

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

**MINUTES**

**MONDAY, OCTOBER 22, 2018  
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**

President Gebhart called the 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  
Al Gebhart, Member/President  
Don McDougal, Member/Vice-President  
Charley Wolk, Member

**Absent:** Milt Davies, Member

**District Staff**

**Present:** Paula de Sousa Mills, General Counsel  
Jack Bebee, General Manager  
David Shank, Assistant General Manager/Chief Financial Officer  
Aaron Cook, Senior Engineer  
Lisa Chaffin, Human Resources Manager  
Mickey Case, Information Systems Technician  
Devin Casteel, System Operations Supervisor  
Audrey Cerame, Laboratory Technician  
Noelle Denke, Public Affairs Specialist  
Jeff Marchand, Engineering Supervisor  
Owni Toma, Environmental Compliance Tech  
Mary Lou West, Secretary

**Also present were others, including, but not limited to:** Steve Abbott, Kenneth Endter, Jackie Heyneman, Sue Jackson, Jennifer Jeffries, Roy Moosa, Vince Ross, Keene Simonds, and Duane Urquhart.

## 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, Gebhart, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: Director Davies

## 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.*

Kenneth Endter stepped to the podium to introduce himself as a candidate for District No. 2 in the November election.

## II. **CONSENT CALENDAR**-----**(ITEM A)**

*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.*

### A. CONSIDER APPROVING MINUTES

1. September 24, 2018 Special Board Meeting
2. September 24, 2018 Regular Board Meeting
3. October 15, 2018 Special Board Meeting

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

Director Wolk requested that Item II.(A)(3), the October 15, 2018 Special Board Meeting minutes, be pulled from the Consent Calendar for discussion prior to consideration.

MOTION: Vice-President McDougal moved to approve the Consent Calendar with the exclusion of Item II.(A)(3), the October 15, 2018 Special Board Meeting minutes; Director DeMeo seconded. Motion passed; VOTE:

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

President Gebhart announced that Consent Calendar Item II(A)(3), the October 15, 2018 Special Board Meeting minutes, would be next, prior to the Action/Discussion Calendar.

A. CONSIDER APPROVING MINUTES  
3. October 15, 2018 Special Board Meeting

Director Wolk requested that the October 15, 2018 Special Board Meeting minutes be revised to include Atkinson, Andelson, Loya, Ruud & Romo, the name of the professional labor negotiations services firm selected by the Board.

MOTION: Vice-President McDougal moved to approve the October 15, 2018 Special Board Meeting minutes as revised to identify by name the professional services firm selected by the Board, Atkinson, Andelson, Loya, Ruud & Romo; Director Wolk seconded. Motion passed; VOTE:

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

**III. ACTION / DISCUSSION CALENDAR ----- (ITEMS B-F)**

**B. CONSIDER EXPANSION OF LATENT POWERS FOR SUPPORT OF PUBLIC COMMUNITY FACILITIES**

*Recommendation: Staff supports Board direction.*

General Manager Bebee reported the Board directed staff to investigate the expansion of latent powers for public community facilities. Staff identified four options for the Board's consideration: (1) immediately begin the LAFCO application process for the expansion of latent powers, (2) adopt a position of support for LAFCO to evaluate the expansion of latent powers as part of their FY 2019-20 scheduled Municipal Service Review, (3) request that community groups conduct additional outreach and get more community input before proceeding, and (4) do not pursue any expansion of latent powers.

Keene Simonds, executive director of San Diego Local Agency Formation Commission (“LAFCO”), stepped to the podium. Mr. Simonds provided an overview of the LAFCO application process and stated the next Municipal Service Review (“Review”), scheduled for fiscal year 2019-20, would begin next May or June. Mr. Simonds stated that while conducting the Review, LAFCO will be able to explore the merits of an expansion of latent powers for public community facilities by the Fallbrook Public Utility District. If the District were to file an application for the expansion of latent powers concurrently with LAFCO’s Review, the application fee would be waived or greatly reduced. If the District were to file an application for the expansion of latent powers in advance of LAFCO’s Review, the application fees would be approximately \$40,000.

Discussion ensued concerning the timeline of the LAFCO process to expand latent powers, public protest provisions, the circumstances that would trigger an election, and a revenue source for funding expanded powers. Director Wolk requested that General Counsel provide a formal legal opinion on options for funding public community facilities if the District expanded its latent powers.

Jennifer Jeffries stepped to the podium and expressed support of the expansion of latent powers for public community facilities by the District. Ms. Jeffries suggested the proposal is rational, realistic, and reliable and would benefit the community, property owners, and local businesses.

Steve Abbott stepped to the podium and expressed support of the expansion of latent powers for public community facilities by the District. Mr. Abbott remarked the proposal would reduce urban blight and serve as a crime-prevention strategy for the Fallbrook area.

Duane Urquhart stepped to the podium and expressed support of the expansion of latent powers for public community facilities by the District. Mr. Urquhart stated the proposal is an excellent opportunity for significant improvements to the community.

Jackie Heyneman stepped to the podium and expressed support of the expansion of latent powers for public community facilities by the District. Mrs. Heyneman, an active volunteer of Save Our Forest and the Fallbrook Land Conservancy, discussed the benefits of the proposal to the community of Fallbrook.

Vice President McDougal reported an ad hoc committee was formed several months ago that held three community meetings attended by the public and local business owners. The ad hoc committee found there was overwhelming support of the proposal to expand latent powers for public community facilities at those meetings.

**MOTION:** Vice-President McDougal moved to direct staff to begin to move forward with preparing a LAFCO application for activating services for public benefit projects, but not to submit and pay fees at this time; Director Wolk seconded. Motion passed; **VOTE:**

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

MOTION: Director Wolk moved to have staff request community groups continue outreach and explanation to the community; Vice-President McDougal seconded. Motion passed; VOTE:

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

At 4:42 p.m., President Gebhart announced the Board would adjourn to recess.

At 4:49 p.m., the Board returned from recess and reconvened to Open Session. President Gebhart announced that Information Item IV.(G) would be next.

#### G. WATER RECLAMATION PLANT OPERATIONS

*Presented by: Owni Toma, Environmental Compliance Tech and Audrey Cerame, Laboratory Technician*

Mr. Toma and Ms. Cerame stepped to the podium and presented a slide show with an overview of the Water Reclamation Plant operations with a focus on biological treatment using activated sludge.

#### C. CONSIDER AMENDING ADMINISTRATIVE CODE – ARTICLE 11, PERSONNEL REGULATIONS; RESOLUTION NO. 4945

*Recommendation: That the Board adopt Resolution No. 4945 amending Administrative Code – Article 11 with the proposed revisions changing the GIS Specialist job title to GIS Coordinator and the job description to more accurately reflect the current duties and responsibilities of the position.*

General Manager Bebee reported the proposal changes the GIS Specialist job title to GIS Coordinator and cleans up the job description. He stated the proposal would not affect the salary range for the position.

Vice-President McDougal reported the Personnel Committee reviewed the proposal and supports the recommendation.

MOTION: Director DeMeo moved to adopt Resolution No. 4945 amending Administrative Code Article 11, Personnel Regulations with the proposed

revisions changing the GIS Specialist job title to GIS Coordinator and the job description; Director Wolk seconded. Motion passed; VOTE:

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

D. CONSIDER AMENDING ADMINISTRATIVE CODE – ARTICLE 2, GUIDELINES FOR BOARD OF DIRECTORS; RESOLUTION NO. 4946

*Recommendation:* That the Board adopt Resolution No. 4946 amending Administrative Code – Article 2, Guidelines for Board of Directors, with the proposed revisions to Section 2.12.

General Manager Bebee reported that staff worked with the Board President to improve aspects of agenda preparation, provide opportunities for input from individual Directors, and support Directors' public speaking skills. The proposal adds three items to the list of meetings in Section 2.12 of Article 2 that do not require advance approval for attendance. The first item adds one meeting per month for individual Directors to meet with the General Manager, the second item adds two meetings per month for Directors to attend Toastmasters International, and the third item adds the Citizens Water Academy through the San Diego County Water Authority.

MOTION: Vice-President McDougal moved to adopt Resolution No. 4946 amending Administrative Code Article 2, *Guidelines for Board of Directors*, with the proposed revisions to Section 2.12; Director Wolk seconded. Motion passed; VOTE:

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

E. CONSIDER ADOPTING RESOLUTION NO. 4947 AMENDING PERSONNEL REGULATIONS SECTION 11.10, UNLAWFUL DISCRIMINATION AND HARASSMENT; RESOLUTION NO. 4947

*Recommendation:* That the Board of Directors adopt Resolution No. 4947 amending Section 11.10 of the Personnel Regulations with the proposed revisions.

Human Resources Manager Chaffin reported that Liebert Cassidy & Whitmore was retained to conduct a review of Section 11.10, *Unlawful Discrimination and Harassment*. The proposal brings the District into full compliance with sexual harassment and unlawful discrimination laws. She further reported that the proposal is consistent with the training

all employees recently received. Additionally, all employees have returned an acknowledgement form demonstrating they have received training.

MOTION: Vice-President McDougal moved to adopt Resolution No. 4947 amending Section 11.10 of the Personnel Regulations with the proposed revisions; Director DeMeo seconded. Motion passed; VOTE:

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

F. CONSIDER ACCOUNTING SYSTEM REVIEW/OPTIMIZATION UPDATE

*Recommendation:* That the Board authorize staff to amend the professional services agreement with Platinum Consulting Group to complete the tasks identified above to the scope of serves and add a not-to-exceed cost of \$40,000. This cost is included in the Fiscal Year 2018-19 budget.

Assistant General Manager/Chief Financial Officer Shank reported that work on the audit and financial system has taken place with the assistance of consultants. Progress has been made towards those efforts, but further work is required. The request is for an amendment to the existing contract with Platinum Consulting Group to provide the resources necessary for finalization of the audit. It is expected the draft audit will be completed by November and the Board will be presented with the final audit in December. The proposal is to amend the existing contract with Platinum Consulting Group by \$40,000.

Director Wolk noted that the Fiscal Policy & Insurance Committee supports amending the existing contract by \$40,000, not \$30,000 as originally proposed by staff, to support completion of the consultants' work.

MOTION: Vice-President McDougal moved to authorize staff to amend the professional services agreement with Platinum Consulting Group to complete identified tasks and adding a not-to-exceed cost of \$40,000; Director DeMeo seconded. Motion passed; VOTE:

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

IV. INFORMATION----- (ITEMS G-H)

G. WATER RECLAMATION PLANT OPERATIONS

Presented by: Owni Toma, Environmental Compliance Tech and Audrey Cerame, Laboratory Technician

President Gebhart reordered the agenda to move Information Item IV.(G) after Item B earlier in the meeting.

H. FISCAL YEAR 2017-18 YEAR-END BUDGET STATUS REPORT

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

Assistant General Manager/Chief Financial Officer Shank presented a slide show with an overview of the District's financial performance for fiscal year 2017-18.

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

1. General Counsel
  - General Counsel de Sousa Mills provided the Board with an update of legislation affecting water districts.
2. SDCWA Representative Report
  - General Manager Bebee/SDCWA Representative provided an overview of the written report included in the board packet.
3. General Manager
  - a. Engineering and Operations Report
    - General Manager Bebee provided an overview of the written reports included in the board packet. Mr. Bebee stated a capital improvement project update would be presented to the Board in December. He further stated that funding of the Santa Margarita Conjunctive Use Project is moving forward and the State Water Resources Control Board is nearing finalization of water rights for the project.
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 the Treasurer's Report was modified to include the District reserves and the Budget Status Report was updated to show the first quarter results.



5. Public Affairs Specialist
  - Public Affairs Specialist Denke provided an overview of public outreach efforts and upcoming events.
  
6. Notice of Approval of Per Diem for Meetings Attended
  - President Gebhart reported he authorized Director DeMeo's attendance to the Fall 2018 Citizens Water Academy classes that were held on Wednesday, October 10, 2018, and Thursday, October 18, 2018.
  
7. Director Comments/Reports on Meetings Attended
  - Director DeMeo reported attending Citizens Water Academy classes on October 10, 2018, and October 18, 2018 and attending the 2018 California Special Districts Association Annual Conference & Exhibitor Showcase September 25-27, 2018.
  - Director Wolk reported the Fiscal Policy & Insurance Committee changed PARS investments from passive to active.
  - President Gebhart announced that Director Davies will be honored upon his retirement from the Board and for his years of service at the December 10, 2018 Board meeting.
  
8. Miscellaneous
  - There were no miscellaneous items.

#### ADJOURN TO CLOSED SESSION

The Board adjourned to Closed Session at 5:57 p.m. following an oral announcement by President Gebhart of Closed Session Item VI.(1).

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

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

#### RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:20 p.m.

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

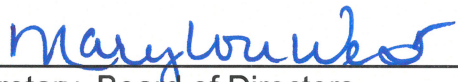
There was no reportable action taken in Closed Session.

**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 6:21 p.m.

  
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President, Board of Directors

ATTEST:

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