



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING

MINUTES

MONDAY, MARCH 23, 2020
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.

Writings that are public records and are distributed during a public meeting are available for public inspection at the meeting if prepared by the local agency or a member of its legislative body or after the meeting if prepared by some other person.

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President Endter called the March Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m. President Endter announced he would like to make clear for the record that this meeting was conducted by teleconference using the call-in and web link pursuant to the Brown Act waivers to certain provisions of the Brown Act provided for under the Governor's Executive Orders in response to the COVID-19 State of Emergency.

President Endter 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 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.

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: None

General Counsel/District Staff

Present: Jack Bebee, General Manager
Paul de Sousa, General Counsel
Dave Shank, Assistant General Manager/CFO
Steve Stone, Field Services Manager
Mick Cothran, Engineering Technician
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Carter Moe, Meena Westford, Jeff Marston, and Craig Keller

In regards to the way the Board will consider action items during this meeting, President Endter announced he would call on Staff to make a presentation for the each agenda item. Following the presentation, to avoid everyone speaking at once, he explained he would call the name of each Director to see if they had questions for Staff. Once the Director's name was called, they would be able to proceed with asking their question. After the round of questions, President Ednter explained he would then ask for a motion and request that each Director identify themselves if making a motion or seconding. President Endter stated he would call the name of each Director to see if there was any further discussion. All votes would be done by roll call.

PLEDGE OF ALLEGIANCE

President Endter led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

MOTION: Director Wolk moved to approve the agenda as presented; Vice-President DeMeo 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.

President Endter announced, as permitted under the Brown Act, public comments would be heard on items within the subject matter jurisdiction of the District that were not on the agenda. President Endter confirmed that there were no public comments for non-agenda items received via email by the Board Secretary. President Endter confirmed there were no members of the public present in the Board Room who wanted to provide comment on any non-agenda items within the District's jurisdiction.

There were no public comments.

A. YEARS OF SERVICE

1. Tim Sterger – 30 years
2. Debra Potter – 25 years

General Manager Bebee recognized Tim Sterger for his 30 years of service and Debra Potter for her 25 years of service to the District.

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

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.

B. APPROVAL OF MINUTES

1. February 24, 2020 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 McDougal moved to approve the Consent Calendar as presented; Director Wolk seconded. Motion passed; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

III. **INFORMATION**-----**(ITEM C)**

C. EMPLOYEE SATISFACTION SURVEY RESULTS

Presented by: Lisa Chaffin, Human Resources Manager

General Manager Bebee reviewed the results of the employee satisfaction survey, reporting that the responses from employees were overall positive.

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

D. CONSIDER REQUEST FOR APPROVAL TO AWARD PARKING AREA REMODEL TO PRESTIGE PAVING COMPANY

Recommendation: Staff recommend the Board approve the FPUD main parking area and equipment yard rehabilitation project to Prestige Paving in the not-to-exceed amount of \$77,155.00.

Director McDougal confirmed that the original budget for this project was \$50,000. General Manager Bebee stated the original budget was \$50,000, however, additional work was found necessary to ensure ADA compliance.

Director Wolk reported that \$246,000 has been spent, but stated it was unclear if it came out of the District yard budget or out of the administrative capital budget. General Manager Bebee explained both of those budgets are part of what the Board authorized as the overall administrative capital budget, which includes the yard and the administrative project budget. Director Wolk asked which of the two budget the \$246,000 was allotted. General Manager Bebee explained the money came out of both budgets, and he would provide a breakdown.

Director Wolk asked if the \$27,155 over budget pushed something out of the budget. General Manager Bebee answered that there were other items below budget, so this project is able to be completed within the overall budgeted amount for the administrative capital budget and that staff would provide a more detailed explanation in future capital budget items.

Director Baxter confirmed there is a provision for a second electric car charging station. General Manager Bebee stated all underground work will be done to be ready should demand rise for the additional charging station.

MOTION: Vice-President DeMeo moved to approve the FPUD main parking area and equipment yard rehabilitation project to Prestige Paving in the not-to-exceed amount of \$77,155.00; Director McDougal seconded. Motion carried; **VOTE:**

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

E. CONSIDER REQUEST FOR APPROVAL TO PURCHASE ONE WHEEL LOADER FROM JCB

Recommendation: Staff recommend the Board approve the purchase of one wheel loader from JCB in the amount of \$160,122.64.

General Manager Bebee explained even though this wheel loader is over budget, the overall water budget will stay within the total original budget constraints.

Director Wolk asked for clarification of the equipment budget. General Manager Bebee explained there is an overall capital improvement budget that includes water, wastewater, recycled and administration, which the Board authorizes. Even though one subarea of this budget is over budget, the overall Board authorized amount is still within the water capital improvement budget that includes the fleet equipment.

Director Wolk announced the need to examine the budget process. General Manager Bebee explained, when the budget process begins, we can talk through what level to set Board authorization for capital projects.

MOTION: Director McDougal moved to approve the purchase of one wheel loader from JCB in the amount of \$160,122.64; Director Baxter seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

F. CONSIDER REFUND TO ZEBU CONSTRUCTION & DESIGN, INC. FOR 21 METERS

Recommendation: Staff will follow Board direction.

Carter Moe of ZEBU Construction & Design addressed the Board, requesting a refund in the amount of \$63,861 for a deposit paid to the District in 2005 for 21 water meters. He explained the meters were to be installed in a 22 lot subdivision that was being processed through the County. This project was put on hold in 2007. After that, it was renewed. Recently, there was a request from the County of San Diego to turn the land into a park. The sale was agreed upon. The County does not need 21 water meters for the proposed project. Mr. Moe explained they are therefore looking for the deposit to be returned.

Director Wolk confirmed the meter for the park is already installed.

MOTION: Director McDougal moved to approve a refund to Zebu Construction & Design, Inc., in the amount of \$63,861, for 21 meters; Director Wolk seconded. Motion carried; VOTE:

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

G. CONSIDER QUIT CLAIMS FOR CANCELLED PROJECT (ZEBU CONST)

Recommendation: *That the Board approve the Quit Claim request.*

General Manager Bebee explained these quit claims are for easements no longer needed by the District, as the original meters to be installed are no longer being installed.

MOTION: Director Baxter moved to approve the quit claim request from Zebu Construction & Design, Inc. for a cancelled project; Director McDougal seconded. Motion carried; VOTE:

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

H. CONSIDER CLOSURE OF THE DISTRICT'S SAN DIEGO COUNTY INVESTMENT POOL ACCOUNT

Recommendation: *That the Board approve Resolution 4992 – Authorizing the Assistant General Manager/CFO and General Manager to withdraw funds in the San Diego County Investment Pool*

Assistant General Manager/CFO Shank reported the FP&I Committee met on March 10th. He went on to explain this is an investment option the District has not really utilized, as it has a limited amount of funds invested in it. The rate of return is not notable. There are other, more efficient, investment options. The FP&I Committee had given direction to limit the number of accounts, and closing this one is what is being moved forward. The closure requires a Resolution from the Board.

Director McDougal noted FP&I is in favor of this closure, as there are too many inactive accounts, which includes additional work for reconciliation. The closure simplifies this process.

President Endter asked where this money is going. Assistant General Manager/CFO Shank reported it is about \$15,000 and part of the working capital for the District. Therefore, this money would be invested into CAMP or the money market and used to fund expenditures, but most likely would be put into CAMP. President Endter requested that FP&I be notified where the money was placed.

MOTION: Director McDougal moved to approve Resolution 4992 – authorizing the Assistant General Manager/CFO and General Manager to withdraw funds in the San Diego County Investment Pool; Vice-President DeMeo seconded. Motion carried; VOTE:

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

I. CONSIDER REINVESTMENT OF LONG-TERM INVESTMENT PORTFOLIO FUNDS REIMBURSED BY THE STATE

Recommendation: That the Board authorize staff to place the \$4.2 million in LAIF for the near term and work with FP&I to determine the optimal reinvest strategy.

Assistant General Manager/CFO Shank reported the State has started to send us the funds, and we have received the funds for reimbursement for the expenditures that were taken out of the District's long-term reserves. Currently, there are three options for the reinvestment of the funds. Assistant General Manager/CFO Shank reported the FP&I Committee met on March 10, 2020, with Richard Babbe, the District's Investment Manager present as well. Mr. Babbe's recommendation was to place the funds in LAIF, as this is a safe location and has a competitive yield. It was not recommended placing these funds into the long-term portfolio for reinvestment at this time, due to the current market rates being observed. Assistant General Manager/CFO Shank explained these funds would show on the Treasurer's Report as part of the long-term investment portfolio and would be kept track of in LAIF. The FP&I Committee will revisit the reinvestment into the long-term portfolio at a later date.

Director Wolk confirmed the District has received the \$4.2 million from the State. General Manager Bebee noted the funds are currently sitting in the money market account until after the Board Meeting.

MOTION: Vice-President DeMeo moved to authorize staff to place \$4.2 million in LAIF for the near term and work with FP&I to determine the optimal reinvestment strategy for the long-term investment portfolio funds reimbursed by the state; Director Wolk seconded. Motion carried; VOTE:

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

J. CONSIDER REQUEST FOR FUNDING APPROVAL FOR INVENTORY ITEMS NEEDED FOR THE VALVE REPLACEMENT PROGRAM.

Recommendation: Staff recommend the Board approve \$131,880.00 in funds to purchase inventory items needed for the valve replacement program and report back to the Board in April on the awarded vendor and actual costs.

General Manager Bebee reported there are supply chain disruptions currently. This is making sure we have items in place, so we can have our valve replacement project back on track once current restraints start loosening up. He went on to explain this is authorizing staff to enter into a contract up to the amount of \$131,880, and at the next Board meeting, information on the bids would be brought to the Board.

Director Wolk asked if the \$131,880 was in the budget. General Manager Bebee responded that it is included in the material cost of the valve replacement program.

MOTION: Director McDougal moved to approve \$131,880 in funds to purchase inventory items needed for the valve replacement program and to have staff report back to the Board in April on the awarded vendor and actual costs; Director Baxter seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

K. UPDATE ON SDCWA REGIONAL CONVEYANCE SYSTEM STUDY

Recommendation: This item is just for information. No action is needed.

General Manager Bebee gave an brief overview of the SDCWA Regional Conveyance System Study, , to essentially build an additional Colorado River aqueduct to serve the IID supplies that the Water Authority has, in the hope that they would be able to do it less expensive than using MWD's system.

Director Wolk explained he thought there may be value in having the President send out a letter to the other member agencies noting the concerns the District has for this project. Director McDougal expressed his concern for doing such, as this may create more turmoil with the Water Authority.

General Counsel de Sousa explained this item could be placed on an agenda at a future Board Meeting, or this could be directed to a particular Board Committee to look at in greater detail, with a recommendation brought back to the Board from that particular Committee. General Manager Bebee suggested this item be brought for discussion to either the Engineering & Operations Committee or the Fiscal Policy & Insurance Committee, reporting this project will not be moving onto the next phase until June.

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

1. General Counsel
 - General Counsel de Sousa announced there have been several executive orders from Governor Newsom in response to the COVID-19 situation, and there will likely be more to come.
2. SDCWA Representative Report
 - General Manager Bebee reported we have been working with SDCWA on the COVID-19 response to make sure everyone is acting in the same regards.
3. General Manager
 - a. Engineering and Operations Report
 - General Manager Bebee reported there will likely be a fall-off with the valve and meter replacement KPI chart next month, as those have been paused because of the COVID-19 response and having technicians working remotely to ensure the health of staff.
4. Assistant General Manager/Chief Financial Officer
 - a. Financial Summary Report
 - b. Treasurer’s Report
 - c. Budget Status Report
 - d. Warrant List
5. Public Affairs Specialist
6. Notice of Approval of Per Diem for Meetings Attended
7. Director Comments/Reports on Meetings Attended
8. Miscellaneous

ADJOURN TO CLOSED SESSION

The Board of Directors adjourned to Closed Session at 5:20 p.m. following an oral announcement by General Counsel de Sousa of Closed Session Items VI.1 and 2.

VI. CLOSED SESSION----- (ITEMS 1–2)

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

Name of Case: Otoy Water District v. Fallbrook Public Utility District, San Diego Co. Sup. Ct. No. 37-2020-00004572-CU-MC-CTL
2. 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

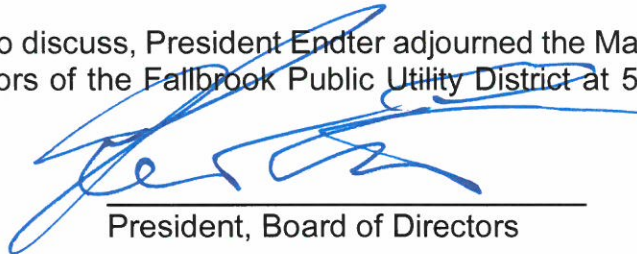
The Board returned from Closed Session and reconvened to Open Session at 5:43 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

General Counsel de Sousa announced there was no reportable action taken in Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President Endter adjourned the March Regular Meeting of the Board of Directors of the Fallbrook Public Utility District at 5:55 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors