

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

MINUTES

**MONDAY, MARCH 27, 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
Mary Lou Boultinghouse, Secretary
Jason Cavender, System Operations Manager
Kyle Drake, Collection Supervisor
Marcie Eilers, Administrative Services Manager / Treasurer
Jeff Marchand, Engineering Supervisor

Also present were others, including, but not limited to: Kendall Adams, Helene Brazier, Donna Gebhart, Patricia McPhee, and Michael Patterson.

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 on items not listed on the agenda.

II. **CONSENT CALENDAR----- (ITEMS A – B)**

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. Regular Board Meeting of February 27, 2017

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

B. ADVANCE APPROVAL TO ATTEND MEETINGS

Recommendation: Staff supports Board direction.

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

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

III. INFORMATION----- (ITEMS C – E)

C. UPDATE ON METER SALES

Mr. Marchand presented an update on meter sales with discussion of trends from 2006 through 2017. Mr. Marchand stated that meter sales were highest in 2006 followed by a drop due to the mortgage crisis. Since 2008, an average of 15 meters per year have been sold with a slight increase over the past two years. Mr. Marchand further stated that developers have plans to build new homes, but have postponed their plans because the current market will not support the cost of construction.

D. UPDATE ON LANDSCAPE MAINTENANCE DISTRICT, COUNTY OF SAN DIEGO PARKS AND RECREATION DEPARTMENT

Dr. Brady reported the County of San Diego Parks and Recreation Department held a public workshop on March 17, 2017, to determine interest in forming a Landscape Maintenance District (District) supported by an assessment on the tax roll.

Director McDougal stated he attended the March 17 meeting and a follow up meeting would be held in the next 30 days to identify and prioritize projects within the proposed District. Once the projects are identified, the costs of those projects could be estimated. Director McDougal further stated the general consensus of those in attendance at the March 17 meeting were in favor of establishing a Landscape Maintenance District.

E. UPDATE ON PARS STATEMENTS AND QUARTERLY PERFORMANCE

Mrs. Eilers provided an overview of the performance of the District's portfolio for the last quarter and an update concerning the status of the monthly Public Agency Retirement Services (PARS) statements. Mrs. Eilers reported that \$836,000 was transferred to PARS in February 2017 with \$736,000 deposited in the Other Post Employment Benefits (OPEB) account and \$100,000 deposited in the CalPERS account. Mrs. Eilers stated the February PARS statement would be included in the April board packet for the Board's review.

IV. ACTION / DISCUSSION CALENDAR -----(ITEMS F – L)

F. CLAIM FORM FOR PROPERTY DAMAGES

Recommendation: That the Board deny the Claim Form by Mr. Gary George for damages to asphalt and pipe located on his property and forward the Claim to the Association of California Water Agencies Joint Powers Insurance Authority for resolution.

Dr. Brady reported Mr. Gary George filed a Claim for Damages with the District for damage to pipe and asphalt located on his property. Mr. George alleged the

damages to the pipe and asphalt were caused by a District service truck that ran over the area, which was coned-off at the time. District staff inspected the area, conducted interviews, and took photographs of the damaged pipe and asphalt, which were submitted as an attachment to the staff memo.

Brief discussion ensued, and the Board determined that Mr. George's Claim should be denied and forwarded to the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) for resolution.

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

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

G. BEAVERCREEK HOMEOWNER ASSOCIATION'S REQUEST FOR ROAD RESTORATION

Mr. Bebee provided an overview of the Board's previous decision that established a policy of sealing roads following construction if a road is paved or sealed within the past three years.

Mr. Kendall Adams stepped to the podium to present testimony on behalf of the Beaver Creek Homeowners Association (HOA). Mr. Adams distributed before and after photographs of Beaver Creek Lane to illustrate the condition of the road following the recent pipeline replacement project. Mr. Adams requested the Board consider options for restoration of the road.

The road's age, composition and recent events (construction and rain) were discussed, and Mr. Bebee suggested he meet with the contractor to come up with potential solutions.

Director McDougal remarked that anything short of repaving the road would not solve the problem; and based on the photographs distributed, the next step would be to get a cost estimate for repairs.

Mr. Bebee represented preliminary estimates indicated the cost for restoration of the road would be approximately \$100,000.

Discussion ensued concerning the photographs presented by Mr. Adams, the previous and current condition of the road, and if the road had been sealed within the past three years.

Mr. Adams stated he was unaware of the three-year sealing policy until recently. He further stated he was not able to present a receipt showing the road had been sealed within the past three years because the road had not been sealed in the past three years and was last sealed four years ago. Mr. Adams represented the road has held up through 18 years of use by trash trucks, concrete trucks, and other heavy-duty vehicles and was in good shape prior to the District's construction project.

Mr. Bebee remarked the rain and previous condition of the road contributed to its current condition, although he was in favor of responding to the HOA's concerns.

Director Wolk noticed the before and after photographs presented were not taken at the same location and requested that photographs taken at the same location be presented to demonstrate the changed condition of the road. Director McDougal expressed concern over the inconvenience to homeowners and suggested the matter be resolved as quickly as possible.

Mr. Michael Patterson stepped to the podium to present testimony on behalf of the Beaver Creek Homeowners Association. Mr. Patterson said his career has been in contracting and suggested different equipment could have been used that would have reduced damage to the road. Mr. Patterson also said the bad timing of the rain was an unfortunate event.

MOTION: Director Davies moved to direct staff to get estimates, develop solutions, and report back at the next regular board meeting; Director Gebhart seconded. Motion carried; VOTE:

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

H. REPLACEMENT OF LOADER

Recommendation: That the Board approve the purchase of a loader from Volvo Construction Equipment for \$110,171.32 in order to maintain reliable operation of the District and meet Air Pollution Control District requirements in accordance with the approved budget.

Mr. Bebee began with discussion of the table of the off-road vehicle replacement schedule in the staff memo. Mr. Bebee pointed out that Vehicle No. 1318, a loader, is scheduled for replacement this year. However, Vehicle No. 1320, which is also a loader and is scheduled for replacement next year, recently experienced a major engine failure and due to its age and condition, repairs are not be feasible. As a result, Vehicle No. 1320 will be replaced this year, and Vehicle No. 1318 will be replaced next year. Staff is requesting the Board approve the purchase of a replacement loader from Volvo Construction Equipment in the sum of \$110,171.32.

Director Davies asked if Volvo equipment was a good choice. Mr. Bebee responded that Volvo met all of the District's requirements and other agencies have not experienced problems with their equipment.

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

I. APPROVAL OF CHANGE ORDER #2 FOR THE 1 MG RESERVOIR RECOATING PROJECT

Recommendation: That the Board approve Change Order #2 for the 1 MG Reservoir Recoating project in the amount of \$32,300.15 and increase the total contract amount for Simpson Sandblasting and Specialty Coatings for this work to \$386,163.45.

Mr. Bebee pointed out the Board previously awarded a contract for recoating the 1 MG Reservoir to Simpson Sandblasting and Specialty Coatings. Mr. Bebee explained the tank was installed in 1977 and has not been recoated since that time. During the course of the recoating project, it was found that additional repairs were necessary to ensure the long-term integrity of the tank. Staff is requesting the Board approve a change order to Simpson Sandblasting and Specialty Coatings in the sum of \$32,300.15 for the additional repairs.

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

J. VISTA DEL RIO 30-14-INCH CONNECTION PROJECT AWARD

Recommendation: That the Board authorize award of the Vista Del Rio 30-14 inch Connection Project to the apparent lowest responsible bidder of TK Construction, Inc. at an amount of \$148,000 if they are able to meet all District requirements.

Mr. Bebee explained the subject project would provide an interconnection between the Sachse and De Luz zones and serve as a transmission route for water between Red Mountain and the De Luz area during aqueduct shutdowns, emergencies, and recoating of the three remaining tanks in De Luz. Staff is recommending the project be awarded to TK Construction, Inc. in the sum of \$148,000. Mr. Bebee pointed out

that the award exceeds the amount budgeted due to additional valves that will be added to the system to facilitate the isolation of existing pipes. Mr. Bebee noted the capital budget would be adjusted to accommodate the cost of additional valves.

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

K. AMI METER SERVICE REPLACEMENT PROGRAM, YEAR 3

Recommendation: That the Board approve the purchase of Badger meters (National Meter and Automation Inc.) per attached for \$297,777.90 (including sales tax) and Inland Water Works Supply Co. for 100W ERTs per attached for \$110,587.68 (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 customers.

Mr. Bebee reported the District has embarked on a five-year meter replacement program. Four hundred thousand dollars per year for five years has been budgeted for the program. The District is currently in its second year of the program and approximately 25% of meters have been replaced. The goal is to replace 40% by the end of the year. In order to continue with scheduled replacements, additional meters and ERTs are required to replenish low inventory supplies. The request is for the purchase of meters and ERTs that will replace existing radio-read meters with fixed network AMI meters. As replacements are made, customers with AMI meters will have access to real time tracking and monitoring of their water use.

MOTION: Director McDougal 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

L. 2017 TREASURER'S ANNUAL STATEMENT OF INVESTMENT POLICY
RESOLUTION NO. 4909

Recommendation: That the Board adopt the attached Resolution No. 4909, adopting the Treasurer's Annual Statement of Investment Policy for 2017.

Mrs. Eilers reported the Fiscal Policy & Insurance Committee met with PFM Asset Management, Inc. to review the District's quarterly portfolio performance and Investment Policy. Subsequently, PFM recommended the District revise its Investment Policy in accordance with recent changes to the law. Mrs. Eilers further reported that the recommended changes were reviewed and approved by the Fiscal Policy & Insurance Committee.

MOTION: Director Gebhart moved to approve staff's recommendation and adopt Resolution No. 4909; Director Davies seconded. Motion carried; VOTE:

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

NOES: None

ABSTAIN: None

ABSENT: None

V. ORAL / WRITTEN REPORTS----- (ITEMS 1- 7)

1. General Legal Counsel

- Mrs. de Sousa Mills reported that Best Best & Krieger is developing a policy for assisting agencies with compliance of the recent Supreme Court decision concerning the California Public Records Act and personal devices and accounts used for business communications by Members of the Board of Directors and employees.
- Mrs. de Sousa Mills provided an overview of bills affecting special districts.

2. SDCWA Representative/General Manager

- Dr. Brady provided an update on Mr. Scott Barnett's presentation at the last San Diego Chapter of California Special Districts Association's (CSDA) quarterly dinner meeting concerning special districts. Also, copies of a March 7, 2017 letter to the Little Hoover Commission from the San Diego Chapter of CSDA and a March 23, 2017 response letter from the Little Hoover Commission were distributed by Dr. Brady.
- Dr. Brady reported the draft decision on the SDG&E rate case concerning solar projects was received from the California Public Utilities Commission, staff will review the potential impacts to the District's solar projects, and will bring that information to the Board.
- Dr. Brady and the general managers of Rainbow Municipal Water District and Valley Center Municipal Water District are working with the San Diego County Farm Bureau to assist the regional Water Quality Control Board with public outreach concerning agricultural monitoring.

3. Administrative Services Manager/Treasurer

- Mrs. Eilers highlighted noteworthy sections of the investment statements for the quarter ending December 31, 2016, which were included in the board packet.
4. Assistant General Manager
 - Mr. Bebee reported that staff is working with Western Rivers, Wildlands, and the Fallbrook Trails Council to address comments made by the resource agencies on the management plan. There is a meeting scheduled in April with the resource agencies, and staff will report back to the Board at the May board meeting on the outcome of this effort and the parties will provide an update on progress of the property transfer.
 5. Public Affairs Specialist
 6. Director Comments/Reports on Meetings Attended
 - Director DeMeo reported she attended the Special District Leadership Academy Conference in February and learned valuable information for her role on the Board of Directors.
 - Director McDougal reported he will be hosting an SDG&E community meeting concerning pipeline safety and reliability on Friday, March 31 at 8 a.m. and invited District staff to attend.
 - Director Gebhart reported he attended the Special District Leadership Academy Conference in February and a financial management workshop in March.
 - Director Wolk announced he approved Director DeMeo's participation in the Best Best & Krieger webinar on the California Public Records Act and recent Supreme Court decision.
 7. Log of Board Requests

ADJOURN TO CLOSED SESSION

The Board adjourned to Closed Session at 5:25 p.m.

VI. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
INITIATION OF LITIGATION PER GC § 54956.9 (d)(4): ONE POTENTIAL
CASE

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:09 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

There was no reportable action taken by the Board of Directors 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 6:10 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors