

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

MINUTES

MONDAY, JANUARY 23, 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 4:03 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
Mary Lou Boultinghouse, Secretary
Mavis Canpinar, Customer Service Representative I
Jason Cavender, System Operations Manager
Noelle Denke, Public Affairs Specialist
Marcie Eilers, Administrative Services Manager / Treasurer
Austin Wendt, Utility Worker II

Also present were others, including, but not limited to: Robert Anderson and Mr. and Mrs. Robert H. James.

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 submitted; Director Gebhart 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. RESOLUTIONS OF COMMENDATION AND APPRECIATION

1. Bob Anderson

MOTION: Director McDougal moved to adopt Resolution No. 4895 of commendation and appreciation to Robert Anderson for serving on the Board of Directors; Director Gebhart seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

2. Robert James

Director Davies requested that Resolution No. 4896 be revised to add that Mr. James serves as Of Counsel to the District.

MOTION: Director McDougal moved to adopt Resolution No. 4896 of commendation and appreciation to Robert H. James for serving as General Counsel and revise Resolution No. 4896 to include that Mr. James serves as Of Counsel to the District; Director Davies seconded. Motion carried; VOTE:

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

NOES: None
ABSTAIN: None
ABSENT: None

B. RESOLUTION OF COMMENDATION: 2016 EMPLOYEE OF THE YEAR

1. Austin Wendt

MOTION: Director McDougal moved to adopt Resolution No. 4897 of commendation and appreciation to Austin Wendt as the 2016 Employee of the Year; Director Davies seconded. Motion carried; VOTE:

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

II. **CONSENT CALENDAR**----- (ITEMS C – D)

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. APPROVAL OF MINUTES

1. Special Board Meeting of November 21, 2016
2. Special Board Meeting of December 12, 2016
3. Regular Board Meeting of December 12, 2016

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

D. ADVANCE APPROVAL TO ATTEND MEETINGS

Recommendation: The Board authorize and approve in advance Directors' attendance and participation in the following events: (1) CSDA General Manager Evaluations webinar, (2) CSDA Prop 26, Prop 218 & Rate Setting, (3) CSDA 2017 Special District Leadership Academy Conference, (4) CSDA Financial Management for Special Districts, (5) Water Authority & MWD Tours, and (6) Agricultural Water Summit.

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

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

ABSTAIN: None
ABSENT: None

III. ACTION / DISCUSSION CALENDAR ----- (ITEMS E – G)

E. DONNIL PUMP STATION EMERGENCY GENERATOR PROJECT AWARD

Recommendation: That the Board authorize award of the Donnil Pump Station Emergency Generator Project to the apparent lowest responsible bidder of NEWest Construction, Inc. at an amount of \$139,900 if they are able to meet all District requirements.

Mr. Bebee reported there are a number of customers in De Luz that are served in higher pressure zones. Three pump stations are located in De Luz to serve those customers; however, there is a potential for water supply outages and reduced fire flow in higher pressure zones during power outages. Currently, there are no emergency generators located on site.

Mr. Bebee further reported that an emergency generator located at the Donnil Pump Station would improve system operation and maintain reliable water and fire flow service to higher pressure zone areas. Staff budgeted \$350,000 for the project anticipating the need of a larger generator, but determined a smaller, less expensive generator was sufficient to provide services during expected peak demands. Staff is recommending the Board award the project to the apparent lowest bidder, NEWest Construction, Inc., in the sum of \$139,900.

In response to Director Davies, Mr. Bebee explained there would be some grading and re-fencing of the area as part of the installation process. In response to Director Gebhart, Mr. Bebee stated an operational model was created for the De Luz area; however, significant growth in the area is not expected, which would have an impact on peak demands and was considered during the planning process. Director Gebhart inquired if the pumping charge provided funds for the project, and Mr. Bebee responded the pumping charge is revenue to the Capital Improvement Fund, which contributes to funding projects. President Wolk asked how often the generator would be run, and Mr. Bebee responded it would be run in accordance with the maintenance schedule and regulatory requirements. Director McDougal asked how often a generator was required during the past five years, and Mr. Bebee responded a generator was required several times a year as a result of power outages.

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

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

ABSENT: None

F. JANUARY 1, 2017 UPDATED SAN DIEGO COUNTY WATER AUTHORITY
CAPACITY FEES

Recommendation: That the Board adopt Resolution No. 4898 to amend Article 19 of the Administrative Code to reflect the capacity fee increases made by San Diego County Water Authority effective January 1, 2017.

Dr. Brady reported the request is to revise the capacity fees in Article 19 of the Administrative Code to reflect the pass-through capacity fee increases made by the San Diego County Water Authority effective January 1, 2017.

MOTION: Director McDougal moved to approve staff's recommendation and adopt Resolution No. 4898; Director DeMeo seconded. Motion carried; VOTE:
AYES: Directors Davies, DeMeo, Gebhart, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

G. INITIAL STATE REVOLVING FUND (SRF) RESOLUTIONS FOR THE SANTA
MARGARITA CONJUNCTIVE USE PROJECT (RESOLUTION NOS. 4899,
4900, AND 4901)

Recommendation: That the Board approve the Resolution Nos. 4899, 4900, and 4901 for submission to the State Water Resources Control Board to secure potential SRF funding.

Dr. Brady reported the State Water Resources Control Board (SWRCB) administers the Clean Water State Revolving Fund Program (SRF). In order to apply for an SRF loan, the three resolutions presented must be adopted and submitted as part of the application process to potentially secure funding for the Santa Margarita Conjunctive Use Project (CUP). Dr. Brady pointed out that the action requested of the Board does not commit the District to receiving funds, but are part of the preliminary steps to secure funding. Dr. Brady further reported that the current interest rate for SRF funding is 1.6%. In response to Director Davies, Dr. Brady stated the annual payment would be approximately \$1.8 million.

Director Gebhart inquired if there was a more recent update for the CUP and stated his records from 2013, 2014, and 2015 reflect the estimated cost of the project at \$35 million and \$40 million. Mr. Bebee explained \$45 million represented the total cost of the CUP and \$35 million represented the net cost after deducting \$10 million for the sale of the Santa Margarita River property. Mr. Bebee offered to provide the Board with an update of the CUP at the February board meeting to include project costs and revenues. Director Gebhart requested the update include a review, cost projections, and timelines.

Mr. Bebee reiterated the resolutions are a preliminary step, and the SWRCB would most likely require revisions to the resolutions during the application process.

President Wolk asked if the \$45 million was a floor or ceiling in terms of borrowing. Mr. Bebee explained the SWRCB would not loan more than the actual cost and detailed cost estimates, by the engineer, would be used to justify the amount. In addition, the cost estimates are reviewed by the SWRCB as part of the application process. In response to President Wolk, Mr. Bebee affirmed the loan would be secured at the start of construction and the award is expected take place in January 2018. Discussion ensued concerning actual costs exceeding estimates, and Dr. Brady pointed out the state requires proof of revenue stream and justification of costs to adjust for differences.

MOTION: Director McDougal moved to approve staff's recommendation and adopt Resolution Nos. 4899, 4900, and 4901; Director Gebhart seconded.
Motion carried; VOTE:

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

Mr. Bebee stated the CUP overview would be presented to the Board in February and the rate analysis work would be presented to the Board in March. Discussion ensued concerning potential decreases of water sales in future years, and the Board requested the rate analysis work include projections of declining water sales, in agricultural and residential sales, decreased in increments over five years.

IV. ORAL / WRITTEN REPORTS----- (ITEMS 1– 6)

1. General Legal Counsel

- General Legal Counsel provided an overview of the number of bills considered by Governor Brown in 2016 (1,059) and the number of bills vetoed (159). Many of the 1,059 Bills that were considered by the Governor in 2016 impact public agencies and the regulation of life in California. General Legal Counsel also provided an overview regarding the number of bills considered by past Governors and overrides of Governor vetoes.

2. SDCWA Representative/General Manager

- Dr. Brady reported that Fallbrook has had approximately 16 inches of rainfall this season and normal is 8.17 inches; additional rain events are anticipated in the coming months.

- Dr. Brady distributed a map of the state of California Daily Statewide Hydrologic Update with discussion of precipitation totals statewide for the season to-date. The state of California has taken the position that the state continues to be in a drought; however, many industry managers feel the state is out of the drought. The State Board has extended a decision on whether they will end drought restrictions and will leave restrictions in place until October 2017, and there is a lot of pressure on the State Board to eliminate restrictions.
- Dr. Brady reported the Metropolitan Water District of Southern California is providing replenishment water for recharge, which has not been offered in years. Agencies are taking advantage of the surplus water, purchasing it, and storing it in their facilities.
- Dr. Brady discussed a recent requirement by the State Board that schools must test for lead in their water. Although it is a requirement for schools, the State Board included a provision that schools may go to their local water providers for assistance with sampling. If the District is approached by local schools, samples will be taken at the meter and in the school's system.
 - General Legal Counsel added that SB 1398 requires all public water systems to compile an inventory of known lead in user service lines in use in its distribution system. There is no lead in the distribution system; however, the inventory must be completed on or before July 1, 2018, and submitted to the State Board.
- Dr. Brady reported that all farmers would be required to have a waste discharge permit or join an agricultural monitoring group. Dr. Brady met with the general managers from Rainbow and Valley Center, and it was decided an insert would be included in customers' bills, to include all customer classes, concerning the requirement.
- Dr. Brady reported a Memorandum of Understanding between the District and NCFPD will be finalized for cost-sharing of upgrades to the boardroom.
- Dr. Brady reported a public meeting by the County of San Diego has been scheduled for March 17th from 2 p.m. to 4 p.m. relative to potentially forming a Landscape Maintenance District. The entire team from the Parks and Recreation Department will be present at the meeting. Staff has been contacting local community groups to encourage attendance.

3. Administrative Services Manager/Treasurer

- Mrs. Eilers provided an overview of handouts distributed as follows: (1) 2016-17 budget overview through 12/31/16, (2) general ledger consolidated balance sheet and summary, (3) treasurer's reports, and (4) investment statements.

4. Assistant General Manager

- President Wolk inquired on the status of the workshop requested at a previous board meeting. Mr. Bebee noted the workshop would be scheduled following comments by the resource agencies on the management plan for the Santa Margarita River property.

5. Public Affairs Specialist

- Mrs. Denke reported that she and Mr. Rule met with Streamline, via conference call, three times to discuss the website redesign. Streamline was provided with a list of headers (drop-down menus) and topics for inclusion beneath the headers. Streamline was also provided with five buttons or “quick links” that users can click on to quickly get to what they want, for example one such button is “pay my bill,” since that is a primary reason people visit a website. The initial stage of “content migration” has been completed, which involves transferring the information from the current site to a new, parallel site under construction. Staff is now going through each part of it, reviewing content and placement.

6. Director Comments/Reports on Meetings Attended

- Director McDougal reported he spoke with Vincent Kattoula, Chief Administrative Officer for the County of San Diego, and who oversees the Parks and Recreation Department. Mr. Kattoula expressed his support of the community's efforts for assistance by the County of San Diego with local projects.

ADJOURN TO CLOSED SESSION

The Board adjourned to Closed Session at 5:17 p.m.

V. CLOSED SESSION

1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION PER GC § 54957 (b) (1): TITLE – GENERAL MANAGER

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:13 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

There was no reportable action taken in Closed Session.

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 6:14 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors