

FALLBROOK PUBLIC UTILITY DISTRICT
Regular Meeting - Board of Directors
District Board Room - 990 East Mission Road
July 23, 2007
4:00 P.M.

Director McDougal called the regular meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m. Director McDougal led in the Pledge of Allegiance. Directors present: Battle, Gebhart and McDougal. Absent: Davies and Hayden. Also present were: General Manager Lewinger, Attorney James, Chief Engineer Jackson, Administrative Services Manager Eilers, Engineering Manager Page, Superintendent Dunaway, Secretary/Treasurer Allen, Administrative Office Specialist Simmons and Community Relations Representative Denke. Employees present: Horn and Patti Page. Guests present: Ricardo Favela, Art Beckington and Glenn Carroll. There was no media presentation.

ADDITIONS TO THE AGENDA

General Manager Lewinger asked that item E., Results of Capacity Study at Treatment Plant 1, be moved to ACTION AND CORRESPONDENCE CONSIDERATIONS for discussion.

PUBLIC COMMENT

Fallbrook resident and ratepayer Ricardo Favela addressed the Board regarding "employee behavior". He said he saw an FPUD employee attending a Minute Men rally in town while on standby using a District vehicle, and he doesn't feel that reflects positively on the District.

Director McDougal thanked Mr. Favela for his comments and said that the Superintendent would be notified and the employee would be properly counseled and/or disciplined.

Resident and ratepayer Glenn Carroll then addressed the Board, thanking General Manager Lewinger and President Davies for meeting with him. He appreciates the education he received during the meeting. He learned that IID has priority rights on the Colorado River and feels that there should be priorities in Fallbrook on who gets cut off from water first. He said that newer development should get cut back from the water supply prior to ratepayers who have been here a lot longer.

Director McDougal thanked Mr. Carroll for his comments.

YEARS OF SERVICE AWARD

- A. Mike Page - 20 Years
- Patti Page - 20 Years (+ Longevity)
- Tedd Theodore - 15 Years

Mike Page

General Manager Lewinger explained that Mike Page was hired by the former Fallbrook Sanitary District as a construction inspector for the improvements to Plant 1 in 1987 and has since progressed to Engineering Manager. He is a registered Division 1 Engineering Inspector for the State of California and holds Federal engineering certifications in Civil, Mechanical, Structural, Electrical, Earthwork and Welding with the U.S. Army Corps of Engineers. He is a certified Incident Commander at the State and Federal levels for the National Incident Management System. He has been the Project Manager for capitol construction for all District improvements for the past 20 years.

Mike received a gift of his selection in the amount of \$200 and was congratulated by Director McDougal.

Patti Page

General Manager Lewinger explained that Operations Tech Patti Page was hired by the former Fallbrook Sanitary District on July 31, 1987 as the Administrative Secretary. She holds certifications in Wastewater Treatment, Collection and Lab Analysis. Patti has been voted "Employee of the Year" and currently is on the Safety committee. Patti selected a gift, in the amount of \$200, which was presented to her at the July 18th Employee/Management meeting. Patti will also receive a longevity bonus, consisting of 2.5% of her annual salary.

Patti was congratulated by Director McDougal.

Tedd Theodore

Tedd Theodore could not attend the meeting, however, it should be noted that Laboratory Tech I Tedd Theodore was hired by the former Fallbrook Sanitary District on July 27, 1992. He holds certification in lab analysis and has received several Manager's Awards for his technical skill and teamwork.

Tedd selected a gift, in the amount of \$150, which was presented to him at the July 18th Employee/Management meeting.

ACCEPTANCE OF MINUTES

B. Regular Meeting of June 25, 2007

Director Battle moved, seconded by Director Gebhart to approve the aforementioned minutes as written. Vote was:

AYES: Battle, Gebhart, McDougal
NOES: None
ABSENT: Davies, Hayden
ABSTAIN: None

CONSENT CALENDAR

C. Grant of Quitclaim of Easement - Resolution No. 4591

Grant quitclaim of easement to Linda Stevens over APN 105-560-12, subject to the condition that a realignment of equal capacity be constructed and easements granted.

D. Sewer System Management Plan Development Plan and Schedule

Approve attached SSMP development plan and schedule based on requirements by the State Water Quality Control Board, for submittal by August 2, 2007.

F. Advance Approval to Attend Meeting

Authorize director attendance at the CSDA quarterly dinner meeting to be held on August 16, 2007, at the Doubletree Club Hotel, Mission Valley. The program is LAFCO Candidate Forum.

Director Gebhart moved, seconded by Director Battle to approve the remaining Consent Calendar. Vote was:

AYES: Battle, Gebhart, McDougal
NOES: None
ABSENT: Davies, Hayden
ABSTAIN: None

ACTION AND CORRESPONDENCE CONSIDERATIONS

E. Results of Capacity Study - Treatment Plant 1

In response to Board direction, staff issued a Request for Proposals (RFP) to engineering firms for expansion of Plant 1. The RFP requested a study to produce budget-level estimates for the design and construction of 100,000 gal/day increments from 100,000 gal/day to 400,000 gal/day. The rationale for these flow rates is that the current secondary plant has a permitted capacity of 2.7 MGD and the tertiary filters have a hydraulic capacity of 3.1 MGD.

In response to the RFP two proposals were received, as follows:

Dudek Engineering	\$59,650
Tetra Tech	\$58,104

Both firms are reliable and can perform the proposed work. Staff has a greater comfort level with Tetra Tech who performed the engineering work for the Plant 1 capital improvement project now ongoing.

General Manager Lewinger said he pulled this item for discussion because he wanted the Board to discuss how this study will be funded – by the ratepayers, the District or the developers? Lewinger said he recommends that developers pay for it.

Director Gebhart asked when we would stop passing the bill along? We have an obligation to see what our capacities are. We have sewer spills that everyone pays for, why shouldn't all the ratepayers have to pay for this study?

General Manager Lewinger said that depending on the cost of the expansion, we could come up with a fee per dwelling unit and even though the expansion would have to be paid for up front, each end user could pay their fair share.

General Manager Lewinger said that right now we don't need to expand the plant. The capacity we have now will serve our current customers. Our existing customers will not benefit from a treatment plant expansion, so why should they have to pay for it?

Director McDougal said that if the District went ahead and paid for this study and then chose not to expand the treatment plant, we would be out the money. He said that this issue involves those outside the boundaries of our service area that want in – not existing customers.

Director Gebhart asked if we have a moral obligation to provide the community with future capacity based on future growth?

Director McDougal said not to get confused on the word "capacity." The treatment plant is not to capacity yet. The facility is at capacity for future growth. We are fine with any development within our service area.

Director McDougal suggested that this discussion be tabled to next month's meeting when the full board is here. Chief Engineer Jackson will inquire if Dudek Engineering and Tetra Tech will hold their bids for one month.

ORAL REPORTS

General Counsel James submitted a written report which is attached and made a part of these minutes.

SDCWA Representative/General Manager Lewinger reported that Rainbow Municipal Water District has set up a meeting with representatives from the City of San Diego and the County Water Authority for a roundtable discussion. General Manager Lewinger and a member of FPUD's board have been invited. The meeting will be held Thursday, August 2nd at 10:00 a.m. Director Battle said that he would like to attend with Lewinger.

The District received a notice today that CASA has selected FPUD to receive the Technical Achievement Award for the "smart" sewer covers that we helped develop with Hydronautics in Escondido. These sewer covers have a transmitter attached on the underside of the manhole cover which senses the depth to water and sends a signal if the water is starting to rise. Water districts will then get notified prior to a sewer spill. The CASA conference is in August and President Davies will accept the award.

Unless we get some pretty substantial rain, FPUD's interruptible agriculture customers' water will be cut back by 30% in January. General Manager Lewinger said that he doesn't yet know what base year they will use to calculate it - they are shooting for 2003-04. There are many issues to contend with including, what if the customer is no longer in program? Wants out of program? Want in the program? How will we measure if they are actually cutting back? What are the consequences if they don't? General Manager Lewinger said that he will meet with other North County managers to go over all the details because they want the rules to be uniform throughout the county.

BOARD DISCUSSION

Director Gebhart asked Secretary/Treasurer Allen why the District's portfolio wasn't earning as much as the Fed?

Secretary/Treasurer Allen said that all District investments are on a "buy and hold", meaning that we hold the investment until maturity.

Director Gebhart was concerned with three investments the District has with Higgins Capital which were earning 3% and under and asked that we look into selling and reinvesting in something with a higher yield.

Director McDougal suggested that the Finance Committee will meet prior to the August board meeting and come back with a recommendation to Board.

ADJOURN TO CLOSED SESSION

Director McDougal asked if there was any further board discussion. Hearing none, the Board adjourned to Closed Session at 4:57 p.m. to discuss the General Manager's annual review.

At 6:00 p.m. the Board came out of Closed Session to report the following on the General Manager's salary adjustment:

1. Combine current base salary and car allowance into a single base salary (car allowance goes away).
2. Provision included that provides for the GM to receive a COLA to his base salary equal to the COLA given to all other FPUD employees each July 1, 3.1% effective 7/1/07.
3. Increase GM's base salary by 2.5% representing a one-time merit increase commensurate with "meets requirements", effective 7/1/07.
4. Increase the reimbursement to the GM's annual physical from \$1000 to \$2000/year, and request the GM notify the Board if, based on the results of the annual physical, he is "not fit" for duty.

AYES: Battle, Gebhart, McDougal
NOES: None
ABSENT: Davies, Hayden
ABSTAIN: None

The Board adjourned immediately with no further action.

Secretary, Board of Directors

President, Board of Directors