



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

MINUTES

**MONDAY, AUGUST 24, 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.

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

Vice-President DeMeo called the August Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m.

Vice-President DeMeo announced, for the record, that this meeting was conducted by teleconference using the call-in and web link on the agenda, pursuant to the Brown Act waivers to certain provisions under the Governor's Executive Order in response to the COVID-19 State of Emergency.

Vice-President DeMeo 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 mailing them to the District, dropping them in the District's payment drop box, or 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. These instructions supersede the District's normal public comment procedures.

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
Jason Cavender, Operations Manager
Aaron Cook, Senior Engineer
Caroline Wilson, Accounting Technician II
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Craig Balben and Steve Gortler.

PLEDGE OF ALLEGIANCE

Vice-President DeMeo led the Pledge of Allegiance.

President Endter announced he requested Vice-President DeMeo to act as President of the meeting as he was unable to officiate the meeting.

APPROVAL OF AGENDA

Vice-President DeMeo announced that she would call on staff to make a presentation of each agenda item. After the presentation was made, to avoid everyone speaking at once, Vice-President DeMeo reported she would then call on each Director to see if there were questions for staff regarding their presentation. Vice-President DeMeo stated after the round of questions, she would then ask for a motion and request that each Director identify themselves when making a motion or seconding a motion. Next, Vice-President DeMeo would call on each Director to see if there were any comments. She announced all votes would be done by roll call.

MOTION: Director McDougal moved to approve the Agenda as presented;
President Endter 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.

There were no public comments.

- A. EMPLOYEE OF THE QUARTER FOR AUGUST 2020
1. Jose Mendoza

General Manager Bebee recognized Jose Mendoza as the Employee of the Quarter for August 2020.

- B. YEARS OF SERVICE
1. Caroline Wilson – 5 Years
2. Mick Cothran – 5 Years
3. Matt Lian – 5 Years

General Manager Bebee recognized Caroline Wilson, Mick Cothran, and Matt Lian for their five years of service to the District.

II. CONSENT CALENDAR-----(ITEMS C – 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.

- C. CONSIDER APPROVAL OF MINUTES
1. July 27, 2020 Regular Meeting

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

- D. CONSIDER CLAIM FOR INUNDATION OF WATER ONTO REAL PROPERTY

Recommendation: *The claim may exceed the District retrospective allocation point of \$10,000 per occurrence therefore; it is beyond the District's settlement authority and needs to be forwarded to JPIA as required. Staff recommends rejection of the claim and forwarding to ACWA/JPIA for resolution.*

- E. 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.*

F. COMMUNITY BENEFIT WATER USERS FY 2019-20 ANNUAL REPORT

Recommendation: This item is for information purposes, no action is required.

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

Recommendation: This item is for information only; no action is required of the Board.

MOTION: Director McDougal moved to approve the Consent Calendar as presented; Director Baxter seconded. Motion passed; VOTE:

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

III. **INFORMATION**----- (ITEMS H – I)

H. CITYWORKS ENTERPRISE ASSET MANAGEMENT IMPLEMENTATION

Operations Managers Cavender presented a slideshow on the CityWorks Enterprise Asset Management Implementation project.

Director McDougal asked what backup is used for accountability for preventative maintenance. Operations Manager Cavender responded that it was the **Supervisors and Managers' responsibility** to monitor the dashboards and check on accountability and that CityWorks gives the opportunity to monitor this. General Manager Bebee stated CityWorks also creates a paper trail for accountability, as the system identifies a specific person assigned to a task. Director McDougal reiterated the importance of accountability when it comes to preventative maintenance.

Director Wolk asked the cost of the implementation. Operations Manager Cavender believed the current fiscal year contract was for \$30,000. Director Wolk asked if there was an analysis done on cost recovery. General Manager Bebee stated the Engineering & Operations Committee could further work on this analysis and evaluation of the cost benefit. Director Wolk thought it would be a good idea to verify how much money has been saved in six months' time.

I. FY 2019-20 YEAR-END BUDGET STATUS REPORT

Assistant General Manager/CFO Shank presented a slideshow on the fiscal year 2019-20 year-end Budget Status Report.

General Manager Bebee reported for the past five to six years, our revenues have been less than our expenses. This was the transition year that has been planned with for the long-term financial plan and rate strategy. We are starting to build back reserves this year, but this was a year where total revenues exceeded total expenses.

Director Baxter stated the District generates a large amount of reclaimed water, but does not have a lot of distribution for it and asked if there are any other thoughts and ideas to utilize reclaimed water available today instead of just dumping it. General Manager Bebee stated there is a recycled master plan that is updated every few years and discussed the challenges of being able to distribute that water. He did report the District is working with Rainbow and looking at picking up nurseries in Rainbow's service area.

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

J. CONSIDER AUTHORIZATION OF ADDITIONAL DEPOSIT TO SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

Recommendation: That the Board authorize the General Manager to provide an additional deposit to SDLAFCO of \$62,220.

General Manager Bebee reported this request from the LAFCO Executive Officer was included in the packet and explained some of the costs associated with the detachment effort were included in the budget. He explained LAFCO is reimbursable, meaning they are funded by the applicant parties, Fallbrook and Rainbow. General Manager Bebee stated we are about a quarter of the way through the application process, and the amount identified in this request should be enough to get us to the finish line.

Director Wolk thought this was a unique governmental process where there were no checks or balances. Specifically, Director Wolk made the observation that the San Diego County Water Authority has gone to LAFCO 35 times, sometimes twice in the same day to the same person, which is more than FPUD has. This is an indication of the Water Authority's attitude and integrity. Director Wolk did not suggest any comments be made to Mr. Simonds. Vice-President DeMeo agreed with Director Wolk's observation. General Manager Bebee stated he could relay this concern of the Board to Mr. Simonds.

MOTION: President Endter moved to authorize the General Manager to provide an additional deposit to SDLAFCO of \$62,220; Director Wolk seconded. Motion passed; **VOTE:**

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

ABSTAIN: None
ABSENT: None

K. CONSIDER POTENTIAL DEBT REFUNDING

Recommendation: The Board approve the development of a refinancing plan and debt documents with the Finance Team.

Assistant General Manager/CFO Shank gave an overview of the debt refunding opportunity available to the District, explaining that the District has a loan with the State that has a 2.2% interest rate, and rates are currently below that. He mentioned this item has gone through the FP&I Committee, and there is a significant savings of \$1.1M over 15 years available.

Director Wolk asked what the exit number would be should interest rates start turning around. He suggested that number be decided in advance. General Manager Bebee reiterated that this motion was not for approving the issuance of debt, but just preparing the documents for right now.

Vice-President DeMeo confirmed another Board action would be needed to approve the actual refinancing. General Manager Bebee stated a Special Board Meeting may need to be called instead of waiting for the Regular Board Meeting.

Director Baxter asked if there are any downsides to this refinancing opportunity. AGM/CFO Shank responded that there really are not any downsides to this refinancing and it does not stop any future refinancing opportunities, should they arise in the future.

MOTION: Director McDougal moved to approve the development of a refinancing plan and debt documents with the Finance Team; Director Wolk seconded. Motion passed; VOTE:

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

L. CONSIDER UPDATES TO SEWER SERVICE SECTIONS OF THE ADMINISTRATIVE CODE

Recommendation: That the Board adopt Ordinance 348 repealing Administrative Code Articles 20, 30 and 31 and replacing with the attached Article 20.

General Manager Bebee provided the Board with an overview of the proposed changes to the sewer service sections of the Administrative Code. There were also additional updates to the FOG Program, which will go back to the Board next month for adoption, and the language included in the proposed Article 20. This will allow the program to be enforced by Resolution and not just the General Manager.

General Counsel de Sousa noted the draft Ordinance included in the Board package stated the revised Administrative Code Article 20 would take effect 30 days after passage, but it was decided this should take effect 45 days after passage instead, so the Board can approve the new and amended FOG Program at its next Board Meeting.

MOTION: President Endter moved to adopt Ordinance 348, repealing Administrative Code Articles 20, 30 and 31 and replacing with a revised Article 20, with the change that it will take effect 45 days from passage instead of 30 days as originally noted on the draft ordinance, as well as minor modifications to the FOG Program language; Director Baxter seconded. Motion passed; VOTE:

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

M. CONSIDER ONE-TIME EMPLOYEE STIPEND

Recommendation: That the Board approve the one-time stipend.

General Manager Bebee explained there was money budgeted for a one-time bonus to be paid to the General Manager, but instead he suggested it be divided amongst the employees, which comes out to \$75 per employee.

Director McDougal asked if the employees already knew about this stipend. General Manager Bebee stated he would send out a message to the employees.

President Endter confirmed that the employee newsletter was being reinstated.

MOTION: Director McDougal moved to approve the one-time employee stipend; Director Wolk seconded. Motion passed; VOTE:

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

ABSENT: None

- N. CONSIDER APPROVAL OF AMENDED AND RESTATED EMPLOYMENT AGREEMENT WITH GENERAL MANAGER JACK BEBEE EFFECTIVE JULY 1, 2020

Recommendation: That the Amended and Restated Employment Agreement with General Manager Jack Bebee be approved effective July 1, 2020.

General Counsel de Sousa announced, for the record, pursuant to Government Code Section 54953, the following is a summary of the modifications in the form of fringe benefits and/or salary to be paid to the General Manager under the proposed amended and restated Employment Agreement, if approved.

First, there was a proposed increase in the deferred compensation contribution match from 2.5% up to 4.8% and an increase in vacation leave accrual cap from 248 hours to 270 hours. There was no proposed change to the General Manager's actual salary. There were also additional modifications sent out in the Board Agenda Memo to roll in previous amendments to the original agreement between the District and the General Manager. This was to provide a comprehensive document to look at instead of one document with several amendments.

MOTION: Director McDougal moved to approve the Amended and Restated Employment Agreement with General Manager Jack Bebee effective July 1, 2020; President 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
 - General Manager Bebee provided an overview of the written reports 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.

- Director Wolk asked why the Reclamation Plant energy usage would jump around. General Manager Bebee stated flows and temperature can affect the energy usage. General Manager Bebee reported they are still working on having solar production removed from that KPI graph.
4. Assistant General Manager/Chief Financial Officer
 - a. Financial Summary Report
 - b. Treasurer's Report
 - c. Budget Status Report
 - d. Warrant List
 - AGM/CFO Shank provided an overview of the written reports included in the Board packet.
 - AGM/CFO Shank did note the State reimbursement funds did not come in until the end of the month, so there was a month where the funds were still in transit at month end. This caused the liquidity portfolio funds to be higher and the long-term investment portfolio funds to be lower, as the funds stayed in the money market account longer than anticipated.
 - Director Wolk expressed his concern for the State's timeline for reimbursement of funds. General Manager Bebee reported they are working with Senator Jones' office to keep the pressure on the State and will keep pushing after it gets to 45-50 days. Director Wolk suggested General Manager Bebee propose to Senator Jones's office that they have a hearing and possibly introduce legislation that when the State goes over a set amount of days, Districts can send a bill for lost interest. This will raise the issue to a higher political level.
 - Director McDougal stated a number of years ago the Federal government had a similar issue, and a number of companies ended up going out of business because they did not receive reimbursement in time, and legislation was changed to put on the pressure.
 5. Public Affairs Specialist
 - General Manager Bebee stated there are a number of Public Affairs efforts in process, including videos, social media outreach, and a press release relative to detachment that was published in the Village News.
 6. Notice of Approval of Per Diem for Meetings Attended
 - Notification of Approval for Director's attendance for a virtual LAFCO meeting on Monday, August 3, 2020.
 - Notification of Approval for Director's attendance to a mini-park opening celebration at 300 East Alvarado Street on Wednesday, August 5, 2020.
 - Vice-President DeMeo provided notice to the Board that she approved President Endter's attendance for a virtual LAFCO meeting on Monday, August 3, 2020 and Directors' attendance to a mini-park opening celebration on Wednesday, August 5, 2020.

7. Director Comments/Reports on Meetings Attended
 - President Endter reported he was able to attend the virtual LAFCO meeting and listen to statements from General Manager Bebee and RMWD General Manager related to the benefits of de-annexation, including savings to ratepayers. He also reported he attended a mini-park celebration that was put on by Save Our Forests. He noted Fallbrook Public Utility District donated rocks.
 - Vice-President DeMeo reported on her visit to the Community Garden last month.
8. Miscellaneous

ADJOURN TO CLOSED SESSION

Vice-President DeMeo announced that members of the public were welcome to continue to stay on the teleconference line while the Board was in Closed session, however they would only hear silence. Following Closed Session and prior to adjournment, an oral announcement of reportable action, should there be any, would be made to the public on the teleconference line.

The Board of Directors adjourned to Closed Session at 5:45 p.m. following an oral announcement by General Counsel de Sousa of Closed Session Items VI.2 and VI.3. General Counsel de Sousa announced there was no longer a need for Closed Session Item VI.1, and reiterated the Board would only be discussing Closed Session Items VI.2 and VI.3.

VI. CLOSED SESSION

1. CONFERENCE WITH LABOR NEGOTIATORS PER GC § 54957.6
Agency Designated Representative: Board President Endter
Unrepresented Employee: General Manager
2. PUBLIC EMPLOYEE PERFORMANCE EVALUATION PER GC § 54957
Title: General Manager
3. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION PER GC § 54956.9 (d)(2)

One (1) Potential Case

RECONVENE TO OPEN SESSION

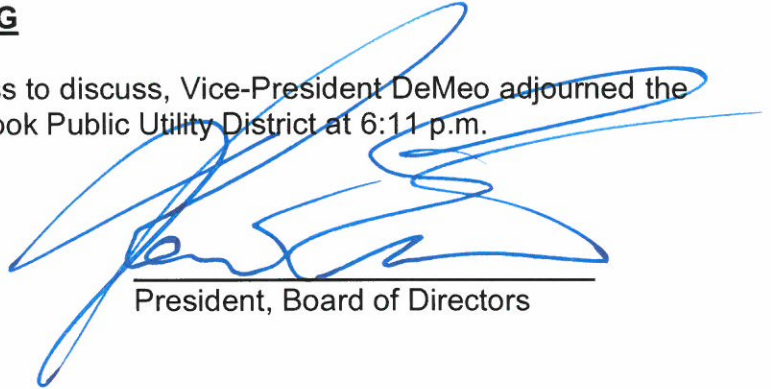
The Board returned from Closed Session and reconvened to Open Session at 6:11 p.m.

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, Vice-President DeMeo adjourned the August Regular Meeting of the Fallbrook Public Utility District at 6:11 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors