

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

MINUTES

**TUESDAY, JUNE 19, 2018
5:30 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 Gebhart called the special meeting of the Board of Directors of the Fallbrook Public Utility District to order at 5:31 p.m. A quorum was established, and attendance was as follows:

Board of Directors

Present: Milt Davies, Member
Jennifer DeMeo, Member
Al Gebhart, Member/President
Don McDougal, Member/Vice-President
Charley Wolk, Member

Absent: None

District Staff

Present: Paula de Sousa Mills, General Counsel
Jack Bebee, Acting General Manager
David Shank, Assistant General Manager/Chief Financial Officer
Jason Cavender, System Operations Manager
Mary Lou West, Secretary

Also present were others, including, but not limited to: Archie and Patricia McPhee; Ken Weinberg, Ken Weinberg Water Resources Consulting LLC.

PLEDGE OF ALLEGIANCE

President Gebhart led the Pledge of Allegiance.

APPROVAL OF AGENDA

MOTION: Vice-President McDougal moved to approve the agenda as presented; Director Wolk seconded. Motion passed; **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 requests to speak during Public Comment from members of the public.

II. CONSENT CALENDAR-----(ITEMS A–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.

- A. CONSIDER APPROVAL OF MINUTES
1. Special Board Meeting of April 30, 2018

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

- B. CONSIDER NOTICE OF COMPLETION – FPUD 8 MG RESERVOIR PAINTING PROJECT

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

- C. CONSIDER ADOPTING RESOLUTION NO. 4934 PLACING FIXED CHARGE SPECIAL ASSESSMENTS TO ADD DELINQUENT AND UNPAID CHARGES ON THE TAX ROLL

Recommendation: That the Board adopt Resolution No. 4934 placing fixed charge special assessments to add delinquent and unpaid charges on annual tax bills for 2018-19 by the San Diego County Treasurer-Tax Collector.

- D. CONSIDER ADOPTING ORDINANCE NO. 342 FIXING WATER STANDBY OR AVAILABILITY CHARGES FOR 2018-19

Recommendation: The Board adopt Ordinance No. 342 as prepared and authorize the Secretary of the Board of Directors to send a certified copy to the Board of Supervisors of the County of San Diego and the Auditor and Controller of the County of San Diego.

MOTION: Director Wolk moved to approve the Consent Calendar as presented, to include adopting Resolution No. 4934 and Ordinance No. 342; Vice-President McDougal seconded. Motion passed; VOTE:

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

III. INFORMATION----- (ITEM E)

E. PRESENTATION ON CALIFORNIA WATERFIX

Presented by: Ken Weinberg of Ken Weinberg Water Resources Consulting LLC

Ken Weinberg of the Delta Stewardship Council stepped to the podium and gave a slide show presentation titled "Achieving the Co-Equal Goals Why Fixing the Delta is a Statewide Issue." The presentation included an overview of the Delta and its importance as a water supply and its environmental, recreational, and economic significance. Mr. Weinberg cited key risks threatening the Delta as fishery declines, seismic risk, subsidence, and sea level rise. He explained that the Delta Stewardship Council was formed to work with state and federal agencies, and other stakeholders, to protect, restore, and enhance the Delta ecosystem to achieve co-equal goals among all interests. As a result, the California WaterFix project was developed by the Department of Water Resources as a two-tunnel project to transport water underground, which will mitigate negative impacts to the environment while improving the delivery system. The project includes a joint exercise of powers agreement with the Delta Conveyance Design and Construction Authority that will pool expertise and resources to design, construct, and deliver the project, whereas, the project will be owned and operated by the Department of Water Resources. Mr. Weinberg concluded the presentation with a comprehensive question and answer period.

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

F. CONSIDER LETTER TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA SUPPORTING A PROVISION TO ALLOW AGRICULTURAL CUSTOMERS TO OPT-OUT OF BENEFITTING FROM THE TWIN TUNNEL PROJECT

Recommendation: That the Board consider voting to sign onto the attached letter, or provide a similar letter of support, for this approach that would help lower the impact of the Water Fix project on District agricultural customers.

Acting General Manager Bebee reported that the general manager of the Valley Center Municipal Water District drafted a letter, which was included in the board packet,

to the Metropolitan Water District of Southern California (MWD). The purpose of the letter is to request that local commercial agricultural customers be given the option to pay, or not to pay, for the California WaterFix project and its benefits, which is the option MWD has extended to its Central Valley commercial agricultural customers. By opting-out, commercial agricultural customers will not benefit from additional water supplies and the reliability of supplies that WaterFix would provide. Valley Center Municipal Water District invited Fallbrook Public Utility District, Rainbow Municipal Water District, and Yuima Municipal Water District to sign onto the letter to MWD on behalf of their agricultural customers.

MOTION: Director Davies moved to sign onto the letter to MWD, or provide a similar letter of support, that would help lower the impact of the Water Fix project on District agricultural customers; Vice-President McDougal seconded. Motion passed; VOTE:

AYES: Directors Davies, DeMeo, McDougal, and Wolk

NOES: Director Gebhart

ABSTAIN: None

ABSENT: None

G. CONSIDER ADOPTING THE DISTRICT FISCAL YEAR 2018-19
RECOMMENDED ANNUAL BUDGET AND AMENDING THE ADMINISTRATIVE
CODE TO REFLECT THE NEW RTS CHARGE

Recommendation: That the Board adopt Resolution No. 4935 adopting the recommended budget for fiscal year 2018-19 and adopt Resolution No. 4936 amending the Administrative Code to reflect the new RTS charge.

Assistant General Manager/Chief Financial Officer Shank presented a slide show of the recommended budget for fiscal year 2018-19. The presentation included a summary of sources and uses of funds, the operating budget detail, the capital budget summary, projected fund balances, and steps moving forward. Mr. Shank concluded the presentation with discussion of "next steps": (1) to approve the recommended budget and establish the level of appropriations, (2) to revise the pass-through readiness-to-serve charge, and (3) to confirm the approved budget in July. Mr. Shank added that the 2019 rates and charges would go to the Board in December.

Director Wolk requested that in the future staff attach the section of the Article that is being proposed for revision, rather than attaching the entire Article, when amending the Administrative Code. General Counsel de Sousa Mills stated that would be an acceptable practice moving forward.

MOTION: Vice-President McDougal moved to adopt Resolution No. 4935 adopting the recommended budget for fiscal year 2018-19 and adopt Resolution No.

4936 amending the Administrative Code to reflect the new RTS charge; Director Davies seconded. Motion passed; VOTE:

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

H. CONSIDER ADOPTING RESOLUTION NO. 4937 AMENDING ARTICLE 27, INVESTMENT POLICY, OF THE ADMINISTRATIVE CODE

Recommendation: That the Board adopt Resolution No. 4937 amending Article 27, Investment Policy, of the Administrative Code with the changes proposed.

Assistant General Manager/Chief Financial Officer Shank reported the recommendation is from the Fiscal Policy & Insurance Committee to revise Article 27.2.3(d) to add, "The Fiscal Policy and Insurance Committee will bring any recommended changes to the industry benchmark to the Board for approval."

General Counsel de Sousa Mills noted that under the Government Code, the District must review and approve the Investment Policy annually, and the Board's action would meet that requirement.

MOTION: Vice-President McDougal moved to adopt Resolution No. 4937 amending Article 27, Investment Policy, of the Administrative Code with the changes as proposed; Director DeMeo seconded. Motion passed; VOTE:

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

I. CONSIDER SOLAR POWERED FLOATING MIXER AT RED MOUNTAIN RESERVOIR

Recommendation: That the Board authorize award of a solar powered mixer to the Medora Corporation for \$74,016 at Red Mountain Reservoir.

System Operations Manager Cavender reported that staff has been investigating ways to improve the water quality and manage sediment buildup at Red Mountain Reservoir. Because the reservoir is open, there are sporadic algae blooms that contribute to the formation of a layer of materials settling on the bottom of the reservoir over time. As the layer builds, the water removed from the reservoir carries with it sediment from the bottom causing water quality issues. To mitigate water quality issues, staff must use additional chlorine and turn up the reactors at the UV treatment plant, which is costly. In

addition to extra treatment measures, the reservoir bottom must be thoroughly cleaned every 8 to 10 years resulting in the discharge of 65 to 70 million gallons of water.

Mr. Cavender further reported that after exploring all options, staff determined the installation of a floating solar mixer, which is capable of mixing water at a rate of 5,000 gallons per minute continuously circulating water up from the bottom, would be the best possible option. The mixer would save the District money for chlorine and power, slow down the sedimentation process, and would be easy to maintain.

MOTION: Director Davies moved to authorize award of a solar powered mixer to the Medora Corporation for \$74,016 at Red Mountain Reservoir; Director Wolk seconded. Motion passed; VOTE:

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

J. CONSIDER AWARD OF THE SANTA MARGARITA PIPELINE PROJECT

Recommendation: That the Board authorize award of the Santa Margarita Pipeline Replacement Project to the apparent lowest bidder Southland Paving, Inc. at an amount of \$1,052,790 if they are able to meet all District requirements.

Acting General Manager Bebee reported the Santa Margarita Pipeline Replacement Project went out to bid, and there were five responsive bidders. The lowest bid received was from Southland Paving, Inc. for \$1,052,790. Because the estimated cost of the project was \$800,000, considerably lower than the bid, staff examined current material costs and found the cost of steel had increased by 30 to 40 percent. Staff is recommending the Board authorize award of the project to Southland Paving, Inc. Moreover, staff will adjust other projects for the fiscal year in order to stay within the budget.

MOTION: Director Davies moved to authorize award of the Santa Margarita Pipeline Replacement Project to the apparent lowest bidder Southland Paving, Inc. at an amount of \$1,052,790 if they are able to meet all District requirements; Director DeMeo seconded. Motion passed; VOTE:

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

V. ORAL/WRITTEN REPORTS------(ITEMS 1–8)

1. General Counsel
 - General Counsel de Sousa Mills provided an update of legislation affecting water districts.
2. SDCWA Representative Report
3. Acting General Manager and Assistant General Manager/District Engineer
 - a. Engineering and Operations Report
4. Assistant General Manager/Chief Financial Officer
 - a. Treasurer’s Report
 - b. Budget Status Report
 - 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 reported attending the California Special Districts Association Special Districts Legislative Days in Sacramento on May 22-23, 2018.
 - President Gebhart reported the Santa Margarita River Property was included in the Governor’s budget, which will aid funding efforts moving forward.
8. Miscellaneous
 - President Gebhart announced he made the following changes to Standing Committee appointments: (1) Director Wolk will replace Director Davies on the Personnel Committee and (2) Director Davies will replace Director Wolk on the Water Resources Committee.

ADJOURN TO CLOSED SESSION

The Board of Directors adjourned to Closed Session at 7:23 p.m. following an oral announcement by President Gebhart of Closed Session Items VI. 1, 2, 3, and 4.

VI. CLOSED SESSION -----(ITEMS 1–4)

1. CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54957.6:

Agency Designated Negotiators: Jack Bebee, Acting General Manager; Lisa Chaffin, Human Resources Manager

Employee Organization: Fallbrook Public Utility District Employees’ Association; Fallbrook Management Employees’ Association

2. CONFERENCE WITH LEGAL COUNSEL–EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (d)(1):

Name of Case: Paula Clark v. Fallbrook Public Utility District, et al. (Case No. 37-2018-00024322-CU-0E-CM)

3. CONFERENCE WITH LABOR NEGOTIATORS PER GC SECTION 54957.6: (REGARDING CONTRACT ISSUES NOT RELATED TO SALARY, SALARY SCHEDULES OR COMPENSATION PAID IN THE FORM OF FRINGE BENEFITS)

Agency Designated Negotiators: Board of Directors

Unrepresented Employee: Acting General Manager

4. PUBLIC EMPLOYEE PERFORMANCE EVALUATION PER GOVERNMENT CODE SECTION 54957:

Discuss Performance Evaluation: General Counsel, Best Best & Krieger

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 8:28 p.m.

REPORT FROM CLOSED SESSION (As Necessary)

There was no reportable action taken for Closed Session Items VI. 2-4.

On Closed Session Item VI. 1 (Conference with Labor Negotiators), on motion of Vice-President McDougal, seconded by Director DeMeo, the Board unanimously approved a one-year extension to both of the MOUs with FMEA and FPUDEA with a 0% Cost of Living Adjustment (for Fiscal Year 2018-19).

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President Gebhart adjourned the special meeting of the Board of Directors of the Fallbrook Public Utility District at 8:29 p.m.



President, Board of Directors

ATTEST:


Secretary, Board of Directors