



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

**MINUTES**

**MONDAY, OCTOBER 26, 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**

President Endter called the October Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:03 p.m.

President Endter 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.

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 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  
Paula de Sousa, General Counsel  
Dave Shank, Assistant General Manager/CFO  
Jason Cavender, Operations Manager  
Aaron Cook, Senior Engineer  
Noelle Denke, Public Affairs Specialist  
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Bob Campbell, Rodney Smith, Kim Thorner, Lani Lutar, Craig Balben, and Meena Westford.

PLEDGE OF ALLEGIANCE

President Endter led the Pledge of Allegiance.

APPROVAL OF AGENDA

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

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. YEARS OF SERVICE

1. Kevin Stamper, Utility Worker II – 20 years

General Manager Bebee recognized Utility Worker II, Kevin Stamper for his 20 years of service to the District.

B. NEW EMPLOYEE ANNOUNCEMENT

1. Alex Stanko, Utility Technician

General Manager Bebee introduced Alex Stanko as the new Utility Technician.

**II. CONSENT CALENDAR----- (ITEMS C-E)**

*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. September 22, 2020 Special Meeting
2. September 28, 2020 Regular Meeting

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

**D. CONSIDER NOTICE OF COMPLETION – FRP HEADWORKS COVER REPLACEMENT**

*Recommendation: That the Board authorize staff to file the attached Notice of Completion with the San Diego County Recorder.*

**E. CONSIDER ADVANCE APPROVAL TO ATTEND MEETINGS**

*Recommendation: That the Board authorize advance approval for Directors' attendance to the San Diego County Water Authority Study Session on Proposed Regional Conveyance System on October 27, 2020.*

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

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

**III. INFORMATION----- (ITEMS F-H)**

**F. WATER AUTHORITY REGIONAL CONVEYANCE SYSTEM BRIEFING**

Dr. Rodney Smith of Stratecon presented a slideshow on the proposed Water Authority Regional Conveyance System.

Director McDougal asked the total cost of Phase A, B, and the additional analysis that will be done before a decision to move forward or to not move forward is made. Dr. Smith responded that the current definition of Phase B outlined a \$1.3 million cost, but that the scope of what Phase B should look like was still under staff discussion. Director McDougal stated that SDCWA water rates were already \$500 per acre foot higher than they would be through Metropolitan, and that he had a hard time trying to understand the justification of spending millions of dollars to study something that was already costing the District way over what it would be by not being with the SDCWA. The SDCWA costs have been greatly higher compared to Metropolitan. As SDCWA spends money, the District receives very little benefit from it.

Director Wolk noted the projected cost of this project was about \$26 billion and asked if there was a ballpark number for interest charges. Dr. Smith responded that the staff assumption was 4% or about \$300 million. Director Wolk asked if Dr. Smith's analysis included what the required water rate would be to pay the loan. Dr. Smith answered that his analysis had not yet included that information. Director Wolk asked if Dr. Smith's analysis included how long it would take to amortize this project. Dr. Smith responded that it would depend either on the debt structure or the useful life of the asset.

Director McDougal confirmed the RCS project required water from the Colorado Water Supply and questioned if, that supply becomes less reliable, it would have the same impact on Metropolitan as it would have on the new RCS. Dr. Smith disagreed, as he believed in the priority system, which would show Metropolitan losing water before IID.

Director McDougal questioned the sea level increase noted in the environmental impact section of the presentation. Dr. Smith explained this was related to the climate change analysis that the State government has concluded.

Vice-President DeMeo asked about the cost to the current ratepayers. Dr. Smith explained there were three types of schedules that were on a timeline. These included the pre-environmental review, which was where we were now, as well as Phase A and Phase B, and the project development plan. He believed this would be a very small amount of money relative to the size of this project.

Dr. Smith announced he was available to answer any further questions via email.

#### G. PROCESS FOR SETTING CY 2021 RATES AND CHARGES

AGM/CFO Shank outlined the process for setting calendar year 2021 rates and charges that will be effective January 1, 2021. He reported that the FP&I Committee would be meeting once or twice in November to outline options and come up with potential opportunities for rate relief before the December Board Meeting.

#### H. CMMS PRESENTATION

General Manager Bebee and Operations Manager Cavender presented a slideshow which provided an overview of the District's operational software systems. This presentation also included the costs and savings of each system.

Director Baxter reiterated the positive return on investment of these systems as it related to headcount and additional necessary resources.

#### IV. ACTION / DISCUSSION CALENDAR -----(ITEMS I-K)

##### I. CONSIDER GAC TREATMENT SYSTEM EQUIPMENT PROCUREMENT (SUPPLEMENTAL MATERIALS)

President Endter reported there was a disagreement regarding the low bid, which resulted in a protest. The recommendation from staff was to rebid the project prior to the next Board Meeting.

Director Wolk disagreed with the recommendation, noting both bidders had equal opportunities to do their research for the necessary requirements. By rebidding this project, the bidder who did not do their research had the advantage of knowing what the other bidder did, which Director Wolk did not believe was the way to do competitive bidding.

General Manager Bebee explained that the State Water Resource Control Board requirement is a somewhat gray area, which was why the recommendation was to rebid the project.

General Counsel de Sousa explained public agencies do have the option to reject all bids, for any reason, as long as it is not for an illegal reason. She went on to report that it was her understanding that the low bidder did not comply with the DBE requirements to make a good faith effort for outreach to meet those DBE requirements and that the lower bidder may be contracting out minor work to vendors and subcontractors. If the contractor was truly not subcontracting out to any vendors or subcontractors, they could state as such, but Calgon did not consider their contracting of minor work as subcontracting. General Counsel de Sousa did report that for federally-funded projects, DBE good faith efforts are required unless there is an exception, and here the exception seems to have gone away from what we understand from what Calgon has stated.

General Manager Bebee did state this scenario is atypical, as generally these bids go to a general contractor, and we are pre-procuring equipment instead.

Director Baxter asked what the District was doing to encourage additional bidders. Senior Engineering Cook stated he had reached out to the third bidder to make sure they were interested in bidding.

Director Baxter asked about the legal implications with the District's options. General Counsel de Sousa stated the least risk the District had would be to reject all bids and rebid, as long as the District had time to go through that process. Awarding to the second lowest bid would be the second lowest risk, and awarding to the lowest bidder would be the riskiest for the District.

**MOTION:** Director McDougal moved to reject all bids and directed staff to re-advertise the procurement of the GAC treatment system equipment prior to the next Regular Board Meeting scheduled for December 7, 2020; Director Baxter seconded. Motion passed; **VOTE:**

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

**J. CONSIDER AWARD OF 2.8 MG RESERVOIR PAINTING & COATING PROJECT**

*Recommendation: That the Board authorize award of the 2.8MG Reservoir Painting & Coating Project to the lowest responsible bidder, Simpson Sandblasting, for \$648,274.*

Director Baxter announced this agenda item went through the Engineering & Operations Committee. He did report that the capital budget for this project was approved at \$654,000, but that with internal administrative and construction management costs, this project was most likely be closer to \$690,000. Director Baxter also noted that this project had \$80,000 set aside for miscellaneous capital costs, and based on staff's review of this project, that additional \$80,000 may not all be used and that \$40,000 of that could be allocated to cover the budget override. Director Baxter also reported that the scope of this recoating project also included the inspection of the tank, which was not something that was normally included in a recoating bid. This inspection could cost roughly \$50,000, but was included in Simpson Sandblasting's bid. With that inspection considered, the budget for this project was right on track.

**MOTION:** Director McDougal moved to authorize award of the 2.8MG Reservoir Painting & Coating Project to the lowest responsible bidder,

Simpson Sandblasting for \$648,274; Vice-President DeMeo seconded.  
Motion passed; VOTE:

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

K. CONSIDER 100 YEAR ANNIVERSARY PUBLIC RELATIONS PLAN

*Recommendation: That the Board authorize Jeff Crider to begin research to write the historical book, and create an ad-hoc committee for further planning of this historic occasion.*

Public Affairs Specialist Denke announced the District will turn 100 in June 2022. She provided a brief background on Jeff Crider, who is a former reporter and historian who would research and document the District's history for a 100 year anniversary event, as long as the COVID-19 pandemic allows for an event. These research efforts would also include interviewing past District staff, Board members, and other significant individuals. This research is scheduled to take about a year.

Public Affairs Specialist Denke reported that because of the COVID-19 pandemic, much of the current Public Affairs budget would not be used as originally intended, and therefore no additional money would be needed for this anniversary project. She suggested an ad-hoc committee be formed to work through this project.

Director McDougal recommended Public Affairs Specialist Denke appoint the Directors she would like to work with for the ad-hoc committee.

MOTION: Director McDougal moved to approve a 100-year anniversary Public Relations plan, which included authorizing Jeff Crider to begin research to write a historic book and creating an ad-hoc committee for further planning of this historic occasion; Director Wolk 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

- General Counsel de Sousa provided a brief overview of some legislation that will be effective January 1, 2021, as it may impact the water industry and/or local communities. This reported legislation included AB1577, SB1447, SB115, SB73, SB865, and AB2231.
  - General Counsel de Sousa reported that there were 428 bills sent to the Governor from legislature, of which 56 were vetoed. This was much lower compared to prior years, due to the COVID-19 pandemic.
2. SDCWA Representative Report
    - General Manager Bebee stated the SDCWA Representative written report was included in the Board packet.
  3. General Manager
    - a. Engineering and Operations Report
      - General Manager Bebee reported there were scheduled shutdowns that were postponed due to Santa Ana winds and the fire risk.
      - Senior Engineer Cook provided a CIP plan update.
        - Director Wolk noted that meter exchange and valve replacement has fallen behind scheduled and that there was an increase in broken valves. He asked if something was interfering with this project or if there was a plan to catch up. General Manager Bebee responded that the District was short staffed, but they have now filled those positions. There was also an effort on backflow devices, which displaced resources. The goal is to come up with a way to get back on track moving forward.
  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.
  5. Public Affairs Specialist
    - Public Affairs Specialist Denke stated she had placed a Village News article and has been working on keeping up with social media.
  6. Notice of Approval of Per Diem for Meetings Attended
    - Notification of Approval for Director's attendance for a meeting with Otay Water District's General Manager and Board President on Tuesday, October 13, 2020.
      - President Endter provided notice to the Board that he approved Director Wolk's attendance for a meeting with Otay Water District's General Manager and Board President on Tuesday, October 13, 2020.
        - General Counsel de Sousa made clear for the record that Director Wolk's report from this meeting was included in the agenda packet.
      - President Endter requested Directors provide him with enough notice to approve their attendance to meetings well in advance.



7. Director Comments/Reports on Meetings Attended

- Director McDougal reported Senior Engineer Cook took a group of residents on Palomino Road on a tour of the Conjunctive Use Project, and it was well received. Director McDougal suggested tours should be something the District offers in the future, once the COVID-19 pandemic allows. He also suggested this could be included in the 100 year anniversary project and that it was important to showcase what the District has and what we do.
- Director Wolk asked why Filanc reopened the street. General Manager Bebee reported that the pipeline is now in place, but we have to go back in and connect it to existing infrastructure, which will happen over the next few months.
- Director Baxter commended General Manager Bebee and Field Services Manager Stone for their efforts on resolving an issue for a customer who was unfortunately taken advantage of from a plumber.

8. Miscellaneous

ADJOURN TO CLOSED SESSION

General Counsel de Sousa 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 6:37 p.m. following an oral announcement by General Counsel de Sousa of Closed Session Items VI.1 and VI.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: Bonnie Kessner and Andrea McCartney-Page, et al. vs. City of Santa Clara et al., Santa Clara Co. Sup. Ct. Case Number 20CV364054*

2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION PER GC § 54956.9 (d)(2):

*One (1) Potential Case (Claim filed by David S. Lacey and Suzanne Lacey)*

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:52 p.m.

**REPORT FROM CLOSED SESSION**

On Motion of President Endter, seconded by Vice President DeMeo, the Board unanimously (with all Directors present) voted to reject the claim filed by David S. Lacey and Suzanne Lacey.

**VII. ADJOURNMENT OF MEETING**

There being no further business to discuss, the October Regular Meeting of the Fallbrook Public Utility District was adjourned at 6:55 p.m.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors