

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

**MINUTES**

MONDAY, DECEMBER 12, 2016  
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**

Director Wolk, acting Chair, called the Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m. The following statement was read into the record by Director Wolk:

*"Prior to roll call, I would like to make clear for the record of this meeting, and it should be reflected in the minutes, that at least a portion of this meeting of the Fallbrook Public Utility District is being conducted pursuant to California Government Code Section 54953, in that Director Davies is participating by teleconference from the University of Utah, Patient and Family Housing, Conference Room, 2080 W. North Temple, Salt Lake City, Utah 84116. Director Davies is participating by speaker phone. In accordance with the Ralph M. Brown Act, the teleconference location was identified in the notice and agenda for this meeting."*

**ROLL CALL / ESTABLISH A QUORUM**

Secretary Boultinghouse conducted attendance by roll call. Directors DeMeo, Gebhart, McDougal, and Wolk were present at the meeting, and Director Davies was present by speaker phone at the teleconference location identified on the notice and agenda.

The members of the Board of Directors acknowledged they were able to hear Director Davies clearly and no member expressed doubt that Director Davies was the party participating by teleconference.

**Board of Directors**

**Present:** Milt Davies, Member (*via teleconference*)  
Jennifer DeMeo, Member  
Al Gebhart, Member  
Don McDougal, Member  
Charley Wolk, Member

**Absent:** None

District Staff

Present: Paula de Sousa Mills, General Counsel  
Brian J. Brady, General Manager  
Jack Bebee, Assistant General Manager  
Mary Lou Boultinghouse, Secretary  
Mick Cothran, Drought Management Coordinator  
Noelle Denke, Public Affairs Specialist  
Kyle Drake, Collections Supervisor  
Marcie Eilers, Administrative Services Manager / Treasurer  
Joshua Hargrove, Utility Worker I  
Todd Jester, GIS Specialist  
Jeff Marchand, Engineering Supervisor  
Matt Perez, Utility Worker II  
Larry Ragsdale, Safety & Risk Administrator  
Steve Stone, Construction / Maintenance Supervisor

Also present were others, including, but not limited to: Peter Colby, Aimee Coughlin, Donna Gebhart, Tiena Hidalgo, Zachary Kantor-Anaya, Steve Lopardo, Patricia McPhee, Paul Melzer, Julie Murray, Deanne Sanderson, and Roy Wilson.

PLEDGE OF ALLEGIANCE

Director Wolk led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

There were no additions to the agenda.

APPROVAL OF AGENDA

MOTION: Director McDougal moved to approve the agenda as presented; Director Gebhart seconded. Motion carried; ROLL CALL 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. SEATING OF DIRECTORS

1. Al Gebhart, Subdistrict No. 1
2. Jennifer DeMeo, Subdistrict No. 3
3. Don McDougal, Subdistrict No. 4

Director Wolk announced that Directors Gebhart, DeMeo, and McDougal were elected to Subdistricts 1, 3, and 4, respectively, and have taken their Oaths of Office.

B. ELECTION OF OFFICERS TO THE BOARD OF DIRECTORS

1. President
2. Vice President

Director Wolk turned the gavel over to Dr. Brady to conduct the Election of Officers.

MOTION: Director Davies nominated Director Wolk for President and Director Gebhart for Vice President. Motions carried; ROLL CALL VOTE:

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

The Election of Officers was closed, and Dr. Brady turned the gavel over to Director Wolk as Board President to preside over the remainder of the meeting.

C. APPOINTMENTS TO BOARD STANDING COMMITTEES

1. Fiscal Policy & Insurance
2. Personnel
3. Water Resources

President Wolk made the following appointments to the Board Standing Committees:

1. Fiscal Policy & Insurance: *Directors Gebhart and Wolk*
2. Personnel: *Directors Davies and DeMeo*
3. Water Resources: *Directors McDougal and Wolk*

D. EMPLOYEE OF THE QUARTER FOR NOVEMBER 2016

1. Todd Jester

President Wolk congratulated Mr. Jester for being chosen Employee of the Quarter for November 2016.

E. MANAGER'S AWARDS

1. Noelle Denke

2. Larry Ragsdale
3. Jeff Marchand

President Wolk congratulated Mrs. Denke, Mr. Ragsdale, and Mr. Marchand for receiving Manager's Awards.

F. OUTGOING EMPLOYEE RECOGNITION COMMITTEE MEMBERS

1. Ginny Walker
2. Mick Cothran
3. Steve Stone
4. Matt Perez
5. Josh Hargrove
6. Chris Hamilton
7. Steve Rucker
8. Tedd Theodore
9. Ace Rule

President Wolk presented the outgoing Recognition Committee members who were in attendance with Certificates of Appreciation for their service on the Recognition Committee throughout 2016.

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

*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.*

G. 2017 BOARD MEETING SCHEDULE

*Recommendation: The Board establish the 2017 Board Meeting Schedule, as proposed, to include combining the November and December regular Board meeting dates to Monday, December 11, 2017.*

MOTION: Director McDougal moved to approve the Consent Calendar as presented; Director Gebhart seconded. Motion carried; ROLL CALL VOTE:

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

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

H. 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 2017 "Be Water Smart" calendar were honored and presented with gifts and prizes for their outstanding artwork that will be featured in the calendar.

President Wolk announced a recess at 4:35 p.m.

The Board returned from recess and reconvened to Open Session at 4:43 p.m.

**IV. ACTION / DISCUSSION CALENDAR ----- (ITEMS I – N)**

**I. SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION (LAFCO):  
DISTRICT LATENT POWERS ACTIVATION, EXPANSION, AND/OR  
DIVESTITURE**

Status Update.

Dr. Brady reported a meeting has been scheduled for Wednesday, January 4, 2017, with Brian Albright, Director of Parks and Recreation for the County of San Diego, to discuss formation of a Landscape and Maintenance District by the County of San Diego in the Fallbrook area.

President Wolk announced that Item J would be considered next. Following the announcement, Director Gebhart read the following statement out loud:

*"Because I have a conflict of interest under the Political Reform Act (Government Code section 87100) and under Government Code section 1090 with respect to Item J, Santa Margarita Property Update, I am recusing myself from participating in any way, or any action, taken on this agenda item because of my real property interest and my primary residence, and/or real property interests, and the access easement to the trails system."*

Following his statement of recusal, Director Gebhart left the room at 4:47 p.m.

**J. SANTA MARGARITA PROPERTY UPDATE**

Recommendation: No action is requested at this time.

Mr. Bebee provided an overview of the history of the Santa Margarita property (Property). Mr. Bebee stated the Property was acquired in the 1950s in order to build a dam on the Santa Margarita River, but due to financial and environmental concerns, the dam was never built. As an alternative to the dam project, the Santa Margarita Conjunctive Use Project (CUP) was developed with Camp Pendleton. The original plan

would have transferred the Property to the Bureau of Reclamation to offset the cost of construction; however, the plan was abandoned due to federal funding constraints and other concerns.

Subsequently, the District and Camp Pendleton began working together on the CUP. Camp Pendleton notified the District it had funds available for the preservation of land that could be used towards purchasing the Property and suggested Western Rivers Conservancy as a potential source of additional funding. As a result, the District entered into a Purchase and Sale Agreement (PSA) with Western Rivers Conservancy (WRC). As part of the PSA, WRC must identify a long term steward and put in order a Long Term Steward Agreement. WRC identified the long term steward as The Wildlands Conservancy (Wildlands) that will own the Property and grant a trail easement to the Fallbrook Trails Council (Trails Council).

President Wolk invited Peter Colby of WRC to the podium. Mr. Colby stepped to the podium and stated WRC is responsible for funding and developing the long term stewardship approach of the Property. An Integrated Resource Management Plan (Plan) has been developed to (1) protect the natural resources and (2) protect and enhance recreational resources. Mr. Colby further stated those two goals were consistent with Wildlands' mission and the Plan was drafted in conjunction with the Trails Council and Wildlands. Mr. Colby noted the draft Plan was reviewed and approved by WRC, the District, Wildlands, and Camp Pendleton and is pending approval by state and federal resource agencies and any changes required by the resource agencies must be incorporated into the Plan. Mr. Colby added that the changes to the Restricted Use Easement (RUE) are currently being reviewed by the Department of the Navy.

Mr. Colby outlined the steps for finalization of the transaction:

- Title will transfer from the District to WRC.
- WRC will grant the RUE to the Department of the Navy; partial funding to the District will occur.
- Wildlands will collect monies; remaining funding to the District will occur.
- Title will transfer to Wildlands.
- Wildlands will grant a trails easement to the Trails Council.

Mr. Colby emphasized that all transactions would occur simultaneously, including recordation of the documents with the County Recorder. At the conclusion of the transaction, Wildlands will own and manage the Property, and the Trails Council will have a trails easement on the Property and have assistance from Wildlands with managing the trails.

Mr. Colby stated remaining tasks are as follows: (1) preparation of a trails easement between Wildlands and the Trails Council and (2) calculation of the amount the Navy will provide (in addition to the purchase price) for long term management of

the Property. Mr. Colby explained the Navy will create an endowment on behalf of Wildlands to hold and manage the Property.

Mr. Colby further stated remaining key issues are as follows: (1) approval by resource agencies of the Plan and finalization of the Plan and the RUE and (2) finalization and board approval of the Long Term Steward Agreement.

President Wolk invited Zach Kantor-Anaya of Wildlands to the podium. Mr. Kantor-Anaya stepped to the podium and introduced himself as the future manager of the Property. Mr. Kantor-Anaya reported he has been working with Donna Gebhart and the Trails Council to make the trails the best possible for the community.

President Wolk invited Donna Gebhart of the Trails Council to the podium. Mrs. Gebhart stepped to the podium and reported that 18 miles of trails were mapped, including bypasses. Mrs. Gebhart further reported that Director Davies suggested the Trails Council establish three refuge areas at Sandia Creek, the sand pit, and at Willow Glen.

President Wolk invited Aimee Coughlin to the podium. Mrs. Coughlin stepped to the podium and expressed her opposition to establishing a staging/access area near her home at the end of Stage Coach Lane due to safety concerns.

President Wolk invited Tiena Hidalgo to the podium. Mrs. Hidalgo stepped to the podium and expressed her opposition to establishing a staging/access area near her home at the end of Willow Glen and Stage Coach due to safety concerns and excessive traffic by horse trailers and others.

President Wolk invited Roy Wilson to the podium. Mr. Wilson stepped to the podium and expressed his opposition to establishing a staging/access area near his home off Willow Glen due to excessive traffic by horse trailers and others.

President Wolk invited Deanne Sanderson to the podium. Mrs. Sanderson, who stated she lives in Escondido and keeps her horses in Valley Center, stepped to the podium and expressed her support of public access to the trails system, especially for those who live in urban areas.

President Wolk invited Julie Murray to the podium. Mrs. Murray stepped to the podium and expressed her opposition to establishing a staging/access area near her home off Willow Glen due to safety concerns and excessive traffic by horse trailers and others.

President Wolk requested that a future workshop be scheduled to provide sufficient time for a thorough discussion of the Property.

Mr. Bebee suggested holding the workshop after the resource agencies make comments on the draft Integrated Resource Management Plan.

Director Gebhart returned to the meeting at 5:32 p.m.

K. LOCAL PREFERENCES POLICY FOR PURCHASES

*Recommendation: The District currently uses a number of local vendors that are able to provide products and services at competitive costs for the ratepayers, but the local preferences policy is not clearly articulated in the District's Administrative Code. It is recommended that based on Board input staff formalize this policy with Legal Counsel and bring an updated local preference policy for Board review and approval including a process to better solicit local vendors.*

Mr. Bebee stated the agenda item was to provide an update concerning the District's purchasing policy relative to utilizing local vendors. Mr. Bebee reported that Legal Counsel reviewed the District's current policy and found that due to language in the Public Utility District Act, requiring the use of local vendors for larger contracts in the Administrative Code would place the District at risk for a legal challenge. Mr. Bebee stated the District utilizes local vendors when possible and suggested there could be improvement in notifying local vendors of services needed or revising the Administrative Code to formalize a policy for local vendors.

Mrs. de Sousa Mills stated the legislature has determined statutory procurement requirements for purchasing and contracts for public utility districts. Mrs. de Sousa Mills explained there is a bid threshold where the District is obligated to award to the lowest responsive, responsible bidder for public works construction and is required to award to the best qualified bidder for professional services; and when there is no statutory threshold, the Board cannot adopt a local preference policy for local entities. In order to reach out to local vendors, Mrs. de Sousa Mills suggested augmenting the list of local vendors with additional vendors and formalizing a local preference policy for those purchases below bid thresholds.

Director Gebhart expressed his preference of using local businesses.

President Wolk suggested announcing services the District may need to the community.

Director McDougal suggested revising the administrative code relative to reaching out to local businesses.

L. PURCHASE OF AIR-VACUUM VALVES

*Recommendation: That the Board award the bid to Pacific Pipeline in the total amount of \$25,082.78, inclusive of taxes, in order to ensure the District maintains a reliable sewage collection and disposal system.*

Mr. Bebee reported that in accordance with the Public Utility District Act, this purchase requires board approval. The request is for five (5) air vacuum valves for



replacement in the outfall and in forced mains. The current valves are old and not functioning correctly, which could potentially result in spills. Staff is recommending award to Pacific Pipeline in the sum of \$25,082.78.

MOTION: Director Davies moved to approve staff's recommendation; Director McDougal seconded. Motion carried; ROLL CALL VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

M. AWARD OF ADDITIONAL RECYCLED WATER PUMP AND VARIABLE FREQUENCY DRIVE FOR WRP

*Recommendation: That the Board authorize award of a contract to Cortech Engineering Inc. for the procurement of a Vertical Lineshaft Pump And Variable Frequency Drive for \$96,400 to increase the recycled water delivery capacity to meet the needs of the recent expansion of the recycled distribution system.*

Mr. Bebee reported that due to the expanded recycled service area, there is an increase in demand and delivery of water; and in order to meet those needs, a pump and a variable frequency drive that controls the speed of the pump is required at the water reclamation plant. This request is for equipment, and staff will perform the installation and electrical work. Mr. Bebee noted the item was included in the Wastewater Capital Budget for fiscal year 2016-17. Staff received two bids, and the lowest bid was from Cortech Engineering, Inc.

MOTION: Director McDougal moved to approve staff's recommendation; Director DeMeo seconded. Motion carried; ROLL CALL VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

N. AMEND ARTICLE 21 OF THE ADMINISTRATIVE CODE TO INCORPORATE PREVIOUSLY APPROVED WATER RATE CHANGES FOR JANUARY 1, 2017 THROUGH DECEMBER 31, 2017  
RESOLUTION NO. 4894

*Recommendation: That the Board adopt Resolution No. 4894 amending Article 21, to incorporate previously approved water rates effective January 1, 2017 for Calendar Year 2017.*

Mrs. Eilers reported that the 2017 water rates were board approved in July 2016, and customers were notified of the January 1, 2017 rate increase in their October and November bills. Ratepayers will receive bills that include the new rates in February.

Mrs. Eilers pointed out that Tier 2 rates were increased by 12% compared to the wholesale cost of water that increased by 9.6%. The difference will be placed in the PARS 115 Trust to prefund OPEB and CalPERS expenses.

Mrs. de Sousa Mills reiterated the rates have already been approved by the Board and this item is to memorialize the rates in the Administrative Code.

MOTION: Director McDougal moved to approve staff's recommendation; Director Davies seconded. Motion carried; ROLL CALL VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

**V. ORAL / WRITTEN REPORTS----- (ITEMS 1- 6)**

1. General Legal Counsel

- Mrs. de Sousa Mills reported that SWRCB Board Members Tam M. Doduc and Frances Spivy-Weber's terms will expire in January 2017, and their replacements will be appointed by the Governor and confirmed by the Senate.
- As a result of AB 685 and AB 401, the SWRCB and relevant stakeholders will be required to move forward in developing a plan for low-income water assistance.
- Last week the California Supreme Court ruled that private emails used for business may be subject to disclosure under the California Public Records Act. BB&K is expected to formulate an opinion by March and outline a protocol for agencies to follow.

2. SDCWA Representative/General Manager

- Dr. Brady reported a number of MWD tours are being offered through the SDCWA between January and March that Directors may be interested in attending.
- The District's new website should be operational within 8 to 10 weeks.
- ACWA/JPIA has presented the District with a President's Special Recognition Award for safety, liability, property, and workers compensation.
- Senator Dianne Feinstein's "drought bill" passed the House and the Senate and is on the President's desk for approval. The District and other state water agencies have written letters to the President in support of the bill.
- The SDCWA is in favor of keeping the stress test in place that requires water supplies for a period of three years. Because of desalination, the San Vicente Dam, and IID water, the region has a supply of water for the next five to six years.

- The SDCWA is opposing mandatory installation of dedicated irrigation meters for businesses (commercial, industrial, and institutional).
  - A study demonstrated the cost/benefit ratio for the Delta tunnels is in the .3 to .5 range, reflecting a negative benefit overall.
3. Administrative Services Manager/Treasurer
  4. Assistant General Manager
    - Mr. Bebee explained the County of San Diego has required the District to do a micro grind on South Mission Road repair that will be followed by a chip seal. The County has stated the chip seal must be delayed until the weather warms up.
    - Camp Pendleton issued a Notice to Proceed for construction of their facilities as part of the CUP. The award is \$54 million and includes the dam, weir, pump station, and pipeline to the Naval Weapons station at the District boundary.
  5. Public Affairs Specialist
  6. Director Comments/Reports on Meetings Attended
    - Director Gebhart reported he attended a CSDA workshop titled, "How to be an Effective New Board Member," on December 6, 2016.

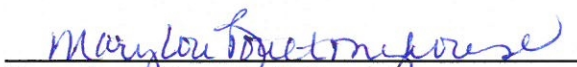
**VI. ADJOURNMENT OF MEETING**

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 6:19 p.m.



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President, Board of Directors

ATTEST:



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Secretary, Board of Directors