

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

MINUTES

MONDAY, JUNE 26, 2017
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 Wolk 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 with attendance as follows:

Board of Directors

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

Absent: None

District Staff

Present: Paula de Sousa Mills, General Legal Counsel (*arrived at 4:03 p.m.*)
Brian J. Brady, General Manager
Jack Bebee, Assistant General Manager
Jason Cavender, System Operations Manager
Marcie Eilers, Administrative Services Manager / Treasurer
Todd Lange, System Service / Shop Supervisor
Jeff Marchand, Engineering Technician III
Debra Potter, Warehouse / Purchasing Specialist
Larry Ragsdale, Safety & Risk Administrator
Owni Toma, Environmental Compliance Tech
Mary Lou West, Secretary

Also present were others, including, but not limited to: Helene Brazier, Peter Colby of Western Rivers Conservancy, Donna Gebhart of the Fallbrook Trails Council, Frank Golbeck, Cody Harrison, Bert Hayden, Paul Herrec, Zach Kantor-Anaya of The Wildlands Conservancy, Jamie Koth, Juanita Koth, Bob Manns, Paul Melzer of The Wildlands Conservancy, and Lita Tabish.

PLEDGE OF ALLEGIANCE

President Wolk led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

There were no additions to the agenda.

APPROVAL OF AGENDA

President Wolk announced that Item I would be removed from the agenda.

MOTION: Director Davies moved to approve the agenda as revised, with the removal of Item I; Director McDougal 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 comments from members of the public on items within the subject matter jurisdiction of the legislative body and not listed on the agenda.

A. MANAGER'S AWARDS

1. Owni Toma
2. Larry Ragsdale

President Wolk congratulated Mr. Toma and Mr. Ragsdale for receiving Manager's Awards for their hard work and dedication during the District's two recent major compliance inspections by the County of San Diego, Department of Environmental Health for the District Risk Management Plan process at Red Mountain Reservoir and the Wastewater Treatment Plant.

II. **CONSENT CALENDAR**-----**(ITEMS B - 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.

B. APPROVAL OF MINUTES

1. Special Board Meeting/Workshop of May 17, 2017
2. Regular Board Meeting of May 22, 2017

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

C. RESOLUTION NO. 4914 PLACING FIXED CHARGE SPECIAL ASSESSMENTS TO ADD DELINQUENT AND UNPAID CHARGES FOR WATER AND OTHER SERVICES ON THE SAN DIEGO COUNTY PROPERTY TAX ROLL

Recommendation: The Board authorize the San Diego County Auditor/Controller to assess a Fixed Charge Special Assessment to add delinquent and unpaid charges for water and other services on the property tax bills for those parcels to be filed electronically and certified by the District to the County on or before August 10, 2017, and adopt Resolution No. 4914.

D. ORDINANCE NO. 338 FIXING WATER STANDBY OR AVAILABILITY CHARGES FOR 2017-18

Recommendation: The Board adopt Ordinance No. 338 as prepared and authorize the Secretary to send a certified copy to the Board of Supervisors and the Auditor and Controller of the County of San Diego.

MOTION: Director McDougal moved to approve the Consent Calendar as submitted and adopt Resolution No. 4914 and Ordinance No. 338; Director DeMeo seconded. Motion carried; **VOTE:**

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

III. ACTION / DISCUSSION CALENDAR -----(ITEMS E – M)

E. SANTA MARGARITA PROPERTY UPDATE

Recommendation: Staff supports the Board's direction.

Mr. Peter Colby of Western Rivers Conservancy (WRC) stepped to the podium and provided an overview of the reasons why WRC has requested a one-year extension of time of the closing date for the Santa Margarita property sale. Mr. Colby pointed out that WRC has been working with the California Department of Fish and Wildlife, the United States Fish and Wildlife Service, The Wildlands Conservancy, the Fallbrook Trails Council, and the District on approval of the management plan. Mr. Colby explained that because approval of the management plan by the resource agencies has

been delayed, WRC has requested an extension of time from June 30, 2017, to June 30, 2018.

Mr. Paul Melzer and Mr. Zach Kantor Anaya of The Wildlands Conservancy (Wildlands) stepped to the podium and reiterated Wildlands' commitment to potentially providing long-term stewardship of the Santa Margarita property.

Mrs. Lita Tabish stepped to the podium and stated she is a local resident and has been a member of the Fallbrook Trails Council for over 15 years. Mrs. Tabish urged the Board not to approve WRC's request for an extension of time.

Mr. Bob Manns stepped to the podium and stated he is a local resident and a member of the Vista Palomar Riders. Mr. Manns urged the Board to keep the trails open to the public.

Mrs. Donna Gebhart, Chair of the Fallbrook Trails Council, stepped to the podium, distributed handouts to the Board, and talked about WRC's request for an extension of time and concerns surrounding the management plan. Mrs. Gebhart stated the Fallbrook Trails Council was not in favor of WRC's request for an extension of time.

Mrs. Juanita Koth and her daughter, Jamie, stepped to the podium and expressed support for continued public access to the trails.

Mr. Cody Harrison stepped to the podium and stated he is a local resident and is in favor of WRC's request for an extension of time.

Mr. Bert Hayden stepped to the podium and as a local resident and former member of the Board of Directors, stated he was in favor of a 90-day extension of time.

Mr. Frank Golbeck stepped to the podium and stated he is a local resident and is in favor of WRC's request for an extension of time.

Mr. Paul Herron stepped to the podium and stated he is a local resident and supported keeping the trails open to the public.

Mr. Colby of WRC returned to the podium and provided further discussion concerning the challenges surrounding approval of the management plan. Mr. Colby stated he was agreeable to a 90-day extension.

President Wolk stated the issue before the Board was WRC's request for an extension of time. President Wolk further stated that the contract expires on June 30, 2017, and it is the Board's discretion to extend the closing date to June 30, 2018.

Following the motion, discussion ensued relative to the delay of the closing date for the property sale. President Wolk pointed out that as long as the contract is in place,

the Board would be constrained in exploring other options. Director McDougal reiterated support of a 90-day extension to provide WRC with additional time.

MOTION: Director McDougal moved to extend the Purchase and Sale Agreement with Western Rivers Conservancy for 90 days; Director DeMeo seconded. Motion failed; VOTE:

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

At 5:08 p.m., President Wolk announced the Board would take a brief recess.

At 5:12 p.m., the Board returned from recess and reconvened to Open Session.

F. FIRE MANAGEMENT PLAN FOR THE SANTA MARGARITA RIVER
PROPERTY

Recommendation: If the Board wishes to pursue this effort, that the Board direct staff to solicit for Professional Services to prepare a Fire Management Plan for the Santa Margarita River Property. Staff will bring back their recommendation for award to the Board for approval.

Mr. Bebee reported that in response to the Board's request, staff has provided examples of fire management plans. Mr. Bebee further reported that General Legal Counsel was consulted, and Mrs. de Sousa Mills opined the District was not required to do a fire management plan. It was noted that if a plan was done and not implemented, the District could potentially face exposure to liability. Mr. Bebee pointed out that funds have been budgeted for ongoing property management; however, those funds are not sufficient for additional management tasks. Mr. Bebee added that the estimated cost of a fire management plan would be approximately \$50,000.

Discussion ensued concerning the scope of a fire management plan and if the plan would be exempt from the CEQA process. Mrs. de Sousa Mills noted that the environmental review process could be triggered depending on how the plan is constructed.

Discussion continued concerning potential liability issues surrounding a fire management plan. Mrs. de Sousa Mills cautioned that if a plan identifies vulnerabilities and safety risks and actions are not taken to address those issues and results in injuries, the District may be liable. Mrs. de Sousa Mills suggested the District hold discussions with local fire agencies concerning their enforcement programs and recommendations to the District.

President Wolk stated the examples of the fire management plans presented were more extensive than envisioned. Dr. Brady recommended developing an outline for a fire management plan in collaboration with the North County Fire Protection District and Cal Fire.

Mr. Bebee pointed out that implementing a fire management plan may be more costly than developing a plan. He suggested it may be useful to meet with local fire agencies to develop a strategy for a plan.

MOTION: Director McDougal moved to direct staff to meet with local fire agencies concerning the development of a fire management plan and return to the Board with the findings; Director Davies seconded. Motion carried; VOTE:

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

G. COATING INSPECTION SERVICES – 8 MG, SANDIA AND 2.8 MG RESERVOIRS

Recommendation: That the Board authorize execution of a professional services contract between the District and MCS Inspection Group for the approved budgeted coating inspection for the 8 MG, Sandia and 2.8 MG Reservoirs for coating inspection services at a cost not to exceed \$86,000.

Mr. Bebee stated professional inspection services are required for inspection of the 8 MG, Sandia, and 2.8 MG reservoir recoating projects. MCS Inspection Group was the only responsive firm, has been a previous consultant, and has specialized experience in coating inspection. MCS Inspection Group's proposal was \$85,652 and staff is recommending authorization of a professional services contract in an amount not-to-exceed \$86,000.

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

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

H. 2017-18 FINAL BUDGET

Recommendation: That the Board adopt Resolution No. 4913 adopting the final budget for fiscal year 2017-18.

Mrs. Eilers reported that the presentation of the fiscal year 2017-18 budget was provided at the June 8, 2017 Budget Workshop. Since that time, there have been some minor adjustments to the 2017-18 budget as presented at the Workshop due to items that were carried over from the 2016-17 budget year into the 2017-18 budget year. Dr. Brady noted there was a \$26,000 adjustment to the 2018 Debt Service total, and the revised total is reflected on page 245 of the board packet.

Dr. Brady clarified that approval of the budget represents the Raffelis Rate Study findings, but rates will be approved by the Board as part of the Prop 218 process in the fall of this year. If the rates proposed in the Rate Study are not approved by the Board, there would be a mid-term revision to revenues.

MOTION: Director McDougal moved to approve staff's recommendation and adopt Resolution No. 4913; Director Davies seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

Item I was pulled by President Wolk.

J. MICROSOFT OFFICE 2016 UPGRADE AND LICENSING REQUIREMENTS

Recommendation: That the Board approve the upgrade to Microsoft Office 2016 and purchase 65 licenses in the amount of \$28,365.19.

Mrs. Eilers reported that Microsoft Office 2007 will no longer be eligible for support services or security updates; therefore, it is necessary to upgrade to Microsoft Office 2016 and to purchase 65 licenses.

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

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

NOES: None

ABSTAIN: None

ABSENT: None

K. UPDATE ON DEVELOPMENT OF A POLICY FOR CLOSING THE FISCAL YEAR

Recommendation: For information purposes; no action is being requested of the Board at this time.

Dr. Brady reported the staff memo from Mrs. Eilers includes a list of tasks to assist in developing an internal procedure to close the year end and will facilitate timely completion of the annual audit.

President Wolk suggested the Fiscal Policy & Insurance Committee meet to review the tasks outlined in the staff memo and make recommendations as needed, and Dr. Brady stated a meeting would be scheduled as soon as possible.

Vice-President Gebhart asked why the procedure to close jobs was changed from "at the end of the fiscal year" to "when jobs are completed." Mrs. Eilers noted the change was due to the Springbrook conversion.

- L. ESTABLISHING DISTRICT PROCUREMENT PROCEDURES COMPLIANT WITH THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT (PUBLIC CONTRACT CODE SECTION 22000 ET SEQ.), AND ELECTING TO BECOME SUBJECT TO THE ACT (RESOLUTION ELECTING TO BECOME SUBJECT TO THE PROVISIONS OF THE ACT AND ORDINANCE REPEALING AND REPLACING ARTICLE 14)

Recommendation:

It is recommended that the Board take the following actions:

- 1. Adopt Resolution 4916 electing to become subject to the provisions of the Uniform Public Construction Cost Accounting Act.*
- 2. Adopt Ordinance 339 Repealing current Article 14 (Purchases and Sales, Regulations Governing) and replacing it with revised Article 14 (District Procurement Procedures), which establishes procurement procedures compliant with the Uniform Public Construction Cost Accounting Act, will help streamline the purchasing and contracting process, and maximize the use of qualified local contractors and service providers where possible.*

Mr. Bebee reported that General Legal Counsel provided assistance in revising Article 14 and for opting into the Uniform Public Construction Cost Accounting Act (Act). Mr. Bebee provided an overview of the proposed revisions, including prequalification of contractors, formalizing a local procurement preference, updating the policy on credit card use, and adjusting the percentage of change order allowance. In addition, the proposal includes adjusting the general manager's approval limit to be consistent with the Act from \$22,000 to \$45,000.

Mrs. de Sousa Mills reported the proposal includes the ability for the District to utilize the design-build-construction method as authorized by statute and requires an informal bidding procedure for those projects between \$45,000 and \$175,000. Mrs. de Sousa Mills further reported the credit card policy will be updated by BB&K with some minor revisions that will include a signature line for employees.

In response to President Wolk, Mrs. de Sousa Mills stated the Board's action will repeal and replace Article 14 by adoption of Ordinance No. 339. Mrs. de Sousa Mills further stated the District typically amends the Administrative Code by resolution; however, the Act requires informal bidding practices adopted by an agency that has opted into the Act be adopted by ordinance.

MOTION: Vice-President Gebhart moved to adopt Resolution No. 4916; Director DeMeo seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

MOTION: Vice-President Gebhart moved to adopt Ordinance No. 339; Director McDougal seconded. Motion carried; ROLL CALL VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

M. REPLACEMENT OF 5TH WHEEL 3-AXLE TRACTOR

Recommendation: That the Board approve the purchase of one 5th Wheel 3 axle day cab tractor for \$138,754.93 from San Diego Freightliner in San Diego, which was the lowest responsive bidder, in order to maintain a reliable District fleet to complete necessary infrastructure repairs and replacement.

Vice-President Gebhart stated that an aluminum body truck would save the District approximately \$10,000 and suggested an aluminum body truck be purchased instead of a steel body truck. Mr. Bebee proposed that a Request for Proposals could be issued for an aluminum body truck if the Board felt it would meet the needs of the District.

Brief discussion ensued, and staff was directed to reject all bids and issue a Requests for Proposals for an aluminum body truck.

IV. ORAL / WRITTEN REPORTS----- (ITEMS 1 – 7)

1. General Legal Counsel

- Mrs. de Sousa Mills announced that as a report out of a previous Closed Session, a settlement agreement was executed and finalized with the Beaver Creek Homeowners Association (HOA); and in accordance with the

Board's direction, a settlement check was issued to the HOA in the amount of \$80,000.

- Mrs. de Sousa Mills provided an extensive overview of the recent appeal decision in the San Diego County Water Authority's lawsuit against the Metropolitan Water District of Southern California.
- Mrs. de Sousa Mills provided an overview of legislation relative to small cell phone tower facilities.
- Mrs. de Sousa Mills reported that Mr. Martin accepted a position with the County of Santa Barbara and would no longer serve as the District's General Legal Counsel.

2. SDCWA Representative/General Manager

3. Administrative Services Manager/Treasurer

- Mrs. Eilers reported that PARS and PFM would be presenting quarterly updates to the Fiscal Policy & Insurance Committee.
- Mrs. Eilers further reported that 5,000 out of 9,000 accounts are paid electronically through the District's website, credit cards, and bank accounts.

4. Assistant General Manager

- Mr. Bebee reported there was an unplanned shutdown that was announced on the District's website and responses to inquiries were addressed by the Customer Service team.
- Mr. Bebee further reported District crews have been exercising valves near schools during the summer recess session.

5. Public Affairs Specialist

6. Director Comments/Reports on Meetings Attended

- Director DeMeo announced that she attended the most recent Council of Water Utilities meeting in Poway.
- Vice-President Gebhart reported the 115 trust has two funds: (1) a moderate fund and (2) a moderate-conservative fund, and the Fiscal Policy & Insurance Committee decided to move all funds into the better-performing moderate fund.

7. Log of Board Requests

ADJOURN TO CLOSED SESSION

Following brief discussion, President Wolk proposed that Closed Session Item V.(1) be postponed and scheduled for a special board meeting to be held prior to the next regular board meeting.

MOTION: Director Davies moved to postpone Closed Session Item V.(1) to a future date; Director McDougal seconded. Motion carried; **VOTE:**

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

NOES: None

ABSTAIN: None

ABSENT: None

V. CLOSED SESSION

1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION PER GC § 54957 (b) (1): TITLE – GENERAL MANAGER

RECONVENE TO OPEN SESSION

REPORT FROM CLOSED SESSION (*As Necessary*)

VI. ADJOURNMENT OF MEETING

There being no further business to discuss, President Wolk adjourned the regular meeting of the Board of Directors of the Fallbrook Public Utility District at 6:15 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors