup> wheel 3-axle day cab tractor for \$ 129,883.31 from San Diego Freightliner in order to maintain a reliable District fleet to complete necessary infrastructure repairs and replacement.*

Acting General Manager Jack Bebee explained that this is a replacement for the existing tractor that is 26 years old and in poor condition. This replacement is based off the approved Vehicle and Heavy Equipment Replacement Program to ensure reliability of District's vehicles and equipment. This tractor is critical to bringing equipment to job sites. The vehicle was re-bid as an aluminum body per the suggestion of President Gebhart which saved approximately \$9,000.

MOTION: Vice-President McDougal moved to accept staff's recommendation; Director Wolk seconded. Motion carried; VOTE:

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

P. CONSIDER ANNUAL REVIEW OF DIRECTORS' PER DIEM COMPENSATION

*Recommendation: Staff supports Board direction.*

The Board discussed the matter, decided to not make changes and review next January.

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

1. General Legal Counsel

- Mrs. de Sousa Mills provided an update of legislation affecting water districts.

2. SDCWA Representative

- Mr. Bebee explained that his first SDCWA meeting was later in the week.



- He stated that at the manager meeting, the key point was about the relationship between MWD and SDCWA.
3. Acting General Manager / Assistant General Manager/District Engineer
    - a. Engineering Report Summary
    - b. Annual Production; Total Potable Production
    - c. Ag and M&I Sales; Recycled Water Production & Sales
    - d. 12-Month Running Water Sales
    - e. Meter Exchange; Backflow Testing
    - f. Sewer Overflow/Spills
  - Mr. Bebee pointed out the Safety Report for the past year and the award the District received.
4. Assistant General Manager/Chief Financial Officer
    - a. Treasurer's Report
    - b. Budget Status Report
    - c. Warrant List
5. Public Affairs Specialist
    - Mrs. Denke explained that the District will be publicizing WaterSmart over the next couple of months including outreach to customers with active meters.
    - Mrs. Denke and Mr. Bebee are working on outreach to various community groups.
6. Notice of Approval of Per Diem for Meetings Attended
  7. Director Comments / Reports on Meetings Attended
    - Director DeMeo will present her report from the Colorado River trip at the February board meeting.
    - Director Wolk addressed some clean up of the Engineering Report.
8. Miscellaneous
    - a. President's Special Recognition Award from Association of California Water Agencies Joint Powers Authority
    - b. Safety: Risk Annual Report

#### ADJOURN TO CLOSED SESSION

The Board adjourned to Closed Session at 6:00 p.m. following an oral announcement of Closed Session Item VI., 1. by Mrs. de Sousa Mills.

#### **VI. CLOSED SESSION**

1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION PER GC § 54957

- TITLE: ACTING GENERAL MANAGER

Acting General Manager Jack Bebee left the meeting at 6:28 p.m.

2. PUBLIC EMPLOYEE APPOINTMENT PER GC § 54957

- TITLE: GENERAL MANAGER (UPDATE ON AND DISCUSSION REGARDING GENERAL MANAGER RECRUITMENT)

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:34 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

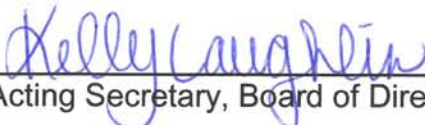
There was no reportable action taken in Closed Session.

**VII. ADJOURNMENT OF MEETING**

There being no further business to discuss, President Gebhart adjourned the regular meeting of the Board of Directors of the Fallbrook Public Utility District at 6:35 p.m.

  
\_\_\_\_\_  
President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
Acting Secretary, Board of Directors