



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING

AGENDA

MONDAY, APRIL 25, 2022
4:00 P.M.

FALLBROOK PUBLIC UTILITY DISTRICT
990 E. MISSION RD., FALLBROOK, CA 92028
PHONE: (760) 728-1125

THIS MEETING WILL BE HELD PURSUANT TO GOVERNMENT CODE SECTION 54953(e)(1)(A), WHICH WAIVES CERTAIN BROWN ACT TELECONFERENCING REQUIREMENTS DURING A PROCLAIMED STATE OF EMERGENCY WHEN STATE OR LOCAL OFFICIALS HAVE IMPOSED OR RECOMMENDED MEASURES TO PROMOTE SOCIAL DISTANCING, AND ALLOWS SOME OR ALL OF THE MEMBERS OF THE FALLBROOK PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS TO ATTEND THIS MEETING TELEPHONICALLY OR VIA VIDEO CONFERENCE. MEMBERS OF THE PUBLIC WHO DO NOT WISH TO ATTEND IN PERSON ARE ENCOURAGED TO PARTICIPATE IN THE MEETING VIA WEB CONFERENCE USING THE BELOW CALL-IN AND WEBLINK INFORMATION. MEMBERS OF THE PUBLIC MAY ALSO PARTICIPATE IN THIS MEETING BY ATTENDING IN PERSON AT THE DISTRICT OFFICE LOCATED AT 990 E. MISSION RD., FALLBROOK, CA 92028.

Join Zoom Meeting

<https://us06web.zoom.us/j/82003172211?pwd=UU10YWltMkVwWGVAUFNkQnA2bHA4Zz09>

MEETING ID: 820 0317 2211

AUDIO PASSCODE: 363170

Dial by your location

+1 346 248 7799 US (Houston); +1 720 707 2699 US (Denver); +1 253 215 8782 US (Tacoma);
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Find your local number: <https://us06web.zoom.us/j/82003172211?pwd=UU10YWltMkVwWGVAUFNkQnA2bHA4Zz09>

PUBLIC COMMENTS: Members of the public may submit public comments and comments on agenda items in one of the following ways:

SUBMIT COMMENTS BEFORE THE MEETING:

- By emailing to our Board Secretary at leckert@fpud.com
- By mailing to the District Offices at 990 E. Mission Rd., Fallbrook, CA 92028
- By depositing them in the District's Payment Drop Box located at 990 E. Mission Rd., Fallbrook, CA 92028

All comments submitted before the meeting by whatever means must be received at least 1 hour in advance of the meeting. All comments will be read to the Board during the appropriate portion of the meeting. Please keep any written comments to 3 minutes.

REMOTELY MAKE COMMENTS DURING THE MEETING: The Board President will inquire prior to Board discussion if there are any comments from the public on each item.

- Via Zoom Webinar go to the "Participants List," hover over your name and click on "raise hand." This will notify the moderator that you wish to speak during oral communication or during a specific item on the agenda.
- Via phone, you can raise your hand by pressing *9 to notify the moderator that you wish to speak during the current item.

MAKE IN-PERSON COMMENTS DURING THE MEETING: The Board President will inquire prior to Board discussion if there are any comments from the public on each item, at which time members of the public attending in person may make comments.

THESE PUBLIC COMMENT PROCEDURES SUPERSEDE THE DISTRICT'S STANDARD PUBLIC COMMENT POLICIES AND PROCEDURES TO THE CONTRARY.

If you have a disability and need an accommodation to participate in the meeting, please call the Secretary at (760) 999-2704 for assistance so the necessary arrangements can be made.

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

- A. CONSIDER FINDINGS TO CONTINUE HOLDING REMOTE/ TELECONFERENCE MEETINGS PURSUANT TO ASSEMBLY BILL 361

Recommendation:

1. *That the FPUD Board of Directors make the following findings by majority vote:*
 - a. *The Governor-declared COVID-19 State of Emergency remains in effect and the Board of Directors has reconsidered the circumstances of the COVID-19 State of Emergency; and*
 - b. *State or local officials continue to impose or recommend measures to promote social distancing.*
2. *That the FPUD Board of Directors determine that, for the next thirty (30) days, the meetings of the Board and committees shall be held pursuant to the provisions of Government Code section 54953(e), allowing legislative body members and members of the public to participate in meetings remotely in accordance with that section.*

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

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.

- B. NEW EMPLOYEE ANNOUNCEMENTS
1. Carl Quiram, Operations Manager
 2. Francisco Cardenas, Systems Operator I

- C. EMPLOYEE PROMOTION ANNOUNCEMENTS
1. Jacob Hyink, Equipment Mechanic
 2. Miguel Castellanos, Systems Operator I

II. CONSENT CALENDAR----- (ITEMS D – E)

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. March 28, 2022 Regular Board Meeting/Public Hearing
2. April 11, 2022 Special Board Meeting/Public Hearing

Recommendation: That the Board approve the minutes of the aforementioned meetings of the Board of Directors of the Fallbrook Public Utility District.

- E. CONSIDER ADVANCED APPROVAL TO ATTEND MEETINGS

Recommendation: That the Board authorize and approve, in advance, Directors' attendance to the Town Hall Meeting scheduled for May 2, 2022 at the FPUD District office.

III. INFORMATION ----- (ITEMS F – G)

- F. REVIEW STRATEGIC PLAN FOR FISCAL YEAR 2022/2023
G. BOARD NOTIFICATION OF EMERGENCY DECLARATION FOR PIPELINE REPLACEMENTS

IV. ACTION / DISCUSSION CALENDAR ----- (ITEMS I – K)

- H. CONSIDER UPDATE OF EXPANSION OF LATENT POWERS (COMMUNITY BENEFIT PROGRAM)

Recommendation: That the Board establish an ad-hoc Board committee to develop the draft administrative requirements and framework for the Community Benefit Program with input from the community.

- I. DISCUSSION ON WATER SHORTAGE CONTINGENCY PLAN

Recommendation: That the Board take the Governor's executive order under advisement as more detailed State guidance regarding non-functional turf, regulatory mandates and further developments in regional conservation program outreach and expansion comes to fruition. At this time the Board directs District staff to prepare for a Board declaration of a "Water Shortage Response Level 2 – Water Shortage Watch".

- J. CONSIDER REQUEST FOR APPROVAL TO SELL SURPLUS PROPERTY (APNS 102-30-039, 105-49-215, AND 101-45-014)

Recommendation: That the Board adopt the attached resolution making findings and declaring the parcels surplus land and authorizing District staff to proceed with the sales process.

- K. CONSIDER GUM TREE PIPELINE REPLACEMENT PROJECT CHANGE ORDER

Recommendation: That the Board approve the pending change orders requests for work performed by SRK Engineering.

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

1. General Counsel
2. SDCWA Representative Report
3. General Manager
 - a. Engineering and Operations Report
4. Assistant General Manager/Chief Financial Officer
 - a. Financial Summary Report
 - b. Treasurer's Report
 - c. Budget Status Report
 - d. Warrant List
5. Public Affairs Specialist
6. Notice of Approval of Per Diem for Meetings Attended
7. Director Comments/Reports on Meetings Attended
8. Miscellaneous

ADJOURN TO CLOSED SESSION

VI. CLOSED SESSION------(ITEMS 1-3)

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

Discuss Performance Evaluation of General Manager

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

Discuss Performance Evaluation of General Counsel

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

One (1) Potential Case.

RECONVENE TO OPEN SESSION

REPORT FROM CLOSED SESSION (As Necessary)

VII. ADJOURNMENT OF MEETING

* * * * *

DECLARATION OF POSTING

I, Lauren Eckert, Executive Assistant/Board Secretary of the Fallbrook Public Utility District, do hereby declare that I posted a copy of the foregoing agenda in the glass case at the entrance of the District Office located at 990 East Mission Road, Fallbrook, California, at least 72 hours prior to the meeting in accordance with Government Code § 54954.2(a).

I, Lauren Eckert, further declare under penalty of perjury and under the laws of the State of California that the foregoing is true and correct.

April 20, 2022
Dated / Fallbrook, CA

/s/ Lauren Eckert
Executive Assistant/Board Secretary

M E M O

TO: Board of Directors
FROM: Paula de Sousa, General Counsel
DATE: April 25, 2022
SUBJECT: Findings to Continue Holding Remote/Teleconference Committee Meetings Pursuant to Assembly Bill 361

Purpose

Consider findings necessary to continue holding remote/teleconference meetings pursuant to Assembly Bill 361.

Summary

As more fully described in the Board memo for the October 25, 2021 Board of Directors meeting related to AB 361, the State of California has adopted legislation (AB 361), which allows public agencies to hold fully or partially virtual meetings under certain circumstances without being required to follow certain standard Brown Act teleconferencing requirements.

Under AB 361, a legislative body holding a fully or partially virtual meeting pursuant to AB 361 must make certain findings at least every thirty (30) days in order to continue holding such meetings. Because the Board of Directors last made the required findings on behalf of the Board and all FPU D Committees more than 30 days ago, the Board of Directors is required to make the findings to proceed with holding this meeting pursuant to AB 361. The findings would remain in effect for the Board of Directors for the next 30 days.

If the Board of Directors desires to hold the meeting in a manner allowing remote participation pursuant to AB 361, the Board must reconsider the COVID-19 State of Emergency, find that the proclaimed COVID-19 State of Emergency still exists, and find either of the following: (1) that state or local officials continue to impose or recommend measures to promote social distancing, or (2) that as a result of the COVID-19 emergency, meeting in person would present imminent risks to the health or safety of attendees. Based on the continued COVID-19 State of Emergency and required or recommended social distancing measures, as further described in the October 25, 2021 Board memo, the Board can make the required findings.

If the Board does not make the required findings, any Board members participating remotely would not be able to participate in the rest of the meeting, which may deprive the Board of a quorum and result in meeting cancellation.

Recommended Actions

1. That the FPU D Board of Directors make the following findings by majority vote:

- a. The Governor-declared COVID-19 State of Emergency remains in effect and the Board of Directors has reconsidered the circumstances of the COVID-19 State of Emergency; and
 - b. State or local officials continue to impose or recommend measures to promote social distancing.
2. That the FPUD Board of Directors determine that, for the next thirty (30) days, the meetings of the Board and Committees shall be held pursuant to the provisions of Government Code section 54953(e), allowing legislative body members and members of the public to participate in meetings remotely in accordance with that section.

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M E M O

TO: Board of Directors
FROM: Lauren Eckert, Executive Assistant/Board Secretary
DATE: April 25, 2022
SUBJECT: Approval of Minutes

Recommended Action

That the Board approve the minutes of the following meetings of the Board of Directors of the Fallbrook Public Utility District:

1. March 28, 2022 Regular Meeting/Public Hearing
2. April 11, 2022 Special Meeting/Public Hearing

March 28, 2022
Regular Meeting/Public Hearing



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

MINUTES

**MONDAY, MARCH 28, 2022
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 Baxter called the March Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m. President Baxter deferred to General Counsel de Sousa to make the following statements on the record regarding the proceedings for this meeting:

General Counsel de Sousa announced, for the record that, pursuant to the state of emergency declared by Governor Newsom, and in order to promote social distancing during the evolving COVID-19 pandemic, this meeting was being conducted by web and teleconference pursuant to Government Code Section 54953(e)(1)(A), which waives certain teleconferencing requirements in certain circumstances. She noted the first item on the agenda pertained to Board action to make the required findings pursuant to Government Code Section 54953(e).

General Counsel de Sousa also announced the agenda provided notice that members of the public may participate in this meeting by attending in person, and that members of the public who do not wish to attend in person were encouraged to participate in the Board meeting electronically using the call-in and weblink information included on the agenda. Members of the public participating remotely may provide general public comments and comments on agenda items in real time by requesting to speak using the "Raise Hand" function on Zoom or, if they were participating by phone, by pressing *9 to raise their hand. In addition, the agenda provided notice to members of the public on how they may submit comments in advance of the meeting to be read at the appropriate portion of the meeting (up to a limit of 3 minutes per comment). There were no written public comments submitted in advance of the meeting, for general public comment or for any agenda items.

General Counsel de Sousa announced that President Baxter would ask the Board Secretary if there were any members of the public who wished to make comments on the item either in person or through Zoom webinar or Zoom teleconference. After public comments, President Baxter would then call on staff to make a presentation for the item on the agenda. After the presentation was made, to avoid everyone speaking at once, President Baxter would then call on each Director to see if there were questions for staff regarding their presentation. After the round of questions, President Baxter would then ask for a motion and request that each Director identify themselves when making a motion

or seconding a motion. Next, President Baxter would call on each Director to see if there were any comments. General Counsel de Sousa also announced there was a public hearing to be held during the meeting. General Counsel de Sousa announced, if there were any Directors participating remotely, which there were not, all votes would have had to be done by roll call. Because no Directors were participating remotely, there was no need to have votes done by roll call.

A quorum was established, and attendance was as follows:

Board of Directors

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

Absent: None

General Counsel/District Staff

Present: Jack Bebee, General Manager
Paula de Sousa, General Counsel
Dave Shank, Assistant General Manager/CFO
Devin Casteel, Systems Operations Supervisor
Lisa Chaffin, Human Resources Manager
Noelle Denke, Public Affairs Specialist
Jodi Brown, Management Analyst
Veronica Tamzil, Senior Accountant
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Kathy Ramirez, Chris Shaw, Craig Balben, Kirk Dulin, Ross Pike, Luis Higinio, Leticia Maldonado-Stamos, Nick Stamos, Tom Frew, Stephani Baxter, and Stephanie Smith

- A. CONSIDER FINDINGS TO CONTINUE HOLDING REMOTE/ TELECONFERENCE MEETINGS PURSUANT TO ASSEMBLY BILL 361

Recommendation:

1. *That the FPUD Board of Directors make the following findings by majority vote:*
 - a. *The Governor-declared COVID-19 State of Emergency remains in effect and the Board of Directors has reconsidered the circumstances of the COVID-19 State of Emergency; and*
 - b. *State or local officials continue to impose or recommend measures to promote social distancing.*

2. *That the FPUD Board of Directors determine that, for the next thirty (30) days, the meetings of the Board and committees shall be held pursuant to the provisions of Government Code section 54953(e), allowing legislative body members and members of the public to participate in meetings remotely in accordance with that section.*

There were no public comments on agenda item A.

MOTION: Vice President Wolk moved to find that the Governor-declared COVID-19 State of Emergency remains in effect and the Board of Directors has reconsidered the circumstances of the COVID-19 State of Emergency; and State or local officials continue to impose or recommend measures to promote social distancing and that meetings of the Board of Directors and Committees shall be held pursuant to provisions of the Government Code section 54953(e), allowing legislative body members and members of the public to participate in meetings remotely in accordance with that section; Director DeMeo seconded. Motion passed; VOTE:

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

PLEDGE OF ALLEGIANCE

President Baxter led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

MOTION: Director McDougal moved to approve the agenda as presented; Director Endter seconded. Motion carried; VOTE:

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

PUBLIC COMMENT

There were no public comments for non-agenda items.

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.

- B. NEW EMPLOYEE ANNOUNCEMENTS
1. Tyrese Powell-Slotterbeck, Plant Operator II

There were no public comments on agenda item B.

The Board welcomed Tyrese Powell-Slotterbeck as the new Plant Operator II.

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.

There were no public comments on Consent Calendar items.

- C. CONSIDER APPROVAL OF MINUTES
1. February 28, 2022 Regular Board Meeting/Public Hearing

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

- D. CONSIDER ADVANCE APPROVAL TO ATTEND MEETINGS

Recommendation: *That the Board authorize and approve, in advance, Directors' attendance to the Southern California Water Coalition Quarterly Luncheon on April 22, 2022 in Temecula, California.*

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

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

III. INFORMATION----- (ITEMS E – G)

- E. FINANCIAL PLAN UPDATE

Presented by: Dave Shank, Assistant General Manager/CFO

There were no public comments on agenda item E.

AGM/CFO Shank provided a brief update on the development of the financial plan.

F. 100TH ANNIVERSARY EVENT UPDATE

Presented by: Noelle Denke, Public Affairs Specialist

There were no public comments on agenda item F.

Public Affairs Specialist Denke presented a slideshow that provided details and an update on the planning of the 100th anniversary event scheduled for June 4, 2022.

G. SANTA MARGARITA GROUNDWATER TREATMENT PLANT UPDATE

Presented by: Devin Casteel, System Operations Supervisor

There were no public comments on agenda item G.

System Operations Supervisor Casteel presented a slideshow that provided an update on the Santa Margarita Groundwater Treatment Plant.

General Manager Bebee commended System Operations Supervisor Casteel and the Operators on the great job they have done keeping the plant running.

IV. **PUBLIC HEARING** -----(ITEM H)

H. PUBLIC HEARING REGARDING REDISTRICTING OF DIVISION BOUNDARIES FOR FPUD BOARD OF DIRECTORS

Recommendation:

1. Receive a report from District staff on the redistricting proposal and permissible criteria to be considered to redraw division boundaries;
2. Review draft maps and provide direction to prepare revised maps, if appropriate, to be considered at the next public hearing; and
3. Conduct a public hearing to receive public input on division boundaries.

General Manager Bebee announced that, after following the necessary public notification procedures, the District's Governing Board would hold a public hearing as part of the redistricting process to receive public input on revisions to the District's division boundaries and provide direction to staff to prepare revised maps, if appropriate, to be considered at the next public hearing. He also reported

staff has held workshops with members of the public, as well, which had been very engaging.

Stephanie Smith of BB&K presented a slideshow outlining the redistricting process and detailed several potential map options for consideration. She reported the author of map option A requested that option be removed from consideration.

At 4:54 p.m., President Baxter opened the Public Hearing to receive public comments on agenda item H.

Leticia Maldonado-Stamos stepped to the podium to thank Ms. Smith for going above and beyond to ensure members of the public understood the entire redistricting process, including the legalities, etc. Ms. Maldonado-Stamos voiced her support of map option C. Ms. Maldonado-Stamos also thanked District staff for their efforts in working with the community to develop the map options.

Kirk Dulin raised his hand via Zoom to voice his concerns regarding the maps that were presented which had population deviations over 10%. General Manager Bebee clarified that the map options would be rebalanced before being approved and reiterated that legal counsel would not allow the Board to approve a map that had a population deviation over 10%.

Hearing no additional public comments, President Baxter closed the Public Hearing at 5:06 p.m.

General Counsel de Sousa reported, with regards to the workshops, the Board's direction was to have those workshops open to any members of the public who wanted to participate. She also reiterated that the current boundaries adopted by the Board in 2016 were developed following the same requirements that were being followed now.

General Manager Bebee announced there was a final public hearing scheduled for April 11, 2022 to consider map adoption.

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

There were no public comments on oral/written reports.

1. General Counsel

- General Counsel de Sousa reported there were two competing bills being considered to continue remote meetings under the Brown Act (AB 2449 and AB 1944). She thought the two bills may be merged together.
- General Counsel de Sousa also reported on a voter initiative circulating that could cause problems for rate adoptions for public agencies.

2. SDCWA Representative Report

- General Manager Bebee provided an overview of the written reports included in the packet.
- 3. General Manager
 - a. Engineering and Operations Report
 - General Manager Bebee provided an update on the District's LAFCO application for the Community Benefit Program.
 - General Manager Bebee reported on the large number of leaks the District has experienced, which may have an impact on valve replacements.
- 4. Assistant General Manager/Chief Financial Officer
 - a. Financial Summary Report
 - b. Treasurer's Report
 - c. Budget Status Report
 - d. Warrant List
 - AGM/CFO Shank provided an overview of the written reports included in the packet.
- 5. Public Affairs Specialist
- 6. Notice of Approval of Per Diem for Meetings Attended
 - Notification of Approval for Directors' Attendance at a meeting with Jo MacKenzie on February 23, 2022.
 - Notification of Approval for Directors' Attendance at a meeting with Supervisor Desmond on March 3, 2022.
 - Notification of Approval for Directors' Attendance at San Diego County Local Agency Formation Commission meeting on March 7, 2022.
 - President Baxter reported the Board was participating in the CSDA Leadership Academy event.
- 7. Director Comments/Reports on Meetings Attended
- 8. Miscellaneous

ADJOURN TO CLOSED SESSION

General Counsel de Sousa announced the Board would be going into Closed Session and that members of the public participating via web or teleconference were welcome to continue to stay on the line while the Board was in Closed Session, however they would only hear silence. Following Closed Session and prior to adjournment, an oral announcement of reportable action, should there be any, would be made to the public on the teleconference line.

There were no public comments on Closed Session items.

The Board of Directors adjourned to Closed Session at 5:43 p.m. following an oral announcement by General Counsel de Sousa of Closed Session Items V.1-3.

VI. CLOSED SESSION------(ITEMS 1 – 3)

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

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

Employee Organizations: Fallbrook Public Utility District Employees' Association; Fallbrook Management Employees' Association

2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (d)(2)

One (1) Potential Case

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

Name of Case: Todd Lange v. Fallbrook Public Utility District, San Diego Co. Sup. Ct. (North County) Case No 37-2020-00046705-CU-PT-NC

RECONVENE TO OPEN SESSION

The Board came out of Closed Session and reconvened to Open Session at 6:28 p.m.

REPORT FROM CLOSED SESSION (*As necessary*)

There was no reportable action taken in Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, the March Regular Meeting of the Board of Directors of the Fallbrook Public Utility District was adjourned at 6:29 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

April 11, 2022
Special Meeting/Public Hearing



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

MINUTES

**MONDAY, APRIL 11, 2022
3:00 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 Baxter called the April 11, 2022 Special Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 3:00 p.m. President Baxter deferred to General Counsel de Sousa to make the following statements on the record regarding the proceedings for this meeting:

General Counsel de Sousa announced, for the record that, pursuant to the state of emergency declared by Governor Newsom, and in order to promote social distancing during the evolving COVID-19 pandemic, this meeting was being conducted by web and teleconference pursuant to Government Code Section 54953(e)(1)(A), which waives certain teleconferencing requirements in certain circumstances.

General Counsel de Sousa also announced the agenda provided notice that members of the public may participate in this meeting by attending in person, and that members of the public who do not wish to attend in person were encouraged to participate in the Board meeting electronically using the call-in and weblink information included on the agenda. Members of the public participating remotely may provide general public comments and comments on agenda items in real time by requesting to speak using the "Raise Hand" function on Zoom or, if they were participating by phone, by pressing *9 to raise their hand. In addition, the agenda provided notice to members of the public on how they may submit comments in advance of the meeting to be read at the appropriate portion of the meeting (up to a limit of 3 minutes per comment). There were no written public comments submitted in advance of the meeting, for general public comment or for any agenda items.

General Counsel de Sousa announced that President Baxter would ask the Board Secretary if there were any members of the public who wished to make comments on the item either in person or through Zoom webinar or Zoom teleconference. After public comments, President Baxter would then call on staff to make a presentation for the item on the agenda. After the presentation was made, to avoid everyone speaking at once, President Baxter would then call on each Director to see if there were questions for staff regarding their presentation. After the round of questions, President Baxter would then

ask for a motion and request that each Director identify themselves when making a motion or seconding a motion. Next, President Baxter would call on each Director to see if there were any comments. General Counsel de Sousa also announced there was a public hearing to be held during the meeting. General Counsel de Sousa announced, if there were any Directors participating remotely, all votes would be done by roll call.

A quorum was established, and attendance was as follows:

Board of Directors

Present: Dave Baxter, Member/ President
Charley Wolk, Member/Vice President
Ken Endter, Member (*arrived at 3:12 p.m.*)
Jennifer DeMeo, Member
Don McDougal, Member

Absent: None

General Counsel/District Staff

Present: Jack Bebee, General Manager
Paula de Sousa, General Counsel
Noelle Denke, Public Affairs Specialist
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Kathy Ramirez, Cynthia Young, Ross Pike, Luis Higinio, Leticia Maldonado-Stamos, Tom Frew, Joy Frew, and Stephanie Smith

PLEDGE OF ALLEGIANCE

President Baxter led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

MOTION: Director McDougal moved to approve the agenda as presented;
Director DeMeo seconded. Motion carried; VOTE:

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

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.

Leticia Maldonado-Stamos stepped to the podium to thank the District for their donation to Fallbrook a Leer, as well as for their assistance with printing large format materials.

II. PUBLIC HEARING -----(ITEM A)

A. PUBLIC HEARING REGARDING REDISTRICTING OF DIVISION BOUNDARIES FOR FPUD BOARD OF DIRECTORS

Recommendation:

1. *Receive a report from District staff on the redistricting proposal and permissible criteria to be considered to redraw division boundaries;*
2. *Review Draft maps and conduct a public hearing to receive public input on division boundaries; and*
3. *Adopt a Resolution entitled: RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK PUBLIC UTILITY DISTRICT ADJUSTING BOUNDARIES OF DIRECTOR ELECTORAL DIVISIONS*

General Manager Bebee announced, after following the necessary public notification procedures, the District's Governing Board would be holding a third public hearing as part of the redistricting process to receive public input on revisions to the District's division boundaries, receive a report from District staff on the redistricting proposal, review draft maps and, if appropriate, adopt a resolution to adjust the District's division boundaries.

General Manager Bebee thanked the members of the public for their involvement and engagement in this process.

Stephanie Smith of BB&K presented a slideshow outlining the redistricting process and detailed several potential draft map options for consideration. She reported the author of map option A requested that option be removed from consideration. The author of map options B and D also requested those two map options be removed and expressed his support of map option C.

President Baxter opened the public hearing at 3:23 p.m.

Tom Frew stepped to the podium to thank FPUD, the Board, and staff for hearing comments from the public and setting up public workshops to receive public input on the map development. He also thanked Ms. Smith for her expertise. He expressed his support of map option C.

Leticia Maldonado-Stamos stepped to the podium and thanked FPUD staff, the Board, Ms. Smith, and the community members who collaborated on the development of the maps. She then read a statement drawn up by 13 members of the public. The statement included their support of map option C.

Ross Pike stepped to the podium to reiterate his support of map option C. He also reported he was the author of map options B and D, and requested those be withdrawn, as he was in full support of map option C.

Luis Higinio raised his hand to speak via Zoom. He thanked the staff and all of those involved in the map development process. He expressed his support of map option C and urged the Board to adopt map option C.

Cynthia Young raised her hand to speak via Zoom to express her support of map option C.

Hearing no additional public comments, President Baxter closed the public hearing at 3:35 p.m.

President Baxter recognized the effort put forth by the community members in the map development process and thanked them for their engagement.

Vice President Wolk confirmed the existing map only had one majority-minority division. He expressed his concern with the way the proposed division boundary lines in map option C were drawn. He also expressed his concern that this map would be in place for the next ten years.

Director DeMeo announced she was pleased to see an additional majority-minority division was developed with map option C.

General Counsel de Sousa reported the Board could revisit the redistricting process at any time, with a 2/3 vote, during the 10 year time period, in event of an annexation, or other growth.

MOTION: Director McDougal moved to adopt Resolution 5025 and map option C; Director Endter seconded. Motion carried; VOTE:

AYES: Directors Baxter, DeMeo, Endter, and McDougal

NOES: Director Wolk

ABSTAIN: None

ABSENT: None

III. ADJOURNMENT OF MEETING

There being no further business to discuss, the April 11, 2022 Special Meeting of the Board of Directors of the Fallbrook Public Utility District was adjourned at 3:46 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

M E M O

TO: Board of Directors
FROM: Lauren Eckert, Executive Assistant/Board Secretary
DATE: April 25, 2022
SUBJECT: Consider Advance Approval to Attend Meetings

Purpose

To authorize Directors' attendance, travel, and expenses to events requiring approval by the Board of Directors in advance.

Summary

Article 2 of the Administrative Code prescribes that compensation for attendance and reimbursement for expenses at occasions, events, or meetings related to District business, other than those listed in section 2.12, shall be determined by the Board of Directors, in advance, on a case-by-case basis.

The request is for advance approval to the following event:

1. Town Hall Meeting hosted by FPUD and RMWD on May 2, 2022 at the FPUD District office.

Recommended Action

That the Board authorize and approve, in advance, Directors' attendance to the Town Hall Meeting scheduled for May 2, 2022 at the FPUD District office.

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: April 25, 2022
SUBJECT: Review Strategic Plan for Fiscal Year 2022/2023

Purpose

To review and provide input on the draft Strategic Plan for Fiscal Year 2022/23.

Summary

Each year prior to development of the Fiscal Year budget the General Manager updates the District's adopted strategic plan. This plan is used to help set budget priorities as well as General Manager and senior staff objectives for the upcoming Fiscal Year.

A copy of the draft Strategic Plan for Fiscal Year 2022/23 is attached for discussion and input from the Board.

Budgetary Impact

Board directed changes to the priorities and objectives could result in increases or decreases to the proposed budget for Fiscal Year 2022/23.

Recommended Action

There is no action required at this time.

District's Strategic Plan for FY 2022/2023

Mission Statement: To benefit the community of Fallbrook by providing efficient and reliable services.

1 Strategic Focus Area | Water Supply

District Goal: Provide a reliable, cost-effective water supply through optimizing operation of local water supply projects and securing the most cost-effective source of imported water.

Fiscal Year 2022-23 District Objectives:

1. Maximize deliveries of local water by coordinating closely with Camp Pendleton on Santa Margarita water supply operations.
2. Take all necessary steps to ensure the District's LAFCO application to switch water wholesalers and reduce water costs continues to move towards LAFCO approval and a vote of District ratepayers.
3. Continue to evaluate funding alternatives including additional grants to help support water quality treatment improvements to the SMRCUP in coordination with Camp Pendleton including implementation of an Indirect Potable Reuse (IDP) project.
4. Utilize an updated recycled water master plan to expand recycled water service to increase utilization of existing supplies within the District service area.

2 Strategic Focus Area | Infrastructure

District Goal: Maintain reliable infrastructure to our customers in the most cost-effective manner.

Fiscal Year 2022-23 District Objectives:

1. Complete capital projects in accordance with approved budget and asset-management plan. Maintain utilization of District construction crews with proactive replacements versus reactive repairs. Make any necessary adjustments to meet pipeline and valve replacement targets to ensure long-term reliability of our water infrastructure.
2. Implement the asset-management plan to track project costs and help prioritize projects. Leverage this data to make continued improvements in determining the most effective project approaches.

#3 Strategic Focus Area | **Efficiency**

District Goal: Create a District culture of continuous improvement through the implementation of systems, processes and goals for all aspects of the organization.

Fiscal Year 2022-23 District Objectives:

1. Continue implementation and reporting of Key Performance Indicators (KPIs) for engineering, operations, finance, customer service and public outreach. Tie KPIs to nationally recognized Effective Utility Management (EUM) goals and measure against applicable national bench-marks.
2. Improve the efficiency of operations by developing additional metrics and reporting using the recently implemented Enterprise Asset Management (EAM) System.
3. Build on recently implemented regional collaboration programs and new contract service opportunities with Camp Pendleton to evaluate new ways to reduce operating costs through shared resources without reducing the level of service.

#4 Strategic Focus Area | Community

District Goal: Improve experience for our customers to help provide a positive impact on the community we serve.

Fiscal Year 2022-23 District Objectives:

1. Ensure the upcoming Proposition 218 rate setting process is clearly communicated and provide clear information to District ratepayers about needs for future water and sewer rate increases and steps the District is taking to minimize costs.
2. Provide administrative support for the approval and implementation of the community benefit program proposal submitted to LAFCO.
3. Continue to improve customer engagement and promote District benefits to the Community through social media and quarterly newsletters. Develop two additional short videos to highlight key aspects of the District.
4. Further improve the District budget to identify clearly to the public how costs are allocated and how resources are being managed. Continue to produce a CAFR and achieve a GFOA and California Society of Municipal Finance Officers (CSMFO) budget awards. Achieve District of Distinction from the California Special District's Association.

#5 Strategic Focus Area | Workforce

District Goal: Develop a resilient organization so that key positions can be filled internally with capable staff with proper training and education.

Fiscal Year 2022-23 District Objectives:

1. Expand implementation of the career development program that identifies future leaders in the organization and provides them training and a clear sense of future opportunities. Continue to leverage capabilities of existing staff and expand their responsibility when they show potential to develop a long-term pipeline for advancement of internal qualified candidates.
2. Continue to expand cross-training and external training program for staff, and provide new opportunities and challenges for motivated employees. Reconstitute programs and events to recognize employees and improve employee recognition program.
3. Continue to participate in the regional internship program and expand the District's high-school internship program.
4. Participate in regional efforts to improve local education, training and internship programs to bring more qualified applications into the industry. Lead efforts to help address existing regulatory bottlenecks in advancing the Water/Wastewater workforce.
5. Participate in key local and national organizations in the water/wastewater industry, including participating in presentations on District and trainings to improve recognition of the District as an effectively managed and forward-looking utility.

M E M O

TO: Board of Directors
FROM: Kevin Collins, Purchasing/Warehouse/Fleet Supervisor
Aaron Cook, Engineering Manager
DATE: April 25, 2022
SUBJECT: Board Notification of Emergency Declaration for Pipeline Replacements

Description

California Public Contract Code Section 22050 authorizes special contracting procedures in case of an emergency; the General Manager may take immediate action required by the emergency to procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids. However, the GM must report to the Board of Directors at its next meeting the reasons justifying why the emergency will not permit a delay resulting in competitive solicitation for bids and why the action is necessary to respond to the emergency.

Purpose

Due to numerous leaks in damaged pipeline disrupting essential service to customers on sections of Ivy St, Minnesota Ave, Alvarado St, Via Arroyo and Alta Vista, an agreement was made with SRK Engineering, the pipeline contractor already under contract for the Gum Tree Pipeline Replacement, to additionally replace these sections of pipeline. Catastrophic pipe failure at these locations has required temporary measures to maintain service, including abandonment of looped sections of pipe and high lined services. These temporary remedies need to be permanently replaced to maintain reliable water service. The typical design, bid, build process would take 10 to 15 months. By working with SRK Engineering, who is already mobilized for pipeline replacements in the District, this work can be completed in 2 to 4 months, minimizing the time the District is dependent on less reliable temporary remedies. The District has agreed to provide materials for the emergency replacements while the contractor charges for labor under the District's standard time and materials agreement. The total length of pipe to be replaced will be as much as 2,000 linear feet, with pipe sizes ranging from 6-inch to 12-inch diameter.

Budgetary Impact

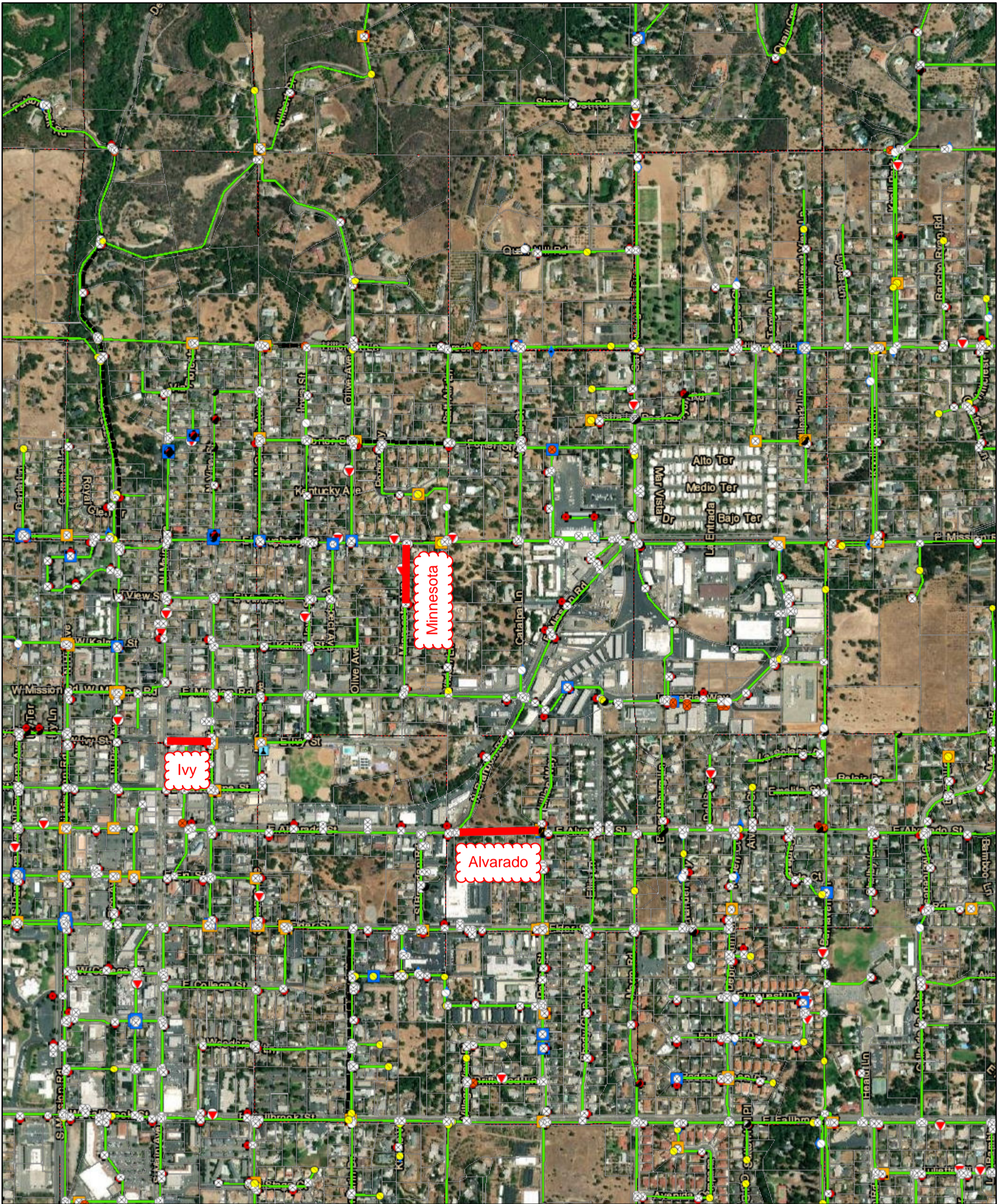
The estimated installation cost of these repairs will be \$440,000. The costs will be covered by the capital budget pipeline replacement funds. Because of procurement delays on planned pipeline replacement projects, unused capital funds are available to prioritize these emergency replacements within the approved budget. Year end projections below include estimated emergency replacement costs.

	FY 2021/22 Budget	Projected Year End
Total PAYGO	\$7,388,000	\$5,615,000
Pipeline Replacement	\$3,488,000	\$2,900,000

Recommended Action

The committee notify the board that the emergency declaration declared by the General Manager has resulted in the construction work as documented above.

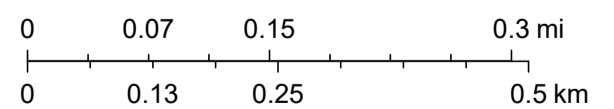
Emergency Replacements - Exhibit 1



4/18/2022, 10:34:07 AM

- | | | | |
|----------------------|---------------|-----------------------------|-----------------|
| World Transportation | 2.8 MG ZONE | WARREN | DE LUZ AQUEDUCT |
| WATER MAINS | 1.0 MG ZONE | HARRIS | RECYCLED |
| <all other values> | OUTFALL | RAINBOW CREEK | SACHSE |
| LYNDA | JOAN LANE | RIVERVIEW | TOYON |
| 8.0 MG ZONE | MESSENGER | METROPOLITAN | RED MOUNTAIN |
| GUACAMOLE | CALLE ROXANNE | SDCWA | RATTLESNAKE |
| SANDIA | DE LUZ ROAD | NOT IN USE AT THIS TIME | MODIFIED TOWN |
| BUCKNELL | VISTA DEL RIO | ABANDONED, WILL NOT BE USED | GHEEN |

1:9,028



Source: Esri, Maxar, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community, Esri, HERE, Garmin, (c) OpenStreetMap contributors

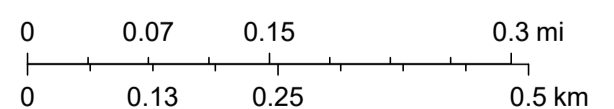
Emergency Replacements - Exhibit 2



4/18/2022, 10:50:24 AM

- | | | | |
|----------------------|---------------|-----------------------------|-----------------|
| World Transportation | 2.8 MG ZONE | WARREN | DE LUZ AQUEDUCT |
| WATER MAINS | 1.0 MG ZONE | HARRIS | RECYCLED |
| <all other values> | OUTFALL | RAINBOW CREEK | SACHSE |
| LYNDA | JOAN LANE | RIVERVIEW | TOYON |
| 8.0 MG ZONE | MESSENGER | METROPOLITAN | RED MOUNTAIN |
| GUACAMOLE | CALLE ROXANNE | SDCWA | RATTLESNAKE |
| SANDIA | DE LUZ ROAD | NOT IN USE AT THIS TIME | MODIFIED TOWN |
| BUCKNELL | VISTA DEL RIO | ABANDONED, WILL NOT BE USED | GHEEN |

1:9,028



Source: Esri, Maxar, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community, Esri, HERE, Garmin, (c) OpenStreetMap contributors

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: April 25, 2022
SUBJECT: Update of Activation of Latent Powers (Park and Recreation, Street Lighting, and Roads and Streets/ Community Benefit Program)

Purpose

To provide the Board an update on the District's application for activation of latent powers (Park and Recreation, Street Lighting, and Roads and Streets/Community Benefit Program) and identify potential next steps.

Summary

On April 4, 2022, LAFCO held a public hearing on the District's application for latent powers activation for the exercise of powers related to the following, all limited to being supplementary to and with the aim of enhancing existing service powers exercised by the County of San Diego and CSA No. 81:

- Parks and Recreation: Public parks, public playgrounds, public recreation buildings, and buildings to be used for public purposes, street lighting, and roads and streets
- Street Lighting: Street lighting systems
- Roads and Streets: Works to provide for drainage of roads, streets and public places, including, but not limited to, curbs, gutters, sidewalks, and pavement of streets

The Commission unanimously voted to support staff's recommendation:

Adopt the attached draft resolution conditionally approving the reorganization proposal as submitted with terms. This includes making the associated Class 20 exemption finding under CEQA and delegating protest hearing procedures to the Executive Officer.

This action continues the process forward and LAFCO staff will be planning a public hearing that will be held in the FPUD Board room as part of the required LAFCO protest proceedings. There is a protest hearing scheduled by LAFCO on May 31, 2022 at 10:00 a.m. The notice is attached with the protest forms.

A copy of the LAFCO staff memo with the terms and conditions identified by LAFCO is attached. The main term and condition requires that the District reallocate, through the upcoming Proposition 218 rate setting process, \$546,000 of existing unrestricted property tax revenues currently used to offset water costs, to support the newly activated latent

powers. The Proposition 218 hearing process will need to be completed by December 2022 so that new rates can be adopted and in effect commencing in January 2023.

As this process continues to move forward, it would be beneficial to begin to formalize the proposed administration of the Community Benefits Program and the use of Program funds, the details of which could be appropriately incorporated a new section of the District's Administrative Code.

A copy of the original draft framework developed by the community groups and included in the District's LAFCO application is attached as Exhibit A.

Recommended Action

That the Board establish an ad-hoc Board committee to develop the draft administrative requirements and framework for the Community Benefit Program with input from the community.

Exhibit A

FALLBROOK COMMUNITY BENEFIT PROGRAM

DRAFT OF POTENTIAL POLICIES & PROCEDURES

NAME: Fallbrook Community Benefit Program

MISSION: Promote, coordinate and oversee funding for community projects that benefit Fallbrook and its residents.

Committee Member Criteria:

1. All Committee Members shall serve in a voluntary capacity and receive no compensation.
2. An application to be a Committee member will be posted on the FPUD (Fallbrook Public Utility District) website and advertised in the local newspaper. The Committee will be approved by the FPUD Board.
3. Members of the community who reside within the FPUD service area or are FPUD ratepayers are eligible to serve on the Committee.
4. The Committee shall consist of seven (7) members and will include representatives from nonprofits, residents and business owners.
5. The Committee term is three (3) years with staggered terms to start the process. There shall be a three term limit (total of nine years), with a one-year break after serving three consecutive terms. The one-year break must be waived by majority vote of the FPUD Board.
6. If a Committee member serves on the Board of Directors of an organization whose project is under consideration, the Committee member must recuse them self and leave the room during discussion of the project.
7. Committee members must sign a conflict of interest statement.

Committee Guidelines:

1. The Committee shall meet no less than once a quarter on a set date and time.
2. The Committee Chair shall be elected by the Committee members for a one-year term and shall conduct the meetings. A Vice Chairman and Secretary shall be elected for one-year terms. The Vice Chairman shall act in the absence of the Chairman. The Secretary shall take minutes and handle Committee correspondence.
3. Community organizations seeking funding may apply once in every funding cycle (fiscal year).
4. The program shall directly benefit areas that are within the FPUD service area.
5. The program must benefit the community and not a specific organization.

6. Priorities on awarding the funding should be set by determining the broadest community benefit.
7. Funding shall not directly benefit a for-profit entity.
8. The Committee will recommend which community projects should be funded based on FPUD (Local Agency Formation Commission) guidelines. Non-profits that provide benefits to public areas such as aesthetics (beautification), leisure, education, entertainment, or recreation will be considered.
9. It is the intent that 50% of the funds received be allocated for maintenance and 50% for capital projects. Funds for larger capital projects can be accumulated.
10. The Committee will interact with the FPUD Board to ensure effective and efficient decisions.

Exhibit B



SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

NOTICE OF PROTEST HEARING

**CONDITIONAL APPROVAL OF THE
 “FALLBROOK PUBLIC UTILITY DISTRICT LATENT POWERS ACTIVATION”
 LAFCO FILE NO. LP(A)19-27**

Tuesday, May 31 2022 at 10:00 A.M.
Fallbrook Public Utility District Administrative Office
990 East Mission Road, Fallbrook California 92028-2232

The above-listed reorganization was conditionally approved by San Diego LAFCO at a noticed hearing on April 4, 2022. The conditional approval authorizes Fallbrook Public Utility District (PUD) to activate three new service functions involving (a) parks and recreation, (b) street lighting, and (c) roads and streets within its existing jurisdictional boundary. LAFCO approval is conditioned on completion of conducting authorizing proceedings as well as a requirement for Fallbrook PUD setting water rates under Proposition 218 to sufficiently make available \$0.546 million in property taxes to fund the three new service functions that otherwise have subsidized water services.

The purpose of the protest hearing scheduled for Tuesday, May 31, 2022 is to allow both landowners and registered voters within the affected territory the opportunity to submit written protest to the Commission’s approval of the proposal. Qualifying individuals may submit written protest as both a landowner and registered voter but must use a separate form for each protest. Written protests must be filed with LAFCO before conclusion of the protest hearing. This includes submitting written protest either in person at the hearing or prior to the hearing by mail, courier, facsimile, or email so as it is received by LAFCO by 5:00 p.m. on Monday, May 30, 2022. Each written protest shall state whether it is made by a landowner or registered voter. It shall also identify the property location or assessor’s parcel number(s) (landowner) or residence address and be signed and dated. All signatures must be dated after the publication of the protest hearing notice. Only valid protests will be considered with the following thresholds employed:

- Should less than 25% of (a) registered voters and/or (b) landowners holding less than 25% of the assessed value of land within the affected territory file written protests the reorganization will be ordered without an election.
- Should 25% to 50% of (a) registered voters and/or (b) landowners holding 25% to 50% of the assessed value of land within the affected territory file written protests the reorganization will be ordered subject to an election at a future date.

Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103-6624 T 619.321.3380 F 619.404.6508 www.sdlafo.org	Joel Anderson County of San Diego Chair Jim Desmond County of San Diego Nora Vargas, Alt. County of San Diego	Vice Chair Paul McNamara City of Escondido Mary Casillas Salas City of Chula Vista Kristi Becker, Alt. City of Solana Beach	Chris Cate City of San Diego Marni von Wilpert, Alt. City of San Diego	Jo MacKenzie Vista Irrigation Barry Willis Alpine Fire Protection David A. Drake, Alt. Rincon del Diablo	Andy Vanderlaan General Public Harry Mathis, Alt. General Public
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LANDOWNER PROTEST

In accordance with Part 3, Division 3, Title 5 of the California Government Code (Section 56000 et seq.), the undersigned hereby protest(s) the following change of organization or reorganization:

Proposal: _____

Each of the undersigned affirms:

- I personally affixed the information below.
- I personally signed this protest as landowner of affected territory.
- I have provided an address or description sufficient to identify the location of the property.
- I understand that my signature may be disregarded if a date was not affixed to the protest or if my signature bears a date prior to the date of publication of the protest hearing notice.
- I understand that if my property is held in joint tenancy on tenancy in common that I am signing the protest form on behalf of all property owners that may have an interest in said property.

Only signatures dated and submitted between the date of publication of the hearing notice and the conclusion of the protest hearing will be considered in ascertaining the value of written protests. Each written protest shall show the date that each signature was affixed to the protest. All signatures without a date or bearing a date prior to the date of publication of the notice shall be disregarded for purposes of ascertaining the value of any written protests. (Gov't. Code § 57051).

Name of Landowner and Mailing Address	Assessor's Parcel Number(s)	Check one	Date Signed	Official Use
Signature _____ Printed Name _____ Address _____ _____		<input type="checkbox"/> Property is held under single ownership. <input type="checkbox"/> Property is held under joint tenancy. <input type="checkbox"/> Property is held under tenancy in common.		
Signature _____ Printed Name _____ Address _____ _____		<input type="checkbox"/> Property is held under single ownership. <input type="checkbox"/> Property is held under joint tenancy. <input type="checkbox"/> Property is held under tenancy in common.		
Signature _____ Printed Name _____ Address _____ _____		<input type="checkbox"/> Property is held under single ownership. <input type="checkbox"/> Property is held under joint tenancy. <input type="checkbox"/> Property is held under tenancy in common.		

REGISTERED VOTER PROTEST

In accordance with Part 3, Division 3, Title 5 of the California Government Code (Section 56000 et seq.), the undersigned hereby protest(s) the following change of organization or reorganization:

Proposal: _____

Only signatures dated and submitted between the date of publication of the hearing notice and the conclusion of the protest hearing will be considered in ascertaining the value of written protests. Each written protest shall show the date that each signature was affixed to the protest. All signatures without a date or bearing a date prior to the date of publication of the notice shall be disregarded for purposes of ascertaining the value of any written protests. (Gov't. Code § 57051)

Each of the undersigned states:

- I personally signed this protest as a registered voter.
- I am a registered voter within the County of San Diego.
- I personally affixed hereto the date of my signature.

Name and Address as it appears on Affidavit of Registration	Date Signed	Official Use
Signature _____ Printed Name _____ Address _____ _____		
Signature _____ Printed Name _____ Address _____ _____		
Signature _____ Printed Name _____ Address _____ _____		

- Should more than 50% of (a) registered voters and/or (b) landowners holding 50% or more of the assessed value of land within the affected territory file written protests the reorganization will be terminated.

Protest forms for landowners and registered voters are available at www.sdlafco.org. A copy of this notice is also available in Spanish on the San Diego LAFCO website, as listed above.

All questions should be directed to LAFCO staff at 619-321-3380 or by email at Tamaron.Luckett@sdcounty.ca.gov.

PUBLISHED: April 15, 2022

Keene Simonds, Executive Officer
San Diego Local Agency Formation Commission

Exhibit 7



San Diego County
Local Agency Formation Commission
 Regional Service Planning | Subdivision of the State of California

6a

AGENDA REPORT
 Public Hearing

April 4, 2022

TO: Commissioners

FROM: Keene Simonds, Executive Officer
 Priscilla Allen, Analyst I

**SUBJECT: Proposed “Fallbrook PUD Latent Powers Activation” |
 Parks and Recreation, Street Lighting, and Roads & Streets Service Functions**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider a reorganization proposal filed by Fallbrook Public Utility District (PUD) to activate additional service functions within its jurisdictional boundary. Requested activations involve parks and recreation, street lighting, and roads and streets and follows coordination with local non-profits for Fallbrook PUD to help organize and fund related community beautification projects. Staff recommends proposal approval as submitted with terms – including Fallbrook PUD formal action, as part of its upcoming rate setting process, to lower the level of unrestricted secured property taxes currently allocated to offset water rate costs, to fund the newly activated functions. Protest proceedings would also apply.

BACKGROUND

Applicant Request

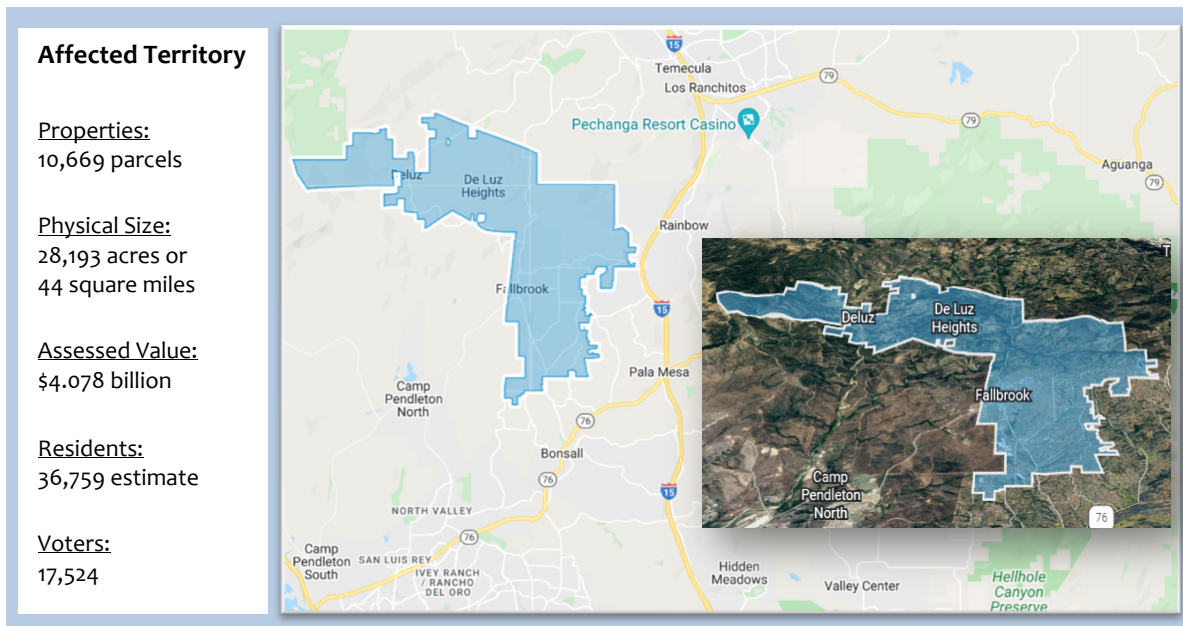
San Diego LAFCO has received a resolution of application from Fallbrook PUD requesting approval to activate three new service functions allowed under the PUD principal act (“Public Utility District Act”) involving parks and recreation, street lighting, and roads and streets. The affected territory as submitted comprises Fallbrook PUD’s entire 28,193-acre

<p>Administration Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103-6624 T 619.321.3380 F 619.404.6508 www.sdlafco.org</p>	<p>Joel Anderson County of San Diego</p> <p>Chair Jim Desmond County of San Diego</p> <p>Nora Vargas, Alt. County of San Diego</p>	<p>Vice Chair Paul McNamara City of Escondido</p> <p>Mary Casillas Salas City of Chula Vista</p> <p>Kristi Becker, Alt. City of Solana Beach</p>	<p>Chris Cate City of San Diego</p> <p>Marni von Wilpert, Alt. City of San Diego</p>	<p>Jo MacKenzie Vista Irrigation</p> <p>Barry Willis Alpine Fire Protection</p> <p>David A. Drake, Alt. Rincon del Diablo</p>	<p>Andy Vanderlaan General Public</p> <p>Harry Mathis, Alt. General Public</p>
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jurisdictional boundary with an estimated resident population of 36,759. The affected territory is entirely unincorporated and further defined by 10,669 legal parcels with a total assessed land value of \$4.078 billion (excludes improvements). There are 17,524 registered voters. The requested activations would add to Fallbrook PUD’s existing functions involving water, wastewater, and recycled water with the latter two geographically limited.

Regional Setting

The affected territory comprises the entirety of Fallbrook PUD’s jurisdictional boundary in north San Diego County. The unincorporated community of Fallbrook anchors the affected territory along with the smaller adjacent communities of De Luz, De Luz Heights, and Winterhaven. The affected territory equals 1.0% of all San Diego County and characterized by a village setting within Fallbrook with outlying lands consisting of rolling hills covered in avocado and citrus orchards as well as an increasing number of large residential estates. Interstate 15 and State Route 76 serve as primary accesses routes to the affected territory from the north (Temecula), west (Camp Pendleton), south (Valley Center), and east (Rainbow Valley). An aerial map of the affected territory and its regional setting follows. Attachment One provides a more detailed map of the affected territory.



Subject Agencies

The proposed reorganization before San Diego LAFCO involves one subject agency: Fallbrook PUD. A summary of the Fallbrook PUD in terms of their governance, municipal functions, and financial standing follows.

- Fallbrook PUD is an independent special district formed in 1922. A directly elected five-member Board of Directors governs Fallbrook PUD and its three active municipal functions and associated classes: potable water (retail); wastewater (collection, treatment, and disposal); and recycled water (retail). Water services are activated for the entire jurisdictional boundary while wastewater and recycled water services are geographically limited by LAFCO to the “Village” and “Live Oak Park” areas in step with Fallbrook PUD serving as successor agency to the Fallbrook Sanitary District beginning in 1994. Fallbrook PUD’s actual budget expense at the end of the last audited fiscal year was \$31.03 million and reflects an overall change of 1.5% over the prior three-year period. The audited net position at the end of 2020-2021 was \$103.8 million with the unrestricted portion tallying \$10.11 million. The unrestricted amount is adjusted to \$118.5 million less pension and related retiree liabilities and equivalent to covering more than 45 months of recent actuals.

Affected Local Agencies

The affected territory lies within the jurisdictional boundaries and/or spheres of influence of eleven local agencies directly subject to San Diego LAFCO. These agencies qualify as “affected agencies” relative to the proposed reorganization and listed below.¹

- County Service Area No. 81
- County Service Area 135 (regional communications)
- Fallbrook PUD
- Fallbrook Regional Healthcare District
- Metropolitan Water District of Southern California
- Mission Resource Conservation District
- North County Fire Protection District
- San Diego County Fire Authority
- San Diego County Flood Control District
- San Diego County Street Lighting District
- San Diego County Water Authority

DISCUSSION

This item is for San Diego LAFCO to consider approving – with or without discretionary modifications – the proposed reorganization to activate Fallbrook PUD’s latent powers to provide (a) parks and recreation, (b) street lighting, and (c) roads and streets functions. The Commission may also consider applying terms so long as it does not directly regulate land use, property development, or subdivision requirements. Additional discussion on proposal purpose, related development opportunities, and Commission focus follows.

¹ State law defines “affected local agency” as any entity that contains, or would contain, or whose sphere contains or would contain, any territory for which a reorganization is proposed or ordered. Notice of the proposal and hearing were provided to the agencies.

Proposal Purpose

The purpose of the proposed reorganization before San Diego LAFCO is to expand Fallbrook PUD’s authorized service functions under its principal act in coordination with a request from local non-profit organizations to help organize and fund local beautification projects through PUD’s public monies. The requested activations – parks and recreation, street lighting, and roads and streets – are intended to supplement existing service powers exercised by the County of San Diego and County Service Area (CSA) No. 81 as well as volunteer activities by non-profit organizations. Contemplated projects to be provided by Fallbrook PUD through the activation of these new functions involve installing and maintaining ornamental trees, planters, lighting and benches in public spaces as well as creating new parks, preserves, and community spaces. Non-profit organizations cited in the application materials in support of the reorganization and their service activities follow.

- Wildlands Conservancy:
Owns and manages the 1,380-acre Santa Margarita River Preserve that provides recreation opportunities for hiking, horseback riding, and mountain biking.
- Fallbrook Land Conservancy:
Owns and manages multiple preserves that are open to the public for recreation. Also owns and manages a historic building with meeting space and a sculpture garden available for public use.
- Fallbrook Sports Association:
Manages programs at Ingold Park via agreement with the County of San Diego.
- Fallbrook Village Association:
Owns and manages Heyneman Park, Vince Ross Square, and Railroad Heritage Park.
- Fallbrook Beautification Alliance:
Organizes military flag displays for local veterans, litter collection, graffiti abatement, and flower-pot placements along Main Avenue and mediums on Mission Avenue.
- Save our Forest:
Installation and stewardship of community trees and benches, stewardship of Pico Promenade, and an environmental education program for elementary schools.
- Fallbrook Arts Inc.:
Art in public places.

Related Development Opportunities

The County of San Diego General Plan was last updated in August 2011 and provides broad development policies and objectives for the affected territory. More specific policies and objectives for lands within the affected territory are primarily delegated to the Fallbrook Community Plan, which applies to nearly 60% of the subject lands and most of the developed areas. The Fallbrook Community Plan was last updated by the Board of Supervisors in step with the County General Plan in August 2011 with stewardship provided by a 15-member advisory body. The document is anchored by a vision statement to “perpetuate the existing rural charm and village atmosphere surrounded by semi-rural and rural lower density development, while accommodating growth” (G-LU-1.1). These policies generally contemplate semi-rural residential uses in the affected territory paired with open-space and agriculture with minimum lot sizes ranging from 0.5 to 40.0 acres. No new development or changes to existing land uses or zoning are associated with the proposed reorganization.

Commission Focus

Two central and sequential policy items underlie San Diego LAFCO’s consideration of the proposed reorganization. These policy items take the form of determinations and orient the Commission to consider the (a) timing of the jurisdictional changes and (b) whether modifications or approval terms are appropriate. The Commission must also consider other relevant statutes outside LAFCO law as further detailed.

ANALYSIS

San Diego LAFCO’s analysis of the proposed reorganization is divided into two subsections. The first subsection pertains to evaluating the central issues referenced in the preceding section relative to both statutory and local policy considerations. The second subsection considers other germane issues and highlighted by applicability under the California Environmental Quality Act (CEQA).

Central Policy Items

Item No. 1 | Reorganization Timing

The timing of the proposed reorganization before San Diego LAFCO – and specifically activating the Fallbrook PUD’s latent powers involving parks and recreation, street lighting, and roads and streets appears appropriate. This conclusion draws from the analysis of the statutory factors required for consideration of proposed activation along with locally adopted Commission policies. Most of the prescribed review factors for the proposed reorganization focus on the service and financial capacities of the *receiving* agency, Fallbrook PUD (emphasis added). A summary of key conclusions generated in the review of these factors and policies with respect to service needs, capacities, and finances follow.

- Service Needs

The affected territory includes an estimated resident population of 36,759 and represents one of the largest unincorporated communities in San Diego County. Accordingly, and in conjunction with its ongoing growth and development, increased service needs involving the subject functions have emerged within the community beyond current and/or planned resources of the current providers: County of San Diego and CSA No. 81. Additional details follows.

- The Commission has previously designated Fallbrook PUD as the appropriate and exclusive public service provider for the affected territory with respect to water and – albeit with geographic restrictions – wastewater, and recycled water. Authorizing the additional service functions requested – parks and recreation, street lighting, and roads and streets – would represent an orderly expansion of Fallbrook PUD and serves as a preferred alternative to establishing a new limited purpose special district.
- The reorganization proposal filed by Fallbrook PUD reflects a bottom-up process initiated by local non-profit organizations in soliciting the support of the District to organize and fund the requested service functions through corporate powers. This context helps to quantify the timing appropriateness by explicitly syncing the reorganization to expressed community needs.
- The County of San Diego and CSA No. 81 currently provide parks and recreation within the affected territory and divided therein between regional and local serving amenities, respectively. The proposed activation of this function by Fallbrook PUD is intended to enhance and supplement these existing amenities with a focus on organizing and funding beautification projects in consultation with local non-profit organizations. Intended examples include cultural recreation and public art and exceed the current/planned resources of the County and CSA.
- Similar to the preceding comment, the County of San Diego currently provides street lighting along with roads and streets within the affected territory. The proposed activation of these functions by Fallbrook PUD is intended to enhance and supplement these existing levels in concert with parks and recreation activities with an overall focus on beautification projects. Intended examples include greening of road medians and decorative street lighting and exceed the current/planned resources of the County.

- Service Capacities and Levels

A recent municipal service review on the Fallbrook region attests Fallbrook PUD has established sufficient capacities and related resources in providing its three active functions involving water, wastewater, and recycled water. It is reasonable to assume the associated governance and management attributes will translate for the District in assuming parks and recreation, street lighting, and roads and streets functions at their contemplated levels assuming available funding.

- **Service Funding and Costs**

Fallbrook PUD contemplates funding the proposed new service functions of parks and recreation, street lighting, and roads and streets by reallocating \$0.546 million in unrestricted secured property tax revenues. This amount is currently used to help fund the water system and roughly equivalent to \$5.00 for every active meter each month. It also represents 51% of the total unrestricted secured property tax received by Fallbrook PUD in 2020-2021.

With respect to overall fiscal standing, Fallbrook PUD experienced an overall increase of 8.1% in its audited net position over the last three audited fiscal years from \$96.07 million in 2018-2019 to \$103.8 million in 2020-2021. The unrestricted and spendable portion of Fallbrook PUD’s net position at the end of the three-year period less reportable pension and related liabilities is \$118.5 million and equals 3.4 years of actual operating expenses. Fallbrook PUD also achieved positive bottom lines each year with an overall average total margin over the last three fiscal years of 12.8%.

CONCLUSION | MERITS OF REORGANIZATION TIMING

The timing of the reorganization to activate Fallbrook PUD’s latent powers to provide parks and recreation, street lighting, and roads and streets is sufficiently warranted. Justification is marked by the preceding analysis and highlighted by appropriately responding to community interests in receiving supplemental and enhanced service levels beyond the current and planned resources of the County of San Diego and/or CSA No. 81 and within the means of an existing local agency. Additional analysis supporting the conclusion is provided in Appendix A.

Item No. 2 | Modifications and Terms

No physical modifications to the submitted reorganization have been identified by San Diego LAFCO staff meriting Commission consideration at this time. This includes concluding that the authorization of the three new functions throughout the Fallbrook PUD jurisdictional boundary is appropriate and preferred to the alternative of establishing internal latent power service areas or zones. Markedly, authorizing these three new functions throughout the jurisdictional boundary readily syncs with the proposed use of secured property taxes as the dedicated funding source. Terms appear appropriate and include the following conditions.

1. Require the Fallbrook PUD to complete a reallocation of unrestricted secured property taxes that otherwise have been used as non-operating revenues to offset water costs. This reallocation would take place as part of the District’s upcoming rate setting process conducted pursuant to Proposition 218, to address the transfer of approximately \$0.546 million in funding to support the newly activated functions.²

² Fallbrook PUD anticipates completing its rate setting process by Fall 2022 and ahead of rates going into effect January 1, 2023.

2. Assign the following class designation for each new service function:
 - a) Parks and Recreation Function:
Public parks, public playgrounds, public recreation buildings, buildings to be used for public purposes (to supplement existing service powers exercised by the County of San Diego and County Service Area (CSA) No. 81 as well as volunteer activities by non-profit organizations).
 - b) Street Lighting Function:
Street lighting systems (to supplement existing service powers exercised by the County of San Diego and County Service Area (CSA) No. 81 as well as volunteer activities by non-profit organizations).
 - c) Roads and Streets Function:
Works to provide for the drainage of roads, streets, and public places, including, but not limited to, curbs, gutters, sidewalks, and pavement of streets (to supplement existing service powers exercised by the County of San Diego and County Service Area (CSA) No. 81 as well as volunteer activities by non-profit organizations).
3. All other standard terms under Government Code Section 57302.

CONCLUSION | MODIFICATIONS AND TERMS

No modifications to the proposed reorganization appear merited as detailed. Terms are appropriate and marked by requiring Fallbrook PUD proceed first with a successful reallocation of unrestricted secured property taxes as part of the District’s upcoming rate setting process conducted pursuant to Proposition 218 to recover the amount of property taxes to be reallocated from the water function to the new functions of parks and recreation, street lighting, and streets and roads.

Other Statutory Considerations

Exchange of Property Tax Revenues

California Revenue and Taxation Code Section 99(b)(6) requires the County of San Diego and subject agencies to submit an adopted resolution to LAFCO agreeing to accept the exchange of property tax revenues associated with the proposed reorganization. The associated statutes also empower the County of San Diego to make all related property tax exchange determinations on behalf of special districts without consultation unless the affected agencies request otherwise. Staff has confirmed the County has adopted a master enterprise district resolution applicable for the proposed latent powers activation. The County’s

adopted master property tax exchange resolution specifies no transfer of property taxes would occur following the proposed reorganization within Fallbrook PUD.

Environmental Review

The Fallbrook PUD serves as lead agency under CEQA for considering the physical effects of the reorganization in conjunction with initiating the proposal with San Diego LAFCO to activate their parks and recreation, street lighting, and roads and streets functions. Fallbrook PUD’s resolution of application includes findings that – and among others – determines the reorganization is a project under CEQA but exempt from additional review under State Guidelines Section 15320. LAFCO staff independently concurs this finding is appropriate given the reorganization serves to complement and enhance – and not replace – existing service functions already provided in the affected territory.

Protest Proceedings

An approval of the reorganization by San Diego LAFCO would require protest proceedings under Government Code Section 57000. As allowed under State law and further contemplated under local policy, the Executive Officer would be delegated the responsibility to administer the protest proceedings and hold a noticed hearing to accept written objections filed by registered voters and/or landowners within the affected territory – i.e., the Fallbrook PUD jurisdictional boundary. The following thresholds would apply in valuing protests and determining next steps:

- Should less than 25% of (a) registered voters and/or (b) landowners holding less than 25% of the assessed value of land within the affected territory file written protests the reorganization will be ordered without an election.
- Should 25% to 50% of (a) registered voters and/or (b) landowners holding 25% to 50% of the assessed value of land within the affected territory file written protests the reorganization will be ordered subject to an election at a future date.
- Should more than 50% of (a) registered voters and/or (b) landowners holding 50% or more of the assessed value of land within the affected territory file written protests the reorganization will be terminated.

Should the Commission proceed with an approval on April 4th, staff has tentatively scheduled a protest hearing for the reorganization at 10:00 am on Tuesday, May 31, 2022 in the Fallbrook PUD administrative office at 990 E Mission Road in Fallbrook. Notice for the protest hearing would be provided to landowners and registered voters no less than 21-days in advance. Further – and importantly should this apply – all protest forms received by LAFCO would need to be signed on or after the date the protest hearing is noticed; signatures dated ahead of the noticing of the protest hearing are invalid under State law.

RECOMMENDATION

Staff recommends approval of the reorganization proposal without modifications and with terms as specified. This recommendation is consistent with the action outlined as Alternative One in the proceeding section.

ALTERNATIVES FOR ACTION

The following alternative actions are available to San Diego LAFCO and can be accomplished with a single motion:

Alternative One (recommended):

Adopt the attached draft resolution conditionally approving the reorganization proposal as submitted with terms. This includes making the associated Class 20 exemption finding under CEQA and delegating protest hearing procedures to the Executive Officer.

Alternative Two:

Continue consideration with or without closing the hearing to a future meeting and provide direction to staff concerning additional information, as needed.

Alternative Three:

Disapprove the reorganization proposal with direction to staff to return at the next regular meeting with a conforming resolution for adoption.

PROCEDURES FOR CONSIDERATION

This item has been placed on San Diego LAFCO's agenda for action as part of a noticed public hearing. The following procedures are suggested.

1. Commissioner disclosures, if any.
2. Receive verbal presentation from staff unless waived.
3. Open the public hearing and invite testimony beginning with the applicant(s).
4. Discuss item and consider the staff recommendation.

On behalf of the Executive Officer,



Priscilla Allen
Analyst I

Appendices:

- A) Analysis of Proposal Review Factors

Attachments:

- 1) Vicinity Maps of the Affected Territory
- 2) Draft Resolution of Approval
- 3) Application Materials

APPENDIX A

PROPOSAL REVIEW FACTORS Government Code Section 56668

- a) **Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, during the next 10 years.**

The affected territory as submitted is approximately 28,160 unincorporated acres and located in northcentral San Diego County, north of the City of Oceanside, east of Camp Pendleton, south of the Riverside County, and west of the I-15. Elevation ranges between 600 and 700 feet above sea-level. The majority of the estimated 36,759 residents in the affected territory lie within the unincorporated community of Fallbrook with the bulk of the remainder in the unincorporated community of De Luz Heights. The County’s Zoning Ordinance predominately assigns the affected territory as Semi-Rural or Rural Residential with minimum lot sizes ranging from one dwelling unit per acre to one dwelling per 40 acres. Existing County land use policies contemplate moderate new growth within or adjacent to the affected territory within the next 10 years. Total assessed land value within the affected territory is \$4.078 billion as of March 2022 (excludes improvements).

- b) **The need for municipal services; the present cost and adequacy of municipal services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.**

The proposed reorganization would authorize Fallbrook PUD to provide three new service functions consistent with its principal act: parks and recreation; street lighting; and roads and streets. The following comments apply to assessing the need, cost, and adequacy of these service functions within the affected territory.

- The reorganization proposal reflects a bottom-up process initiated by local non-profit organizations in soliciting the support of Fallbrook PUD to proceed within a proposal to organize and fund the requested service functions. This context helps to quantify the timing appropriateness by explicitly syncing the reorganization to expressed community needs and would be further validated through protest proceedings.
- The County of San Diego and CSA No. 81 currently provide parks and recreation within the affected territory and divided therein between regional and local serving amenities, respectively. The proposed activation of this function by Fallbrook PUD is intended to enhance these existing amenities with a focus on organizing and funding beautification projects with most – but not all – directed towards the Village area.

- The County of San Diego currently provides street lighting as well as roads and streets within the affected territory. The proposed activation of these functions by Fallbrook PUD is intended to enhance these existing levels in concert with parks and recreation activities with an overall focus on beautification projects.
- Fallbrook PUD estimates the annual expense in funding the three new service functions is \$0.546 million and will be drawn from unrestricted secured property taxes. These funds are currently allocated to the water system and its reallocation would represent an approximate \$5.00 impact per active meter. A related term is recommended for Fallbrook PUD to raise water rates to recover this amount.

A detailed review of Fallbrook PUD’s existing active functions – water, wastewater, and recycled water – was recently prepared by LAFCO as part of a regional municipal service review (March 2022) and incorporated by reference.

c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on local governmental structure.

Approving the reorganization proposal and expansion of Fallbrook PUD’s authorized service functions involving parks and recreation, street lighting, and roads and streets would strengthen economic and social interests between the District and the affected territory. These ties exist via the current inclusion of the affected territory within the Fallbrook PUD jurisdictional boundary and access therein to its water function without geographic restrictions as well as wastewater and recycled water functions with geographic restrictions. Approval would further consolidate Fallbrook PUD’s role in supporting the affected territory’s current and planned uses relative to community needs and interests.

d) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies/priorities set forth in G.C. Section 56377.

Approval would be consistent with the Commission’s adopted policies to sync urban type uses with urban type services – including elevated parks and recreation, street lighting, and road and streets functions. Additionally, the proposal would not directly induce or otherwise facilitate the loss of open-space lands given its supplemental nature, and as such does not conflict with the provisions of Government Code Section 56377.

e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.

Portions of the affected territory qualify as agricultural land under LAFCO law. The reorganization proposal, nonetheless, is specific to the latent powers activation and would not adversely affect the physical or economic well-being of the agricultural lands.

f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment, the creation of islands or corridors of unincorporated territory, and other similar matters.

The affected territory as proposed comprises the existing Fallbrook PUD jurisdictional boundary already on file with LAFCO. Approval of the reorganization and authorization of new service functions involving parks and recreation, street lighting, and roads and streets would not create any new service islands or corridors of unincorporated territory.

g) A regional transportation plan adopted pursuant to Section 65080.

A notice of the proposed reorganization was provided to the San Diego Association of Governments or SANDAG but did not generate any comments, and as such no conflicts have been identified with respect to its regional transportation plan, San Diego Forward.

h) Consistency with the city or county general and specific plans.

The affected territory is entirely unincorporated and subject to the land use policies of the County of San Diego. The County’s implementing land use policy document for most of the affected territory is the Fallbrook Community Plan. This latter document prescribes a minimum lot size range for the majority of the affected between 1 and 40 acres.

i) The sphere of influence of any local agency affected by the proposal.

The affected territory lies entirely within the sphere of influence for Fallbrook PUD. All of the affected territory also lies within the sphere of influence for CSA No. 81.

j) The comments of any affected local agency or other public agency.

Staff provided notice of the reorganization proposal to all subject and affected agencies as required under LAFCO law. No written comments were received ahead of preparing this agenda report for distribution on March 25, 2022.

k) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

Fallbrook PUD commits to funding the proposed new service functions of parks and recreation, street lighting, and roads and streets by reallocating close to 50% of the total unrestricted secured property taxes collected by the District and presently used as non-operating revenue for water service. This planned reallocation provides \$0.546 million and purposefully tied to equaling \$5.00 per water meter each month. Accordingly, staff recommends terming approval to require the Fallbrook PUD to complete reallocation of

unrestricted secured property taxes as part of the District's upcoming rate setting process conducted pursuant to Proposition 218 to account for the loss and reallocation of unrestricted secured property taxes to support the new functions of parks and recreation, street lighting, and streets and roads.

l) Timely availability of adequate water supplies for projected needs as specified in G.C. Section 65352.5.

Not applicable.

m) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments.

Not applicable.

n) Any information or comments from the landowner or owners, voters, or residents of the affected territory.

None.

o) Any information relating to existing land use designations.

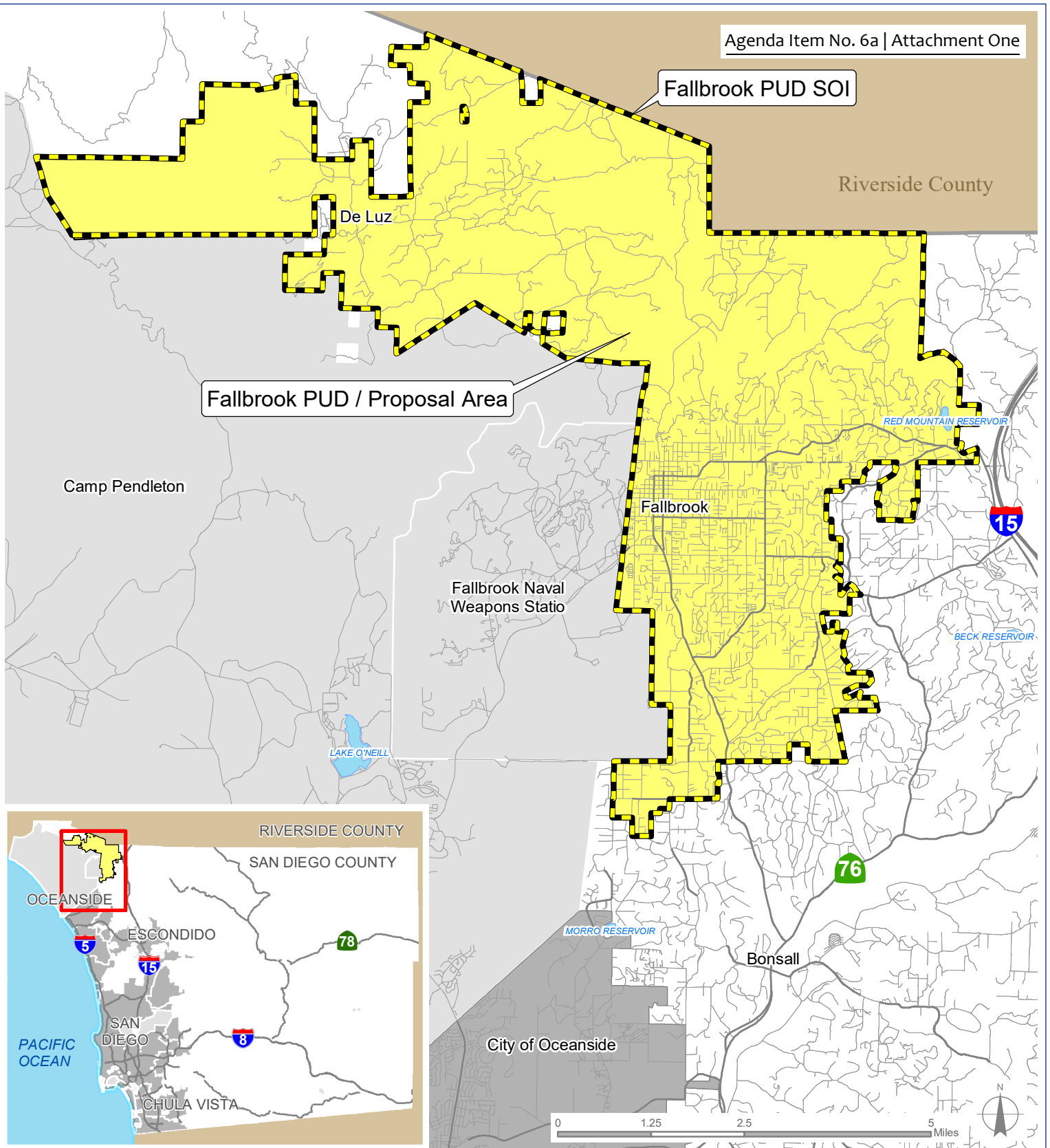
Please see above analysis for (h).

p) The extent to which the proposal will promote environmental justice.

As used in this review factor, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services. The proposed latent powers activation does not include locating new public facilities and therefore approval is not anticipated to directly influence the promotion of environmental justice within the affected territory.

q) Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and any maps that identify land as a very high fire hazard zone or maps that identify land determined to be in a state responsibility area, if it is determined that such information is relevant to the affected territory.

The County of San Diego General Plan contains a hazard mitigation plan for potential fire, flooding, and earthquakes. The affected territory lies within "moderate risk" fire and earthquake hazard zones.



LP(a)19-27

PROPOSED "FALLBROOK PUD LATENT POWERS ACTIVATION - PARK AND RECREATION ET AL." | ACTIVATION OF THE FALLBROOK PUD'S LATENT POWERS FOR PARK AND RECREATION; ROADS, STREETS, AND HIGHWAYS; AND STREET LIGHTING FUNCTIONS

- Fallbrook PUD / Proposal Area
 - Fallbrook PUD SOI
- SOI = Sphere of Influence



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RESOLUTION NO. _____

SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

**MAKING DETERMINATIONS AND APPROVING A REORGANIZATION SUBJECT TO
CONDUCTING AUTHORITY PROCEEDINGS**

**“FALLBROOK PUBLIC UTILITY DISTRICT LATENT POWERS ACTIVATION: PARKS ET AL.”
Parks and Recreation, Street Lighting, and Roads & Streets Service Functions
LAFCO File No. LP19-27**

WHEREAS, on November 26, 2019, the Fallbrook Public Utility District (PUD) filed a resolution of application to initiate proceedings and an application with the San Diego County Local Agency Formation Commission, hereinafter referred to as “Commission,” pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the application seeks approval of a reorganization for Fallbrook PUD to activate latent powers consistent with its principal act – Public Utility District Act – involving parks and recreation, street lighting, and roads and streets and for the collective purpose of organizing and funding related beautification projects; and

WHEREAS, County of San Diego and County Service Area (CSA) No. 81 currently provide the referenced functions – parks and recreation, street lighting, and roads and streets – within the affected territory and the application seeks approval to provide services to supplement and enhance these existing services; and

WHEREAS, the affected territory as proposed includes the entire jurisdictional boundary of the Fallbrook PUD and includes approximately 28,200 unincorporated acres; and

WHEREAS, and with confirmation provided by the County of San Diego in its responsibilities under Revenue and Taxation Code Section 99(d), an applicable master property tax transfer agreement applies to the reorganization dated September 16, 2009 and specifies a “no-exchange” applies; and

WHEREAS, the Commission’s Executive Officer has reviewed the proposed reorganization and prepared a report with recommendations; and

WHEREAS, the Executive Officer’s report and recommendations on the proposal have been presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a noticed public hearing on the proposal on April 4, 2022; and

WHEREAS, the Commission considered all the factors required by law under Government Code Sections 56668 and 56824.14 as well as adopted local policies and procedures.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER
as follows:

1. The public meeting was held on the date set therefore, and due notice of said meeting and associated hearing was given in the manner required by law.
2. At the public meeting, the Commission considered the Executive Officer's report on the proposed reorganization.
3. The Commission serves as a responsible agency under the California Environmental Quality Act (CEQA) for assessing potential impacts of the proposal. The Commission independently concurs with Fallbrook PUD's finding as the lead agency that the proposal qualifies as a project under CEQA but exempt from additional review under State CEQA Guidelines Section 15320. This exemption appropriately applies given the reorganization serves to complement and enhance – and not replace – existing service functions already provided in the affected territory by the County of San Diego and/or County Service Area (CSA) No. 81.
4. The Commission APPROVES the reorganization proposal without discretionary modifications as described below and subject to conditions as provided. Approval involves all of the following, each limited to supplementing and enhancing existing service powers exercised by the County of San Diego and County Service Area No. 81:
 - a) Fallbrook PUD is authorized to provide parks and recreation as a service function throughout its existing jurisdictional boundary as shown in Exhibit A and subject to the following classifications.
 - Public parks, public playgrounds, public recreation buildings, and buildings to be used for public purposes
 - b) Fallbrook PUD is authorized to provide street lighting as a service function throughout its existing jurisdictional boundary as shown in Exhibit A and subject to the following classifications.
 - Street lighting systems
 - c) Fallbrook PUD is authorized to provide roads and streets as a service function throughout its existing jurisdictional boundary as shown in Exhibit A and subject to the following classifications.
 - Works to provide for drainage of roads, streets and public places, including, but not limited to, curbs, gutters, sidewalks, and pavement of streets

5. County of San Diego and CSA No. 81 remain the principal public agencies responsible for parks and recreation service functions in the affected territory, and County of San Diego remains the principal public agency for street lighting and roads and streets functions in the affected territory.
6. The Commission CONDITIONS the preceding approvals on the following terms being satisfied by April 4, 2023 unless an extension is requested in writing and approved by the Executive Officer:
 - a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.
 - b) Pursuant to Government Code Section 58624.14, subd. (a)(1) and to ensure the necessary funds to support the proposed services, Fallbrook PUC shall complete a new rate setting process to lower the level of unrestricted secured property taxes currently allocated to offset water rate costs;
 - c) Submittal to the Commission of final map and geographic description of the affected territory as approved by the Commission conforming to the requirements of the State Board of Equalization – Tax Services Division.
 - d) Submittal to the Commission of the following payments:
 - A check made payable to LAFCO in the amount of \$50.00 for the County of San Diego-Clerk Recorder to reimburse for filing a CEQA Notice of Exemptions consistent with the findings in the resolution.
 - A check made payable to the State Board of Equalization for processing fees in the amount of \$2,000.00.
 - A check made payable to LAFCO in the amount of \$669.00 to reimburse the public hearing notice published in the San Diego Union Tribune.
7. The Commission assigns the proposal the following short-term designation:

“Fallbrook PUD Latent Powers Activation”
8. The affected territory as designated by the Commission is inhabited as defined in Government Code Section 56046.
9. The Fallbrook PUD is a registered-voter district.
10. The Fallbrook PUD utilizes the County of San Diego assessment roll.
11. The affected territory will be liable for any existing bonds, contracts, and/or obligations of the Fallbrook PUD as provided under Government Section 57328.

12. The Commission authorizes the Executive Officer to conduct the protest proceedings as required under Government Code sections 57000, et seq.
13. The effective date of the approval shall be the date of recordation but not before the completion of a 30-day reconsideration period and the protest proceedings, and only after all terms have been completed as attested by the Executive Officer.
14. As allowed under Government Code Section 56107, the Commission authorizes the Executive Officer to make non-substantive corrections to this resolution to address any technical defects, errors, irregularities, or omissions.
15. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Sections 56880-56882 of the Government Code.
16. After Fallbrook PUD implements the revised rates according to the terms set forth in Condition 6(b) above, the Executive Officer is further authorized and directed to prepare, execute, and record a Certificate of Completion, make the required filings with the County Assessor, County Auditor, and the State Board of Equalization as required by Section 57200, et seq., of the Government Code.

**

PASSED AND ADOPTED by the Commission on April 4, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

**

Attest:

Keene Simonds
Executive Officer

EXHIBIT A
MAP OF THE AFFECTED TERRITORY

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RESOLUTION NO. 4983

A RESOLUTION OF APPLICATION BY THE FALLBROOK PUBLIC UTILITY DISTRICT REQUESTING THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION APPROVE ACTIVATION OF THE POWER TO EXERCISE PARKS AND RECREATION, STREET LIGHTING, AND ROADS AND STREETS FUNCTIONS WITHIN ITS BOUNDARIES AS MORE PARTICULARLY DESCRIBED HEREIN AND FINDING THAT THE ACTION IS NOT A "PROJECT" UNDER CEQA OR IS, ALTERNATIVELY, EXEMPT FROM CEQA

WHEREAS, the Fallbrook Public Utility District ("FPUD") is a Public Utility District organized under the Public Utility District Act, (Public Utility Code § 15500 et seq.), authorized to provide water, wastewater, and reclaimed water services, within all or part of its boundaries; and

WHEREAS, the Board of Directors of FPUD desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Division 3, commencing with Section 56000 of the California Government Code for the activation of the power to exercise parks and recreation, street lighting, and roads and streets functions within its boundaries as more particularly described herein; and

WHEREAS, the Board of Directors of FPUD specifically requests that the San Diego Local Agency Formation Commission (LAFCO) approve activation of the District's power to exercise parks and recreation, street lighting, and roads and streets functions within its boundaries, specifically with regard to the services set forth in Public Utilities Code section 16463, as follows: public parks, public playgrounds, public recreation buildings, buildings used for a public purpose, street lighting systems and works to provide for the drainage of roads, streets, and public places, including but not limited to, curbs, gutters, sidewalks, and pavement of streets ("Public Park and Recreation Facilities/ Street Lighting and Road Improvements Powers" or "Activated Powers"); and

WHEREAS, the reason for the proposed activation of powers is to permit FPUD to exercise the Activated Powers in a manner that supplements and not replaces services provided by the County within the area; and

WHEREAS, FPUD proposes to exercise and fund the Activated Powers as more particularly described in the draft Plan for Services attached hereto as Exhibit "A," and by this reference incorporated herein; and

WHEREAS, a map of the external boundary of FPUD is attached hereto as Exhibit "B," and by this reference incorporated herein; and

WHEREAS, this proposal is consistent with the sphere of influence of the FPUD;
and

WHEREAS, the approval of the power to exercise the Activated Powers is not a project within the meaning of CEQA because it does not have the potential to result in a direct physical change in the environment or a reasonably foreseeable indirect physical change to the environment. (Pub. Res. Code § 21065; CEQA Guidelines § 15378(a). The activation of powers itself will not change any existing land use or result in construction of new parks or buildings. Rather, the activation will involve re-allocation of FPUD's existing property tax revenue to support and enhance existing parks and recreation services, street lighting services, and street and road drainage services that are currently provided by other entities. Further, the activation of powers does not authorize any construction or development of land. If a construction or development project is proposed in the future, the proposed construction or development would be subject to environmental review as appropriate at that time; and

WHEREAS, even if the approval of the power to exercise the Activated Powers is considered a "project" within CEQA's meaning, it is exempt under the Class 1 exemption for existing facilities (CEQA Guidelines § 15301) as the activation would provide a stable source of funding for maintenance and/or minor alterations of existing parks, playgrounds, recreation or other public buildings, street lighting, curbs, gutters, sidewalk and street pavement. The maintenance and/or minor alterations will not expand, or will result in only negligible expansion of, the existing use of the parks, playgrounds, recreation or other public buildings, street lighting, curbs, gutters, sidewalk and street pavement. There is no evidence that the activation involves any unusual circumstances that might cause a significant effect on the environment. (CEQA Guidelines § 15300.2(c).); and

WHEREAS, even if the approval of the power to exercise the Activated Powers is considered a "project" within CEQA's meaning, it is exempt under the Class 20 exemption for changes in the organization of local agencies. (CEQA Guidelines § 15320.) Under section 15320, changes in the organization of a local governmental agency are exempt if the changes do not modify the geographical area in which previously existing powers are exercised. This exemption applies because activation of latent powers is a "change of organization" under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, and because the activation does not change the District's geographical area or the geographical area within which the District exercises its powers. This exemption also applies because the County of San Diego already exercises these powers within the District's boundaries and as such, there is no

expansion of powers. Finally, the exemption applies because the proposed activation simply seeks authorization from LAFCO to activate powers that the District already possesses under the Public Utility District Act. There is no evidence that the activation involves any unusual circumstances that might cause a significant effect on the environment. (CEQA Guidelines § 15300.2(c).); and

WHEREAS, even if the approval of the power to exercise the Activated Powers is considered a “project,” it is also exempt under the “common sense” exemption because it can be seen with certainty that there is no possibility that activation may have a significant effect on the environment. (CEQA Guidelines § 15061(b)(3).) The activation will leverage existing administrative and procurement resources to help better execute projects to support community facilities and public projects within the scope of the activated powers. There is no possibility that activation—which will simply support and enhance existing services—could have a significant impact on the environment. Further, the activation of powers itself does not authorize any construction or development of land. If a construction or development project is proposed in the future, the construction or development would be subject to environmental review as appropriate at that time. Because the site and project-specific details of any potential future construction or development project are unknown at this time, impacts of such potential future development are speculative; and

WHEREAS, the Board of Directors has considered all written and/or oral comments or testimony made by any affected local agency, affected county or any interested person submitted prior to or at the public hearing scheduled and held on November 8, 2019, the notice for which was published pursuant to Government Code sections 56153 and 56154.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors of the Fallbrook Public Utility District as follows:

1. **Recitals.** The forgoing recitals are true and correct and are incorporated herein and are made an operative part of this Resolution of Application.
2. **Public Hearing.** As the decision-making body for the Fallbrook Public Utility District, the Board of Directors has considered all written and/or oral comments or testimony made by any affected local agency, affected county, or any interested person submitted prior to or at the public hearing scheduled and held on November 8, 2019 on the Resolution of Application. Notice of the public hearing was published pursuant to the requirements of Government Code sections 56153 and 56154 as required by Government Code section 56824.14.
3. **CEQA Compliance.** For all the reasons set forth in the above Recitals, and based upon all of the substantial evidence in the record as a whole, the Board of

Directors of the Fallbrook Public Utility District finds that the approval of the power to exercise the Activated Powers: (1) is not a "project" subject to environmental review under CEQA pursuant to Public Resources Code § 21065 and State CEQA Guidelines § 15378 (a); (2) alternatively, is exempt from CEQA under the Class 1 exemption for existing facilities (CEQA Guidelines § 15301); (3) alternatively, is exempt from CEQA under the Class 20 exemption as a "change in organization" (State CEQA Guidelines § 15320); (4) alternatively, is exempt from CEQA under the "common sense" exemption because it can be seen with certainty that there is no possibility that activation may have a significant effect on the environment. (CEQA Guidelines § 15061(b)(3).); and 5) none of the exceptions to the application of these exemption exist under State CEQA Guidelines § 15300.2.

- a. The Board of Directors hereby directs that all documents and other materials constituting the record of proceedings related to this Resolution of Application for approval of the power to exercise the Activated Powers, be maintained by the General Manager of the Fallbrook Public Utility District, or his designee, on file at the Fallbrook Public Utility District 990 East Mission Road, Fallbrook, CA 92028.
 - b. The Board of Directors directs Staff to file a Notice of Exemption with the County Clerk for the County of San Diego.
4. **Adoption.** This Resolution of Application is hereby adopted and approved by the Board of Directors of the Fallbrook Public Utility District and San Diego LAFCO is hereby requested to initiate proceedings as authorized and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 for the activation of the FPUD's power to exercise parks and recreation, street lighting, and roads and streets functions within its boundaries, specifically with regard to the Activated Powers described herein.
5. **Plan for Services.** The Board of Directors directs staff to finalize the draft Plan for Services attached hereto as Exhibit "A."
6. **Submission of Resolution of Application and other Application Materials.** The Board of Directors further authorizes and directs the Fallbrook General Manager to file a certified copy of this Resolution of Application together with the required LAFCO application, finalized Plan for Services, FPUD map and other documents with the Executive Officer of the San Diego Local Agency Formation Commission.

7. **Effective Date.** This Resolution shall take effect immediately upon adoption by the Board of Directors of the Fallbrook Public Utility District.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a special meeting of the Board held on the 8th day of November, 2019, by the following vote:

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



President, Board of Directors

ATTEST:



Secretary Board of Directors

**Fallbrook Public Utility District
Plan for Providing
Activated Powers Services
Prepared by FPUD Staff
July 29, 2019**

Background of District

History

Fallbrook is an unincorporated community in San Diego County. The first permanent recorded settlement in Fallbrook was in 1869, in the east area of the District, which later became Live Oak County Park. While agriculture has always played a major role in the community, the first plantings were olives and citrus. These crops were replaced in the 1920's by avocados and it wasn't long before Fallbrook became generally recognized as the "Avocado Capital of the World."

Fallbrook Public Utility District (District) was formed on June 5, 1922 to serve water from local area wells along the San Luis Rey River. Soon after it was established, the District began to grow. Annexations into the District have expanded the service area from 500 acres to 28,000 acres (44 square miles). To meet the growing demand for water, additional ground water supplies were developed along both the San Luis Rey and Santa Margarita rivers.

The District became a member of the San Diego County Water Authority (SDCWA) at SDCWA's formation on June 9, 1944, and thus was eligible to receive a portion of Colorado River water that would be diverted by the Metropolitan Water District of Southern California (MWD). When Colorado River water became available in 1948, consumption within the District gradually increased to approximately 10,000 acre-feet per year by 1959. Then in 1978, MWD augmented its supply system with water from the California State Water Project and began delivering water from both systems to San Diego County. Today, the SDCWA provides virtually all of the District's potable water through direct connections to MWD pipelines in Southwest Riverside County.

Governance and Organizational Structure

The District's Board is made up of five community members who serve overlapping four-year terms. In March 2016, the Board unanimously approved a resolution to change the method of electing board members to "election by district" and approved a map identifying five territorial units within the District. Each director, therefore, is elected by the registered voters of the sub-district in which he or she resides within the District's service area. To run for office, a candidate must live in the area he or she is running to represent, must be at least eighteen years of age, a citizen of the State of California, and a registered voter in the County of San Diego. Prior to 2016, directors would win a seat on the board by being the top vote-getters, regardless of where they lived within the District.

Current Board of Directors:

District #1 – Dave Baxter

District #2 - Ken Endter

District #3 - Jennifer DeMeo, Vice-President

District #4 - Don McDougal, President

District #5 - Charley Wolk

Service Area and Local Economy

San Diego County is the second-most populous county in the state and the fifth-most populous in the United States. The District is located in the north-east region of the county and is rural in character. The District is bordered to the west by the Naval Weapons Station and U.S. Marine Corps Base Camp Pendleton, making the District's service area a bedroom community for Camp Pendleton's active military and civilian-service workers. The service area's 2017 population is estimated to be 34,330 with 11,418 households. Fallbrook's population has remained relatively unchanged over the past several years.

The median household income in Fallbrook was \$60,510, which is less than the state median of \$67,739 and slightly higher than the national average of \$59,039. San Diego County's unemployment rate is 3.7%, which is lower than the State's 4.3%.

The San Diego Association of Governments (SANDAG) projects that the County's population will approach 4.4 million residents in 2050, up from 3.3 million in 2016. The District's 2050 housing density is expected to increase slightly as housing demands increase. Employment is also expected to slightly increase by 2050.

Enumeration and Description of the Services to be Provided

The District seeks approval to exercise parks and recreation, street lighting, and roads and streets functions within its boundaries, specifically with regard to the services set forth in Public Utilities Code section 16463, as follows: public parks, public playgrounds, public recreation buildings, buildings used for a public purpose, street lighting systems and works to provide for the drainage of roads, streets, and public places, including but not limited to, curbs, gutters, sidewalks, and pavement of streets ("Public Park and Recreation Facilities/ Street Lighting and Road Improvements Powers" or "Activated Powers") within the boundaries of the district. This request is based on a request from local non-profit groups that are currently providing these services. The intent is, that if approved by LAFCO, the District would exercise its Activated Powers as a supplement to and not replacement to services provided by the County within the area.

The existing service providers for many of the parks and recreation services are through non-profit entities, such as the Fallbrook Village Association, Save our Forest, Fallbrook Beautification Alliance, Live Oak Park Coalition, The Fallbrook Trails Council and the Fallbrook Land Conservancy. These funds would help support and enhance these efforts. County Service Area (CSA) 81 also provides park and recreation services to County owned facilities within the proposed area. If approved the District would be authorized to provide additional Public Park and Recreation Facilities/ Street Lighting and Road Improvements in addition to what is currently provided through CSA 81.

A summary of potential projects, identified by the community groups, is summarized below:

Installation and maintenance of trees, planters, lighting and benches in public spaces. Improvements to preserves, pocket parks, and community areas. Creation and/or expansion of parks and preserves, including but not limited to: The Railroad Heritage Park, a skate park, and an agriculture park. Ongoing maintenance for the abovementioned parks and preserves, as well as other projects identified by the community.

Level and range of services to be provided

The total amount of support provided by the District for additional Activated Powers services will be based on the available funding and a priority list of projects identified. The priority list of projects will be developed by a volunteer committee appointed by the District Governing Board. The Activated Powers volunteer committee will recommend a list of projects and anticipated costs to the District Board for approval. A summary of the proposed organization of the oversight committee and a draft of potential policy and procedures to be adopted by the FPUD Board for this oversight committee are included in Exhibit A.

The types of projects and services to be provided are summarized above.

An indication of when services can feasible be extended

Since this request does not require any reorganization or additional staffing it is anticipated the services can be initiated with 3-4 months after LAFCO approves the Activated Powers. From a financial accounting and budget control perspective, it is preferred to initiate services at the start of the Fiscal Year (July 1), so that the new additional Activated Powers fund can be initiated as part of the District budget adoption process.

Required Improvements or Upgrades of Facilities

It is not anticipated that the District will require additional property or facilities to exercise the Activated Powers.

Total Estimated cost to provide services

The initial allocation of funds is based on a proposed reallocation of existing property tax revenues from the water enterprise, of an amount equivalent to \$5 per meter per month for a total of \$546,420 (approximately 60% of the District-Wide Property Tax Revenues). The District will only provide funding and services for additional Activated Powers services within the allocated funding amount. If funding is fully allocated, no additional projects related to the Activated Powers will be undertaken until further revenue is collected. If the amount allocated is not spent in a given fiscal year, it will remain in the Activated Powers enterprise fund for subsequent use.

Existing Service Providers

Governmental

County of San Diego: The County currently provides park and recreation services in the district 44 square mile service area. It also collects additional funds through CSA 81 to provide services at county owned facilities. The county owned facilities in the service area include:

- Santa Margarita Preserve: 221 acres
- Fallbrook Community Center: Playfields and meeting areas
- Don Dussault County Park: 0.75 acre playground

- Clemmens Lane Park: Playfields and picnic area

Wildlands Conservancy: Owns and manages the 1380 acre Santa Margarita River Preserve that provides recreation opportunities for hiking, horseback riding and mountain biking.

Fallbrook Land Conservancy: Owns and manages multiple preserves in the District service area that are open to the public for recreation. Owns and manages a historic building, meeting space & sculpture garden available for public use.

Fallbrook Sports Association: Manages sports programs at Ingold Sports Park on County airport property through an agreement with the County.

Fallbrook Village Association: Owns and manages Jackie Heyneman Park, Vince Ross square and the Railroad Heritage Park.

Fallbrook Beautification Alliance: Keep Fallbrook litter free program, Graffiti abatement, Flower pots on Main Ave., Mission Medians and shared responsibility for Welcome Home Military Flag

Save our Forest: Installation and stewardship of community trees and benches, stewardship of Pico Promenade, environmental education program for elementary schools in the District service area, and shared responsibility for Welcome Home Military Flag.

Fallbrook Art Association: Art in Public Places

Latent Powers Proposal

The request will include the activation of the additional Public Park and Recreation Facilities/ Street Lighting and Road Improvements functions specifically with regard to the services set forth in Public Utilities Code Section 16463, as follows: public parks, public playgrounds, public recreation buildings, buildings used for a public purpose, street lighting systems and works to provide for the drainage of roads, streets, and public places, including but not limited to, curbs, gutters, sidewalks, and pavement of streets . There is no requested change to any other existing service being provided by the District.

Plan for Financing the establishment of a new of different service function

The proposed Activated Powers related to the Parks and Recreation function would largely be provided through existing nonprofit entities providing public parks and recreation services (public parks, public playgrounds, public recreation buildings, buildings used for a public purpose, The District currently projects to collect a total of \$1,918,296 of property tax revenue, some of which (a projected \$912,422) comes from property tax on parcels in the entire District ("District-Wide Property Tax Revenues"), The District currently allocates the District-Wide Property Tax Revenues to the water enterprise as described in more detail below. The District also collects additional property tax for parcels within the sewer service area, which is collected from properties within only a portion of the District boundary (Improvement District "S"). To support the Activated Powers, the District proposes to allocate 60% of the projected District-Wide Property Tax Revenues (a projected \$546,420) to fund a new Activated Powers enterprise fund. As stated above, the District currently allocates the District-Wide Property Tax Revenues to the District's water enterprise—using the funds to pay a portion of the District cash funded

(PAYGO) water capital improvement program which funds water infrastructure replacement and rehabilitation. The PAYGO CIP program is budgeted to be between \$3 - \$5 million per year. The reallocation of the District-Wide Property Tax Revenues would require the District to charge additional fees to maintain the currently targeted fund balances for its water enterprise and offset the loss in PAYGO CIP revenues. Any additional fees charged by the District will need to be part of a separate rate setting process that must comply with Proposition 218 requirements.

Alternatives for establishing new or different functions or classes of services.

The coalition of community groups involved in this effort evaluated a number of alternatives before requesting that the District submit a request for expansion of services:

1. Establishment of a landscape and lighting District under the County: This alternative was explored in detail with the county, but it was determined by the coalition of groups that a preference for local control of the funds was preferred. The county had also initially indicated a need for a substantial overhead cost to establish the new funding mechanism, which would reduce the amount of funds available to invest back in the community.
2. Establishment of a new parcel tax. Due to the time and expense to establish a new parcel tax, the coalition identified the utilization of existing property tax revenue as a preferred alternative.

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MEMO

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: April 25, 2022
SUBJECT: Discussion on Water Shortage Contingency Plan

Description

After another year of below average winter precipitation, continued drought conditions throughout the western United States are further stressing regional water supplies, including the State Water Project and the Colorado River, two integral sources of water for the Southern California region. While regional investments in storage and supply diversification have secured water supplies in the short term, continued drought conditions may lead to mandatory restrictions if voluntary actions do not result in lower water demands.

On March 28th, 2022 the Governor of California signed *Executive Order N-7-22* declaring a regional state of emergency caused by current drought conditions that calls on Californians to voluntarily reduce water use by 20 percent to protect the State's available water resources. The order urges "all Californians to strive to limit summertime water use and to use water more efficiently indoors and out". The order also directs Department of Water Resources staff to consider advancing the timeline for water purveyors to submit the novel "supply and demand assessment" (June 1st 2022), adopt emergency regulations defining "non-functional turf", and prioritize planning and development of water supply projects that will increase the State's drought resiliency.

The District's *Water Shortage Response Program (Administrative Code, Article 17)* identifies practical conservation measures that are in place at all times (*Normal Conditions*), and contains six levels to aid the District's response to water shortage conditions. Prohibitions of end use are identified as well as other stipulations of shortage responses (sections 17.8.0-17.2 are attached to this memo).

A "Water Shortage Response Level 1 – Water Shortage Notice" (in place at this time) increases public education and outreach regarding conservation programs, practical conservation measures and provides the Board discretion to consider and implement drought rates. Together these measures are designed to promote a consumer demand reduction of up to ten percent (10%). A year to date demand reduction of 9% has been achieved by FPUD ratepayers from July 2021 to March 2022 (relative to July 2020 to March 2021).

A "Water Shortage Response Level 2 – Water Shortage Watch" further increases public education and outreach regarding conservation programs. In addition, the District will suspend all annexations to the District service area, except under some

circumstances. Together these measures are designed to promote a consumer demand reduction of up to twenty percent (20%).

District conservation programs include rebates for water saving irrigation devices and appliances through www.socalwatersmart.com, education resources available at saveourwater.com, and the District's automated metering system, which enables ratepayers to track and review their water use through a web based customer portal. Common sense conservation measures include eliminating irrigation runoff onto hardscape or roadways and the timely repair of water leaks. When runoff or other violations of District code are observed or reported, District staff communicates directly with FPUD account holders to ensure that issues are addressed in a timely manner. If implemented, drought rates escalate normal rates based on factors established in the 2017 Rate Study.

Recommended Action

That the Board take the Governor's executive order under advisement as more detailed State guidance regarding non-functional turf, regulatory mandates and further developments in regional conservation program outreach and expansion comes to fruition. At this time the Board directs District staff to prepare for a Board declaration of a "Water Shortage Response Level 2 – Water Shortage Watch". Upon this future declaration, public announcement would be made on all FPUD water bills, physical posting in the District lobby, on the District website and social media outlets, and by publication in the Village News. Given the voluntary nature of the state's order to reduce water use by 20 percent, and the District's expanding educational approach to promoting water conservation, it is not recommended that drought rates would be implemented.

Sec. 17.8.0 NORMAL CONDITIONS.

During a Normal Condition, customers are required to use water wisely and to practice water conservation measures so that water is not wasted. All water withdrawn from District facilities shall be put to reasonable beneficial use. District water users shall comply with the following water use prohibitions and conservation measures at all times:

1. Do not wash down paved surfaces, including but not limited to sidewalks, driveways, parking lots, tennis courts, or patios, except when it is necessary to alleviate safety or sanitation hazards.
2. Eliminate water waste resulting from inefficient landscape irrigation, such as runoff, low head drainage, or overspray, etc. Similarly, stop water flows onto non-targeted areas, such as adjacent property, non-irrigated areas, hardscapes, roadways, or structures.
3. Irrigate residential and commercial landscape before 10 a.m. and after 6 p.m. only, unless using drip irrigation.
4. Use a hand-held hose equipped with a positive shut-off nozzle or bucket to water landscaped areas, including trees and shrubs located on residential and commercial properties that are not irrigated by a landscape irrigation system.
5. Irrigate nursery and commercial grower's products before 10 a.m. and after 6 p.m. only. Watering is permitted at any time with a hand-held hose equipped with a positive shut-off nozzle, a bucket, or when a drip/micro-irrigation system/ equipment is used. Irrigation of nursery propagation beds is permitted at any time. Watering of livestock is permitted at any time.
6. Use re-circulated water to operate ornamental fountains.
7. Wash vehicles using a bucket and a hand-held hose with positive shut-off nozzle, mobile high pressure/low volume wash system, or at a commercial site that re-circulates (reclaims) water on-site. Avoid washing during hot conditions when additional water is required due to evaporation.
8. The irrigation with potable water of ornamental turf on public street medians is prohibited.
9. The application of potable water to outdoor landscapes during or within 48 hours of measurable rainfall is prohibited
10. The irrigation with potable water of landscapes outside of newly constructed homes and buildings in a manner inconsistent with

regulations or other requirements established by the County of San Diego's Landscape Ordinance.

11. Serve and refill water in restaurants and other food service establishments only upon request.
12. Offer guests in hotels, motels, and other commercial lodging establishments the option of not laundering towels and linens daily.
13. Repair all water leaks within five (5) days of notification by the Fallbrook Public Utility District unless other arrangements are made with the General Manager.
14. Use recycled or non-potable water for construction purposes when available.

During a Water Shortage Response Levels 1-6 condition, the water conservation measures and water use restrictions established by this Article 17 are mandatory and violations are subject to criminal, civil, and administrative penalties and remedies as specified in this Article."

Sec. 17.8.1 WATER SHORTAGE RESPONSE LEVEL 1 – WATER SHORTAGE NOTICE CONDITION.

During a Level 1 Water Shortage Notice condition, the District will increase its public education and outreach efforts to emphasize increased public awareness of the need to implement water conservation practices to ensure that no water is wasted, and increase enforcement of prohibitions of end use to promote a consumer demand reduction of up to ten percent (10%).

All persons using District water shall comply with Normal Conditions water conservation practices during a Level 1 Water Shortage Watch, as identified in Sec. 17.8.0.

Sec. 17.8.2 WATER SHORTAGE RESPONSE LEVEL 2 – WATER SHORTAGE WATCH CONDITION.

During a Level 2 Water Shortage Watch condition, the District will increase its public education and outreach efforts to emphasize increased public awareness of the need to implement water conservation practices to ensure that no water is wasted, and promote a consumer demand reduction of up to twenty percent (20%).

All persons using District water shall comply with Normal Conditions and Level 1 Water Shortage Notice water conservation practices during a Level 2 Water Shortage Watch, as identified in Sec. 17.8.0 and 17.8.1. Additionally, upon declaration of a Level 2 Water Shortage Watch condition, the District will suspend consideration of annexations to its service area except under the following circumstances:

1. The applicant provides substantial evidence of an enforceable commitment that water demands for the project will be offset prior to the provision of a new water meter(s) to the satisfaction of Fallbrook Public Utility District.

M E M O

TO: Board of Directors
FROM: Engineering & Operations Committee
DATE: April 25, 2022
SUBJECT: Request for Approval to Sell Surplus Property (APNs 102-30-039, 105-49-215, and 101-45-014)

Description

Consider adoption of resolution declaring certain land as surplus land owned by the District and authorize District staff to take all actions necessary to comply with the Surplus Land Act.

Purpose

The District owns properties that are not being used and no future use is anticipated. Selling these unused properties would bring in one time revenue and eliminate maintenance needs for those sites.

State law, specifically the Surplus Land Act (Gov. Code § 54220, *et seq.*) dictates the steps needed for public agencies to sell properties. This process requires the Board of Directors to make certain findings and declare the selected properties as surplus land. A notice of availability must be sent to other public agencies and certain other entities to give them an opportunity to purchase the property. If there is an interested agency or entity, the District must enter into good faith negotiations to determine a mutually satisfactory sales price and terms. If the District receives a notice of interest from more than one agency or entity, the District must give first priority to the agency or entity proposing to use the site for affordable housing. The District also has reporting and compliance obligations to the Department of Housing and Community Development, which can impose financial penalties if the Surplus Land Act is not followed prior to disposition. If there is no interest from the agencies or entities required to receive the notice, or good faith negotiations are unsuccessful, the land can be sold on the public market.

The Engineering and Operations Committee previously encouraged staff to identify specific parcels for declaration as surplus land to be sold. The following three parcels were identified:

- 102-30-039 – 2.4 acre parcel with easement for access to land conservancy property. There are no District facilities on the property.
- 105-49-215 – 2.5 acre parcel with a District pipeline along the south edge of the property. Otherwise, there are no District facilities on the property. Historically, the property was owned for a future reservoir that is no longer needed.

- 101-45-014 – 1.1 acre parcel that was previously the De Luz Irrigation District office and was leased to the fire department until last year. The facilities are in disrepair and the cost to rehabilitate them is higher than the value of the property to the District.

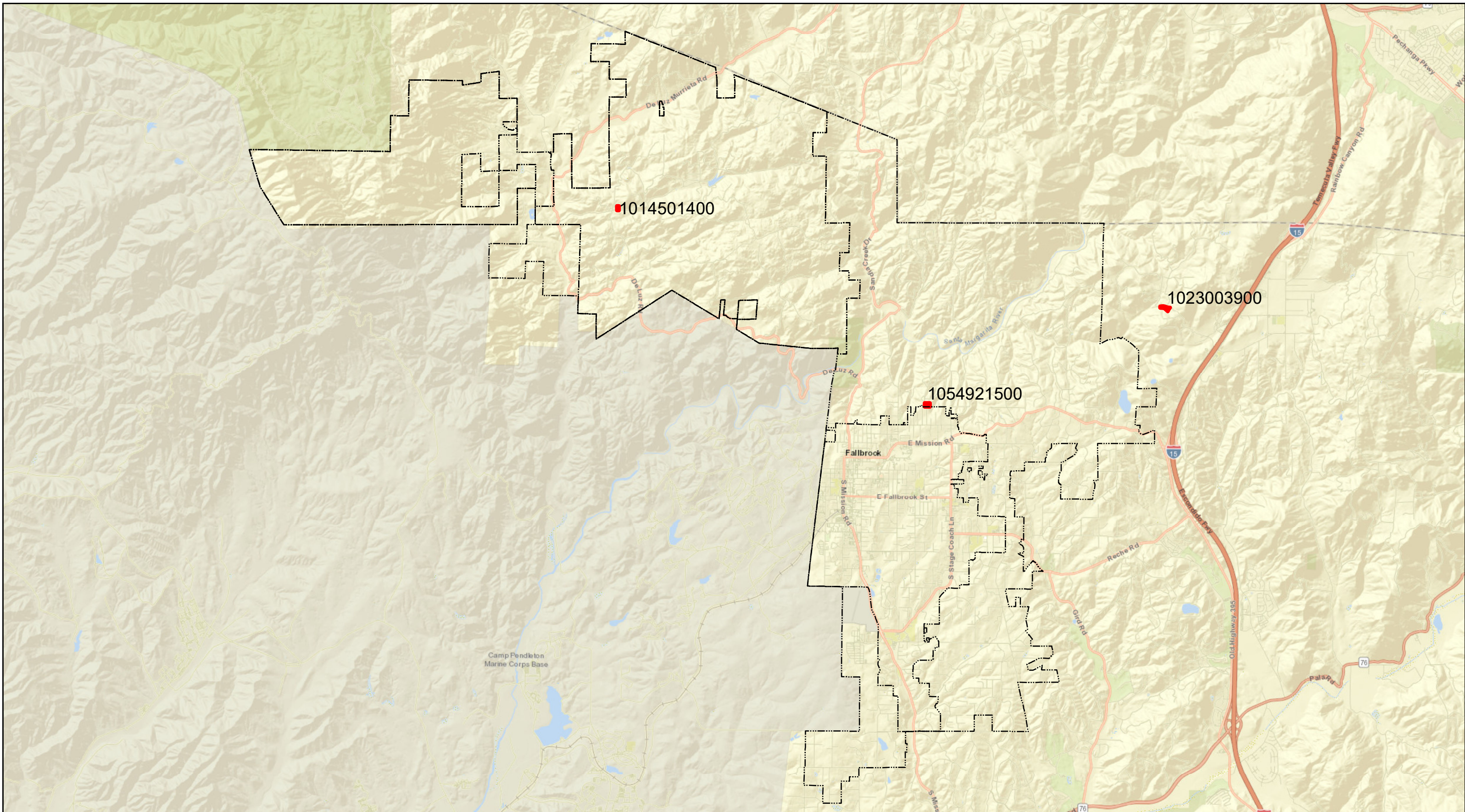
All three parcels are in areas designated Rural Residential by the County General Plan.

Budgetary Impact



Property sales would result in a one-time revenue source.

Recommended Action

That the Board adopt the attached resolution making findings and declaring the parcels surplus land and authorizing District staff to proceed with the sales process.



DISCLAIMER: By accepting this map, you agree that the Fallbrook Public Utility District assumes no liability or responsibility of any kind arising from use of this map. This map, its Data, and any calculations associated with this map is provided without warranty of any kind.

-  District Boundary
-  FPU D Surplus Parcel

SURPLUS PARCELS - 2022





FULL PROPERTY DETAIL REPORT

Property Address:

RAINBOW GLEN RD CA

Parcel # (APN):

102-300-39-00

General Information

Parcel # (APN): **102-300-39-00**

Owner: **FALLBROOK PUBLIC UTILITY DISTRICT**

Mailing Address:

Legal Description: **PM05357 PAR 1*(EX ST)**



Assessment

Total Value:	Exempt Amt:	Year Assd: 2021
Land:	HO Exempt: N	Zoning:
Structures:	Tax Rate Area: 093-049	Use Code:
Other:	Census Tract:	Use Type: NO VALUE
% Improved: 0%	Price/SqFt:	

Sale History

	Sale 1	Sale 2	Sale 3	Transfer
Document Date:				06/18/2002
Document Number:				0515042
Document Type:				
Transfer Amount:				
Seller (Grantor):				

Property Characteristics

Bedrooms:	Fireplace:	Units:
Baths (Full):	A/C:	Stories:
Baths (Half):	Heating:	Quality:
Total Rooms:	Pool:	Building Class:
Bldg/Liv Area:	Park Type:	Condition:
Lot Acres: 2.440	Spaces:	Site Influence:
Lot SqFt: 106,286	Garage SqFt:	Timber Preserve:
Year Built:		Ag Preserve:
Effective Year:		



FULL PROPERTY DETAIL REPORT

Property Address:

FALLBROOK CA 92028

Parcel # (APN):

105-492-15-00

General Information

Parcel # (APN): **105-492-15-00**

Owner: **FALLBROOK PUBLIC UTILITY
DISTRICT**

Mailing Address:

Legal Description: **SEC 18-9-3W*NEQ*2.45 AC
M/L IN**



Assessment

Total Value:	Exempt Amt:	Year Assd: 2021
Land:	HO Exempt: N	Zoning:
Structures:	Tax Rate Area: 075-085	Use Code:
Other:	Census Tract:	Use Type: NO VALUE
% Improved: 0%	Price/SqFt:	

Sale History

	Sale 1	Sale 2	Sale 3	Transfer
Document Date:				
Document Number:				
Document Type:				
Transfer Amount:				
Seller (Grantor):				

Property Characteristics

Bedrooms:	Fireplace:	Units:
Baths (Full):	A/C:	Stories:
Baths (Half):	Heating:	Quality:
Total Rooms:	Pool:	Building Class:
Bldg/Liv Area:	Park Type:	Condition:
Lot Acres: 2.450	Spaces:	Site Influence:
Lot SqFt: 106,722	Garage SqFt:	Timber Preserve:
Year Built:		Ag Preserve:
Effective Year:		



FULL PROPERTY DETAIL REPORT

Property Address:

FALLBROOK CA 92028

Parcel # (APN):

101-450-14-00

General Information

Parcel # (APN): **101-450-14-00**

Owner: **FALLBROOK PUBLIC UTILITY
DISTRICT**

Mailing Address:

Legal Description: **SEC 33-8-4W*SWQ*ALL LY E
OF DOC270748REC71 IN
DOC85373REC65 IN**



Assessment

Total Value:	Exempt Amt:	Year Assd: 2021
Land:	HO Exempt: N	Zoning:
Structures:	Tax Rate Area: 075-067	Use Code:
Other:	Census Tract:	Use Type: NO VALUE
% Improved: 0%	Price/SqFt:	

Sale History

	Sale 1	Sale 2	Sale 3	Transfer
Document Date:				06/28/1990
Document Number:				0351511
Document Type:				
Transfer Amount:				
Seller (Grantor):				

Property Characteristics

Bedrooms:	Fireplace:	Units:
Baths (Full):	A/C:	Stories:
Baths (Half):	Heating:	Quality:
Total Rooms:	Pool:	Building Class:
Bldg/Liv Area:	Park Type:	Condition:
Lot Acres: 1.080	Spaces:	Site Influence:
Lot SqFt: 47,044	Garage SqFt:	Timber Preserve:
Year Built:		Ag Preserve:
Effective Year:		

RESOLUTION NO. 5026

RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK PUBLIC UTILITY DISTRICT DECLARING CERTAIN DISTRICT-OWNED LAND AS “SURPLUS LAND” PURSUANT TO THE SURPLUS LAND ACT AND AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE(S) TAKE ALL ACTIONS NECESSARY TO COMPLY WITH THE SURPLUS LAND ACT

WHEREAS, the Fallbrook Public Utility District (“FPUD”) is a Public Utility District formed in 1922, and is organized under the provisions of the Public Utility District Act (Public Utilities Code § 15500 et seq.); and

WHEREAS, FPUD owns three (3) parcels identified as APNs 102-30-039, 105-49-215, and 101-45-014 (the “Subject Parcels”) that are no longer necessary for FPUD’s use and should be declared as surplus property suitable for disposition; and

WHEREAS, under the California Surplus Land Act (Government Code Section 54220 et seq.) (“SLA”), surplus property is defined as land owned in fee simple by a local agency for which the agency’s governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency’s use; and

WHEREAS, effective January 1, 2020, the SLA was amended to require all local agencies to formally declare agency-owned properties as “surplus land” or “exempt surplus land” prior to taking action to dispose of such properties and to issue a Notice of Availability to certain entities statutorily entitled to notice prior to disposition; and

WHEREAS, the declaration of surplus land must be made by the local agency’s governing body at a regular open meeting supported by written findings; and

WHEREAS, by adopting this Resolution, the Board of Directors makes findings that the Subject Parcels are no longer necessary for FPUD’s use and are declared surplus land in accordance with the SLA; and

WHEREAS, FPUD intends to follow the provisions of the SLA in the disposition of the Subject Parcels, including but not limited to offering the Subject Parcels to the entities required under the SLA and prioritizing offers received for the development of affordable housing in compliance with the SLA; and

WHEREAS, this declaration of surplus land does not obligate FPUD to subsequently dispose of the Subject Parcels and is not an action that results in a binding commitment by FPUD to move forward with the disposition of the Subject Parcels.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Fallbrook Public Utility District as follows:

1. **Recitals.** The forgoing recitals are true and correct and are incorporated herein.
2. **Findings and Declarations.** The Board of Directors finds and declares that the above-described Subject Parcels are surplus land and no longer necessary for

FPUD's use in accordance with the SLA. The Board of Directors bases this declaration on the following findings:

- a. APN 102-30-039 is a 2.4 acre parcel with an easement for access to land conservancy property. There are no FPUD facilities on the property and no future use by FPUD is anticipated.
 - b. APN 105-49-215 is a 2.5 acre parcel with an FPUD pipeline along the south edge of the property. There are no other FPUD facilities on the property. Historically, the property was owned for a future reservoir that is no longer needed, and no future use by FPUD in the remainder of the parcel is therefore anticipated.
 - c. APN 101-45-014 is a 1.1 acre parcel that was previously the De Luz Irrigation District office and was leased to the North County Fire Protection District until last year. The facilities are in disrepair and the cost to rehabilitate them is higher than the value of the property to FPUD. Accordingly, no future use by FPUD is anticipated.
3. **Additional Findings and Determinations.** The Board of Directors finds and determines, after independent review and consideration, that the action of declaration of surplus land results in no binding commitment by FPUD to authorize or advance the disposition of the Subject Parcels; will not result in a direct or indirect physical change in the environment; and does not constitute an approval of a project pursuant to CEQA Guidelines Sections 15004 and 15352.
4. **Authorization to Take Further Actions in Compliance with SLA.** The Board of Directors hereby authorizes the General Manager or his designee to take all actions necessary to comply with the SLA, including but not limited to issuing Notices of Availability for the Subject Parcels to all entities statutorily entitled to receive such notice.
5. **Severability.** If any section, subsection, clause or phrase in this Resolution or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Resolution or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof to any person or circumstance be held invalid.
6. **Effective Date.** This Resolution shall take effect immediately upon adoption by the Board of Directors of the Fallbrook Public Utility District.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 25th day of April, 2022, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

MEMO

TO: Board of Directors
FROM: Engineering and Operations Committee
DATE: April 25, 2022
SUBJECT: Gum Tree Pipeline Replacement Project Change Order

Description

Request for authorization for additional costs on the Gum Tree Pipeline Replacement project.

Purpose

The Gum Tree Pipeline Replacement Project consists of approximately 1,600 linear feet of 20" cement mortar lined and coated steel pipe on a primary transmission main between Red Mountain Reservoir and a majority of the District's service area. The project was awarded in March 2021 to SRK Engineering and is nearing completion after long procurement delays. During construction various challenges and unforeseen conditions have resulted in the need for additional work. Early in the installation, alignment changes requiring additional fittings and thrust blocks were made to navigate the crossing of a steep gully. The value of these changes was within staff authorization limits so they were authorized by District staff at the time. More recently, sections of the replaced abandoned pipeline slated for removal were found to contain asbestos on the coating and required additional effort for proper hazardous waste removal. Also, with the recent rain it was evident that additional erosion control was needed on the steep graded sections of the alignment. Change order costs include:

Table with 3 columns: Request Status, Description, and Amount. Rows include: Previously Approved CO Pipeline Alignment Changes \$39,982.04; Pending CO Request Asbestos Removal/Disposal \$13,355.42; Pending CO Request Erosion Control \$5,591.77

Budgetary Impact

No budgetary impact. The additional costs will be covered by the approved capital budget for pipeline replacement projects. The total planned for this project was \$480,000. The original contract price was \$428,500. The total cost of change orders for additional work and changed conditions is \$57,360.21, bringing the total contracted project cost to \$485,860.21. While slightly over plan, additional capital funds will not be needed due to other projects being completed under budget.

Recommended Action

That the Board approve the pending change orders requests for work performed by SRK Engineering.

1. **MWD Issues**

MWD approved a two year budget with a 5% overall increase this year and 5% next year. The budget plan includes finding some additional savings and grant funds to reduce the projected budget. SDCWA is in the process of determining how the MWD rates effect the projected SDCWA rates.

2. **Special Agricultural Water Rates (SAWR)**

The spreadsheet SDCWA uses to determine SAWR allocations requires that a local agency allocate its local supplies to PSAWR customers. The District has identified some deficiencies with this approach and our District along with the Utility Director at the City of Oceanside wrote a letter to SDCWA expressing some of the concerns with the spreadsheet calculation (attached).

3. **Detachment**

The District wrote a response to a letter sent by SDCWA General Counsel about legal obligations to detach territory from SDCWA (attached). SDCWA General Counsel then sent a response to our response to his letter (attached)

A. Key Upcoming Issues

Some key issues for the upcoming year include:

- Drought messaging and implementation of any additional mandatory drought restrictions by the state depending on the rainfall in the remainder of the winter.
- Fully understanding the use of consultants and lobbyist within San Diego County.
- Evaluating options to mitigate the SDCWA high rate forecast and more fully estimating a realistic potential low end demand projection.
- Getting an update on the next phase of the regional conveyance study that was approved by the Board and developing a plan to fund millions in additional project work if the project continues to be pursued.

April 19, 2022

Re: Permanent Special Agricultural Water Rate (PSAWR) credit calculation methodology

As you know, the Fallbrook Public Utility District (FPUD) has recently completed its groundwater treatment facility, and the City of Oceanside (Oceanside) has recently completed its Pure Water Project. When filling out our San Diego County Water Authority's (the Water Authority) PSAWR certification forms, the District's PSAWR credit is adjusted to reflect these local supplies being provided to PSAWR customers.

When FPUD and Oceanside established their cost of service and rate setting methodologies, local supply costs were not allocated to PSAWR customers. Recognizing that agricultural customers are able to manage water supply volatility, the PSAWR customer assumes the cuts made by the Metropolitan Water District (MWD) and do not derive benefit from the non-MWD water sources purchased by the Water Authority. It is our understanding that this forms the basis of the PSAWR program and establishes it as a "pass-through" for MWD supply costs and certain Water Authority charges. This is supported by the Water Authority's annual certification that requires evidence that the PSAWR benefits are being "passed-through" to PSAWR customers.

However, the PSAWR program is not being administered as a pass-through program. The methodology used by the Water Authority to determine the District's monthly PSAWR credit reduces the PSAWR credit if local supplies are available. This is apparent only in the calculation in the PSAWR spreadsheet and not through any adopted written policy. This spreadsheet adjustment essentially makes member agencies use local supplies for PSAWR customers regardless of local supply cost or how member agencies are managing their water supply portfolio. When a member agency has a lower cost local supply, this adjustment may not have a cost of service impact. However, our local supply costs are higher than the MWD rate. As a result, when the full credit for PSAWR sales is not received, other rate payer funds have to make up the difference creating a Prop 218 issue. It should also be noted that the fixed charge allocations for Storage and Supply Reliability are also impacted by reducing the deliveries classified as PSAWR.

This appears to be an administrative issue since the intent of the program seems very clear and the allocation of local supplies to PSAWR does not appear in the guidebook or any Board adopted policies. The program intent is to pass-through MWD's supply rate and credit Storage and Supply Reliability charges to qualifying agricultural customers. Trying to determine if the water molecules that passed through the District's treatment plant went to a PSAWR customer and forcing member agencies to allocate their supply mix accordingly seems to unnecessarily complicate the PSAWR program. The Water Authority does not likely check that the MWD molecules are the ones delivered to PSAWR agencies. It also seems unlikely that the Water Authority is trying to dictate to member agencies how to allocate local supply costs to their customers impacting rate setting. Fundamentally all qualified PSAWR sales should qualify for the PSAWR rate if the member agency purchased at least that quantity of water from the Water Authority. As more costly local supplies are developed, this issue, which may not have had an impact in prior years, is going to be an important one to address.

I would suggest that certified PSAWR sales by member agencies qualify for the PSAWR credit so long as the member agency purchased at least that much water from the Water Authority. This would simply require not using the cell in the spreadsheet that allocated local supplies to PSAWR. The current approach

that forces local agencies to allocate local supplies to PSAWR customers was not Board adopted so the change we suggested should be able to be addressed administratively. Thank you for looking into this issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jack Bebee".

Jack Bebee
General Manager
Fallbrook Public Utility District

A handwritten signature in blue ink, appearing to read "Cari Dale".

Cari Dale
Utilities Director
City of Oceanside



April 11, 2022

VIA EMAIL

Chair Desmond,
LAFCO Commissioners, and
Executive Officer Simonds
San Diego County Local Agency Formation Commission
9335 Hazard Way, Suite 200
San Diego, CA 92123

Re: Letter from RMWD and FPU D to San Diego LAFCO Regarding Various CWA Detachment Issues

Chair Desmond, LAFCO Commissioners and LAFCO Executive Officer Simonds:

We submit this letter to the Commission on behalf of our respective clients, Rainbow Municipal Water District (“Rainbow”) and Fallbrook Public Utility District (“Fallbrook”), with the intention of providing the Commission with our clients’ perspective on three distinct issues related to their applications to LAFCO for detachment from the San Diego County Water Authority (“CWA”) and annexation into the Eastern Municipal Water District (“EMWD”), as follows:

1. The law must be the Commission’s guide with regard to its consideration of whether to impose a so called “exit fee” (or “departure fee” as described in Dr. Hanemann’s report) on Rainbow and Fallbrook as a condition of their separate detachment applications. The County Water Authority Act is clear that the only continuing obligation pertains to the continued taxation of property to pay for debt and other obligations secured by same. Rainbow and Fallbrook implore the Commission to follow the law (both statutory and case law) with regard to its imposition of terms and conditions.
2. CWA’s March 7, 2022 letter exemplifies CWA’s continued obfuscation of the facts by relying on selective quotations and the inclusion of extraneous topics of their own construction. Specifically, in its March 7, 2022 letter, CWA claims that LAFCO Staff made misleading “material errors and omissions” thereby materially misrepresenting the findings of Dr. Hanemann’s expert report (“Hanemann Report”). We believe that its letter goes beyond the pale, and we not only take exception to the tone of CWA’s letter, but also strongly disagree with the content of CWA’s letter, as LAFCO Staff’s summary is congruent with the conclusions of the Hanemann Report. We so conclude despite our clients’ disagreement with the Report’s conclusion on the “exit fee.”

3. Rainbow and Fallbrook want to assure the Commission that they will not needlessly submit responses to CWA’s prolific letter writing campaign simply for the sake of responding, as the Districts find responding to SDCWA’s self-identified irrelevant topics a poor use of public resources.

1. The Law Does Not Support an “Exit Fee” as Described in the Hanemann Report

A. The County Water Authority Act Already Requires a Continued Payment

As CWA itself has conceded, the Hanemann Report presented a factual analysis that was not legally based. Unfortunately, the factual analysis in the Report put forward a proposal for a proposed “exit fee” (or “departure fee” as described by Dr. Hanemann) that is not aligned with the law applicable to detachments from a county water authority, as required under the County Water Authority Act (“CWA Act”). Under the CWA Act, member agencies like Rainbow and Fallbrook wishing to be excluded from the boundaries of a county water district are not required to pay an “exit fee” of the type described in the Report. But this doesn’t mean that there is no payment required—to the contrary, the CWA Act requires that property taxes pledged to repay existing debt and other obligations assessed on properties within detaching districts continue to be assessed until the debt is discharged. Specifically, the CWA Act provides as follows:

. . . taxable property within the excluded area shall continue to be taxable by the county water authority for the purpose of paying the bonded and other indebtedness of the county water authority outstanding or contracted for at the time of the exclusion and until the bonded or other indebtedness has been satisfied.

(Water Code Appendix § 45-11(a)(2).)

Here the Fallbrook and Rainbow agree that the properties within the Districts’ boundaries must continue to be taxable by CWA to pay down CWA’s debt and other obligations secured by such revenue. The problem for CWA with this approach is that almost all of its debt is secured by rate revenue secured debt, so the amount to be recovered by CWA from taxable property continuing to be taxable within the Districts following detachment is small. But this should not impact application of statutory provisions applicable to a detachment.

B. Case Law Requires that LAFCO follow the Principal Act At Issue (here the CWA Act)

Case law further supports the Commission’s adherence to the specific terms of the CWA Act. Again, as conceded by CWA previously, the decision by the Court of Appeal in *Antelope Valley-East Kern Water Agency v. Local Agency Formation Com.* (1988) 204 Cal.App.3d 990, applies to the Districts’ detachment applications. In *Antelope Valley*, the Court held that a LAFCO imposed term and condition that was contrary to the principal act must be set aside. (*Antelope*

Valley-East Kern Water Agency v. Local Agency Formation Com. (1988) 204 Cal.App.3d 990, 992.) The court reasoned that the Legislature did not intend the Cortese-Knox Local Government Reorganization Act of 1985 (the predecessor to the current version of the law) to authorize LAFCO to override the Legislature’s specific provisions for territory excluded from the Antelope Valley-East Kern Water Agency (“AVEK”) regarding tax consequences. (*Id.*)

The factual circumstances are similar in *Antelope Valley* as they are here. And while the Court in *Antelope Valley* interpreted the provisions of a principal act other than the CWA Act—the provisions of the CWA Act and the principal act in *Antelope Valley* are nearly identical as you can read for yourself:

. . . the taxable property within such excluded area shall continue taxable by the Antelope Valley–East Kern Water Agency for the purpose of paying the bonded or other indebtedness of the Antelope Valley–East Kern Water Agency outstanding or contracted for at the time of such exclusion and until such bonded or other indebtedness shall have been satisfied, to the same extent that such property would be taxable for such purpose if such exclusion had not occurred.

(Water Code Appendix § 98-84.)

The Court’s decision included the following illustrative and we think interesting discussion:

A specific statute, section 84 of AVEK's principal act, declares in no uncertain terms the tax consequences of detachment of territory from AVEK: the taxable property shall continue taxable by AVEK for the purpose of paying the bonded indebtedness to the same extent it would have been taxable if exclusion had not occurred. A cardinal principle of statutory construction is that a special statute dealing expressly with a particular subject prevails over a general statute. (*Agricultural Labor Relations Bd. v. Superior Court* (1976) 16 Cal.3d 392, 420, 128 Cal.Rptr. 183, 546 P.2d 687.) Moreover, although appellant points out that the Cortese–Knox Act “provides the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts” (Gov.Code, § 56100), the Act also recognizes that sometimes a local agency formation commission may be required to give effect to the specific provisions of an agency's principal act. Government Code section 56844,¹ subdivision (q) provides, “Any change of organization or

¹ Section 56844 was renumbered as Section 56886 (q) in 2000. The language remains the same.

reorganization may provide for, or be made subject to one or more of, the following terms and conditions.... (q) Any terms and conditions authorized or required by the principal act with respect to any change of organization.” (See also Gov. Code, § 56119.)

(*Antelope Valley*, 204 Cal.App.3d at 995.)

C. Crafting a Term and Condition for an Exit Fee on Some Other Basis, is Problematic as well.

Another important point for the Commission to keep in mind is the arbitrary basis on which Hanemann calculated his proposed “exit fee.” Imposing a term and condition based on the volume of water that the Districts had purchased in the past, but will not purchase if detachment occurs, runs not only afoul of statutory and constitutional provisions, but would also run contrary to CWA affirmative statements made to potential investors in the course of borrowing money. As set out in its bond report distributed to potential investors CWA states that member agencies are not responsible for any debt and are not obligated to pay for any set amounts of water. For example, just a few months ago, the CWA Board adopted Resolution 2022-02 authorizing the issuance of \$170M in debt. Included in the Official Statement for this financing are principles from CWA’s policy on member agency obligation for the debt, including the following statements:

NEITHER THE PAYMENT OF PRINCIPAL NOR INTEREST ON THE 2022A BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE WATER AUTHORITY OR ANY OF THE PUBLIC AGENCIES WHO ARE PARTIES TO THE AGREEMENT CREATING THE AGENCY.

(Official Statement Page 3, (capitalization in the original.)

Except as set forth in the next sentence, the Water Authority’s member agencies are not contractually or otherwise required to order and pay for any set amounts of water from the Water Authority.

(Official Statement Page A-6.) Notably the sentence which immediately follows the above, describes the unique obligations of Carlsbad and Vallecitos regarding their direct desalinated water deliveries).

D. Conclusion

In conclusion, the Districts’ urge the Commission to follow the law—here the statutory requirements—applicable to a detachment from a county water authority, like the Districts’

proposed detachments from CWA. If equity is what the Commission seeks, it should bear in mind that should the Districts successfully detach, they will leave on the table the following:

- Their proportionate share of CWA reserves which in total amounts to nearly \$400M of which approximately 6.179% (or nearly \$25M were contributed by Fallbrook and Rainbow ratepayers).
- The value of all CWA infrastructure and other assets for which the Districts contributed over the past 75+ years, which infrastructure and assets will continue to be enjoyed by the remaining CWA agencies for years to come. Over this period, Fallbrook and Rainbow have contributed a combined approximate 6.17% of all CWA revenues which equates to over \$211M in asset value left behind. (SDCWA Annual Comprehensive Financial Report Fiscal Year ending June 30, 2021, p. 28.)
- Approximately \$40M of infrastructure to be constructed to finally connect the Districts to the CWA Emergency Storage Project—a project that has been in the works for over 20 years, and for which the Districts have financially contributed for over 20 years.

We also want to emphasize that from a practical standpoint if the Commission does impose an “exit fee” such as the one described in the Hanemann Report, it would be at a cost of approximately \$58/month for FPUD ratepayers to offset the approximately \$1 per month impact on other SDCWA ratepayers.

2. LAFCO Staff’s Summary of the Hanemann Report

A summary, by nature, is merely a brief overview of the ultimate conclusions reached by the author of the underlying document, and it cannot, and should not, be expected to include every point and counterpoint raised by the author. It is insincere for CWA to complain that Staff’s summary was misleading merely because the overall conclusions of the Hanemann Report, as accurately summarized by LAFCO staff, did not tend to support CWA’s arguments against Fallbrook and Rainbows applications for detachment. It is clear that CWA is not interested in an objective summary of the Hanemann Report, and instead, in an attempt to create a narrative more favorable to CWA, seemingly prefers to cherry pick portions of the Report which, in conjunction with extraneous information not present or referenced in the report.

We believe that it is clear to anyone that read the Hanemann Report in full that LAFCO Staff accurately summarized the conclusions therein. For example, with regard to “Water Supply Reliability” Staff correctly stated that the Hanemann Report concludes that both CWA and EMWD have reliable wholesale supplies, even though he found that CWA’s water supplies are marginally more reliable. These were not mutually exclusive conclusions reached by Dr. Hanemann. Although the Hanemann Report includes a discussion of the differences in CWA’s and EMWD’s water supplies, including their relative price and availability, the Report ultimately concludes that FPUD and RMWD will not have a less reliable wholesale water supply by joining EMWD, just a

potentially more expensive supply during droughts. (Hanemann Report, p. 83-98.) Dr. Hanemann plainly stated as much:

Q. Is it likely that FPUD and/or RMWD will find themselves running out of water if they detach from SDCWA and join EMWD?

A. While I believe that FPUD and RMWD are taking something of a gamble on supply reliability if they switch from SDCWA to EMWD, the gamble ultimately is *not one of running out of water* but, rather, paying a higher price than they had anticipated to get by in a drought.”

(Hanemann Report, p. 98 (emphasis added).) The Hanemann Report includes additional support for this conclusion, providing that “[f]or surface water users in Southern California (unlike some groundwater users) the risk is not that the tap runs dry but, rather, that a temporary solution in a drought emergency turns out to be a rather expensive proposition.” (Hanemann Report, p. 98.) Furthermore, staff’s conclusion that Hanemann Report did not find the reliability differences between CWA and EMWD to be substantive relative to industry standards is reasonable, especially given the Report’s discussion of MWD’s efforts to secure future supply from the Delta Conveyance Project (Hanemann Report, p. 88-89.)

Similarly, with regard to “Water Rates,” LAFCO Staff was correct in stating that the Hanemann Report concludes that the cost-savings to Fallbrook and Rainbow, if they detach from CWA and annex into EMWD, will be \$2.9 million and \$4.8 million in CY 2022, respectively, and generate a combined net annual savings of \$7.7 million, representing net savings of 35% for FPUD and 21% for RMWD. Dr. Hanemann clearly states he was not presenting a multi-year analysis of the financial impacts of detachment on CWA, FPUD, and RMWD because he felt “that there is now too much uncertainty about future water supply, future water demand, and future rate schedules to justify making a projection of the annual financial impact over the coming decade” and therefore “restrict[ed] [his] analysis to an estimate of the financial impact in CY 2022.” (Hanemann Report, p. 65.) Dr. Hanemann unequivocally concluded that the estimated cost-savings to FPUD and RMWD in CY 2022, if they switch wholesale providers, would be \$2.9 million and \$4.8 million, respectively, with a total cost savings of \$7.7 million. (Hanemann Report, p. 12, 72.)

Last, with regard to LAFCO Staff’s summary of the Hanemann Report’s conclusion on the “Exit Fee” issue, while we disagree with the conclusions, and believe that the recommendations are not authorized by law, LAFCO’s Staff’s summary of the Report’s conclusion was accurate.

3. CWA’s Continuous Stream of Letters

Fallbrook and Rainbow have determined that responding to each and every of the numerous CWA letters, such as CWA General Counsel’s letter of February 16, 2022 to Adam Wilson, is




futile. The Districts’ past exchanges of letters with CWA have failed to result in any resolution of the issues. These letters from CWA appear to be intended to continue the obfuscation of issues, very similar to the approach taken by CWA in Fallbrook’s and Rainbow’s previous attempts to discuss with CWA the issues around detachment for almost a year before filing the applications for detachment with LAFCO.

We want to communicate on the record, that CWA’s communications continue to allege that the Districts have not conducted legal analysis on issues of concern to the Districts, such as the so called “exit fee” discussed in this letter above, ignoring not only the analysis contained in the Fallbrook and Rainbow applications to LAFCO themselves, but also as the numerous submittals detailing legal issues and analysis submitted to LAFCO since the applications were filed. Examples of such submittals can be found on the San Diego LAFCO webpage dedicated to the processing of the Fallbrook and Rainbow application, and include the following: The Nossaman LLP Letter to Hanemann dated 9/29/21: <https://www.sdlafco.org/home/showpublisheddocument/5922/637684127802770000>


Taken as a whole, the record of our individual and collective legal analyses of the relevant issues have been submitted so that LAFCO Counsel can make an informed determination.

We thank the Commission and LAFCO Staff for its time, and look forward to having our detachment proposals formally considered by the Commission in the near term.

Sincerely,



 Lloyd W. Pellman
 Attorney for
 Rainbow Municipal Water District



 Paula de Sousa
 Attorney for
 Fallbrook Public Utility District

cc: Holly O. Whatley, LAFCO Counsel [hwhatley@chwlaw.us]

April 18, 2022

MEMBER AGENCIES

Carlsbad
Municipal Water District

City of Del Mar

City of Escondido

City of National City

City of Oceanside

City of Poway

City of San Diego

Fallbrook
Public Utility District

Helix Water District

Lakeside Water District

Olivenhain
Municipal Water District

Otay Water District

Padre Dam
Municipal Water District

Camp Pendleton
Marine Corps Base

Rainbow
Municipal Water District

Ramona
Municipal Water District

Rincon del Diablo
Municipal Water District

San Dieguito Water District

Santa Fe Irrigation District

South Bay Irrigation District

Vallecitos Water District

Valley Center
Municipal Water District

Vista Irrigation District

Yuima
Municipal Water District

OTHER
REPRESENTATIVE

County of San Diego

VIA EMAIL

Chair Desmond,
LAFCO Commissioners, and
Executive Officer Simonds
San Diego County Local Agency Formation Commission
2550 Fifth Avenue, Suite 725
San Diego, CA 92103

Re: April 11 Letter from Rainbow/Fallbrook Counsel

Dear Chair Desmond, LAFCO Commissioners and Executive Officer Simonds:

We are in receipt of the letter sent to you all from counsel for Rainbow and Fallbrook on April 11, 2022 (the "Letter"). This letter serves as the response by the Water Authority.

We cite in various instances below to our September, 2020, Response we filed at LAFCO, as that document refutes – in great detail – the erroneous assertions in the Letter. We urge the Commissioners, staff, and LAFCO counsel to carefully review that Response, as it was prepared at the outset of these proceedings at great expense by our agency for your use. What follows is a brief summary of some key points.

1. The County Water Authority Act Is Only One Part of The Applicable Law, And Does Not Mean What The Letter Claims

The Letter tells LAFCO that "the law must be the Commission's guide." The Water Authority agrees. However, the Letter only provides some of the law, and then ignores the plain meaning of the County Water Authority Act ("CWA Act"), adding text that does not exist in it.¹

First, the CWA Act is not the only applicable law here. Rainbow and Fallbrook are not just seeking to detach from the Water Authority. Rather, they are asking for detachment *and* annexation into Eastern *and* sphere of influence changes for both the Water Authority and Eastern. This clearly implicates more than just the CWA Act, as detachment is just one element in these reorganization applications.

What do the LAFCO statutes say? Here are a few important statutes counsel ignore:

¹ A full explication of the legal argument stated below is found at the Water Authority's Response filed in September of 2020 with LAFCO, at pages 152 *et seq.* Rainbow and Fallbrook's counsel well know what the Response says, but nonetheless ignore in their Letter all the LAFCO law cited in that Response.

LAFCO statutes generally govern, as stated in Government Code Section 56100(a), which provides:

Except as otherwise provided in Section 56036.5 and subdivision (b) of Section 56036.6, this division [the LAFCO Statutes] provides the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. All changes of organization and reorganizations shall be initiated, conducted, and completed in accordance with, and as provided in, this division.

LAFCO statutes allow the Commission to disapprove, approve, or approve with conditions reorganization requests, per Government Code Section 56375(a)(1):

[LAFCO may] review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the commission.

LAFCO statutes allow the Commission to impose any of a host of conditions on a reorganization request, as stated in Government Code Section 56886:

Any change of organization or reorganization may provide for, or be made subject to one or more of, the following terms and conditions.

LAFCO statutes allow a broad range of financial and other conditions, per Government Code Section 56886, including:

The "levying or fixing and the collection of any of the following, for the purpose of providing for any payment required pursuant to subdivision (a): (1) Special, extraordinary, or additional taxes or assessments; (2) Special, extraordinary, or additional service charges, rentals, or rates; (3) Both taxes or assessments and service charges, rentals, or rates."

Payment for outstanding "bonds, *including revenue bonds*, or other contracts or obligations" and taxes by "imposition, exemption, transfer, division, or apportionment." (Emphasis added.)

"Any other matters necessary or incidental to any of the terms and conditions specified in this section."

LAFCO statutes have a detachment section that includes a broad range of obligations to be covered, including revenue bonds, per Government Code Section 57354:

[Detaching areas] "continue to be liable for the payment of principal, interest, and any other amounts which become due on account of any bonds, *including revenue bonds*, or other contracts or obligations of the district and any improvement district within which the detached territory has been situated, as are outstanding on the effective date of detachment. It shall be subject to the levying or fixing and collection of any of the following which may be necessary to provide for that payment: (a) taxes or assessments; (b) service charges, rentals, or rates; (c) Both taxes or assessments and service charges, rentals, or rates."

Therefore, contrary to counsels' Letter, LAFCO clearly has both authority and responsibility under LAFCO law to do what is fair and correct for all ratepayers in the County. The Letter purposefully addresses none of these laws, so as to lead the Commissioners to believe they are powerless to do anything but what Rainbow and Fallbrook demand.

Second, counsels' interpretation of the County Water Authority Act is in error. The Letter asserts that, "the CWA Act requires that property taxes pledged to repay existing debt and other obligations assessed on properties within detaching districts continue to be assessed until the debt is discharged." Letter, page 2. But this is not what the CWA Act says. It nowhere states that only pre-existing property taxes can continue, and nothing else. That is simply text that Fallbrook and Rainbow would like to graft onto the CWA Act. The CWA Act clearly states that the departing lands "continue to be *taxable* by the county water authority for the purpose of paying the *bonded and other indebtedness of the county water authority outstanding or contracted for* at the time of the exclusion" "Taxable" does not mean it must have already been taxed (though it might have been). Instead, it means it *can be taxed*. This is the same type of intent seen in Government Code Section 57354 quoted above that says "continue to be liable."²

The clear intent of these laws is to make sure that areas which want to "exit stage left" have to pay their fair share, because otherwise the remaining agencies would have to shoulder an unfair portion of costs already incurred. This is the way Dr. Hanemann phrased it in his report:

"The question confronting LAFCO is whether two SDCWA member agencies with a distinctive set of needs and situated at a distinctive location should be allowed to walk away scot-free, entirely unencumbered by any of the financial commitments that SDCWA has assumed on behalf of its member agencies." (Hanemann Report, p.13)

The Water Authority's interpretation is that both the CWA Act and the LAFCO statutes answer that question: no – the law does not allow agencies to leave obligations incurred on their behalf scot-free.³ To find to the contrary would impact all of the remaining member agencies and ratepayers across San Diego County, violating the letter and intent of the applicable laws.⁴

² See our Response at pages 161-169 for a full discussion of these issues.

³ The attempt by Rainbow and Fallbrook to exempt revenue bonds by their interpretation of the CWA Act is a "scot-free" escape maneuver. The CWA Act does not exempt revenue bonds when it says "bonds," of which revenue bonds are just a type. The LAFCO statutes, written more recently at a time when revenue bonds became more common, specifically includes them in the term "bonds," and rightfully so, given the shift from reliance on ad valorem property taxes and general obligation bonds to revenue bond financing.

⁴ Rainbow and Fallbrook attempt to play down the financial impact by arguing that their leaving would only result in "\$1 per month impact on other SDCWA ratepayers." Letter, p.5. LAFCO staff have previously identified numbers much higher than this, but the argument itself is demeaning. Just because Rainbow and Fallbrook say that \$1 a month means nothing does not mean a struggling family in our service area would agree, or that the \$1 monthly charge to pay Fallbrook and Rainbow costs is the only cost increase those families are facing. In the face of inflation and rising gas, food, housing, prescription drugs and utility costs and more, why would families choose to give up even one of their precious dollars so that Rainbow and Fallbrook can change their minds and the course set more than 25-years ago to provide a reliable water supply to their customers? For most people, every penny counts.

Finally, we note what is the most important aspect of this proceeding that the Letter totally ignores: LAFCO should never reach the question of an “exit fee” at all. The applications ask LAFCO to approve Rainbow and Fallbrook moving to Eastern in Riverside County. Not only would this disrupt decades of water planning in San Diego County, it would take our County’s voting rights at MWD and move them to Eastern. This is directly contrary to the interests of all water ratepayers and taxpayers in San Diego County. Eastern has been, and continues to be, an adverse litigant trying to stop the refund of overcharges by MWD for the benefit of all San Diego County ratepayers. Its MWD board representative regularly votes against San Diego County’s interests at MWD. With many recent votes at MWD being by razor-thin margins, increasing Eastern’s voting power at the expense of San Diego County is directly harmful to our entire County, and LAFCO should not countenance such a result.

As shown above, LAFCO has the statutory ability to disapprove the applications. It should do so, and therefore never reach the issue of an “exit fee.”

2. The Hanemann Report Speaks for Itself

The Letter attacks the Water Authority’s comment that the staff “cliff notes” summary of the Hanemann Report was in error. It was not in error. Staff claimed that Dr. Hanemann had concluded that under “industry standards” there was no meaningful difference in reliability between the Water Authority and MWD. This was completely incorrect, and nowhere did Dr. Hanemann say any such thing. Instead, as we pointed out in detail previously, he said the converse: that there is a meaningful difference in reliability between the two agencies.⁵ Indeed, that is precisely why he said that the applications were a “gamble” for Rainbow and Fallbrook ratepayers, because when water runs short MWD water will come at a much higher price. Today, MWD is already facing a situation where it may be *unable to obtain the water it needs at any price*.⁶

It is worth pointing out that the Water Authority, and not Rainbow and Fallbrook, has been repeatedly asking LAFCO to ensure the Hanemann Report is provided to ratepayers in their service areas. In any case, the Commissioners need not subject themselves to endless arguments between counsel as to what the Hanemann Report says. Go read it and make your own judgments.

⁵ MWD has made clear in its approved [budget](#) that it must make substantial investments in order for its water supply to be reliable, that those investments will be expensive and that rate increases will be needed to pay for them. Dr. Hanemann presented this in detail in his report, explaining that the Water Authority’s rates are higher today because it is ahead of MWD in the investment cycle needed for a reliable supply of water. Hanemann Report, p.51.

⁶ MWD is already in the process of both restricting water use in parts of its service area to health and safety needs and imposing \$2,000 fines for using more water than allocated. MWD has also directed its staff to go out and try and find more water across the State due to State Water Project cutbacks and delivery of only 5%. One need only turn on the television or go online to follow news reports of the historic drought now gripping the State of California and Southwest. This is already fulfilling Dr. Hanemann’s prediction, and it is long past time for Fallbrook and Rainbow to level with their customers about the nature and extent of the gamble they are taking if LAFCO should approve these applications.

3. Conclusion

This proceeding has been difficult, and will no doubt continue to be so. Rainbow and Fallbrook have chosen to seek radical and controversial changes to the highly successful planning and management of water in San Diego County. It should not surprise anyone that their applications create many difficulties for all.

The only thing any of the parties can ask for from the Commission is a fair and impartial review of all of the relevant facts and the law, a full and complete hearing on all material matters, and a result that is in accord with those parameters.

The Water Authority thanks the Commission for its continued efforts in this regard.

Sincerely,



Mark J. Hattam
General Counsel

cc via email:

Holly Whatley, LAFCO General Counsel
Adam Wilson, Ad Hoc Committee Moderator
Sandra L. Kerl, General Manager, San Diego County Water Authority
Claire Collins, Counsel, San Diego County Water Authority
Jack Bebee, General Manager, Fallbrook PUD
Paula C. P. de Sousa, Counsel, Fallbrook PUD
Nick Kanetis, Deputy General Manager, Eastern MWD
Tom Kennedy, General Manager, Rainbow MWD
Lloyd Pellman, Counsel, Rainbow MWD
Water Authority Board of Directors

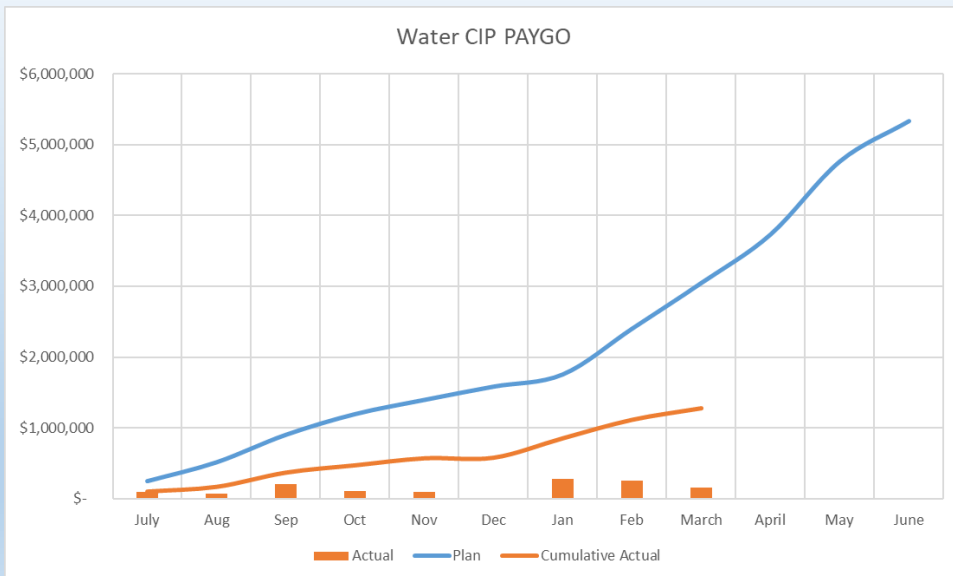


Fallbrook Public Utility District

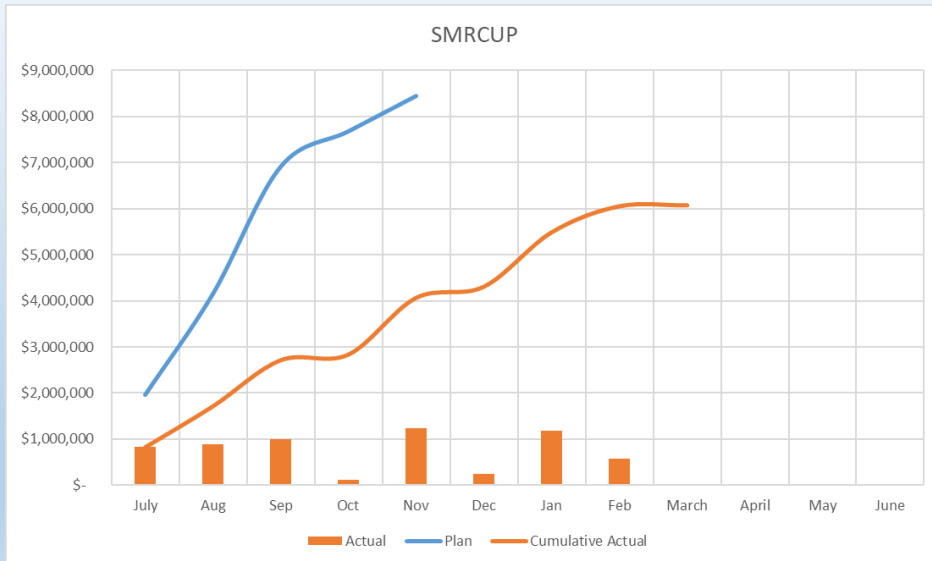
Engineering and Operations FY22

Board Meeting Apr 2022

Water PAYGO CIP FY22

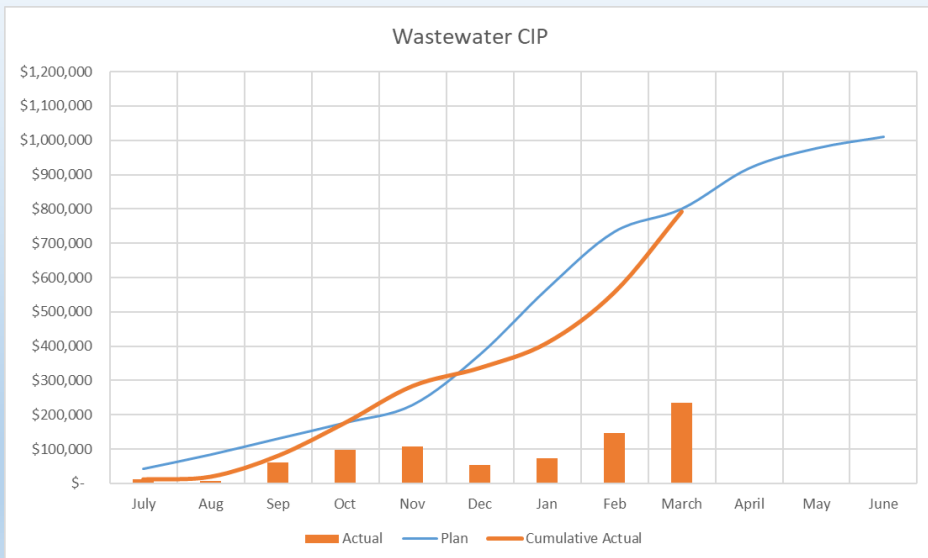


Water SMRCUP CIP FY22



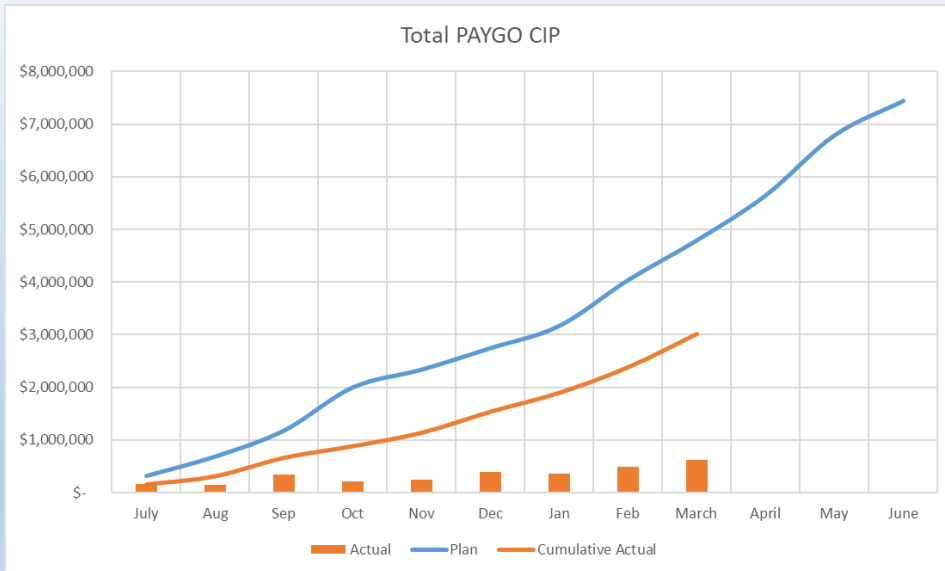
3

Wastewater System CIP FY22



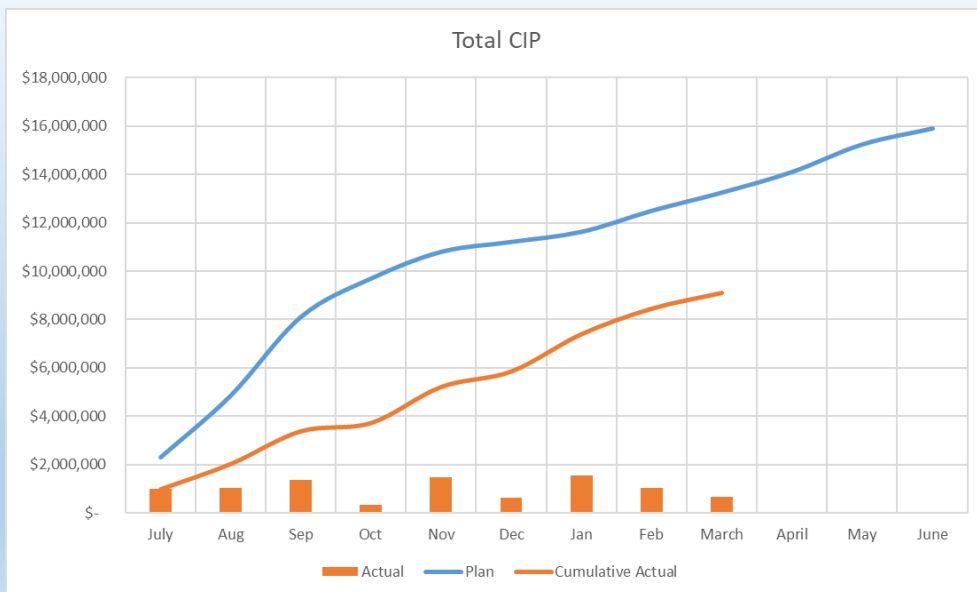
4

Total PAYGO CIP FY22



5

Total CIP FY22



6

Wastewater Treatment

Reclamation Plant

Recycled Water

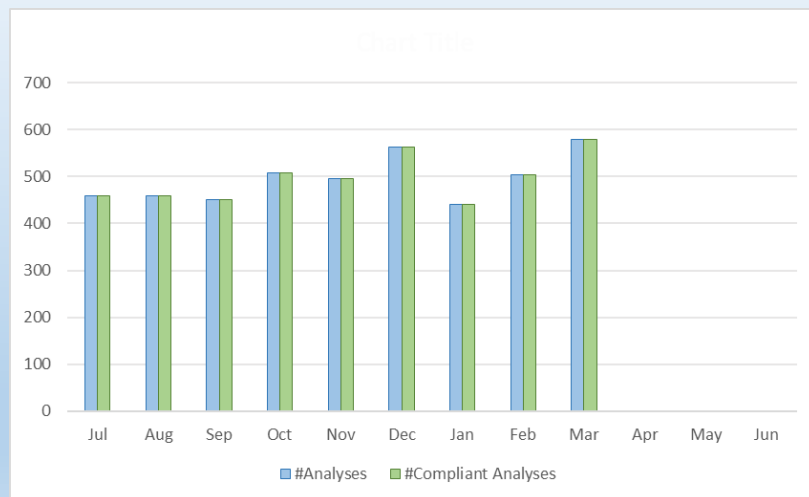
- Wastewater System Violations
- Reclamation Plant PMs Completed
- Energy Cost per MG
- Recycled Water – Time Out of Service

7

Wastewater Treatment System Regulatory Compliance

**SRWQCB
Compliance:**
NPDES
WDR

**Analyses
performed:**
Daily
Monthly
Quarterly
Semi-annually
Annually

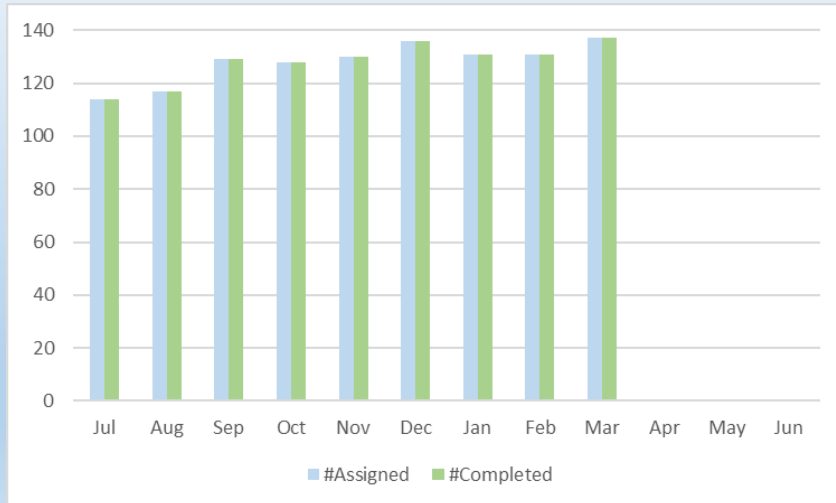


8

Reclamation Plant – Preventative Maintenance Work Orders

Equipment Service/Inspection

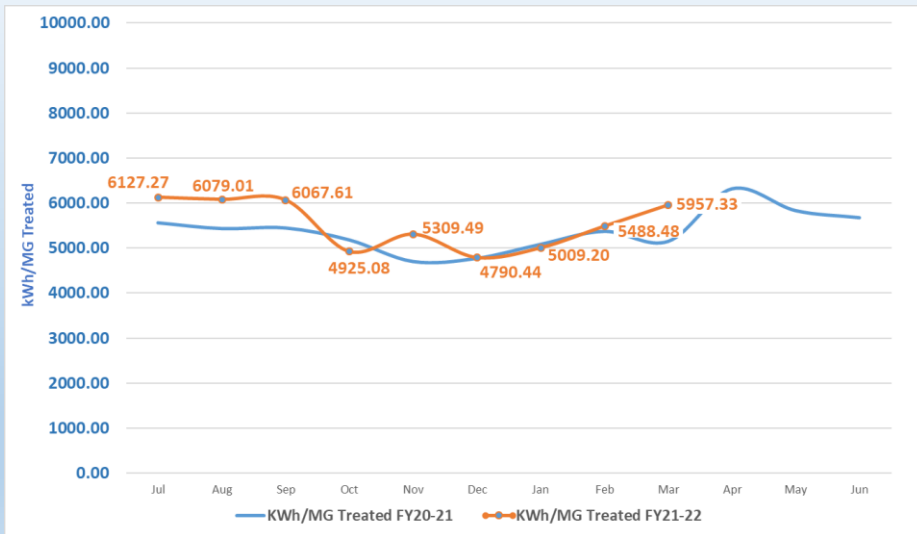
Site Maintenance



9

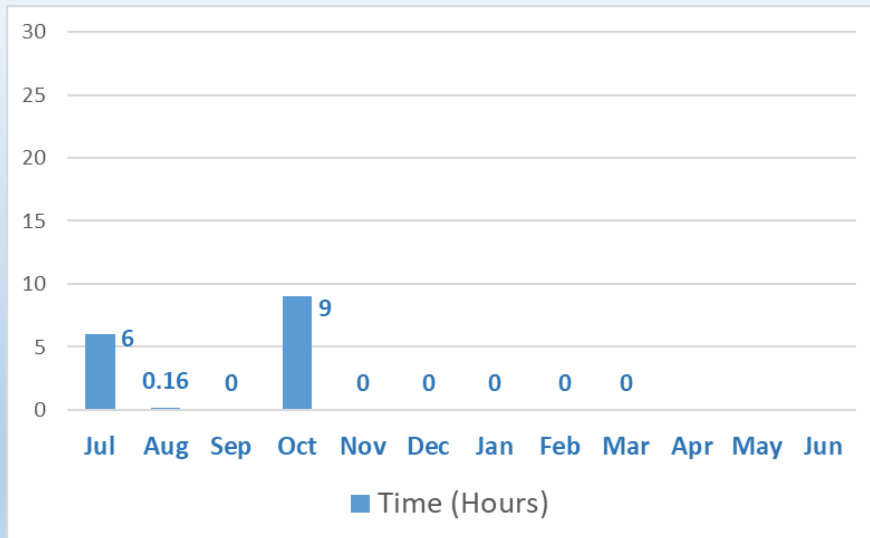
Formula =
 $\frac{\text{Total Plant Energy Demand}}{\text{MG Treated Flow}}$

Reclamation Plant – Energy Usage (KWh/MG Treated)



10

Recycled Water – Time out of Service (Hours)



11

Water Operations

Regulatory Compliance

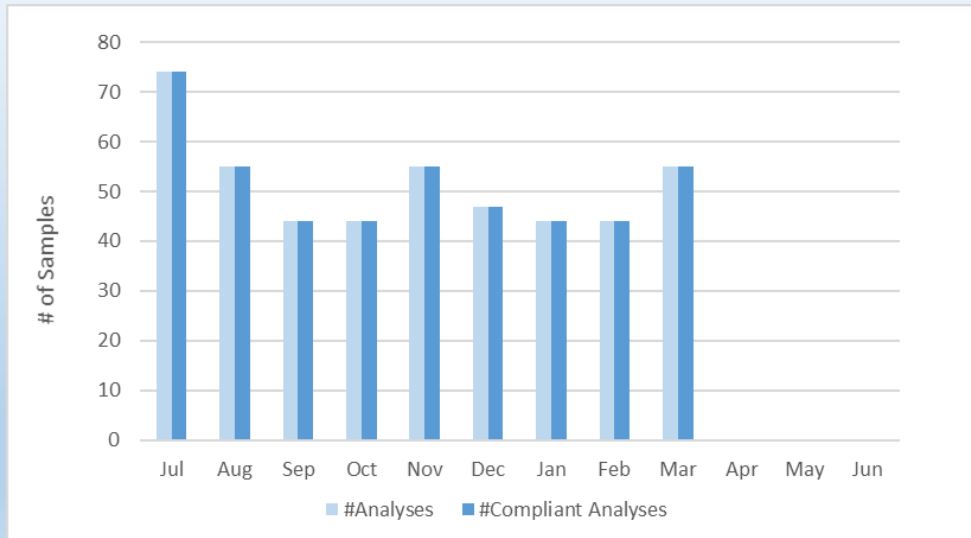
Preventative Maintenance Work Orders

CUP Deliveries

12

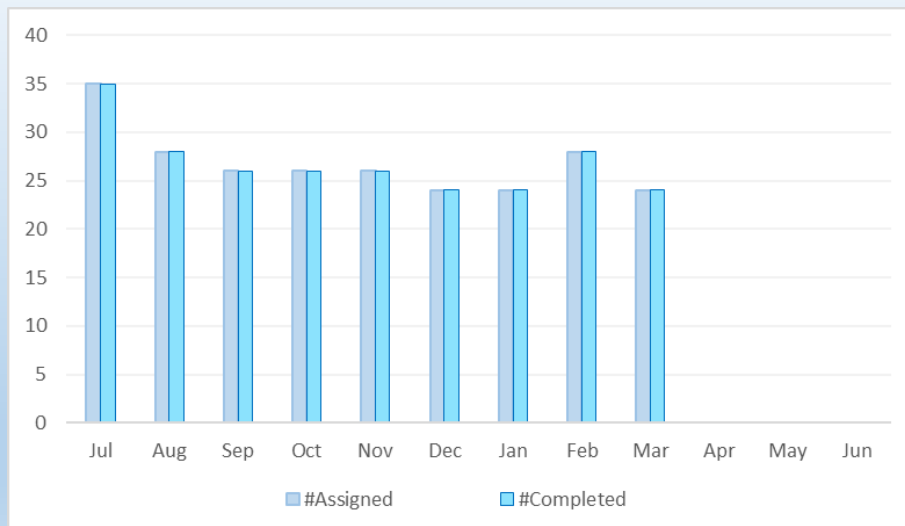
Water System Regulatory Compliance

- UV Plant Operation
- Routine Sampling



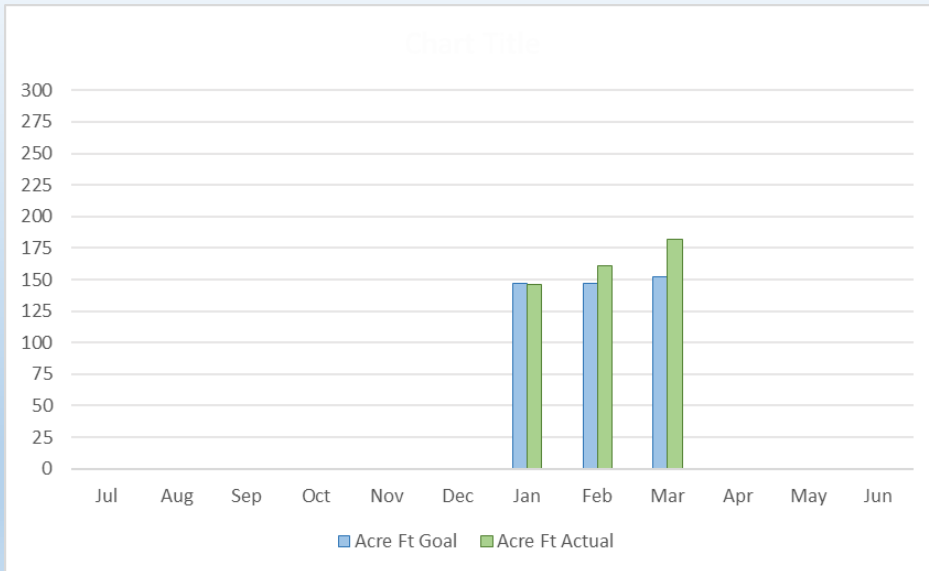
13

Water Preventative Maintenance Work Orders



14

CUP Deliveries



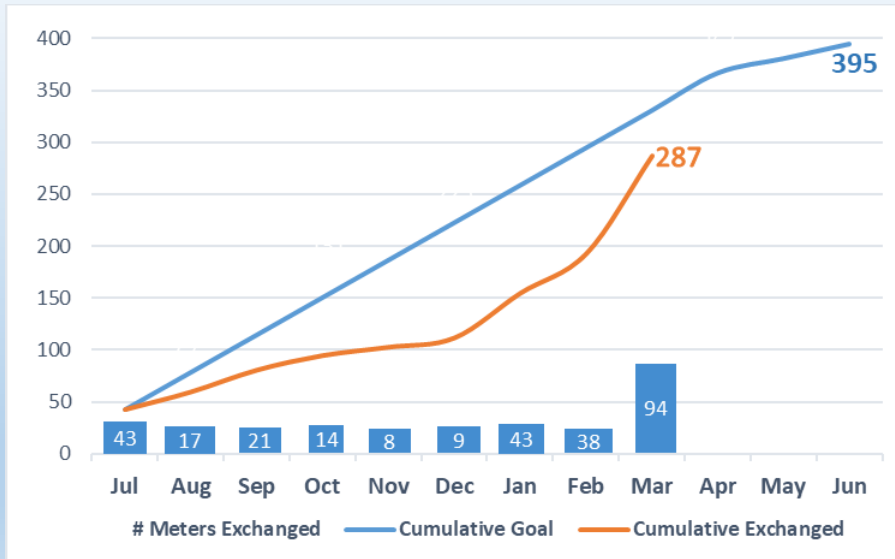
15

Meter Services

Meter Exchange Program

16

Meter Exchange



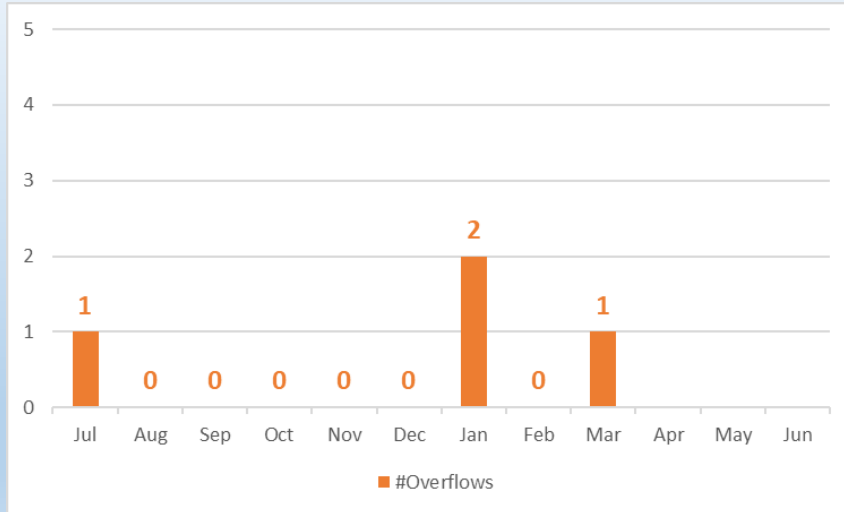
17

Wastewater Collections

Total Wastewater Spilled
Non-Recovered Wastewater Spilled
Odor Complaints

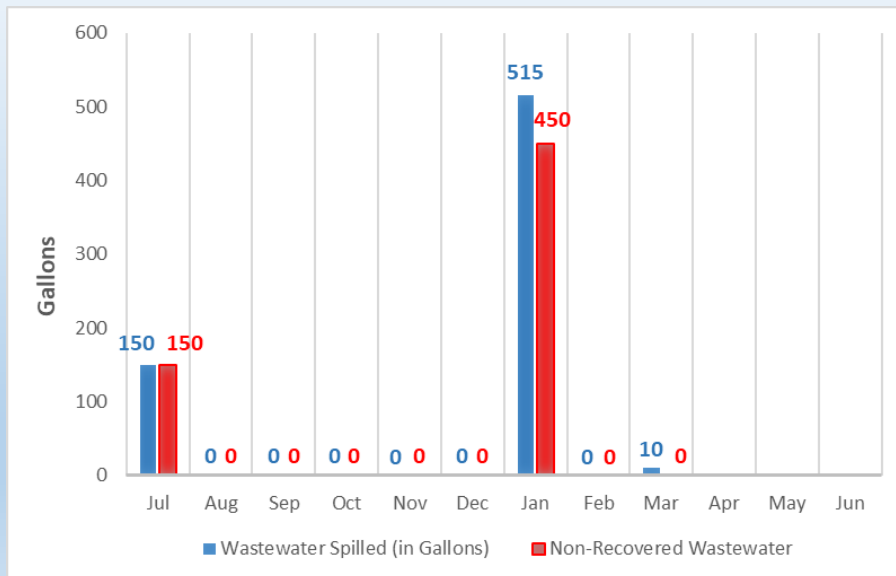
18

Wastewater Collections Sewer Overflows



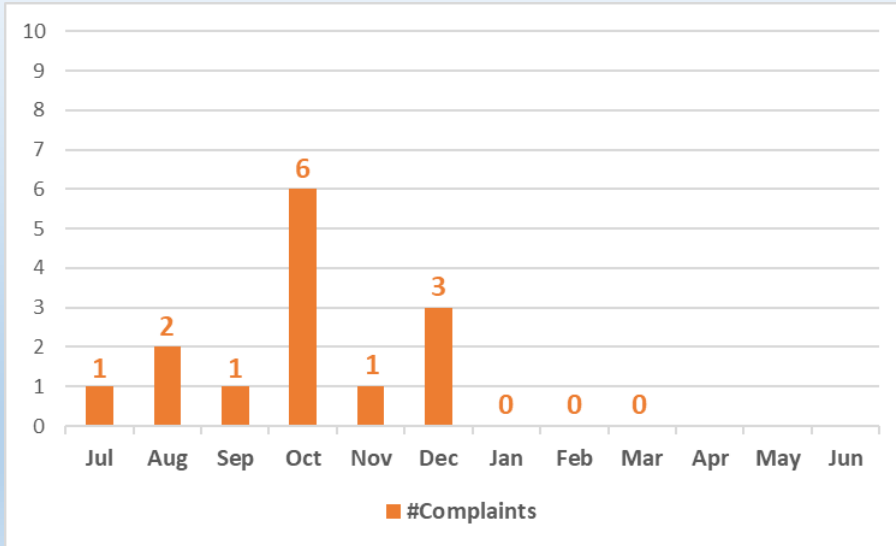
19

Wastewater Collections Wastewater Spilled



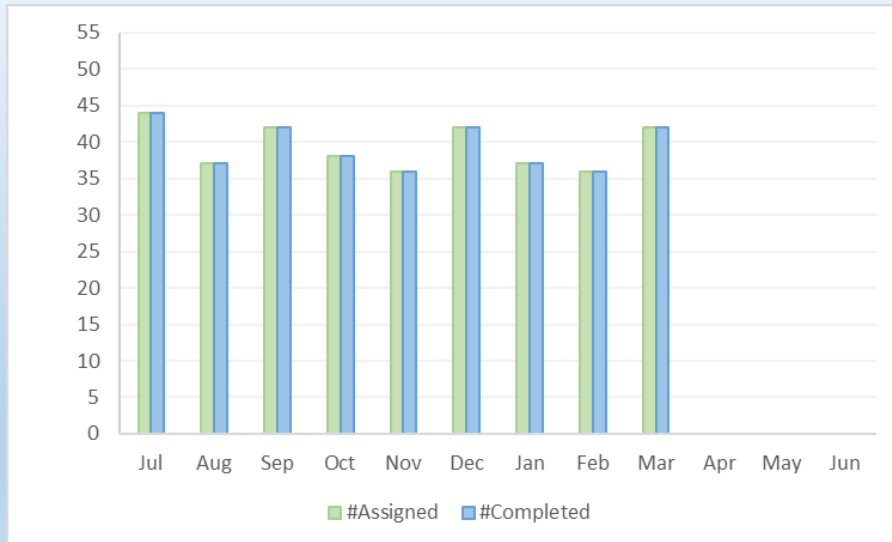
20

Reclamation Plant & Wastewater Collections Odor Complaints



21

Wastewater Collections – Preventative Maintenance Work Orders



22

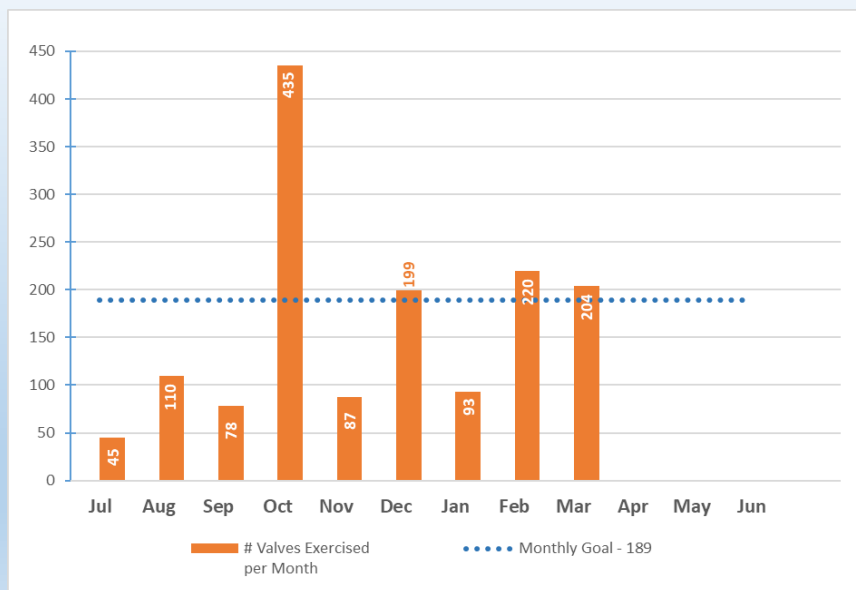
Construction/Maintenance

- Efforts continue in replacing valves with the greatest impact on water loss and customer outages during large main breaks.
- With new valves, crews will be capable of shutting down smaller controlled areas faster, impacting fewer customers while losing less water and completing repairs sooner.
- Our goal is to replace 100 valves per year. FY22, 32 valves have been replaced through March 2022. We currently have 6821 valves in the system with 165 known to be broken.

23

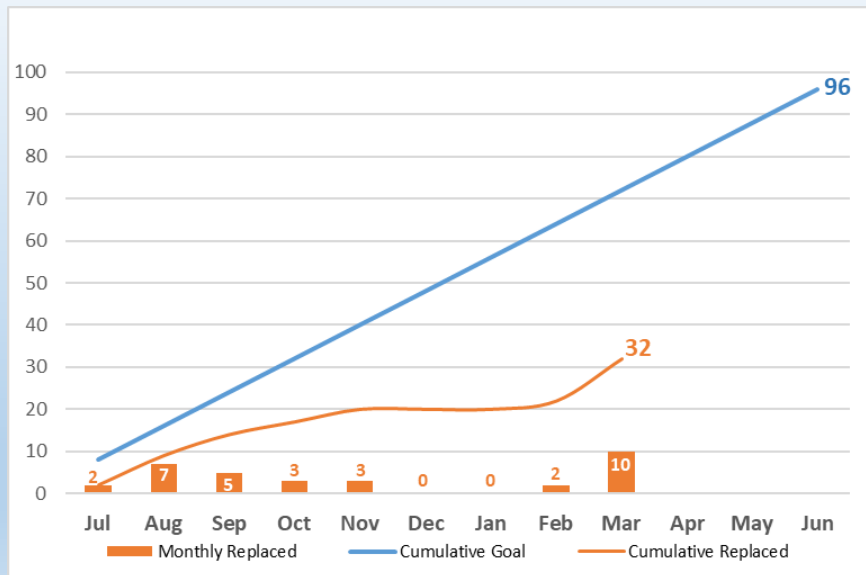
Main Line Valve Exercise Program

- Improve reliability
- Reduce impact of planned and emergency shutdowns



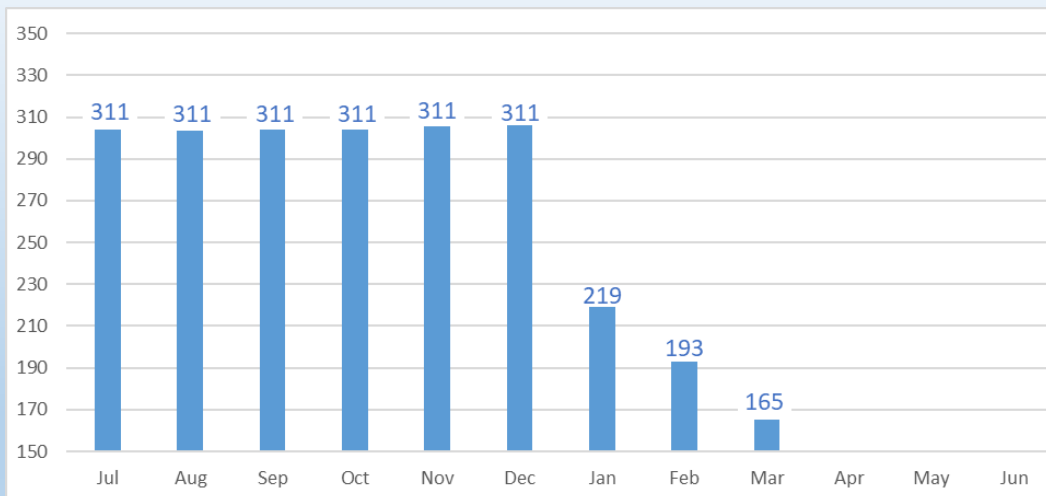
24

Main Line Valves Replaced



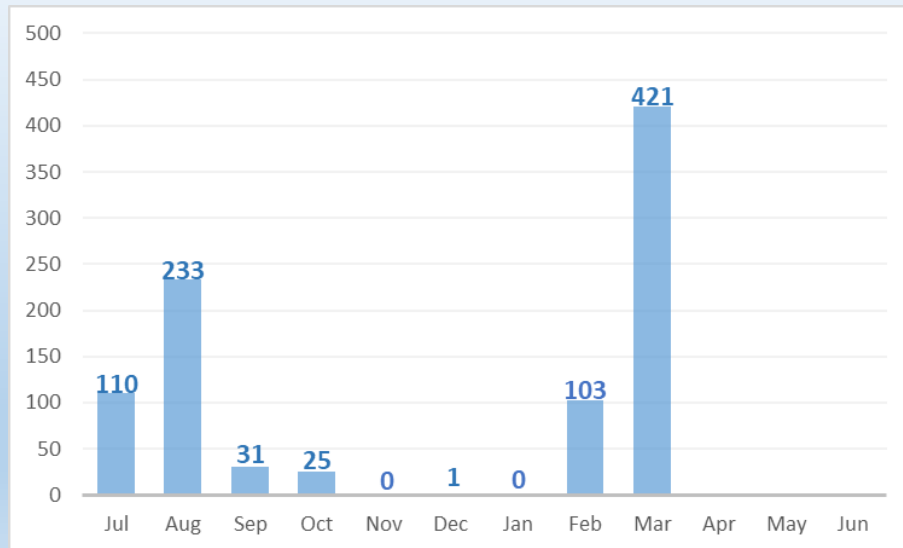
25

Rolling Total Broken Valves (4" and above)



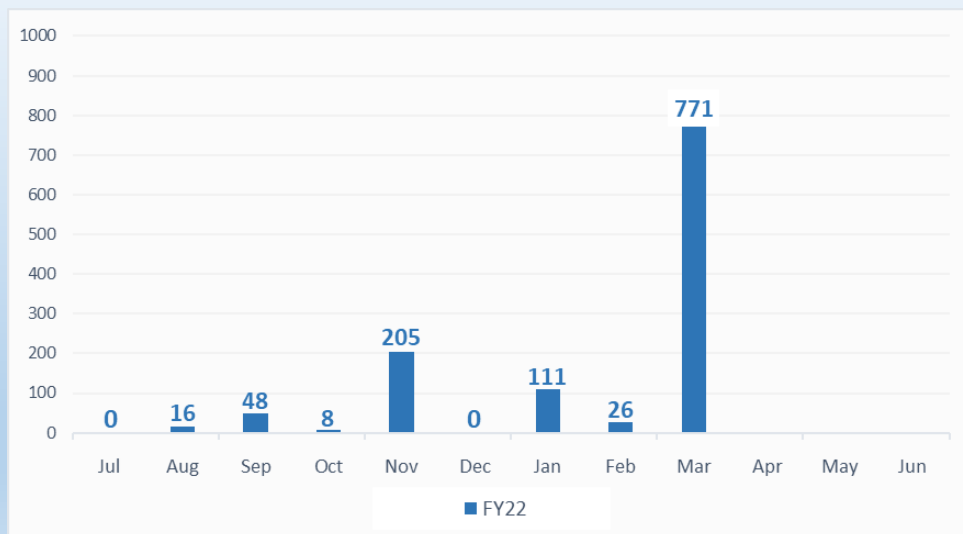
26

Planned Water Outages > 4 Hours # of Customers Affected



27

Unplanned Water Outages > 4 Hours # of Customers Affected



28

M E M O

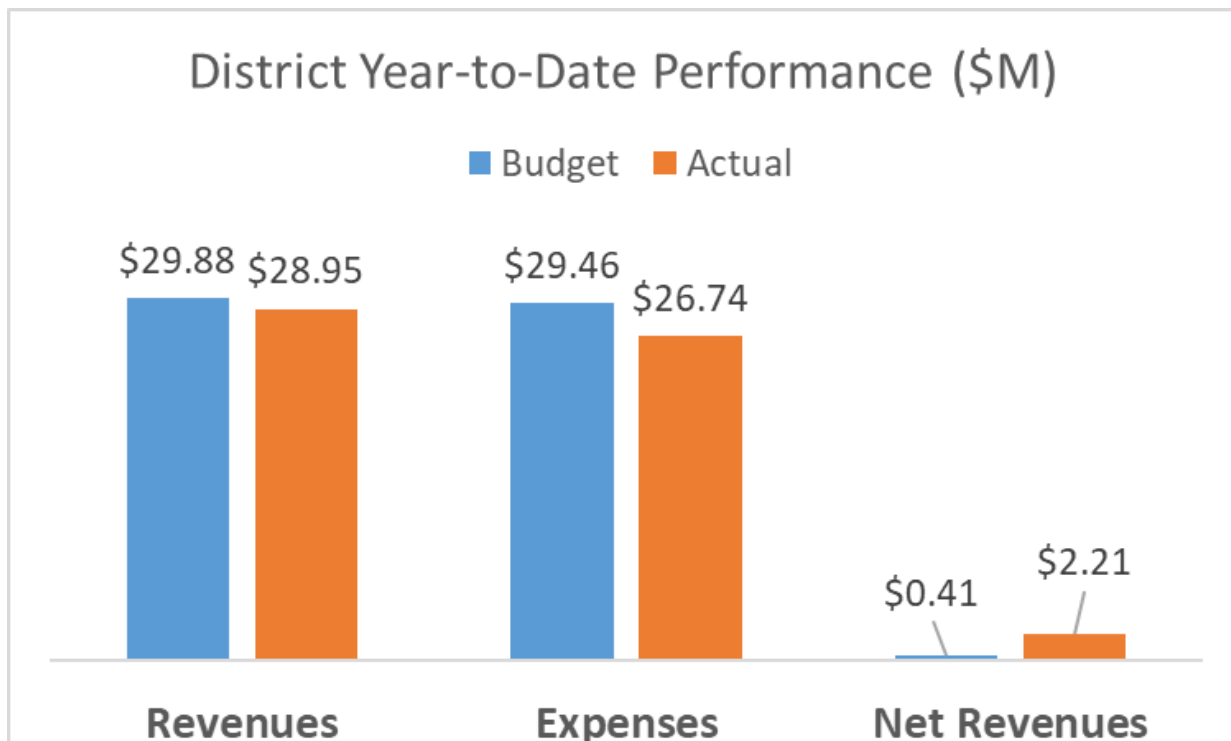
TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: April 25, 2022
SUBJECT: Financial Summary Report – March

Purpose

Provide an overview of changes in the District's financial position.

Summary

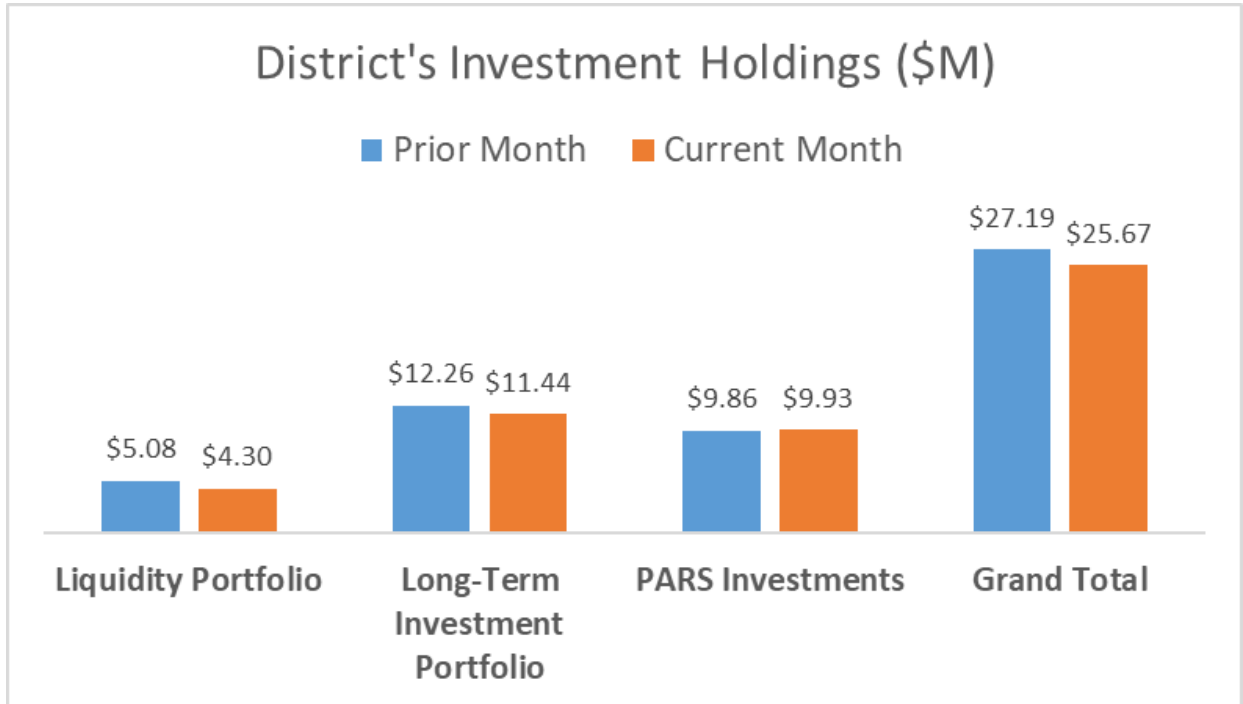
The graph below shows the District's year-to-date Revenues, Expenditures and Net revenues.



Revenues are on budget while expenditures continue to diverge from the Budget levels. These trends are driving net revenues to be slightly better than budgeted. Non-operating revenues are higher than budget driven by the receipt of the second refund check issued by the San Diego County Water Authority (SDCWA) and grant funds from the State Arrearages Program. With PayGo CIP expected to ramp up this spring, net revenues are expected to trend towards budget levels. Water sales are expected to continue to trend under budgeted levels. Staff are carefully tracking the District's financial position. After

adjusting for expected State reimbursement, Net Revenue is trending better than Budget largely due to CIP underspending.

The graph below shows the District's bank holdings reported in the Treasurer's Report at the end of the current and prior month.



Overall the District's financial holdings decreased driven by PAYGO CIP and SMCUP Project costs. The District's Long-Term Investment Portfolio also shows a reduced market value due to the rising interest rates. The District's PARS investments reflect recent market volatility. Overall these investments continue to perform in line with the capital markets.

Recommended Action

This item is for discussion only. No action is required.

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: April 25, 2022
SUBJECT: Treasurer's Report

Purpose

Provide the March 2022 Treasurer's Report. Confirm that the District's investment portfolio is in compliance with the Investment Policy and that the District is able to meet the expenditure requirements for the next 6-months.

Notes

The outstanding reimbursements due from the State increased this month. With the SMCUP project nearing completion, the monthly expenditures have dropped to a more manageable level but reimbursement continues to lag significantly. The District deposited \$100,000 into the Pension Trust and also made payments on capital projects that are not reimbursable. The District continues to carefully manage its working capital to ensure its ability to meet its financial commitments.

Summary

Treasurer's Report March 31, 2022

Account	Beginning Balance	Ending Balance
Operating Fund	\$ 5,000	\$ 6,003
Money Market	\$ 3,255,389	\$ 2,482,563
CAMP Account	\$ 1,815,996	\$ 1,816,386
<i>District's Liquidity Portfolio</i>	\$ 5,076,385	\$ 4,304,952
PFM Managed Long-term Investment Portfolio*	\$ 11,056,434	\$ 10,836,649
LAIF (Long-term Reserves)	\$ 1,198,809	\$ 603,809
PARS (OPEB & Pension Trust)**	\$ 9,855,388	\$ 9,929,199
<i>District Accounts Total</i>	\$ 27,187,016	\$ 25,674,610

*\$6.21M of funds are from the sale of the Santa Margarita properties.

**\$3.78M of funds are from the sale of the Santa Margarita Properties.

Dave Shank
April 25, 2022



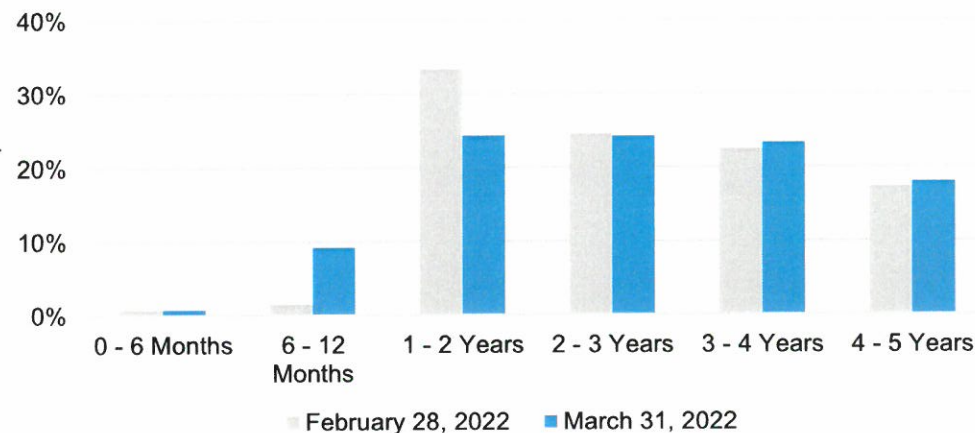
Fallbrook Public Utilities District - Holdings Summary

Security Type	February 28, 2022	March 31, 2022	Change (\$)	Change (%)
U.S. Treasury	\$8,235,303.10	\$7,882,175.76	(\$353,127.34)	-4.3%
Municipal	\$112,397.55	\$107,255.90	(\$5,141.65)	-4.6%
Federal Agency CMO	\$83,151.82	\$80,554.60	(\$2,597.22)	-3.1%
Corporate Note	\$2,172,343.49	\$2,291,153.30	\$118,809.81	5.5%
Asset-Backed Security	\$439,852.38	\$475,509.67	\$35,657.29	8.1%
Securities Total	\$11,043,048.34	\$10,836,649.23	(\$206,399.11)	< 0.1%
Money Market Fund	\$13,386.03	\$29,911.85	\$16,525.82	123.5%
Total Investments	\$11,056,434.37	\$10,866,561.08	(\$189,873.29)	-1.7%

Summary

FY 21-22 Accrual Earnings	\$151,489.44
Yield to Maturity at Cost	1.30%
Weighted Average Maturity (Years)	2.64

Maturity Distribution



Security market values, excluding accrued interest, as on last day of month.

Managed Account Security Transactions & Interest

For the Month Ending March 31, 2022

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
BUY										
03/01/22	03/03/22	HONEYWELL INTERNATIONAL (CALLABLE) CORP DTD 08/16/2021 1.100% 03/01/2027	438516CE4	70,000.00	(66,729.60)	(4.28)	(66,733.88)			
03/09/22	03/16/22	HART 2022-A A3 DTD 03/16/2022 2.220% 10/15/2026	448977AD0	55,000.00	(54,997.88)	0.00	(54,997.88)			
03/10/22	03/14/22	TRUIST FINANCIAL CORP NOTES (CALLABLE) DTD 03/02/2021 1.267% 03/02/2027	89788MAD4	85,000.00	(79,866.00)	(35.90)	(79,901.90)			
03/24/22	03/28/22	HOME DEPOT INC CORPORATE NOTES DTD 03/28/2022 2.700% 04/15/2025	437076CM2	10,000.00	(9,982.50)	0.00	(9,982.50)			
Transaction Type Sub-Total				220,000.00	(211,575.98)	(40.18)	(211,616.16)			
INTEREST										
03/01/22	03/01/22	CITIGROUP INC CORP NOTES DTD 02/20/2013 3.375% 03/01/2023	172967GL9	150,000.00	0.00	2,531.25	2,531.25			
03/01/22	03/01/22	MONEY MARKET FUND	MONEY0002	0.00	0.00	0.18	0.18			
03/01/22	03/25/22	FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/01/2022	3137BM6P6	82,841.37	0.00	213.32	213.32			
03/10/22	03/10/22	GOLDMAN SACHS GROUP INC CORPORATE NOTES DTD 06/10/2021 0.657% 09/10/2024	38141GYE8	40,000.00	0.00	131.40	131.40			
03/10/22	03/10/22	JOHN DEERE CAPITAL CORP CORPORATE NOTES DTD 09/10/2021 0.625% 09/10/2024	24422EVU0	35,000.00	0.00	109.38	109.38			
03/15/22	03/15/22	COPAR 2019-1 A3 DTD 05/30/2019 2.510% 11/15/2023	14042WAC4	9,582.70	0.00	20.04	20.04			
03/15/22	03/15/22	DCENT 2021-A1 A1 DTD 09/27/2021 0.580% 09/15/2026	254683CP8	70,000.00	0.00	33.83	33.83			
03/15/22	03/15/22	CARMX 2021-3 A3 DTD 07/28/2021 0.550% 06/15/2026	14317DAC4	65,000.00	0.00	29.79	29.79			
03/15/22	03/15/22	JDOT 2019-B A3 DTD 07/24/2019 2.210% 12/15/2023	477870AC3	9,224.03	0.00	16.99	16.99			
03/15/22	03/15/22	MBALT 2019-B A3 DTD 11/20/2019 2.000% 10/17/2022	58769OAC5	3,140.49	0.00	5.23	5.23			

Managed Account Security Transactions & Interest

For the Month Ending March 31, 2022

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	03/15/22	03/15/22	FORDO 2022-A A3 DTD 01/24/2022 1.290% 06/15/2026	345286AC2	40,000.00	0.00	43.00	43.00			
	03/15/22	03/15/22	WOART 2021-D A3 DTD 11/03/2021 0.810% 10/15/2026	98163KAC6	35,000.00	0.00	23.63	23.63			
	03/15/22	03/15/22	UNITEDHEALTH GROUP INC CORP NOTES DTD 02/28/2013 2.875% 03/15/2023	91324PCC4	100,000.00	0.00	1,437.50	1,437.50			
	03/15/22	03/15/22	COMET 2021-A3 A3 DTD 11/30/2021 1.040% 11/16/2026	14041NFY2	70,000.00	0.00	60.67	60.67			
	03/15/22	03/15/22	NY ST URBAN DEV CORP TXBL REV BONDS DTD 10/21/2021 1.310% 03/15/2026	64985TDC2	115,000.00	0.00	602.60	602.60			
	03/16/22	03/16/22	GMCAR 2021-4 A3 DTD 10/21/2021 0.680% 09/16/2026	362554AC1	30,000.00	0.00	17.00	17.00			
	03/16/22	03/16/22	GMCAR 2022-1 A3 DTD 01/19/2022 1.260% 11/16/2026	380146AC4	20,000.00	0.00	21.00	21.00			
	03/16/22	03/16/22	GM FINANCIAL SECURITIZED TERM DTD 07/24/2019 2.180% 04/16/2024	36257PAD0	16,332.90	0.00	29.67	29.67			
	03/20/22	03/20/22	GMALT 2021-3 A4 DTD 08/18/2021 0.500% 07/21/2025	36262XAD6	25,000.00	0.00	10.42	10.42			
	03/21/22	03/21/22	HAROT 2021-4 A3 DTD 11/24/2021 0.880% 01/21/2026	43815GAC3	35,000.00	0.00	25.67	25.67			
	03/21/22	03/21/22	HAROT 2019-2 A3 DTD 05/29/2019 2.520% 06/21/2023	43815MAC0	19,822.85	0.00	41.63	41.63			
	03/31/22	03/31/22	US TREASURY NOTES DTD 09/30/2020 0.250% 09/30/2025	91282CAM3	500,000.00	0.00	625.00	625.00			
	03/31/22	03/31/22	US TREASURY NOTES DTD 09/30/2021 0.250% 09/30/2023	91282CDA6	300,000.00	0.00	375.00	375.00			
	03/31/22	03/31/22	US TREASURY NOTES DTD 03/31/2016 1.500% 03/31/2023	912828Q29	750,000.00	0.00	5,625.00	5,625.00			
	03/31/22	03/31/22	US TREASURY N/B NOTES DTD 03/31/2021 0.750% 03/31/2026	91282CBT7	250,000.00	0.00	937.50	937.50			
	03/31/22	03/31/22	US TREASURY NOTES DTD 10/02/2017 2.125% 09/30/2024	912828Y5	400,000.00	0.00	4,250.00	4,250.00			

Managed Account Security Transactions & Interest

For the Month Ending March 31, 2022

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
03/31/22	03/31/22		US TREASURY NOTES DTD 03/31/2020 0.500% 03/31/2025	912828ZF0	250,000.00	0.00	625.00	625.00			
03/31/22	03/31/22		US TREASURY NOTES DTD 03/31/2017 2.125% 03/31/2024	912828W71	45,000.00	0.00	478.13	478.13			
Transaction Type Sub-Total					3,465,944.34	0.00	18,319.83	18,319.83			
PAYDOWNS											
03/01/22	03/25/22		FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/01/2022	3137BM6P6	2,436.90	2,436.90	0.00	2,436.90	(20.75)	0.00	
03/15/22	03/15/22		MBALT 2019-B A3 DTD 11/20/2019 2.000% 10/17/2022	58769OAC5	3,140.49	3,140.49	0.00	3,140.49	0.50	0.00	
03/15/22	03/15/22		COPAR 2019-1 A3 DTD 05/30/2019 2.510% 11/15/2023	14042WAC4	1,622.38	1,622.38	0.00	1,622.38	0.33	0.00	
03/15/22	03/15/22		JDOT 2019-B A3 DTD 07/24/2019 2.210% 12/15/2023	477870AC3	1,482.94	1,482.94	0.00	1,482.94	0.31	0.00	
03/16/22	03/16/22		GM FINANCIAL SECURITIZED TERM DTD 07/24/2019 2.180% 04/16/2024	36257PAD0	1,950.08	1,950.08	0.00	1,950.08	0.24	0.00	
03/21/22	03/21/22		HAROT 2019-2 A3 DTD 05/29/2019 2.520% 06/21/2023	43815MAC0	3,273.78	3,273.78	0.00	3,273.78	0.12	0.00	
Transaction Type Sub-Total					13,906.57	13,906.57	0.00	13,906.57	(19.25)	0.00	
SELL											
03/01/22	03/03/22		US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	60,000.00	60,604.69	218.37	60,823.06	2,125.78	885.89	FIFO
03/10/22	03/14/22		US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	50,000.00	50,402.34	214.26	50,616.60	1,669.92	628.17	FIFO
03/10/22	03/14/22		US TREASURY N/B NOTES DTD 07/15/2021 0.375% 07/15/2024	91282CCL3	35,000.00	33,846.09	21.03	33,867.12	(1,060.94)	(1,081.47)	FIFO
03/10/22	03/16/22		US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	50,000.00	50,388.67	220.13	50,608.80	1,656.25	612.95	FIFO
Transaction Type Sub-Total					195,000.00	195,241.79	673.79	195,915.58	4,391.01	1,045.54	

Managed Account Security Transactions & Interest

For the Month Ending **March 31, 2022**

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
Managed Account Sub-Total					(2,427.62)	18,953.44	16,525.82	4,371.76	1,045.54	
Total Security Transactions					(\$2,427.62)	\$18,953.44	\$16,525.82	\$4,371.76	\$1,045.54	



Account Statement

For the Month Ending **March 31, 2022**

Fallbrook Public Utility District - Liquidity - 6050-004

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					1,815,996.14
03/31/22	04/01/22	Accrual Income Div Reinvestment - Distributions	1.00	389.96	1,816,386.10
Closing Balance					1,816,386.10

	Month of March	Fiscal YTD July-March
Opening Balance	1,815,996.14	1,815,365.76
Purchases	389.96	1,020.34
Redemptions (Excl. Checks)	0.00	0.00
Check Disbursements	0.00	0.00
Closing Balance	1,816,386.10	1,816,386.10
Cash Dividends and Income	389.96	1,020.34

Closing Balance	1,816,386.10
Average Monthly Balance	1,816,008.72
Monthly Distribution Yield	0.25%



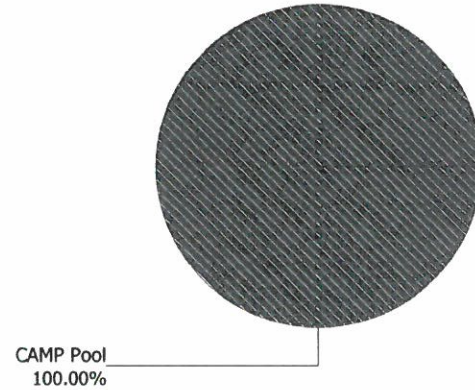
Account Statement - Transaction Summary

For the Month Ending **March 31, 2022**

Fallbrook Public Utility District - Liquidity - 6050-004

CAMP Pool	
Opening Market Value	1,815,996.14
Purchases	389.96
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	\$1,816,386.10
Cash Dividends and Income	389.96

Asset Summary		
	March 31, 2022	February 28, 2022
CAMP Pool	1,816,386.10	1,815,996.14
Total	\$1,816,386.10	\$1,815,996.14
Asset Allocation		



California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

April 01, 2022

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

FALLBROOK PUBLIC UTILITY DISTRICT

TREASURER
 P.O. BOX 2290
 FALLBROOK, CA 92088

[Tran Type Definitions](#)

Account Number: 85-37-001

March 2022 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
3/3/2022	3/2/2022	RW	1698482	N/A	DAVID SHANK	-186,000.00
3/10/2022	3/7/2022	RW	1698672	N/A	DAVID SHANK	-409,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	1,198,809.40
Total Withdrawal:	-595,000.00	Ending Balance:	603,809.40

FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust

Account Report for the Period
3/1/2022 to 3/31/2022

David Shank
Assistant General Manager/CFO
Fallbrook Public Utility District
990 East Mission Road
Fallbrook, CA 92028

Account Summary

Source	Balance as of 3/1/2022	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 3/31/2022
OPEB	\$1,225,940.68	\$0.00	-\$2,695.45	\$564.67	\$0.00	\$0.00	\$1,222,680.56
PENSION	\$8,629,447.16	\$100,000.00	-\$18,979.32	\$3,949.59	\$0.00	\$0.00	\$8,706,518.25
Totals	\$9,855,387.84	\$100,000.00	-\$21,674.77	\$4,514.26	\$0.00	\$0.00	\$9,929,198.81

Investment Selection

Source

OPEB	Moderate HighMark PLUS
PENSION	Moderate HighMark PLUS

Investment Objective

Source

OPEB	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.
PENSION	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	-0.22%	-4.97%	1.58%	8.34%	7.21%	-	2/16/2017
PENSION	-0.22%	-4.97%	1.58%	8.28%	7.03%	-	2/16/2017

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO
DATE: April 25, 2022
SUBJECT: Budget Status Report for Fiscal Year 2021-2022

Purpose

Provide a Budget Status Report (BSR) to the Board.

Summary

The BSR shows the District's financial performance compared to the budget for the month of March, Year-to-Date and the annual budgeted amount.

Total revenues year-to-date are under budget by 3.1%, which is largely due to the lower than projected water and wastewater operating revenues. Water sales remain below budget due to lower than budgeted water demands. This month water sales were above budgeted levels. Despite this month, the year to date water sales are 7.8% below budget. Spring weather and potential for water supply restrictions will be the driving forces behind water demands this spring. With only a few remaining months in the current fiscal year, water sales are not expected to recover keeping sales projections under budgeted levels.

Non-operating revenues are slightly over budget driven by the receipt of the second refund check issued by the San Diego County Water Authority (SDCWA) and the grant funds from the State Arrearages Program. These one-time funds are pushing the District's non-operating revenues higher than budget levels, while the recurring revenues are in line with the Budget. While property tax is trending below budget, revenues are expected to be at budget levels by year end. Year-end total non-operating revenues are expected to be higher than budget levels.

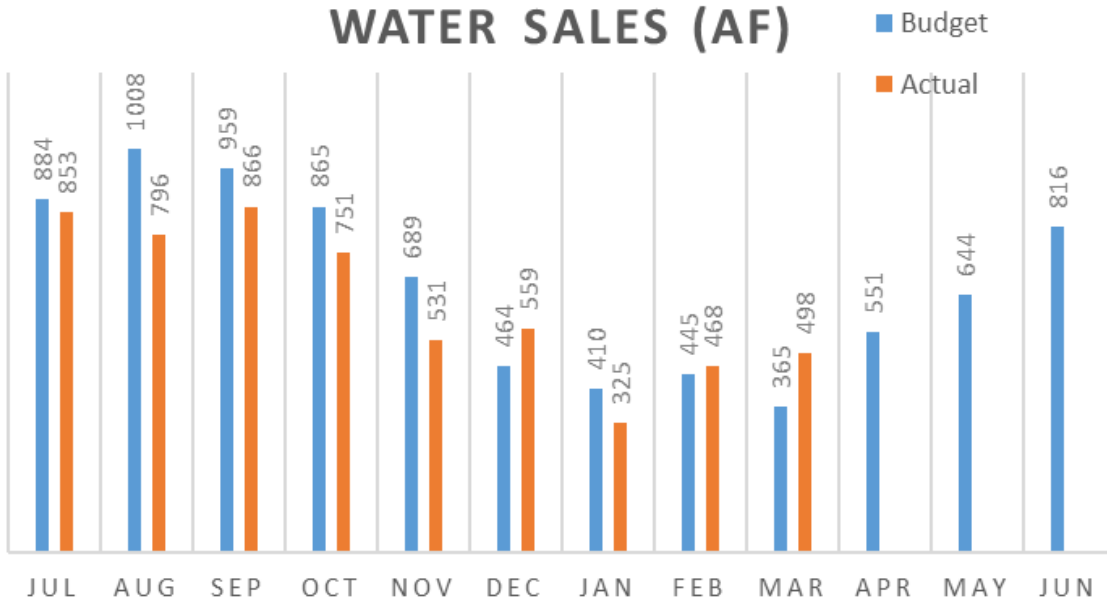
The District's year-to-date total expenditures are under budget due to the lower than budgeted water purchases and operating expenses. Water operating expenses are expected to remain under budget due to the lower than budgeted production at the Santa Margarita Groundwater Treatment Plant. Wastewater and administrative services are expected to trend towards budget as the year progresses.

Total revenue is \$28,949,228 or 3.1% under budget and total expenditures are \$23,749,035 or 4.0% under budget. PAYGO CIP expenditures are 36.6% under budget but are expected to trend towards Budget levels. Adjusting for expected State Loan proceeds, the District's financial results are above Budget levels.

Recommended Action

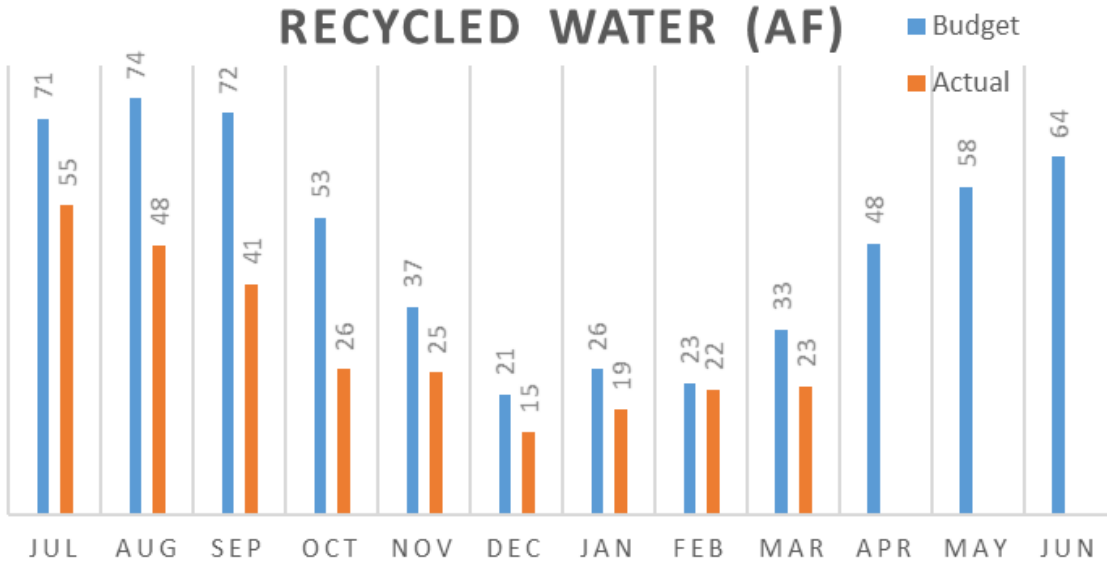
This item is for discussion only. No action is required.

WATER SALES (AF)



Year-to-Date Actual 5,647 AF Year-to-Date Budget 6,089 AF

RECYCLED WATER (AF)



Year-to-Date Actual 274 AF Year-to-Date Budget 410 AF

Monthly Budget Report for March

Favorable Variance Shown as a positive number

	Current Month		Year-To-Date				Annual Budget		
	Actual	Budget	Actual	Budget	Variance	%	Budget	Remaining Balance	%
Operating Revenues:								Year remaining	25.0%
Water Sales	1,233,508	919,437	12,835,121	13,795,284	(960,162)	-7.0%	18,695,785	5,860,664	31.3%
Water Meter Service Charges	672,742	692,367	5,867,683	5,923,586	(55,903)	-0.9%	8,000,687	2,133,005	26.7%
Wastewater Service Charges	549,798	508,783	4,651,222	4,942,836	(291,614)	-5.9%	6,469,183	1,817,962	28.1%
Recycled Water Revenues	44,562	71,853	544,309	816,145	(271,836)	-33.3%	1,175,173	630,864	53.7%
Other Operating Revenue	-	917	-	8,250	(8,250)	-100.0%	11,000	11,000	100.0%
Total Operating Revenue	2,500,610	2,193,356	23,898,335	25,486,100	(1,587,765)	-6.2%	34,351,829	10,453,494	30.4%
Non Operating Revenues:									
Water Capital Improvement Charge	123,922	120,280	1,083,013	1,082,519	493	0.0%	1,443,359	360,347	25.0%
Wastewater Capital Improvement Charge	98,701	98,390	887,010	885,508	1,502	0.2%	1,180,678	293,667	24.9%
Property Taxes	67,411	483,207	1,480,667	1,858,055	(377,388)	-20.3%	2,122,467	641,800	30.2%
Water Standby/Availability Charge	6,354	15,220	128,534	139,751	(11,218)	-8.0%	204,000	75,466	37.0%
Water/Wastewater Capacity Charges	5,801	7,183	139,922	64,650	75,272	116.4%	86,200	(53,722)	-62.3%
Portfolio Interest	23,677	10,304	181,006	92,738	88,268	95.2%	123,651	(57,355)	-46.4%
Pumping Capital Improvement Charge	789	2,730	10,137	24,567	(14,430)	-58.7%	32,756	22,619	69.1%
Federal Interest Rate Subsidy	-	-	51,292	49,968	1,324	2.6%	97,977	46,685	47.6%
SDCWA Refund/Covid Relief Grant*	-	-	776,594	-	776,594	NA	-	(776,594)	NA
Facility Rents	16,513	18,750	190,777	168,750	22,027	13.1%	225,000	34,223	15.2%
Fire Hydrant Service Fees	-	-	18,313	-	18,313	NA	-	(18,313)	NA
Other Non-Operating Revenues	6,785	2,500	103,630	22,500	81,130	360.6%	30,000	(73,630)	-245.4%
Total Non Operating Revenues	349,952	758,564	5,050,893	4,389,007	661,886	15.1%	5,546,087	495,194	8.9%
Total Revenues	2,850,562	2,951,920	28,949,228	29,875,107	(925,879)	-3.1%	39,897,916	10,948,688	27.4%
Expenditures									
Purchased Water Expense	992,182	466,113	9,452,493	8,995,704	(456,789)	-5.1%	11,547,729	2,095,235	18.1%
Water Services**	478,418	710,325	3,129,987	3,935,289	805,302	20.5%	5,355,939	2,225,952	41.6%
Wastewater Services**	314,646	400,555	2,589,238	2,670,365	81,128	3.0%	3,471,475	882,237	25.4%
Recycled Water Services**	52,615	60,831	305,345	405,540	100,195	24.7%	527,202	221,857	42.1%
Administrative Services**	652,051	796,599	4,909,738	5,310,661	400,923	7.5%	6,903,859	1,994,121	28.9%
Total Operating Expenses	2,489,913	2,434,423	20,386,801	21,317,559	930,759	4.4%	27,806,204	7,419,403	26.7%
Debt Service Expenses									
SMCUP SRF	-	-	974,071	1,038,424	64,353	6.2%	1,038,424	64,353	6.2%
Red Mountain SRF	-	-	395,851	395,851	-	0.0%	395,851	-	0.0%
WW Rev Refunding Bonds	-	-	1,729,884	1,729,884	-	0.0%	1,729,884	-	0.0%
QECB Solar Debt	-	-	262,429	262,429	-	0.0%	521,312	258,883	49.7%
Total Debt Service	-	-	3,362,234	3,426,587	64,353	1.9%	3,685,471	323,236	8.8%
Total Expenses	2,489,913	2,434,423	23,749,035	24,744,147	995,112	4.0%	31,491,674	7,742,639	24.6%
Net Revenue/(loss) From Operations and Debt Service	360,649	517,496	5,200,193	5,130,960	69,233	1.3%	8,406,242	3,206,049	38.1%
Capital Investment									
Capital Investment									
Construction Expenditures	613,454	746,076	2,993,886	4,719,273	1,725,386	36.6%	7,288,000	4,294,114	58.9%
SMCUP Expenditures***	20,163	-	6,080,290	8,450,000	2,369,710	28.0%	8,450,000	2,369,710	28.0%
SRF Loan Proceeds Draw (Capital Project Funds)****	(20,163)	-	(4,759,902)	(8,450,000)	(3,690,098)	43.7%	(8,450,000)	(3,690,098)	43.7%
Net Revenue/(Loss)	(252,805)	(228,579)	885,918	411,687	474,231	115.2%	1,118,242	232,323	20.8%

*Includes SDCWA Refund of \$625,250.63 and California Water Arrearage Payment Program grant of \$151,343.14

**Includes share of \$200,000 PARS transfer.

***CIP expenditures related to the SMCUP have been updated based upon contractor draw scheduled and are funded by SRF Loan proceeds.

****YTD Actual amount adjusted to reflect expected State Reimbursement for reporting purposes.

03/31/2022

Treasurer's Warrant No. March

TO: Treasurer of the Fallbrook Public Utility District

The bills and claims listed below are approved as authorized by resolution no. 3538 of the Board of Directors dated July 8, 1985. You are hereby authorized and directed to pay said prospective claims for the amounts stated (less discounts in instances where discounts are allowed).

Payroll - 03/2022

Computer Check Register

Payroll #1	\$156,561.17
Payroll #2	<u>\$166,795.21</u>
	<u>\$323,356.38</u>

Accounts Payable

Checks by Date - Summary by Check Date

User: annaleceb
 Printed: 4/6/2022 8:42 AM



Fallbrook Public Utility District
990 E Mission Rd Fallbrook CA 92028
(760) 728-1125

Check No	Vendor No	Vendor Name	Check Date	Check Amount
87972	06536	ARCADIS U.S., INC	03/03/2022	143,836.83
87973	06359	INFRASTRUCTURE ENGINEERING CO	03/03/2022	42,490.19
87974	91286	AMAZON CAPITAL SERVICES, INC.	03/03/2022	277.76
87975	02805	ASBURY ENVIRONMENTAL SERVICES	03/03/2022	120.00
87976	91069	BRENNTAG PACIFIC INC.	03/03/2022	11,522.57
87977	02925	DATA NET SOLUTIONS	03/03/2022	11,335.98
87978	03391	ELECTRICAL SALES INC	03/03/2022	1,472.80
87979	91592	ELEMENT MATERIALS TECHNOLOGY	03/03/2022	395.00
87980	04411	ENVIRONMENTAL RESOURCE ASSOC	03/03/2022	1,377.43
87981	91611	FALLBROOK ACE HARDWARE	03/03/2022	1,250.44
87982	01099	FALLBROOK IRRIGATION INC	03/03/2022	30.89
87983	00169	FALLBROOK OIL COMPANY	03/03/2022	8,070.37
87984	04494	FEDERAL EXPRESS CORPORATION	03/03/2022	63.16
87985	01432	FERGUSON WATERWORKS #1083	03/03/2022	3,470.63
87986	91620	FIRST BANKCARD	03/03/2022	5,333.93
87987	02972	FISHER SCIENTIFIC COMPANY LLC	03/03/2022	1,877.07
87988	02170	GRAINGER, INC.	03/03/2022	5,634.42
87989	02767	GRANGETTO FARM & GARDEN SUPPI	03/03/2022	22.07
87990	05380	HACH CO	03/03/2022	1,894.44
87991	04793	HERCULES INDUSTRIES, INC.	03/03/2022	1,488.54
87992	06243	JIM'S SIGN SHOP	03/03/2022	323.25
87993	91515	LABORATORY CALIBRATION SERVICI	03/03/2022	450.00
87994	06156	LOMACK SERVICE CORPORATION	03/03/2022	1,241.40
87995	06298	ONESOURCE DISTRIBUTORS, LLC	03/03/2022	3,120.91
87996	01267	PACIFIC PIPELINE	03/03/2022	2,083.66
87997	91007	PFM ASSET MANGEMENT LLC	03/03/2022	953.29
87998	06199	PLUMBERS DEPOT INC	03/03/2022	322.31
87999	91077	RED WING BUSINESS ADVANTAGE AC	03/03/2022	318.90
88000	91665	SAFETYNET INC.	03/03/2022	3,230.00
88001	06064	SOLENIIS LLC	03/03/2022	5,343.28
88002	90929	SOUTHWEST ANSWERING SERVICE, I	03/03/2022	691.48
88003	02206	STATE WATER RESOURCES CONTROL	03/03/2022	974,071.23
88004	05319	T.S. INDUSTRIAL SUPPLY	03/03/2022	4,638.31
88005	04290	VILLAGE NEWS, INC.	03/03/2022	495.00
88006	91310	VOLT WORKFORCE SOLUTIONS	03/03/2022	191.88
88007	91700	STEPHEN WUERTH	03/03/2022	293.00
Total for 3/3/2022:				1,239,732.42
ACH	00152	FPUD EMPL ASSOCIATION	03/10/2022	419.00
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	03/10/2022	2,962.06
ACH	06758	US TREASURY - PAYROLL TAXES	03/10/2022	60,613.28
ACH	06759	STATE OF CA - PR TAXES	03/10/2022	9,342.56
ACH	06760	STATE OF CA - SDI	03/10/2022	2,647.55
ACH	06761	LINCOLN FINANCIAL GROUP	03/10/2022	7,612.44
ACH	06763	PERS - PAYROLL	03/10/2022	41,249.79
88011	06536	ARCADIS U.S., INC	03/10/2022	42,152.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
88012	91499	FILANC ALBERICI A JOINT VENTURE	03/10/2022	289,661.17
88013	06359	INFRASTRUCTURE ENGINEERING CO	03/10/2022	33,467.00
88014	91312	TERRAPIN GROUP	03/10/2022	28,539.00
88015	91500	US BANK NATIONAL ASSOCIATION	03/10/2022	15,245.33
88016	00231	SAN DIEGO COUNTY WATER AUTH	03/10/2022	632,708.66
88017	01460	AFLAC	03/10/2022	482.24
88018	91513	ALCHEMY CONSULTING GROUP	03/10/2022	7,500.00
88019	91286	AMAZON CAPITAL SERVICES, INC.	03/10/2022	1,296.33
88020	91490	AMAZON WEB SERVICES, INC.	03/10/2022	1,011.88
88021	05088	AT&T	03/10/2022	485.59
88022	91608	AT&T MOBILITY LLC	03/10/2022	3,842.77
88023	91503	BACKGROUNDS ONLINE	03/10/2022	141.71
88024	91695	BOB'S CRANE SERVICE	03/10/2022	2,648.25
88025	91701	BRIDGESTONE HOSEPOWER, LLC	03/10/2022	175.63
88026	91600	CAL PACIFIC TRUCK CENTER, LLC	03/10/2022	1,274.30
88027	03978	CAMERON WELDING SUPPLY	03/10/2022	591.24
88028	91241	LISA CHAFFIN	03/10/2022	60.00
88029	04122	EVOQUA WATER TECHNOLOGIES LLC	03/10/2022	7,105.41
88030	91611	FALLBROOK ACE HARDWARE	03/10/2022	96.61
88031	09523	FALLBROOK EQUIP RENTALS	03/10/2022	2,540.60
88032	01099	FALLBROOK IRRIGATION INC	03/10/2022	1,229.13
88033	00169	FALLBROOK OIL COMPANY	03/10/2022	1,869.66
88034	00170	FALLBROOK WASTE & RECYCLING	03/10/2022	859.78
88035	00182	GLENNIE'S OFFICE PRODUCTS, INC	03/10/2022	263.40
88036	04958	GOSCH FORD TEMECULA	03/10/2022	76.41
88037	02170	GRAINGER, INC.	03/10/2022	285.68
88038	03174	HAAKER EQUIPMENT COMPANY	03/10/2022	493.45
88039	05380	HACH CO	03/10/2022	2,588.92
88040	06062	HARRINGTON INDUSTRIAL PLASTICS	03/10/2022	4,170.41
88041	06577	INFOSEND INC	03/10/2022	1,229.77
88042	00190	JCI JONES CHEMICALS INC.	03/10/2022	14,570.02
88043	91219	METAL & CABLE, INC.	03/10/2022	5,560.77
88044	91192	MISSION LINEN SUPPLY	03/10/2022	1,116.41
88045	90932	NAPA AUTO PARTS	03/10/2022	102.24
88046	00370	NUTRIEN AG SOLUTIONS, INC.	03/10/2022	158.01
88047	91538	PUDGIL & COMPANY	03/10/2022	5,000.00
88048	91155	QUALITY GATE COMPANY, INC	03/10/2022	725.00
88049	06179	RAIN FOR RENT RIVERSIDE	03/10/2022	4,582.97
88050	03231	SAN DIEGO COUNTY WATER AUTH	03/10/2022	21.84
88051	00232	SAN DIEGO GAS & ELECTRIC	03/10/2022	99,248.16
88052	91385	VERONICA TAMZIL	03/10/2022	60.00
88053	06735	TCN, INC.	03/10/2022	21.89
88054	02748	TREBOR SHORING RENTALS	03/10/2022	2,233.64
88055	00724	UNDERGROUND SERVICE ALERT	03/10/2022	281.30
88056	05971	UNISORB CORPORATION	03/10/2022	6,597.32
88057	04290	VILLAGE NEWS, INC.	03/10/2022	200.00
88058	91310	VOLT WORKFORCE SOLUTIONS	03/10/2022	383.76
88059	06554	VOLVO CONSTRUCTION EQUIPMENT	03/10/2022	1,872.64
88060	00233	WAXIE SANITARY SUPPLY	03/10/2022	1,429.45
88061	91286	AMAZON CAPITAL SERVICES, INC.	03/10/2022	1,591.77
88062	04995	AMERICAN MESSAGING	03/10/2022	86.47
88063	91440	BP BATTERY INC	03/10/2022	127.06
88064	04741	CALIFORNIA SPECIAL DISTRICT ASSC	03/10/2022	1,800.00
88065	01719	MICKEY M. CASE	03/10/2022	60.00
88066	91595	CLIFTONLARSONALLEN LLP	03/10/2022	2,000.00
88067	91243	CUSTOM UPHOLSTERY UNLIMITED	03/10/2022	325.00
88068	05192	DIAMOND ENVIRONMENTAL SERVIC	03/10/2022	365.56

Check No	Vendor No	Vendor Name	Check Date	Check Amount
88069	06303	EXECUTIVE LANDSCAPE INC.	03/10/2022	1,020.00
88070	05560	FRANCHISE TAX BOARD	03/10/2022	50.00
88071	06380	JANI-KING OF CALIFORNIA, INC - SA	03/10/2022	3,419.69
88072	UB*00424	DON & DOTTIE JENSEN	03/10/2022	175.08
88073	UB*00425	KAREN MEYER	03/10/2022	1,666.35
88074	06338	MYTHOS TECHNOLOGY INC	03/10/2022	1,809.63
88075	04900	PARADISE CHEVROLET CADILLAC	03/10/2022	12.07
88076	00215	PETTY CASH	03/10/2022	153.52
88077	05064	RAINBOW MUNICIPAL WATER	03/10/2022	2,675.27
88078	04075	RAYNE WATER SYSTEMS	03/10/2022	170.00
88079	91486	SATELLITE PHONE STORE	03/10/2022	67.06
88080	00236	SCRAPPYS	03/10/2022	255.26
88081	91082	TELETRAC, INC	03/10/2022	2,453.10
Total for 3/10/2022:				1,373,387.32
88082	91256	AFP	03/17/2022	600.00
88083	06375	CALGON CARBON CORPORATION	03/17/2022	216,671.44
88084	05953	CORODATA RECORDS MANAGEMENT	03/17/2022	791.67
88085	91625	COSTELLO'S AUTO REPAIR	03/17/2022	1,974.93
88086	02925	DATA NET SOLUTIONS	03/17/2022	902.00
88087	91694	DOWNSTREAM SERVICES, INC.	03/17/2022	8,505.60
88088	91585	LAUREN ECKERT	03/17/2022	122.16
88089	91572	GREEN GORILLA TREE SERVICE	03/17/2022	9,900.00
88090	91544	HAZEN AND SAWYER, D.P.C.	03/17/2022	8,825.00
88091	03276	HOME DEPOT CREDIT SERVICES	03/17/2022	784.42
88092	06577	INFOSEND INC	03/17/2022	2,817.17
88093	91683	INTUI TECH, INC.	03/17/2022	52,918.47
88094	03201	NATIONAL SAFETY COMPLIANCE INC	03/17/2022	671.06
88095	91688	NOR-CAL PIPELINE SERVICES	03/17/2022	76,713.45
88096	91674	O'REILLY AUTO ENTERPRISES, LLC	03/17/2022	655.54
88097	91546	QUADIENT FINANCE USA, INC.	03/17/2022	338.32
88098	91077	RED WING BUSINESS ADVANTAGE AC	03/17/2022	422.74
88099	91269	SRK ENGINEERING INC.	03/17/2022	188,527.81
88100	91223	STERLING ADMINISTRATION	03/17/2022	125.00
88101	91498	WEST COAST TRUCK & AUTO	03/17/2022	1,980.14
88102	91286	AMAZON CAPITAL SERVICES, INC.	03/17/2022	420.98
88103	91069	BRENNTAG PACIFIC INC.	03/17/2022	2,393.25
88104	06299	D & H WATER SYSTEMS, INC	03/17/2022	7,525.06
88105	03391	ELECTRICAL SALES INC	03/17/2022	215.10
88106	05006	JEFF EVANS	03/17/2022	154.00
88107	01432	FERGUSON WATERWORKS #1083	03/17/2022	1,012.20
88108	02170	GRAINGER, INC.	03/17/2022	407.75
88109	05380	HACH CO	03/17/2022	1,496.73
88110	06062	HARRINGTON INDUSTRIAL PLASTICS	03/17/2022	139.03
88111	91536	ICONIX WATERWORKS (US) INC.	03/17/2022	5,805.59
88112	06243	JIM'S SIGN SHOP	03/17/2022	908.49
88113	06479	KNOCKOUT PEST CONTROL & TERMI	03/17/2022	175.00
88114	04926	KONICA MINOLTA PREMIER FINANCE	03/17/2022	2,064.59
88115	06014	KERRY MEHRENS	03/17/2022	412.00
88116	91427	MITEL CLOUD SERVICES, INC	03/17/2022	1,509.19
88117	01267	PACIFIC PIPELINE	03/17/2022	1,918.76
88118	91697	R&B AUTOMATION, INC.	03/17/2022	4,599.84
88119	00236	SCRAPPYS	03/17/2022	1,303.64
88120	06401	SONSRAY MACHINERY LLC	03/17/2022	127.29
88121	91107	SPECTRUM BUSINESS	03/17/2022	271.71
88122	02927	TIM STERGER	03/17/2022	60.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
88123	91123	STREAMLINE	03/17/2022	550.00
88124	00159	SUPERIOR READY MIX	03/17/2022	3,913.14
88125	91310	VOLT WORKFORCE SOLUTIONS	03/17/2022	383.76
88126	01359	WATERMASTER	03/17/2022	31,182.50
Total for 3/17/2022:				643,196.52
ACH	00152	FPUD EMPL ASSOCIATION	03/24/2022	428.50
ACH	00718	NATIONWIDE RETIREMENT SOLUTIO	03/24/2022	2,962.06
ACH	06758	US TREASURY - PAYROLL TAXES	03/24/2022	63,970.77
ACH	06759	STATE OF CA - PR TAXES	03/24/2022	10,004.67
ACH	06760	STATE OF CA - SDI	03/24/2022	2,787.82
ACH	06761	LINCOLN FINANCIAL GROUP	03/24/2022	7,612.44
ACH	06763	PERS - PAYROLL	03/24/2022	40,856.30
ACH	06758	US TREASURY - PAYROLL TAXES	03/24/2022	184.20
ACH	06759	STATE OF CA - PR TAXES	03/24/2022	2.76
88130	00101	ACWA JPIA	03/24/2022	111,195.37
88131	91286	AMAZON CAPITAL SERVICES, INC.	03/24/2022	4,140.38
88132	UB*00430	JOHN MITCHEL ANDERSON	03/24/2022	69.45
88133	06020	BABCOCK LABORATORIES, INC	03/24/2022	13,301.69
88134	06235	JACK BEBEE	03/24/2022	1,064.11
88135	91600	CAL PACIFIC TRUCK CENTER, LLC	03/24/2022	1,549.06
88136	91272	KEVIN COLLINS	03/24/2022	60.00
88137	91210	CORE & MAIN LP	03/24/2022	44,859.56
88138	02176	CORELOGIC SOLUTIONS, LLC	03/24/2022	225.00
88139	06675	CORODATA SHREDDING, INC	03/24/2022	67.32
88140	UB*00427	JERRY & VIRGINIA CUNNINGHAM	03/24/2022	57.73
88141	06299	D & H WATER SYSTEMS, INC	03/24/2022	614.86
88142	02925	DATA NET SOLUTIONS	03/24/2022	1,042.65
88143	06762	DENALI WATER SOLUTIONS LLC	03/24/2022	15,439.08
88144	05192	DIAMOND ENVIRONMENTAL SERVIC	03/24/2022	238.90
88145	05177	DOWNEY BRAND, LLP	03/24/2022	42.50
88146	03391	ELECTRICAL SALES INC	03/24/2022	460.36
88147	00169	FALLBROOK OIL COMPANY	03/24/2022	11,073.92
88148	04494	FEDERAL EXPRESS CORPORATION	03/24/2022	50.06
88149	01432	FERGUSON WATERWORKS #1083	03/24/2022	1,019.68
88150	91200	FIRST BANKCARD	03/24/2022	977.04
88151	91225	FIRST BANKCARD	03/24/2022	579.76
88152	91540	FIRST BANKCARD	03/24/2022	3,150.22
88153	05560	FRANCHISE TAX BOARD	03/24/2022	50.00
88154	UB*00429	PETER & STEPHANIE GIRTEN	03/24/2022	350.58
88155	02170	GRAINGER, INC.	03/24/2022	163.65
88156	05380	HACH CO	03/24/2022	12,098.00
88157	UB*00428	AJX HOMES LLC	03/24/2022	32.50
88158	06577	INFOSEND INC	03/24/2022	1,297.36
88159	06699	INTER-LINGUA, LLC	03/24/2022	59.50
88161	05065	JOHNSON CONTROLS SECURITY SOL	03/24/2022	613.48
88162	06479	KNOCKOUT PEST CONTROL & TERMI	03/24/2022	75.00
88163	03944	MISSION RESOURCE CONSV DISTRIC	03/24/2022	331.77
88164	91461	OCEANSIDE SECURITY AGENCY	03/24/2022	2,600.00
88165	91591	OPERATIONAL TECHNICAL SERVICES	03/24/2022	10,188.36
88166	01267	PACIFIC PIPELINE	03/24/2022	183.13
88167	UB*00411	SANTA FE PAVING	03/24/2022	1.39
88168	91535	PAYMENTUS GROUP, INC	03/24/2022	3,271.56
88169	91660	R & R INDUSTRIES INC.	03/24/2022	558.93
88170	05064	RAINBOW MUNICIPAL WATER	03/24/2022	2,936.77
88171	UB*00426	CHARLES & JUDI SANCORE	03/24/2022	16.58

Check No	Vendor No	Vendor Name	Check Date	Check Amount
88172	06704	SMOG BROS	03/24/2022	59.75
88173	91704	SUSTAINABLE STRATEGIES	03/24/2022	3,900.00
88174	03197	SWRCB ACCOUNTING OFFICE	03/24/2022	3,550.00
88175	05319	T.S. INDUSTRIAL SUPPLY	03/24/2022	1,653.82
88176	03358	US BANK TRUST NA	03/24/2022	2,550.00
88177	04290	VILLAGE NEWS, INC.	03/24/2022	150.00
88178	91310	VOLT WORKFORCE SOLUTIONS	03/24/2022	383.76
88179	06238	AUSTIN WENDT	03/24/2022	78.90
88180	91276	WOLFE DOOR INDUSTRIES, INC.	03/24/2022	17,571.40
Total for 3/24/2022:				404,814.41
88181	01460	AFLAC	03/31/2022	482.24
88182	91286	AMAZON CAPITAL SERVICES, INC.	03/31/2022	2,380.43
88183	02805	ASBURY ENVIRONMENTAL SERVICES	03/31/2022	95.00
88184	91608	AT&T MOBILITY LLC	03/31/2022	3,544.27
88185	91684	BARTLE WELLS ASSOCIATES	03/31/2022	21,796.00
88186	02743	BEST BEST & KRIEGER	03/31/2022	19,255.67
88187	91440	BP BATTERY INC	03/31/2022	155.18
88188	91069	BRENNTAG PACIFIC INC.	03/31/2022	1,123.25
88189	91705	CALIFORNIA SURVEYING AND DRAF	03/31/2022	286.83
88190	03978	CAMERON WELDING SUPPLY	03/31/2022	1,594.87
88191	02925	DATA NET SOLUTIONS	03/31/2022	13,144.05
88192	05177	DOWNEY BRAND, LLP	03/31/2022	360.00
88193	91694	DOWNSTREAM SERVICES, INC.	03/31/2022	7,784.54
88194	05853	DUKE'S ROOT CONTROL INC	03/31/2022	6,335.02
88195	03391	ELECTRICAL SALES INC	03/31/2022	935.83
88196	05719	ENVIRONMENTAL SYSTEMS RESEAR	03/31/2022	12,500.00
88197	01099	FALLBROOK IRRIGATION INC	03/31/2022	720.06
88198	04494	FEDERAL EXPRESS CORPORATION	03/31/2022	384.27
88199	01432	FERGUSON WATERWORKS #1083	03/31/2022	19,142.57
88200	91202	FIRST BANKCARD	03/31/2022	483.50
88201	91323	FIRST BANKCARD	03/31/2022	98.44
88202	91620	FIRST BANKCARD	03/31/2022	1,337.51
88203	91678	FIRST BANKCARD	03/31/2022	1,105.92
88204	02972	FISHER SCIENTIFIC COMPANY LLC	03/31/2022	1,189.93
88205	04958	GOSCH FORD TEMECULA	03/31/2022	20.21
88206	02170	GRAINGER, INC.	03/31/2022	4,188.59
88207	02767	GRANGETTO FARM & GARDEN SUPPI	03/31/2022	101.79
88208	05380	HACH CO	03/31/2022	2,498.87
88209	03161	IDEXX DISTRIBUTION, INC.	03/31/2022	235.93
88210	91524	INSIGHT DIRECT USA, INC.	03/31/2022	5,236.54
88211	00190	JCI JONES CHEMICALS INC.	03/31/2022	12,518.63
88212	05505	TODD JESTER	03/31/2022	180.00
88213	91003	JWC ENVIRONMENTAL LLC	03/31/2022	18,363.05
88214	91648	KING LEE CHEMICAL COMPANY	03/31/2022	1,263.00
88215	91515	LABORATORY CALIBRATION SERVICI	03/31/2022	275.00
88216	90887	LLOYD PEST CONTROL	03/31/2022	142.00
88217	06596	MCS INSPECTION GROUP	03/31/2022	11,000.00
88218	04495	MITCHELL INSTRUMENT COMPANY I	03/31/2022	1,024.63
88219	01267	PACIFIC PIPELINE	03/31/2022	7,414.79
88220	91007	PFM ASSET MANGEMENT LLC	03/31/2022	862.08
88221	06179	RAIN FOR RENT RIVERSIDE	03/31/2022	7,320.96
88222	06717	RDO EQUIPMENT CO	03/31/2022	812.92
88223	91094	SCADA INTEGRATIONS	03/31/2022	1,870.50
88224	91218	DAVID SHANK	03/31/2022	403.20
88225	05656	SLOAN ELECTROMECHANICAL SERV	03/31/2022	3,252.87

Check No	Vendor No	Vendor Name	Check Date	Check Amount
88226	90929	SOUTHWEST ANSWERING SERVICE, I	03/31/2022	1,014.31
88227	00159	SUPERIOR READY MIX	03/31/2022	2,262.93
88228	06541	TIFCO INDUSTRIES, INC	03/31/2022	56.73
88229	90912	TRUPIANO'S ITALIAN BISTRO	03/31/2022	821.56
Total for 3/31/2022:				199,376.47
Report Total (267 checks):				3,860,507.14

A handwritten signature in black ink, appearing to read 'Jack Bebee', is written over a solid horizontal line.

Jack Bebee

General Manager

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Don B. McDougal

Name & Location of Function: Special District Leadership Academy - San Diego

Date(s) of Attendance: 4/4/2022 - 4/6/2022

Purpose of Function: Board Member Training

Sponsoring Organization: California Special District Association (CSDA)

Summary of Conference or Meeting:

The conference was designed to inform board members on governance, mission charting, defining board and staff roles & relationships, communications & outreach and district finances. A certificate of Completion was received at the end of the conference. This was a requirement for our board to receive a distinguished board certification.

Director Signature: Don B. McDougal

Date: 4/7/2022

The Administrative Code requires reports of conferences or meetings for which a director requests per diem or expense reimbursement. Reports must be submitted to the secretary no later than one (1) week prior to the board meeting.

Reports must be submitted before the District will pay per diem or reimbursement for the conference or meeting. Reports are not required for board or committee meetings or meetings with board or committee officers, the general manager, or the general counsel.

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Dave Baxter

Name & Location of Function: CSDA Leadership Academy – San Diego, CA

Date(s) of Attendance: April 4-6, 2022 – 3 days

Purpose of Function: Leadership Training for Staff & Board Members in Special Districts

Sponsoring Organization: CSDA

Summary of Conference or Meeting:

Multiple Trainings spanning Communication, Financials, Board Governance, etc.

Special note – FPUD was the only organization represented with attendance by all Board Members

Director Signature: David Baxter Date: April 11, 2022

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Charley Wolk

Name & Location of Function: Reception SDLA

Date(s) of Attendance: 4/3/22

Purpose of Function: Get to know people attending

Sponsoring Organization: CSDA

Summary of Conference or Meeting:

The reception was nice. The room was too big. That made it difficult to meet other attendees.

Director Signature: _____

EWolk

Date: _____

4/14/22

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Charley Wolk

Name & Location of Function: SDLA conference, Embassy Suites San Diego

Date(s) of Attendance: 4/4/22

Purpose of Function: Governance & Mission

Sponsoring Organization: CSDA

Summary of Conference or Meeting:

Reviewed points of good directors. Demonstrated value of an accurate mission.

Information was good, but I resent the presenter reading me the course slides.

Director Signature: CWolk

Date: 4/14/22

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Charley Wolk

Name & Location of Function: SOLA conference, Embassy Suites, San Diego

Date(s) of Attendance: 4/5/22

Purpose of Function: Defining Staff/Board roles & relationships

Sponsoring Organization: and communication outreach

Summary of Conference or Meeting: CSDA

Detailed the elements of good relationships. They provided a check list for common sense.

Communications: Gave examples of identifying needs. Then followed with tips on how to accomplish this

Director Signature: [Signature]

Date: 4/14/22

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Charley Wolk

Name & Location of Function: SOLA conference, Embassy Suites, San Diego


Date(s) of Attendance: 4/6/22

Purpose of Function: Directors responsibility to finances

Sponsoring Organization: CSDA

Summary of Conference or Meeting:

Identified Director's responsibility for the district's finances. Suggested methods to accomplish this responsibility.

Director Signature: 

Date: 4/14/22

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: JENNIFER DEMEO

Name & Location of Function: CSDA's Special District Leadership Academy Embassy Suites San Diego CA

Date(s) of Attendance: MONDAY APRIL 3 2022 - APRIL 6 2022

Purpose of Function: EDUCATION CERTIFICATE

Sponsoring Organization: CSDA

Summary of Conference or Meeting: ALL BOARD MEMBERS PRESENT! ARRIVED MONDAY MORNING and attended classes to qualify for District of Excellence Status in CSDA. I had completed the good governance class at the conference in Monterey. After lunch Fulfilling Your District's Mission was led by Brent Ives. Evening Reception served sliders & drinks + the chance to talk with other leaders. Tuesday F, in Board Roles ~~for~~ Dinner w/ Director Enteri Wed was Public Relations + Graduation.

Director Signature: Joy DeMio Date: 4/9/2022

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Kenneth Endter

Name & Location of Function: Building a foundation for
Good Governance (Day 1) Why a
Board and What it does.

Date(s) of Attendance: 4-4-22

Purpose of Function: Governance Training

Sponsoring Organization: Special District Leadership Alliance

Summary of Conference or Meeting:

Day 1: Board is formed to do what needs to
be done by the public that doesn't want to
do it. Boards set direction, carry out the Mission,
Adopt ordinances, Policies, procedures and also
determine the budget. The way the Board works
together is called governance. The Board is:
Accountable to the public by being responsible,
liable and answerable to the public.

Director Signature:  Date: 4-4-22

The Administrative Code requires reports of conferences or meetings for which a director requests per diem or expense reimbursement. Reports must be submitted to the secretary no later than one (1) week prior to the board meeting.

Reports must be submitted before the District will pay per diem or reimbursement for the conference or meeting. Reports are not required for board or committee meetings or meetings with board or committee officers, the general manager, or the general counsel.

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Kenneth Endter

Name & Location of Function: Building a foundation of good Governance (Day 2) Board and Staff Roles are separate.

Date(s) of Attendance: 4-5-22

Purpose of Function: Governance Training - Con't.

Sponsoring Organization: Special District Leadership Alliance

Summary of Conference or Meeting:

Day 2: The Board is accountable to the public. It does not oversee staff and employees. The CEO is responsible to the Board. The staff makes sure the work is done and the Board reports to the public as to the Why, How, and When the task was completed and ensures the public funds were used in a necessary way

Director Signature: 

Date: 4-5-22

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Kenneth Endter

Name & Location of Function: Building a Foundation of good Governance (Day 3) District Finances ie: Show me the money

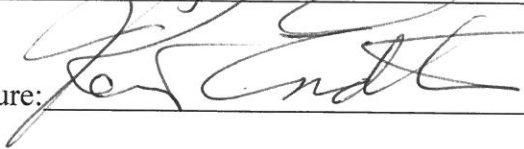
Date(s) of Attendance: 4-6-22

Purpose of Function: Governance Training - Con't.

Sponsoring Organization: Special District Leadership Alliance

Summary of Conference or Meeting:

Day 3: The role of the Board is to oversee the Budget making sure all areas are within the proposed budget for Capital expenditures, Daily operating costs, payroll and reserves/Investments. The Auditor is responsible to spot check areas and notify the Board of any irregularities needed or improvements that could be made. Board reports to the public with regular financial Statements.

Director Signature: 

Date: 4-6-22

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