

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

MINUTES

**MONDAY, JULY 24, 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 4:01 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
Brian J. Brady, General Manager
Jack Bebee, Assistant General Manager
Jason Cavender, System Operations Manager
Noelle Denke, Public Affairs Specialist
Mary Lou West, Secretary

Also present were others, including, but not limited to: Jim Desmond.

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 comments from members of the public.

II. CONSENT CALENDAR------(ITEM A)

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.

A. APPROVAL OF MINUTES

1. Special Board Meeting and Budget Workshop of June 8, 2017
2. Regular Board Meeting of June 26, 2017
3. Special Board Meeting of June 30, 2017
4. Special Board Meeting of July 14, 2017

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

MOTION: Director McDougal moved to approve the Consent Calendar as presented; Vice-President Gebhart seconded. Motion carried; VOTE:

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

III. INFORMATION------(ITEM B)

B. EVALUATION OF DISTRICT ENERGY USE

Presented by: Jack Bebee, Assistant General Manager

Mr. Bebee presented a slide show titled, "Evaluation of District Energy Use," to provide an overview and discussion of the District's overall energy usage and costs. The presentation began with a series of slides that illustrated overall energy cost by fiscal year, overall energy cost by function, overall energy production and purchases, and the overall energy cost and performance of the District's solar facility.

Mr. Bebee pointed out that although power is not the District's largest expense, it is an expense that can be controlled. The Water Reclamation Plant and water pumping facilities located primarily in De Luz were identified as the biggest consumers of energy. Mr. Bebee noted the spike in energy usage in 2014-15 was a result of the transition from the old plant to the new plant (Water Reclamation Plant) when both systems were running at the same time. In addition, there was a learning curve relative to operating the new system, and since that time, costs have dropped substantially. Mr. Bebee further noted that the District's solar facility produces roughly half of the energy consumed and the project was funded through borrowing and supplemented during the first five years by California Solar Initiative rebates. As a result, half of the loan was paid during the first five years, but going forward solar costs would be sensitive to the remaining balance of the loan.

Next, Mr. Bebee provided discussion of future energy concerns and recommendations to mitigate future rate changes and increases. Recommendations discussed included utilizing batteries to store energy, evaluating physical options to reduce energy costs, developing reports to analyze monthly energy use performance, and evaluating operational options to reduce energy costs. Mr. Bebee noted that District staff has begun implementing some of the recommendations.

A brief question and answered period followed the presentation.

IV. ACTION / DISCUSSION CALENDAR -----(ITEM C)

C. AWARD OF INDEPENDENT AUDIT SERVICES FOR FY 2016-17

Recommendation: That the Board authorize staff to enter into a professional services agreement with MGO to provide a financial audit for FY 2016-17 at a cost of \$34,500 and to provide additional as-needed accounting support services at a cost not-to-exceed \$20,000.

Dr. Brady reported the request is to extend the contract with MGO for one year and for additional as-needed support.

Vice-President Gebhart stated the Fiscal Policy & Insurance Committee was in support of the recommendation for audit services in the amount of \$34,500 and for an additional \$20,000 for as-needed accounting services.

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

2. SDCWA Representative/General Manager

- Dr. Brady reported two warrant reports were included in the board packet and the official warrant report can be found on pages 70 through 76 of the board packet.
- Dr. Brady reported Fallbrook Pop Warner wrote a letter of thanks for water bottles provided by the District.
- Dr. Brady distributed copies of a 16-page letter to the Honorable Robert M. Hertzberg from the Association of California Water Agencies, and other stakeholders, to provide comments and perspectives on the Senate Committee's intent to "enact legislation necessary to help make water conservation a California way of life."

3. Assistant General Manager

- Mr. Bebee reported staff is in the process of developing a standard operating procedure for shut down events and is working on enhancing customer notification, reducing water waste, and improving water quality. Mr. Bebee requested that Directors notify management staff of customer concerns relative to shut down events to help refine the process.
- Mr. Bebee reported that approximately one-third of customers can now view their data through the WaterSmart Software portal.
- Mr. Bebee reported that North County Fire Protection District will be contacting Cal Fire to coordinate a site visit to the Santa Margarita River property in order to develop recommendations for a fire management plan.

4. Public Affairs Specialist

- Mrs. Denke reported a letter would be sent tomorrow relative to a shut down event and will include a map of the area affected by the shut down.
- Mrs. Denke further reported that staff is working with Streamline concerning posting emergency notifications on the website.

- Mrs. Denke stated water bottles and a banner were distributed to the Pop Warner organization for their use.
- Mrs. Denke further stated a public meeting is scheduled for August 15 at 12:00 p.m. with the contractor of the sewer replacement project near Brandon and Alvarado in order to provide a question and answer opportunity for area residents and businesses that will be affected by construction.

5. Director Comments/Reports on Meetings Attended

- Director DeMeo reported she attended the July Council of Water Utilities meeting and will be attending the 2017 Fall ACWA Conference.
- Director Davies reported the Personnel Committee met to discuss the status of the recruitment efforts for the Assistant General Manager/Chief Financial Officer position. The District received many applications, and the pool was narrowed down to six candidates. The first round of interviews will be conducted on August 3, and it is anticipated the selected candidate may start towards the end of September.
- Director McDougal introduced Jim Desmond who is running for Seat 5 on the Board of Supervisors for the County of San Diego.
- Vice-President Gebhart reported that Senate Bill No. 5 provides \$3.8 billion in funding for parks and recreation and could be a potential source of funding for the Santa Margarita River property recreational area.

6. Log of Board Requests

ADJOURN TO CLOSED SESSION

Following the announcement of Closed Session Item VI.(1), the Board adjourned to Closed Session at 5:14 pm.

VI. CLOSED SESSION

1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION PER GC § 54957
TITLE: GENERAL MANAGER

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 5:28 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, President Wolk adjourned the regular meeting of the Board of Directors of the Fallbrook Public Utility District at 5:29 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors