

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

MINUTES

MONDAY, AUGUST 26, 2019
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 McDougal called the 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: Don McDougal, Member/President
Jennifer DeMeo, Member/Vice-President
Dave Baxter, Member
Ken Endter, Member
Charley Wolk, Member

Absent: None

General Counsel/District Staff

Present: Paula de Sousa Mills, General Counsel
Jack Bebee, General Manager
David Shank, Assistant General Manager/CFO
Jason Cavender, Operations Manager
Aaron Cook, Senior Engineer
Mick Cothran, Engineering Technician
Josh Couveau, Utility Technician
Jamison Davis, Utility Worker
Noelle Denke, Public Affairs Specialist
Soleil Develle, Engineering Technician
Kyle Drake, Collection Supervisor
Alex Galloway, Utility Worker
Todd Lange, System Service/Shop Supervisor
Mary Maciel, Student Intern
Jeff Marchand, Engineering Supervisor
Jose Mendoza, Utility Worker
Sky Peterson, Utility Worker

Colter Shannon, Utility Worker
Kevin Stamper, Utility Worker
Owni Toma, Chief Plant Operator
Mary Lou West, Secretary

Also present were others, including, but not limited to: John Duling; Sandy Kerl, Acting General Manager, San Diego County Water Authority; and Rodney Smith.

PLEDGE OF ALLEGIANCE

President McDougal led the Pledge of Allegiance.

APPROVAL OF AGENDA

President McDougal announced that Action Item Nos. N and O would follow the Consent Calendar.

MOTION: Director Endter moved to approve the agenda, to include reordering the agenda to move Action Item Nos. N and O after the Consent Calendar; Director Wolk seconded. Motion passed; VOTE:

AYES: Directors Baxter, DeMeo, Endter, 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.

John Duling stepped to the podium and asked the Board to approve his request for agricultural program water rates. President McDougal directed staff to review Mr. Duling's request with the Engineering & Operations Committee, along with the current policy for participation in the agricultural program. Staff to share the results of the review with Mr. Duling and potentially return to the Board with a recommendation.

- A. EMPLOYEE OF THE QUARTER FOR AUGUST 2019
1. Sky Peterson, Utility Worker

Sky Peterson was recognized as the August 2019 Employee of the Quarter.

- B. MANAGER'S AWARD RECIPIENTS
1. Colter Shannon, Utility Worker
2. Alex Galloway, Utility Worker

3. Jamison Davis, Utility Worker
4. Josh Couveau, Utility Technician
5. Kevin Stamper, Utility Worker
6. Jose Mendoza, Utility Worker
7. Mateo Morgan, Systems Operator

The Board recognized Colter Shannon, Alex Galloway, Jamison Davis, Josh Couveau, Kevin Stamper, Jose Mendoza, and Mateo Morgan for receiving Manager's Awards for their tireless efforts while repairing a main line break. The crew worked over 24 continuous hours to get the job done restoring service to area residents.

II. CONSENT CALENDAR-----(ITEMS C-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.

C. CONSIDER APPROVAL OF MINUTES

1. July 22, 2019 Regular Meeting
2. July 22, 2019 Special Meeting
3. August 20, 2019 Special Meeting

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

D. CONSIDER ADVANCE APPROVAL TO ATTEND MEETINGS

Recommendation: That the Board authorize advance approval for Directors' attendance to the following meetings or events:

1. *Metropolitan Water District of Southern California Tours (inspection trips) hosted by the San Diego County Water Authority delegation: (a) State Water Project/Bay-Delta, Sept. 13-14, 2019; (b) State Water Project/Bay-Delta, Oct. 18-19, 2019; (c) Colorado River Aqueduct System, Nov. 8-9, 2019; (d) Colorado River Aqueduct System, Dec. 13-14, 2019; (e) Hoover Dam & Colorado River Aqueduct System, Jan. 31-Feb. 1, 2020; (f) Hoover Dam & Colorado River Aqueduct System, May 15-16, 2020; and*
2. *2019 CSDA Annual Conference and Exhibitor Showcase, Sep. 25-28, 2019, Anaheim, California.*

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

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

- N. CONSIDER FORMAL APPROVAL OF MEMORANDUM OF UNDERSTANDING WITH EASTERN MUNICIPAL WATER DISTRICT AND RAINBOW MUNICIPAL WATER DISTRICT REGARDING "PLANNING PROCESS AND GENERAL TERMS FOR CONSIDERATION OF THE ANNEXATION OF RAINBOW MUNICIPAL WATER DISTRICT AND FALLBROOK PUBLIC UTILITY DISTRICT INTO EASTERN MUNICIPAL WATER DISTRICT FOR WHOLESALE IMPORTED WATER SERVICE" (MOU)

Recommendation: *That the Board approve the MOU for execution by President McDougal.*

Rodney Smith stepped to the podium and read aloud "The Forgotten Economics of Leaving the San Diego County Water Authority." Mr. Smith distributed copies of his statement to the Board.

Sandy Kerl, Acting General Manager of the San Diego County Water Authority (SDCWA), stepped to the podium and read aloud a statement concerning Action Item Nos. N and O. Mrs. Kerl asserted the Fallbrook Public Utility District (FPUD) and the Rainbow Municipal Water District (RMWD) promised to provide the SDCWA with a proposal concerning the terms of the proposed annexation to Eastern Municipal Water District (EMWD) and detachment from the SDCWA. Mrs. Kerl requested the Board defer consideration of Action Item Nos. N and O and reschedule for a time 30 days after the SDCWA receives the proposal from FPUD and RMWD. Mrs. Kerl distributed copies of her statement to the Board.

General Counsel de Sousa Mills stated the MOU is not a project under the provisions of the California Environmental Quality Act (CEQA) and approval and execution of the MOU does not commit the District to the detachment/annexation. The MOU permits staff to consider, discuss, and plan for a future potential detachment/annexation. Any future potential detachment/annexation would be subject to future Board approval and at that time a determination would be made as to whether the proposed detachment/annexation was a project under CEQA, and if so the appropriate level of CEQA review.

MOTION: Director Wolk moved to approve the Memorandum of Understanding with Eastern Municipal Water District and Rainbow Municipal Water District regarding "Planning Process and General Terms for Consideration of the Annexation of Rainbow Municipal Water District and Fallbrook Public Utility District into Eastern Municipal Water District for Wholesale Imported Water Service"; Director Baxter seconded. Motion passed; VOTE:

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

- O. CONSIDER PREPARATION OF RESOLUTION OF APPLICATION TO SAN DIEGO LOCAL AGENCY FORMATION COMMISSION (LAFCO) (AND RELATED MATERIALS) FOR EXCLUSION/DETACHMENT OF TERRITORY FROM SAN DIEGO COUNTY WATER AUTHORITY (SDCWA) AND ANNEXATION TO EASTERN MUNICIPAL WATER DISTRICT (EMWD)

Recommendation: Staff supports Board direction.

General Manager Bebee stated he is looking for direction from the Board on two options moving forward. The first option does not include preparation of a Resolution of Application to LAFCO for exclusion/detachment of territory, and the second option does.

MOTION: Director Wolk moved to direct staff to begin preparation of the Resolution of Application for exclusion/detachment (and related materials) for submission to San Diego LAFCO, for consideration by the Board at a future Board Meeting, even if no consensus is reached with SDCWA regarding terms and conditions for exclusion/detachment and also continue to work with SDCWA on identifying potential terms of exclusion/detachment; Vice-President DeMeo seconded. Motion Passed; VOTE:

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

At 4:43 p.m., President McDougal announced the Board of Directors would take a brief recess.

At 4:45 p.m., the Board returned from recess and reconvened to Open Session.

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

- E. PRESENTATION BY MARY MACIEL, STUDENT INTERN, FALLBROOK HIGH SCHOOL

Mary Maciel presented a slide show of her experience working as a high school intern over the summer.

F. ENGINEERING AND OPERATIONS KEY PERFORMANCE INDICATORS

Engineering and Operations staff presented a slide show and a discussion of the semi-annual progress report on capital improvement projects, wastewater and collection operations, and system services and system operations.

G. ANNUAL STATUS REPORT OF PARCELS WITH DEFERRED WATER AVAILABILITY / STANDBY CHARGES

Staff provided an overview of the parcels with deferred water availability / standby charges.

H. COMMUNITY BENEFIT WATER USERS FY 2018-19 ANNUAL REPORT

Staff provided an overview of the community-benefit water users for fiscal year 2018-19.

I. FY 2018-19 YEAR-END BUDGET STATUS REPORT

Assistant General Manager/CFO Shank presented a slide show with an overview of the 2018-19 year end Budget Status Report.

IV. ACTION / DISCUSSION CALENDAR ----- (ITEMS J–O)

J. CONSIDER PUBLICATION OF ANNUAL FINANCIAL STATEMENT

Recommendation: That the Board approve the draft financial statement developed by staff for publication in the Village News in accordance with Section 6066 of the Government Code.

General Manager Bebee stated the Public Utility District Act requires annual publication of the financial statement, and the request is for approval of the draft financial statement for publication in the Village News.

MOTION: Vice-President DeMeo moved to approve the draft financial statement developed by staff for publication in the Village News in accordance with Section 6066 of the Government Code; Director Wolk seconded. Motion passed; VOTE:

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

K. CONSIDER THE CALL FOR BALLOTS FOR THE SAN DIEGO COUNTY CONSOLIDATED REDEVELOPMENT OVERSIGHT BOARD

Recommendation: That the Board select one nominee from the slate of candidates and authorize the Board President, or duly-appointed alternate board member, to cast its vote in the San Diego County Consolidated Redevelopment Oversight Board Election.

Vice-President DeMeo recommended the District cast its vote for Bob Ayres.

MOTION: Vice-President DeMeo moved to authorize the Board President to cast the District's vote for Bob Ayres in the San Diego County Consolidated Redevelopment Oversight Board Election; Director Endter seconded. Motion passed; VOTE:

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

L. CONSIDER CALL FOR NOMINATIONS TO SOLICIT EIGHT SPECIAL DISTRICTS MEMBERS TO SERVE ON THE SPECIAL DISTRICTS ADVISORY COMMITTEE

Recommendation: Staff supports Board direction.

General Manager Bebee stated he has served on the Special Districts Advisory Committee for the last four years and is interested in serving for the next four years. The current action requested of the Board is to nominate a district-elected, appointed officer, or staff member of the District as a candidate.

MOTION: Director Wolk moved to nominate Jack Bebee as a candidate for the San Diego Local Agency Formation Commission as a Special District Advisory Committee member; Director Endter seconded. Motion passed; VOTE:

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

M. CONSIDER ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 10 BOARD BALLOT

Recommendation: That the Board select the Nominating Committee's Recommended Slate or select candidates from the Individual Board Candidate Nominations and

authorize the Board President to cast its vote in the Association of California Water Agencies Region 10 Board Election for the 2020-2021 term.

General Manager Bebee noted the election is to vote for board member candidates to Region 10 of the Association of California Water Agencies. The Board may select the recommended slate or individual candidates.

Vice-President DeMeo suggested the Board vote for the recommended slate, with the exclusion of Charles Gibson, and vote for Hayden Hamilton in his place.

MOTION: Vice-President DeMeo moved to select the Nominating Committee's recommended slate, with the exclusion of Charles Gibson, and to select Hayden Hamilton in Mr. Gibson's place and authorize the Board President to cast the District's vote in the Association of California Water Agencies Region 10 Board Election for the 2020-2021 term; Director Endter seconded. Motion passed; VOTE:

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

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

1. General Counsel
2. SDCWA Representative Report
3. General Manager
 - a. Engineering and Operations Report
4. Assistant General Manager/Chief Financial Officer
 - a. Treasurer's Report
 - b. Budget Status Report
 - c. Warrant List
5. Public Affairs Specialist
6. Notice of Approval of Per Diem for Meetings Attended
 - President McDougal gave notice that he approved Vice-President DeMeo's attendance to the Council of Water Utilities Bylaws Committee meeting on August 21, 2019.
7. Director Comments/Reports on Meetings Attended
8. Miscellaneous
 - a. Report on Reimbursements

ADJOURN TO CLOSED SESSION

The Board of Directors adjourned to Closed Session at 5:56 p.m. following an oral announcement of Closed Session Items VI. (1), (2), and (3) by President McDougal.

VI. CLOSED SESSION

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

Two (2) Potential Cases

2. CONFERENCE WITH LABOR NEGOTIATORS PER GC § 54957.6

Agency Designated Representative: Board President McDougal

Unrepresented Employee: General Manager

3. PUBLIC EMPLOYEE PERFORMANCE EVALUATION PER GC § 54957

Title: General Manager

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:30 p.m.

REPORT FROM CLOSED SESSION

There was no reportable action taken in Closed Session.

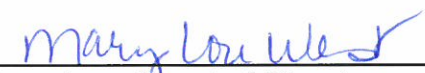
VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President McDougal adjourned the regular meeting of the Board of Directors of the Fallbrook Public Utility District at 6:31 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors