



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING

MINUTES

MONDAY, AUGUST 26, 2024
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 DeMeo called the August Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m.

A quorum was established, and attendance was as follows:

Board of Directors

Present: Jennifer DeMeo, Member/President
Don McDougal, Member/Vice President
Dave Baxter, Member
Ken Endter, Member
Charley Wolk, Member

Absent: None

General Counsel/District Staff

Present: Jack Bebee, General Manager
Paula de Sousa, General Counsel
Dave Shank, Assistant General Manager/CFO
Jodi Brown, Management Analyst
Devin Casteel, System Operations Supervisor
Isabel Casteran, Safety & Risk Officer
Aaron Cook, Engineering Manager
Noelle Denke, Public Information Officer
Christian Hernandez, Utility Worker II
Jason Jared, Environmental Compliance Technician
Peter Marshall, Collections Supervisor
Donald Parker, Construction Supervisor
Jesse Perez, Chief Plant Operator
Carl Quiram, Operations Manager
Eddie Rodriguez, System Services Supervisor

Sierra Stephensen, Engineering Technician I
Steve Stone, Field Services Manager
Steve Wuerth, SCADA, Electrical & Maintenance Supervisor
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Jacqueline Howells, Mark Mervich, Rosie Redmond, and Joe Naiman

PLEDGE OF ALLEGIANCE

President DeMeo led the Pledge of Allegiance.

APPROVAL OF AGENDA

MOTION: Director Baxter moved to approve the agenda; Director Endter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, 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 public comments on non-agenda items.

There were no public comments on agenda items A – C.

A. EMPLOYEE OF THE QUARTER FOR AUGUST 2024

1. Christian Hernandez

The Board recognized Christian Hernandez as the Employee of the Quarter for August 2024.

B. EMPLOYEE PROMOTION ANNOUNCEMENT

1. Jason Jared, Environmental Compliance Technician
2. Sierra Stephensen, Engineering Technician I

The Board congratulated Jason Jared on his promotion to Environmental Compliance Technician and Sierra Stephensen for her promotion to Engineering Technician I.

C. MANAGER'S AWARD
1. Steve Wuerth

The Board recognized Steve Wuerth for receiving a Manager's Award for his remarkable leadership.

II. **CONSENT CALENDAR**----- (ITEMS D-I)

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.

D. CONSIDER APPROVAL OF MINUTES
1. July 22, 2024 Regular Meeting

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

E. CONSIDER PUBLICATION OF ANNUAL FINANCIAL STATEMENT

Recommendation: *That the Board approve the draft financial statement developed by staff for publication in the Village News in accordance with Section 6066 of the Government Code.*

F. COMMUNITY BENEFIT WATER USERS FY 2023-24 ANNUAL REPORT

Recommendation: *This item is for information purposes, no action is required.*

G. ANNUAL STATUS REPORT OF PARCELS WITH DEFERRED WATER AVAILABILITY / STANDBY CHARGES

Recommendation: *This item is for information only; no action is required of the Board.*

H. CONSIDER ADVANCE APPROVAL TO ATTEND MEETINGS

Recommendation: *That the Board authorize and approve, in advance, Directors' attendance to the Eastern Municipal Water District Agricultural Customer Listening Session presented by Metropolitan Water District on August 29, 2024.*

I. CONSIDER NOTICE OF COMPLETION FOR ROSS LAKE PIPELINE REPLACEMENT PROJECT

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

There were no public comments on Consent Calendar items.

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

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

III. INFORMATION------(ITEMS J-L)

J. ENGINEERING & OPERATIONS KEY PERFORMANCE INDICATORS PRESENTATION

*Presented by: Aaron Cook, Engineering Manager
Carl Quiram, Operations Manager*

There were no public comments on agenda item J.

Staff presented a slide show on the Engineering and Operations key performance indicators, which included a discussion on capital improvement projects, wastewater and water operations, meter exchanges, wastewater collections, valve replacements, finance, safety, human resources, and customer service.

K. FISCAL YEAR 2023-24 YEAR-END BUDGET STATUS REPORT

Presented by: Dave Shank, Assistant General Manager/CFO

There were no public comments on agenda item K.

AGM/CFO Shank provided an overview of how the District performed financially for fiscal year 2023-24.

L. EMPLOYEE WELLNESS PROGRAM

Presented by: Isabel Casteran, Safety and Risk Officer

There were no public comments on agenda item L.

Safety and Risk Officer Casteran provided an overview of the new Employee Wellness Program, explaining that the District has previously promoted wellness activities but that nothing had ever been formalized.

Director Wolk asked if the employees had received a copy of the wellness program. Safety and Risk Officer Casteran responded that she wanted to present it to the Board before distributing, but that it will be sent to all employees.

Mark Mervich asked if these activities were conducted during employee work time and how much time it would take away from completing projects. Safety and Risk Officer Casteran responded that we are mindful of this question and noted most employees use their lunch period for the bi-weekly yoga classes. She explained anything more than that is on the employee's personal time.

IV. ACTION / DISCUSSION CALENDAR -----(ITEMS M-S)

M. CONSIDER EDU CLASSIFICATION FOR MULTI-UNIT RESIDENTIAL CONVERSION AND CAPACITY CHARGE FINANCING AGREEMENT TERMS

Recommendation: Staff recommends that the Board determine that no grounds for a redetermination of equivalent dwelling units (EDUs) to identify the corresponding sewer capacity and fees exists under the District's Administrative Code and that the standard apartment classification be used to revise the existing sewer permit. Staff also recommends that the Board authorize the General Manager cause a financing agreement to be prepared providing for an extended financing term and consistent with the terms specified above to facilitate payment of the additional capacity fee over time.

Mark Mervich stepped to the podium to inquire about the cost to the ratepayers of changing the classification of this building.

General Manager Bebee provided an overview of this item, reporting this building was originally built as an assisted living type of facility. This type of facility ended up not being viable, and the building was purchased in bankruptcy to turn it into low-income residential apartments. He provided a brief explanation of the sewer capacity fee, including the calculation used to come up with the amount of this fee, noting this is a charge to the developer. He reiterated there was no cost to District ratepayers. He also added this helps with our sewer enterprise fund.

General Manager Bebee explained the District had been working with the developer to come up with an extended financing term for this sewer capacity fee.

Director Endter asked what happens to the amortization schedule if these apartments do not pan out. General Manager Bebee responded that this is recorded against the property.

Director Wolk asked if there is one sewer bill or if each unit is sub-metered. General Manager Bebee reported there is one bill that goes to the owner of the property. It is up to the owner how they divide it amongst tenants.

Director Endter requested a copy of the final agreement be brought back to the Board as information.

MOTION: Director Wolk moved to authorized the General Manager to work with legal counsel to prepare and execute a financing agreement for an extended financing term to facilitate payment of an additional capacity fee over time for the multi-unit building at 1735 S. Mission Road; Director Baxter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

N. CONSIDER CONTINUATION OF STATE ADVOCACY SERVICES

Recommendation: That the Board authorize the continued engagement of Fernandez, Jensen, Kimmelshue Government Affairs for external state advocacy services for an additional one-year period.

There were no public comments on agenda item N.

General Manager Bebee provided an overview of the services Fernandez, Jensen, Kimmelshue Government Affairs has provided the District. He noted he was originally looking at more regional approach but thought it would be beneficial to continue with FJKGA's services for one more year with the amount of bills coming out of Sacramento that effect the District.

MOTION: Director DeMeo moved to authorized the continued engagement of Fernandez, Jensen, Kimmelshue Government Affairs for external state advocacy services for an additional one-year period; Director Endter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

O. CONSIDER REAPPOINTMENT OF COMMUNITY BENEFIT PROGRAM COMMITTEE MEMBERS

Recommendation: That the Board reappoint the three current Community Benefit Program Committee Members, whose initial terms are expiring at the end of 2024, for one additional full three-year term.

There were no public comments on agenda item O.

General Manager Bebee reported the Community Benefit Program Ad-hoc Committee met to discuss this, as reappointment process for shortened terms was not spelled out in the Administrative Code. The recommendation was that the three members be reappointed for one additional three year full term.

Director Endter asked General Counsel de Sousa if this would set a precedent. General Counsel de Sousa responded that she did not think it would.

Director McDougal explained the initial term was shortened so the Committee could get on a rotation. He reported it is to the District's advantage to keep the three members on the Committee and commended the job that the Committee has done thus far.

MOTION: Director Baxter moved reappoint the three current Community Benefit Program Committee Members, whose initial terms are expiring at the end of 2024, for one additional full three-year term; Director Endter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

P. CONSIDER RESOLUTION NO. 5082 ADOPTING AN AMENDED CONFLICT OF INTEREST CODE PURSUANT TO THE POLITICAL REFORM ACT OF 1974

Recommendation: That the Board adopt Resolution No. 5082 adopting the amended Conflict of Interest Code pursuant to the Political Reform Act of 1974.

There were no public comments on agenda item P.

General Manager Bebee explained the District is required to conduct a bi-annual review of the Conflict of Interest Code.

MOTION: Director Endter moved to adopt Resolution No. 5082 adopting the amended Conflict of Interest Code pursuant to the Political Reform Act of 1974; Director McDougal seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

Q. CONSIDER UPDATE ON ERP REPLACEMENT PROJECT AND APPROVE A PROFESSIONAL SUPORT SERVICES CONTRACT

Recommendation: That the Board execute the plan to procure new ERP software and approve the Professional Services Contract with Soft Resources.

There were no public comments on agenda item Q.

AGM/CFO Shank reported the FP&I Committee met on this item. He provided a brief overview of how the District uses ERP software. He explained that we use an “on premise” version of our ERP software, and the industry has largely migrated towards a cloud-based sort. The District does not want to be in a situation where the on premise software is no longer supported, so we are proactively looking to move towards a cloud-based program. AGM/CFO Shank announced this was the first phase in procuring new ERP software and explained this is to engage a contractor to find what ERP software would work best of the District. This would not include implementation.

President DeMeo confirmed this is phase one and asked about future costs. AGM/CFO Shank reported if we move towards a cloud-based platform, there would be an annual servicing fee, and that estimated range was included in staff memo in the packet. General Manager Bebee explained we would have a good sense of the implementation cost when going through the budget process for next fiscal year.

Director Endter confirmed this means the District would be moving towards an external-based program and asked about the security aspect. AGM/CFO responded that the cloud is actually more secure than hosting this in house.

There was discussion regarding future expenses. General Manager Bebee announced this would be brought back to the FP&I Committee and the Board before moving forward with the final ERP vendor and implementation.

Director Wolk added that when the District previously underwent an ERP transition, we tried to save money, and it ended up costing the District way more money in the long run.

MOTION: Director DeMeo moved to execute the plan to procure new ERP software and approved the professional services contract with Soft Resources; Director Baxter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

R. CONSIDER PURCHASE OF A REPLACEMENT CHLORINE GAS SCRUBBER FOR THE WASTEWATER TREATMENT PLANT

Recommendation: That the Board authorize staff to enter into a contract with PureAir to purchase the PureAir EGS-8 scrubber for \$315,583.13.

There were no public comments on agenda item R.

General Manager Bebee reported this went through the E&O Committee and explained our current scrubber is past the point of refurbishment. He emphasized the importance of this piece of equipment and announced the recommendation is to get the replacement underway. He noted there would be a second contract for installation.

Director Baxter asked if we received bids from multiple vendors. General Manager Bebee explained because of the limitation of this project, we had to sole source the vendor, as there is really only one that offers this.

MOTION: Director Wolk moved authorize staff to enter into a contract with PureAir to purchase the PureAir EGS-8 chlorine gas scrubber for the Wastewater Treatment Plant for \$315,583.13; Director Endter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

S. CONSIDER THE PURCHASE OF THREE FORD F150 LIGHTNING EV TRUCKS IN ACCORDANCE WITH THE APPROVED FLEET AND HEAVY EQUIPMENT REPLACEMENT PLAN

Recommendation: That the Board authorize staff to procure three Ford F150 Lightning EV trucks for \$154,612.89 from Fritts Ford.

There were no public comments on agenda item S.

Mark Mervich stepped to the podium to request a brief update on the infrastructure to charge the requested trucks. General Manager Bebee reported there has been work started on the charging infrastructure, but we are waiting on a transformer at the time. He explained we do have a way to charge the vehicles before that work is completed.

Director Endter asked if this went out to bid. General Manager Bebee said that it had. Director Endter requested a list of bidders be included in future memos.

MOTION: Director Wolk moved to authorize staff to procure three Ford F150 Lightning EV trucks for \$154,612.89 from Fritts Ford; Director Endter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: None

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

1. General Counsel
2. General Manager
 - a. MWD/EMWD Update
 - b. Engineering and Operations Report
 - c. Federal Funding Update
 - General Manager Bebee announced we received a DCIP grant with Naval Weapons Station of \$1.3M.
 - General Manager Bebee reported that Camp Pendleton is looking for us to their treatment plants sooner than later.
3. Assistant General Manager/Chief Financial Officer
 - a. Financial Summary Report
 - b. Treasurer's Report
 - c. Budget Status Report
 - d. Warrant List
 - e. Annual Disclosure of Reimbursements over \$100
 - f. Fiscal Year 2023-2024 District Memberships and Dues
 - AGM/CFO Shank provided an overview of the written reports included in the agenda packet.
4. Public Information Officer
 - PIO Denke reported on the ongoing strategic plan that's currently being conducted. She announced the District is increasing their participation in community events.
 - President DeMeo asked when the next plant giveaway was. PIO Denke responded the giveaways are scheduled every other year.
5. Notice of Approval of Per Diem for Meetings Attended
6. Director Comments/Reports on Meetings Attended
 - President DeMeo reported on her attendance at the SD CSDA Quarterly meeting.
7. Miscellaneous

ADJOURN TO CLOSED SESSION

General Counsel de Sousa announced the Board would be going into Closed Session to discuss item VI.1.

The Board adjourned to Closed Session at 5:36 p.m.

VI. CLOSED SESSION----- (ITEM 1)

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

Name of Cases:

Aqueous Film-Forming Foams Product Liability Litigation, Master Docket No. 2:18-mn-2873-RMG:

- City of Camden, et al., v. 3M Company, Civil Action No.: 2:23-cv-03147-RMG;
- City of Camden v. E.I. du Pont de Nemours & Company, Civil Action No.: 2:23-cv-03230-RMG; and
- City of Camden, et al. v. BASF Corporation, Civil Action No.: 2:24-cv-03174-RMG;
- City of Camden et. al. v. Tyco Fire Products LP, Civil Action No.: 2-24-cv-02321-RMG

RECONVENE TO OPEN SESSION

The Board came out of Closed Session and reconvened to Open Session at 5:43 p.m.

REPORT FROM CLOSED SESSION (*as needed*)

General Counsel de Sousa reported that on motion of Director Baxter, Seconded by Director Endter, the Board on a 5-0 vote, opted into the settlements in the BASF and TYCO matters listed in the agenda, and authorized District staff and legal counsel to process all required paperwork and documents related to the settlements.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, the August Regular Meeting of the Board of Directors of the Fallbrook Public Utility District was adjourned at 5:44 p.m.



President, Board of Directors

ATTEST:


Secretary, Board of Directors