

**FALLBROOK PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS**

**COMBINED NOVEMBER / DECEMBER REGULAR BOARD MEETING  
AND PUBLIC HEARING**

**MINUTES**

**MONDAY, DECEMBER 11, 2017  
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 / ROLL CALL / ESTABLISH A QUORUM**

President Wolk called the Combined November / December Regular Meeting and Public Hearing of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m.

**Board of Directors**

**Present:** Milt Davies, Member (*left at 7:11 p.m.*)  
Jennifer DeMeo, Member  
Al Gebhart, Member  
Don McDougal, Member  
Charley Wolk, Member

**Absent:** None

**District Staff**

**Present:** Paula de Sousa Mills, General Legal Counsel  
Lutfi Kharuf, General Legal Counsel  
Jack Bebee, Acting General Manager  
David Shank, Assistant General Manager / Chief Financial Officer  
Mavis Canpinar, Customer Service Representative II  
Jason Cavender, System Operations Manager  
Mick Cothran, Drought Management Coordinator  
Noelle Denke, Public Affairs Specialist  
Soleil Develle, Engineering Technician III  
Kelly Laughlin, Administrative Office Specialist  
Jeff Marchand, Engineering Supervisor  
Mary Lou West, Secretary

Also present were others including, but not limited to, the following: Gordon Tinker, former General Manager; Paul Boughman, Camp Pendleton; Colonel Gary S. Johnston,

Deputy Commander, Camp Pendleton; and John Simpson, Director, Office of Water Resources, Camp Pendleton; Mike Harrison, District Chief of Staff, Office of Congressman Duncan Hunter; Lenna Wright, District Representative, Office of Congressman Darrell Issa; Martha Lennihan, District Water Counsel; Jack Simes, U.S. Bureau of Reclamation; Michael Preszler, Watermaster, Santa Margarita River Watershed; Kurt Bantle; Joe Bator; Charles Bertolino; Ron Bissinger; Dan Coxe; Judy Crouch; Cindy Custer; David Custer; Donna Gebhart; Alan Geraci; Mario Geracitano; John Manning; Debbie McCain; Kim Murphy; Mike Osborne; David Promack; Ryan Promack; Eric Thompson; Lori Tillery; and Sanjay Gaur, Vice-President, Raftelis Financial Consultants, Inc.

#### 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

**MOTION:** Director McDougal moved to approve the agenda as presented; Director DeMeo 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 members of the public who wished to speak during Public Comment concerning items not listed on the agenda.

#### A. ELECTION OF OFFICERS TO THE BOARD OF DIRECTORS

1. President

2. Vice-President

**MOTION:** Director Davies nominated Vice-President Gebhart for President and Director McDougal for Vice President; President Wolk seconded. Motion carried; **VOTE:**

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

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

- B. APPOINTMENTS TO BOARD STANDING COMMITTEES
1. Fiscal Policy & Insurance
  2. Personnel
  3. Water Resources

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

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

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. PROPOSED 2018 BOARD OF DIRECTORS REGULAR MEETING SCHEDULE

*Recommendation: The Board establish the 2018 Board of Directors' meeting schedule, as proposed, to include postponing the May regular meeting by one day to Tuesday, May 29, 2018, and combining the November and December regular Board meetings to Monday, December 10, 2018.*

D. ADVANCE APPROVAL TO ATTEND MEETINGS

*Recommendation: The Board authorize Advance Approval to Attend Meetings for Directors' attendance to the Metropolitan Water District of Southern California Tour hosted by the San Diego County Water Authority: Colorado River Aqueduct System Inspection Tour, January 19-20, 2018.*

E. APPROVAL OF MINUTES

1. Regular Board Meeting of October 23, 2017
2. Special Board Meeting of October 31, 2017
3. Special Board Meeting of November 15, 2017

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

F. SMITH QUITCLAIM REQUEST  
RESOLUTION NO. 4918

*Recommendation: That the Board approve the attached quitclaim and the adoption of Resolution No. 4918.*

G. NOTICE OF COMPLETION FOR THE BEAVERCREEK PIPELINE  
REPLACEMENT PROJECT, JOB NO. 2980

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

MOTION: Director Davies moved to approve the Consent Calendar as presented; Vice-President McDougal seconded.

Director Wolk requested that Item E be removed from the Consent Calendar for further discussion noting the October 23, 2017 minutes did not include the late arrival of Director Davies.

MOTION: Director Davies amended his motion to approve the Consent Calendar as revised to exclude approval of Item E; Vice-President McDougal seconded. Motion carried; VOTE:

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

MOTION: Director Wolk moved to approve the October 23, 2017 regular board meeting minutes subject to inclusion of a non-substantive revision to add the time Director Davies arrived at the meeting; Vice-President McDougal seconded. Motion carried; VOTE:

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

III. ACTION/DISCUSSION CALENDAR -----(ITEM H)

H. RECOMMENDATION FOR APPROVAL OF SETTLEMENT AGREEMENT  
SANTA MARGARITA RIVER CONJUNCTIVE USE PROJECT UPDATE

RESOLUTION NO. 4919

*Recommendation: That the Board authorize the Board President and District water counsel to execute the Settlement Agreement substantially in the form of Attachment 2, and its filing with the Federal Court for approval, and adopt Resolution No. 4919.*

Mr. Bebee presented a slideshow with an overview of the Santa Margarita Conjunctive Use Project and provided a brief historical account of the Santa Margarita River, and the water rights litigation associated with the river, and stated the Settlement Agreement would end the water rights litigation between the United States and the District.

Mr. Bebee stated a majority of the funds would be used for a groundwater treatment facility and include replacing old pipeline with new. The biggest benefit to Fallbrook will be the ability to have some control over the cost of water. If the Settlement Agreement is approved, construction of the District's facilities is expected to begin in mid-to-late 2018.

Special guests who expressed their support of the project were as follows: (1) former general manager Gordon Tinker, (2) Colonel Gary S. Johnston, Deputy Commander of MCB Camp Pendleton / MCIWest, (3) John Simpson, Director of the Office of Water Resources for MCB Camp Pendleton, (4) Mike Harrison, District Chief of Staff for Congressman Duncan Hunter, and (5) Lenna Wright, District Representative for Congressman Darrell Issa.

MOTION: Director Davies moved to authorize the Board President and District water counsel to execute the Settlement Agreement substantially in the form of Attachment 2, and its filing with the Federal Court for approval and adopt Resolution No. 4919; Vice-President McDougal seconded. Motion carried;  
VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

Mrs. Denke took photographs of the Board Members and Colonel Johnston in commemoration of the Settlement Agreement and the construction of the Santa Margarita Conjunctive Use Project ending years of litigation between the United States and the District. Mrs. Denke also took photographs of Directors Davies and Wolk, Members of the Board of Directors with the most years of service, and Colonel Johnston.

At 4:40 p.m., President Gebhart announced the Board would take a five-minute recess.

At 4:45 p.m., President Gebhart announced the Board returned from recess and reconvened to Open Session. President Gebhart opened the Public Hearing and invited comments from members of the public.

[Action/ Discussion Calendar Continued following Public Hearing]

**IV. PUBLIC HEARING ----- (ITEM I)**

**I. PUBLIC HEARING ON THE IMPOSITION OF PROPOSED INCREASED RATES FOR WATER AND RECYCLED WATER SERVICE CHARGES, AND RATES FOR WASTEWATER SERVICE CHARGES**

*Recommendation: That the Board open a public hearing to allow the public an opportunity to address the Board concerning the proposal to increase rates for water and recycled water service charges, and rates for wastewater service charges, and, upon hearing all such oral protests and receiving written protests, close the public hearing.*

Mr. Bebee presented a slide show with an overview of the measures taken to-date by the District relative to the Prop 218 Notice of Public Hearing process. Mr. Bebee provided discussion of the top five concerns voiced by members of the public at the November 15, 2017 Special Board Meeting and Public Workshop. Mr. Bebee reported that water costs were updated and operational and personnel costs were reduced resulting in the proposed overall increases as follows: (1) 6.5% for water, (2) 4.5% for wastewater, and (3) 6.5% for recycled water. Mr. Bebee further reported the recommendation from the Fiscal Policy & Insurance Committee is to adopt the proposed rates and charges.

President Gebhart invited members of the public to the podium to address the Board concerning the proposal to increase rates for water and recycled water service charges and rates for wastewater service charges. The following members of the public stepped to the podium and provided comments on the proposed increases: Kurt Bantle, Joe Bator, Charles Bertolino, Ron Bissinger, Dan Coxe, Judy Crouch, Cindy Custer, David Custer, Alan Geraci, Debbie McCain, John Manning, Kim Murphy, Mike Osborne, David Promack, Ryan Promack, Eric Thompson, and Lori Tillery,

Mrs. de Sousa Mills, the District's General Legal Counsel, summarized the process and requirements for protesting, stating they were set forth in the Prop 218 Notice of Public Hearing, and emphasized all protests must be submitted in writing.

At 6:10 p.m., President Gebhart announced the Board would take a brief recess.

At 6:35 p.m., President Gebhart announced the Board returned from recess and reconvened to Open Session.

President Gebhart announced the Board Secretary totaled the written protests received by the Fallbrook Public Utility District and the total written protests were less than the fifty percent plus one threshold.

At 6:36 p.m., President Gebhart announced the Public Hearing was closed.

**V. ACTION/DISCUSSION CALENDAR (CONTINUED) -----(ITEMS J–L.)**

**J. CONSIDER ADOPTING RESOLUTION NO. 4920 APPROVING THE INCREASED RATES FOR WATER AND RECYCLED WATER SERVICE CHARGES, AND RATES FOR WASTEWATER SERVICE CHARGES AND TAKING OTHER RELATED ACTIONS**

*Recommendation: That the Board adopt Resolution No. 4920 adopting the rates for water and recycled water service charges, and rates for wastewater service charges.*

President Gebhart provided discussion relative to the retention of an outside firm to prepare the Rate Study and noted the costs associated with critical Capital Improvement Projects had been deferred in years past. President Gebhart emphasized the obligation of Fallbrook Public Utility District was to provide clean and reliable water for its customers, and the Board was providing ratepayers a tool to foresee water costs over the next 5 years.

Vice-President McDougal noted the Board has been working on rates since May 2017. Director DeMeo remarked the Fiscal Policy & Insurance Committee did a good job of exploring other options.

**MOTION:** Director Wolk moved to adopt Resolution No. 4920 approving the increased rates for water and recycled water service charges, and rates for wastewater service charges; Vice-President McDougal seconded. Motion carried; **VOTE:**

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

**NOES:** Director Davies

**ABSTAIN:** None

**ABSENT:** None

**K. AMI METER SERVICE REPLACEMENT PROGRAM: YEAR 3**

*Recommendation: That the Board approve the purchase of Badger meters from National Meter and Automation, for \$352,030.03, including sales tax. In addition, to purchase the associated transmitter from Inland Water Works Supply Co. for 100W ERTs, for \$169,017.30, including sales tax, in order to replace existing drive-by radio-read meters that have reached the end of their useful life with fixed network AMI meters*

*that will provide additional real-time water usage monitoring tools for the District's customers.*

Mr. Bebee reported the AMI Meter Replacement Program is approximately 40% complete and in order to continue with meter replacements, the District must purchase additional meters. Moreover, in 2018 the District will host workshops to provide opportunities to ratepayers to learn about the features of the new AMI meters.

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

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

NOES: None

ABSTAIN: None

ABSENT: None

L. CONSIDER APPOINTING THE DISTRICT REPRESENTATIVE ON THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY; RESOLUTION NO. 4921

*Recommendation: That the Board adopt Resolution No. 4921 appointing Acting General Manager Jack Bebee as the District representative on the Board of Directors of the San Diego County Water Authority.*

MOTION: Vice-President McDougal moved to adopt Resolution No. 4921 appointing Acting General Manager Jack Bebee as the District representative on the Board of Directors of the San Diego County Water Authority; Director Wolk seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

VI. ORAL/WRITTEN REPORTS----- (ITEMS 1-9)

1. General Legal Counsel
  - Mrs. de Sousa Mills reported she would be providing an update on new legislation at the next Board meeting.
2. General Manager / SDCWA Representative
  - a. Report from the San Diego County Water Authority Representative
    - Mr. Bebee reported that the SDCWA has decided to approve Local Resource Program applications and the District would be submitting an application soon.
3. Acting General Manager / Assistant General Manager/District Engineer



- a. Acting General Manager Report
- b. Engineering Report Summary
- c. Annual Production; Total Potable Production
- d. Ag and M&I Sales; Recycled Water Production & Sales
- e. 12-Month Running Water Sales
- f. Meter Exchange; Backflow Testing
- g. Sewer Overflow/Spills
4. Assistant General Manager / Chief Financial Officer
  - a. Treasurer's Report
    - Mr. Shank reported that staff has been analyzing the accounting system structure.
    - Mr. Shank further reported that staff has been working on a "mock-up" budget and will bring the same to the Board in the next two months.
  - b. Financial Statements
  - c. Warrant List
5. Public Affairs Specialist
6. Notice of Approval of Per Diem for Meetings Attended
7. Director Comments/Reports on Meetings Attended
  - Director DeMeo provided an overview of the 2017 Fall ACWA Conference that she attended.
  - Director Wolk requested that the PFM reporting format be reviewed at the next Fiscal Policy & Insurance Committee.
8. Log of Board Requests
9. Miscellaneous

At 7:11 p.m., Director Davies left the meeting.

## **VII. ADJOURNMENT OF MEETING**

There being no further business to discuss, President Gebhart adjourned the Combined November / December Regular Meeting and Public Hearing of the Board of Directors of the Fallbrook Public Utility District at 7:12 p.m.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors